BARCLAYCARD FUNDING PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

REGISTERED NUMBER IN ENGLAND AND WALES: 2530163

Barclaycard Funding PLC
Annual Report and Financial Statements
For the year ended 31 December 2018

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Barclaycard Funding PLC
Directors' Report
For the year ended 31 December 2018

The Directors present their annual report together with the audited financial statements of Barclaycard Funding PLC (the "Company") for the year ended 31 December 2018.

Profit and dividends

During the year the Company made a profit after taxation of £2k (2017: £3k). The Directors do not recommend the payment of any dividends for the Class A and B ordinary shares for the year ended 31 December 2018 (2017: 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 do not expect there to be any change in the Company's principal activity in the foreseeable future.

Post balance sheet events

There have been no post balance sheet events that have occurred to date, which would necessitate balance sheet disclosures or adjusting to the financial statements.

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
A Lishman (appointed 4 October 2018)
D Kelly (resigned 1 October 2018)

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, the available banking facilities and taking into account the support available from Barclays Bank UK 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. 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

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.

Barclaycard Funding PLC
Directors' Report
For the year ended 31 December 2018

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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial risks management

The Company's activities are exposed to a variety of financial risks. The Company's financial risk management objectives and policies and the exposure to credit risk, liquidity risk and market risk are set out in note 15 to the accompanying financial statements.

Related party transactions

Details of the Company's related party transactions during the year are set out in note 18 to the accompanying financial statements.

Directors third party indemnity provisions

Qualifying third party indemnity provisions were in force during the course of the year ended 31 December 2018 for the benefit of the Directors who have served in office and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Independent Auditor

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 Auditor

So far as the Directors are aware, there is no relevant audit information of which the Company's auditor is 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 auditor is aware of that information.

ON BEHALF OF THE BOARD

P H Whitaker
For and on behalf of Intertrust Directors 1 Limited
Director
26 June 2019

REGISTERED NUMBER: 2530163

Registered Office

1 Churchill Place
London
E14 5HP

Barclaycard Funding PLC
Strategic Report
For the year ended 31 December 2018

The Directors present the strategic report for Barclaycard Funding PLC (the "Company") for the year ended 31 December 2018.

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 Jersey), 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 2018 the Company issued a medium term note liability on 20 July 2018 referred to as Series 2018-1 totalling £0.58 billion and as a result increased its interest in the investor certificate asset by the same amount.

In 2018 the Company extended the scheduled and legal final maturity dates of the medium term notes related to Series 2015-1. The original scheduled maturity date of 15 November 2018 was extended to 15 November 2023. Accordingly the legal final maturity date was extended from 15 November 2020 to 15 November 2025. When the medium term notes were extended their interest rates were also amended accordingly.

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 between Barclays Bank UK PLC and the Company. Barclays Bank UK PLC has the option to 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 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 2018, the Company held an £8.5 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 13, Borrowings, 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 2017 and 2018.

Business Performance and financial position

During the year the Company made a profit and total comprehensive income for the year of £2k (2017: £3k). The total net assets during the year were £250k (2017: £248k) and net operating cash outflows were £71k (2017: £78k). The Directors do not recommend the payment of any dividends for the year ended 31 December 2018 (2017: nil).

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 15 to the accompanying financial statements.

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.

ON BEHALF OF THE BOARD

P H Whitaker
For and on behalf of Intertrust Directors 1 Limited
Director
26 June 2019

REGISTERED NUMBER: 2530163

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 2018 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and Cash flow Statement, and related notes, including the accounting policies in note 5 (the "financial statements").

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 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.

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

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

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

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 concem 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 concem 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, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

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 2, 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.

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.

Jonathan Bingham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, London, E14 5GL
26 June 2019

Barclaycard Funding PLC
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Interest income	6	93,403	64,940
Interest expense	6	(93,565)	(64,878)
Net interest income / (expense)		**(162)**	**62**
Impairment movement of financial assets		240	-
Gain on medium-term note term extensions	13	13,636	-
Loss on investor certificate term extensions	10	(13,636)	-
Administrative expenses	7	(75)	(58)
Profit before tax		**3**	**4**
Tax	9	(1)	(1)
Profit and total comprehensive income for the year		**2**	**3**

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

Barclaycard Funding PLC
Statement of Financial Position
As at 31 December 2018

	Note	2018 £'000	1 Jan 2018 Transition IFRS 9 £'000	2017 £'000
Assets				
Non-current assets				
Financial assets				
- loans and receivables	10,17	-	-	6,180,911
- loans and advances at amortised cost	10,17	7,604,771	6,147,655	-
Total non-current assets		**7,604,771**	**6,147,655**	**6,180,911**
Current assets				
Cash and cash equivalents		253	246	246
Trade and other receivables	11,17	7	4	3,533
Financial assets				
- loans and receivables	10,17	-	-	1,764,706
- loans and advances at amortised cost	10,17	885,990	1,767,313	-
Total current assets		**886,250**	**1,767,563**	**1,768,485**
Total assets		**8,491,021**	**7,915,218**	**7,949,396**
Liabilities				
Current liabilities				
Trade and other payables	12,17	(9)	(1)	(3,530)
Current tax liabilities	9	(1)	(1)	(1)
Financial liabilities				
- short-term borrowings	13,17	(885,990)	(1,767,313)	(1,764,706)
Total current liabilities		**(886,000)**	**(1,767,315)**	**(1,768,237)**
Net current assets		**250**	**248**	**248**
Total assets less current liabilities		**7,605,021**	**6,147,903**	**6,181,159**
Non-current liabilities				
Financial liabilities				
- long-term borrowings	13,17	(7,604,771)	(6,147,655)	(6,180,911)
Total non-current liabilities		**(7,604,771)**	**(6,147,655)**	**(6,180,911)**
Net assets		**250**	**248**	**248**
Equity				
Called up share capital	14	13	13	13
Retained earnings		237	235	235
Total equity		**250**	**248**	**248**

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

The financial statements on pages 8 to 30 were approved by the Board of Directors and authorised for issue on 26 June 2019 and were signed on its behalf by:

P H Whitaker
For and on behalf of Intertrust Directors 1 Limited
Director
26 June 2019

REGISTERED NUMBER: 2530163

Barclaycard Funding PLC
Statement of Changes in Equity
For the year ended 31 December 2018

	Called Up Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2018 as previously reported	13	235	248
Allowance for impairment on initial application of IFRS 9, net of tax	-	(4,127)	(4,127)
Effective interest rate adjustment on initial application of IFRS 9, net of tax	-	4,127	4,127
Profit and total comprehensive income for the year	-	2	2
Balance at 31 December 2018	**13**	**237**	**250**
Balance at 1 January 2017	13	232	245
Profit and total comprehensive income for the year	-	3	3
Balance at 31 December 2017	**13**	**235**	**248**

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

REGISTERED NUMBER: 2530163

Barclaycard Funding PLC
Cash Flow Statement
For the year ended 31 December 2018

Continuing operations	2018 £'000	2017 £'000
Cash flows from operating activities		
Profit before taxation	3	4
Net (increase) / decrease in trade and other receivables	(3)	15
Net increase / (decrease) in trade and other payables	8	(34)
Impairment movement of financial assets	(240)	-
Gain on medium-term note term extensions	(13,636)	-
Loss on investor certificate term extensions	13,636	-
Interest income	(93,403)	(64,940)
Interest expense	93,565	64,878
Taxation paid	(1)	(1)
Net cash used in operating activities	**(71)**	**(78)**
Cash flows from investing activities		
Redemption of loans and receivables	-	446,366
Interest received on loans and advances at amortised cost	84,861	64,658
Net cash (used) / generated from investing activities	**84,861**	**511,024**
Cash flows from financing activities		
Redemption of borrowings	-	(446,366)
Interest paid on borrowings	(84,783)	(64,596)
Net cash generated / (used) in financing activities	**(84,783)**	**(510,962)**
Net increase/(decrease) in cash and cash equivalents	**7**	**(16)**
Cash and cash equivalents at beginning of the year	246	262
Cash and cash equivalents at end of the year	**253**	**246**
Cash and cash equivalents comprise:		
Cash at bank	253	246
Cash and cash equivalents at end of the year	**253**	**246**

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

Non-cash transactions

The Company extended the scheduled and legal maturity dates of the Series 2015-1 medium term notes. This extension resulted in £1.765 billion of loans and advances at amortised cost and borrowings being reclassified from current to non-current as the term has been extended by more than 12-months. The Company also issued Series 2018-1 medium term notes resulting in the recognition of £0.581 billion of non-current loans and advances at amortised cost and borrowings. The result of the extension and the issuance accordingly has not been reflected in the cash flow statement as no cash was exchanged in either of the transactions.

REGISTERED NUMBER: 2530163

1. Reporting entity

These financial statements are prepared for Barclaycard Funding PLC (the "Company"), the 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 Jersey) and to issue medium term notes to Gracechurch Card Programme Funding PLC (a company incorporated in the United Kingdom). The Company is a public limited company, domiciled and incorporated in the United Kingdom. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP, England.

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. Compliance with International Financial Reporting Standards

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

3. 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' and IFRS 9 'Financial Instruments' as set out in the relevant accounting policies. They are presented in thousands of pounds sterling, £'000, the currency of the country in which the Company is incorporated.

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, 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.

4. New and amended standards

The accounting policies adopted are consistent with those of the previous financial year with the exception of IFRS 9 'Financial Instruments' which replaced IAS 39 'Financial Instruments: recognition and measurement' and is effective for periods beginning on or after 1 January 2018 as endorsed by the EU in November 2016. During the year IFRS 15 'Revenue from contracts with customers' also became effective however, this new standard has no impact on the Company.

Future accounting developments

In January 2016 the IASB issued IFRS 16 'Leases', which was subsequently endorsed by the EU in November 2017, and will replace IAS 17 'Leases' for period beginning on or after 1 January 2019. The Company has no leases and this new standard will not impact the Company. There is not expected to be further significant changes to the Company's financial reporting after 2018 as a result of amended or new accounting standards that have been or will be issued by the IASB.

5. Summary of significant accounting policies

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

(a) 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.

(b) 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.

(c) Current income tax

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.

(d) Financial assets and liabilities for 2018 and onward

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.

5. Summary of significant accounting policies (continued)

Financial assets will be measured 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.

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.

5. Summary of significant accounting policies (continued)

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.

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.

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.

5. Summary of significant accounting policies (continued)

(e) Financial assets and liabilities for 2017 and prior

The Company recognises financial instruments from the contract date, and continues to recognise assets until the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership. In the case of liabilities, the Company will continue to recognise them until the liability has been settled, extinguished or has expired. Financial assets and liabilities are initially recognised at fair value and then measured and classified in the financial statements as follows:

Loans and receivables

Loans and receivables (investor certificate) are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loans and receivables are categorised as non-current if the scheduled redemptions are greater than 12 months from the date of the balance sheet. They are initially recognised at fair value including direct and incremental transaction costs and are subsequently measured 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 not transferred nor retained substantially all the risks and rewards of ownership and where it has lost control.

Loans and receivables represent the Company's indirect beneficial interest in pools of credit card receivables. The beneficial interests in pools of credit card receivables result from the investor certificate that are collateralised by the pools of credit card receivables. The investor certificate entitle the Company to payments of interest and principal payable from collections on the underlying receivables.

Financial liabilities

Borrowings are initially recognised at fair value less transaction costs and are subsequently valued at amortised cost, using the effective interest method. Borrowings represent medium term note obligations ultimately collateralised by the underlying credit card receivables.

Derecognition

The Company derecognises a financial asset, or a portion of a financial asset, from its balance sheet where the contractual rights to the cashflows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% of the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Determining fair value

Fair value of financial assets and liabilities for disclosure purposes (see note 16, Fair Value of Financial Instruments) was determined by reference to the quoted bid value in an active market wherever possible. Where no such active market exists for the particular instrument, the Company uses a valuation technique to arrive at the fair value, including the use of prices of similar instruments obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Impairment of financial assets

At each balance sheet date, the Company assesses whether there is objective evidence that a financial asset is impaired. The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or the disappearance of an active market for a security because of the issuer's financial difficulties.

The ability of the Company's borrower to repay the loans and receivables (investor certificate) is dependent primarily on the performance of underlying credit card receivables. In making an assessment on whether or not the investor certificate are impaired, the Company also considers the performance of the underlying credit card

5. Summary of significant accounting policies (continued)

receivables, including their arrears levels.

The Company regularly reviews and evaluates forecasted payment rates and yield indicators, including excess spread on the underlying revolving securitised credit card receivables. The Company also performs procedures to satisfy itself that the servicer has adequate controls in place to fairly report the performance of the underlying credit card receivables, including their arrears levels.

The Company also considers observable data when determining if there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets. These decreases cannot yet be directly linked to specific assets in the portfolio and might arise from adverse changes in the payment status of borrowers, or national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. Any impairment loss is recognized using an allowance account in the Statement of Comprehensive Income.

(f) 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 the Company to sell its interest in the investor certificate with Gracechurch Receivables Trustee Limited on any given Interest Payment Date prior to redemption and upon giving not more than 60 but not less than 30 days' prior written notice to the Note Trustee and the Noteholders. Under the final terms of these agreements Barclays Bank UK PLC has the option to enforce early settlement of the interest in the investor certificate at par value. Upon exercise of this "Call Date" and settlement of the interest in the investor certificate, the Company would settle, at par, the medium term note liabilities issued by the Company. 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.

(g) 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.

(h) Cash and cash equivalents

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

(i) Segment reporting

The operations of the Company comprise issuing medium term notes in the United Kingdom and acquiring an investor certificate originated in the United Kingdom. Consequently, the Directors consider the Company to have only one business and geographical segment.

(j) Critical 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

5. Summary of significant accounting policies (continued)

of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note.

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.

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).

Modification of financial instruments

Certain Series' of medium term notes (Note 15) and their interest in the investor certificate (Note 10) were modified and management had to make a determination on whether such modification was substantial or not. In order to determine whether modification was substantial, management performed a quantitative and qualitative analysis. The analysis considered the change in cash flows from the modified terms which determined that the quantitative change was less than 10% (under the 10% test). As there were no further material qualitative factors to consider management concluded that the modifications did not represent a substantial modification.

6. Interest income and expense

Interest income and expense have been analysed as follows:

	2018 £'000	2017 £'000
Interest income on investor certificate received from Gracechurch Receivables Trustee Limited	93,322	64,876
Interest income for profit retention and expense recovery from Barclays Bank UK PLC	81	64
Total interest income	**93,403**	**64,940**
Interest expense on medium term notes and profit retention paid to Barclaycard Funding PLC	(93,325)	(64,878)
Effective interest rate adjustment to borrowings	(240)	-
Total interest expense	**(93,565)**	**(64,878)**

7. Administrative expenses

Administrative expenses have been analysed as follows:

	2018 £'000	2017 £'000
Auditor's remuneration - audit of the Company's annual financial statements only	-	-
Trustee fees	54	51
Other	21	7
Total administrative expenses	**75**	**58**

The Auditor's remuneration has been borne by Barclays Bank UK PLC for 2018 and totalled £56k (2017: £64k).

8. Employees and key management, including Directors

(i) Employees

There were no persons employed by the Company during the year (2017: nil).

(ii) Directors' remuneration:

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 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 Services Limited has not recharged this Company for the cost of this service (see note 18).

9. Tax

Income tax charge

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

	2018 £'000	2017 £'000
Current tax charge:		
Current year	(1)	(1)
Adjustment for prior years	-	-
Overall tax charge in the Statement of Comprehensive Income	**(1)**	**(1)**

During the year the tax rate is 19.00% (2017: 19.25%). The main rate of UK corporation tax was 20% from 1 April 2015 to 31 March 2017. Legislation was introduced to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020.

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

	2018 £'000	2017 £'000
Profit before tax	3	4
Tax charge at average UK corporation tax rate of 19.00% (2017: 19.25%)	(1)	(1)
Effects of:		
Adjustments for prior years	-	-
Overall tax charge	**(1)**	**(1)**
Effective tax rate	**19.00%**	**19.25%**

Current tax liabilities

The current tax liabilities were as follows:

	2018 £'000	2017 £'000
UK corporation tax payable	1	1

10. Loans and advances at amortised cost

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

	2018 £'000	1 Jan 2018 Transition IFSR 9 £'000	2017 £'000
Non-current investor certificate	7,608,252	6,150,860	6,180,911
Impairment allowance non-current investor certificate	(3,481)	(3,205)	-
Current investor certificate	882,353	1,764,706	1,764,706
Impairment allowance current investor certificate	(404)	(922)	-
Interest accrued on investor certificate	4,041	3,529	-
Loans and advances at amortised cost	**8,490,761**	**7,914,968**	**7,945,617**

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 between Barclays Bank UK PLC and the Company. Barclays Bank UK PLC has the option to make an early payment to the Company in retum 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 20 November 2013 for 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.

In 2018 the Company increased its interest in the investor certificate asset by issuing a medium term note liability on 20 July 2018 referred to as Series 2018-1 totalling £0.58 billion (see note 13).

In 2018 the Company extended the scheduled and legal final maturity dates of the medium term notes related to Series 2015-1. The original scheduled maturity date of 15 November 2018 was extended to 15 November 2023. Accordingly the legal final maturity date was extended from 15 November 2020 to 15 November 2025. When the medium term notes were extended their interest rates were also amended accordingly. As a result of the modification the investor certificate was amended accordingly. In order to determine whether the modification was substantial, management performed a quantitative and qualitative analysis. Following the analysis management concluded that the modification did not represent a substantial modification. As a result of this determination, the Company recognised a loss on the investor certificate term extension totalling £13.636 million.

11. Trade and other receivables

Trade and other receivables has been analysed as follows:

	2018 £'000	1 Jan 2018 Transition IFRS 9 £'000	2017 £'000
Interest receivable on investor certificates	-	-	3,529
Amount receivable from related party undertaking	7	-	-
Prepayments	-	4	4
Total	**7**	**4**	**3,533**

12. Trade and other payables

Trade and other payables has been analysed as follows:

	2018 £'000	1 Jan 2018 Transition IFRS 9 £'000	2017 £'000
Interest payable on medium term notes	-	-	3,529
Amount payable to related party undertaking	-	1	1
Accruals	9	-	-
Total	**9**	**1**	**3,530**

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	2018 £'000	1 Jan 2018 Transition IFRS 9 £'000	2017 £'000	Interest Rate Payable
Medium term note Series 2015-1 (20 Nov 2015)	15 Nov 2018	16 Nov 2020	-	1,764,706	1,764,706	1 month sterling LIBOR plus 0.527%
Medium term note Series 2014-1 (23 Jul 2014)	15 Jul 2019	15 Jul 2021	882,353	-	-	1 month sterling LIBOR plus 0.425%
Interest accrued on Medium term note	Not applicable	Not applicable	4,041	3,529	-	Not applicable
Effective interest rate adjustment	Not applicable	Not applicable	(404)	(922)	-	Not applicable
Borrowings – current			**885,990**	**1,767,313**	**1,764,706**	
Medium term note Series 2013-3 (20 Nov 2013)	15 Jun 2022	15 Jun 2024	1,623,190	1,616,292	1,647,059	1 month sterling LIBOR plus 0.366%
Medium term note Series 2014-2 (11 Nov 2014)	15 Jun 2022	15 Jun 2024	1,887,348	1,887,509	1,886,793	1 month sterling LIBOR plus 0.365%
Medium term note Series 2014-1 (23 Jul 2014)	15 Jul 2019	15 Jul 2021	-	882,353	882,353	1 month sterling LIBOR plus 0.425%
Medium term note Series 2015-1 (20 Nov 2015)	15 Nov 2023	17 Nov 2025	1,752,362	-	-	1 month sterling LIBOR plus 0.383%
Medium term note Series 2015-2 (20 Nov 2015)	16 Nov 2020	15 Nov 2022	1,764,706	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	-	-	1 month sterling LIBOR plus 0.323%
Effective interest rate adjustment	Not applicable	Not applicable	(3,481)	(3,205)	-	Not applicable
Borrowings – non-current			**7,604,771**	**6,147,655**	**6,180,911**	
Total			**8,490,761**	**7,914,968**	**7,945,617**	

13. Borrowings (continued)

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.

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).

In 2018 the Company extended the scheduled and legal final maturity dates of the medium term notes related to Series 2015-1. The original scheduled maturity date of 15 November 2018 was extended to 15 November 2023. Accordingly the legal final maturity date was extended from 15 November 2020 to 15 November 2025. When the medium term notes were extended their interest rates were also amended accordingly. In order to determine whether the modification was substantial, management performed a quantitative and qualitative analysis. Following the analysis management concluded that the modification did not represent a substantial modification. As a result of this determination, the Company recognised a gain on the medium term note term extension totalling £13.636 million.

14. Called up share capital

	2018 £	2017 £
Authorised:		
37,500 (2017: 37,500) A ordinary shares of £1 each	37,500	37,500
12,500 (2017: 12,500) B ordinary shares of £1 each	12,500	12,500
	50,000	**50,000**
Issued:		
2 (2017: 2) A ordinary shares of £1 each allotted, called up and fully paid	2	2
37,498 (2017: 37,498) A ordinary shares of £1 each allotted, issued and quarter paid	9,375	9,375
12,500 (2017: 12,500) B ordinary shares of £1 each allotted, issued and quarter paid	3,125	3,125
At 31 December	**12,502**	**12,502**

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.

15. 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). 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 advise 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.

15. Financial risks (continued)

(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.

Maximum exposure to credit risk

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

	2018 £'000	1 Jan Transition IFRS 9 2018 £'000	2017 £'000
Cash and cash equivalents	253	246	246
Trade and other receivables	7	4	3,533
Financial assets			
- loans and receivables	-	-	7,945,617
- loans and advances at amortised cost	8,490,761	7,914,968	-
Total maximum exposure at 31 December	**8,491,021**	**7,915,218**	**7,949,396**

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.

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:

2018 **Gross exposure**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
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**

2018 **Impairment allowance**	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
Cash and cash equivalents	-	-	-	-
Trade and other receivables	-	-	-	-
Loans and advances at amortised cost	(3,885)	-	-	(3,885)
Total	**(3,885)**	**-**	**-**	**(3,885)**

15. Financial risks (continued)

(A) Credit risk (continued)

2018 Net exposure	**Stage 1 £'000**	**Stage 2 £'000**	**Stage 3 £'000**	**Total £'000**
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**

2018 Amounts in '£000	**STAGE 1 Gross exposure**	**STAGE 1 Impairment allowance**	**STAGE 2 Gross exposure**	**STAGE 2 Impairment allowance**	**STAGE 3 Gross exposure**	**STAGE 3 Impairment allowance**	**Total Gross exposure**	**Total Impairment allowance**
Balance as at 1 January 2018	7,919,345	(4,127)	-	-	-	-	7,919,345	(4,127)
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Net re-measurement of ECL arising from transfer of stage	-	-	-	-	-	-	-	-
New financial assets originated or purchased	580,646	(303)	-	-	-	-	580,646	(303)
Net repayments and other movements	(5,085)	545	-	-	-	-	(5,085)	545
Total	**8,494,906**	**(3,885)**	**-**	**-**	**-**	**-**	**8,494,906**	**(3,885)**

(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.

Contractual maturity of financial assets and liabilities on an undiscounted basis

The table below presents the financial assets and liabilities payable by the Company by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows (principal and interest) of all financial assets and liabilities.

2018	**<1mth £'000**	**1-3mths £'000**	**3mths-1yr £'000**	**1-5yrs £'000**	**>5yrs £'000**	**Total £'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	(9)	-	-	-	-	(9)
Net Assets/(Liabilities)	**251**	**-**	**-**	**-**	**-**	**251**

15. Financial risks (continued)

(B) Liquidity risk (continued)

2017	<1mth £'000	1-3mths £'000	3mths-1yr £'000	1-5yrs £'000	>5yrs £'000	Total £'000
Cash and cash equivalents	246	-	-	-	-	246
Trade and other receivables	3,533	-	-	-	-	3,533
Loans and receivables	6,349	12,695	1,820,392	6,329,694	-	8,169,130
Borrowings	(6,349)	(12,695)	(1,820,392)	(6,329,694)	-	(8,169,130)
Other liabilities	(3,530)	-	-	-	-	(3,530)
Net Assets/(Liabilities)	**249**	**-**	**-**	**-**	**-**	**249**

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

(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 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
Investor certificate	1 month sterling LIBOR plus 0.423%	
Medium term note Series 2013-3		1 month sterling LIBOR plus 0.366%
Medium term note Series 2014-1		1 month sterling LIBOR plus 0.425%
Medium term note Series 2014-2		1 month sterling LIBOR plus 0.365%
Medium term note Series 2015-1		1 month sterling LIBOR plus 0.383%
Medium term note Series 2015-2		1 month sterling LIBOR plus 0.612%
Medium term note Series 2018-1		1 month sterling LIBOR plus 0.323%

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.

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

	2018		**2017**	
	+25 basis points £'000	**-25 basis points £'000**	**+25 basis points £'000**	**-25 basis points £'000**
Loans and advances at amortised cost	21,316	(21,316)	19,864	(19,864)
Borrowings	(21,316)	21,316	(19,864)	19,864
Total	-	-	-	-

15. Financial risks (continued)

(C) Market risk (continued)

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.

16. Fair value of financial instruments

The fair value of financial instruments 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 table summarises the fair value of financial assets and liabilities measured at amortised cost on the Company's balance sheet where the carrying amount is not a reasonable approximation of fair value and analyses those fair values.

	Notes	2018 Carrying Amount £'000	2018 Fair Value £'000	2017 Carrying Amount £'000	2017 Fair Value £'000
Financial assets					
Loans and advances at amortised cost	(a)	8,490,761	8,239,991	7,945,617	7,827,387
Financial liabilities					
Borrowings	(a)	8,490,761	8,239,991	7,945,617	7,827,387

The fair value of financial assets and liabilities measured at amortised cost which are not included in the table above is the same as their carrying amounts.

Notes

(a) The items were fair valued using an independent valuation from a third party unaffiliated to the 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.

(b) A Sensitivity analysis was performed in terms of IFRS13 on the Fair Value of the Level 3 categorised medium term notes on the basis of a 10 basis point ("bp") increase and decrease in the required spread of the notes. If the required spread for loans and receivables or borrowings increased by 10bp the fair value would decrease to £8.216 billion whereas if the spread decreased by the same magnitude the value would increase to £8.264 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.

16. Fair value of financial instruments (continued)

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.

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 fair value of financial assets and liabilities measured at amortised cost analysed by fair value hierarchy and balance sheet classification:

2018	FV £'000	Quoted Market Prices (Level 1) £'000	Observable Inputs (Level 2) £'000	Significant unobservable Inputs (Level 3) £'000
Financial assets				
Loans and advances at amortised cost	8,239,991	-	-	8,239,991
Financial liabilities				
Borrowings	(8,239,991)	-	-	(8,239,991)

2017	FV £'000	Quoted Market Prices (Level 1) £'000	Observable Inputs (Level 2) £'000	Significant unobservable Inputs (Level 3) £'000
Financial assets				
Loans and receivables	7,827,387	-	-	7,827,387
Financial liabilities				
Borrowings	(7,827,387)	-	-	(7,827,387)

Level 3 loans and advances at amortised cost and borrowings increased during the year due to the issuance of an additional interest in the investor certificate and medium term notes. The fair value of financial assets and liabilities measured at amortised cost which are not included in the table above are the same as their carrying amounts.

17. Statement of Financial Position movement – impact of transition to IFRS 9

The table below presents the impact of the changes to balance sheet presentation and of the transition to IFRS 9 on the Company's balance sheet showing separately the changes arising from reclassification and any associated remeasurement, and the impact of increased impairment.

	As at 31 Dec 2017			As at 1 Jan 2018
Assets ('£000)	**Published IAS39 carrying amount**	**IFRS9 classification and measurement**	**IFRS9 impairment change**	**IFRS9 carrying amount**
Cash and cash equivalents	**246**	-	-	**246**
Trade and other receivables	**3,533**	(3,529)	-	**4**
Financial assets				
- loans and receivables	**7,945,617**	(7,945,617)	-	-
- loans and advances at amortised cost	-	7,919,095	(4,127)	**7,914,968**
Total assets	**7,949,396**	**(30,051)**	**(4,127)**	**7,915,218**

17. Statement of Financial Position movement – impact of transition to IFRS 9 (continued)

Liabilities ('£000)	As at 31 Dec 2017 Published IAS39 carrying amount	IFRS9 classification and measurement	IFRS9 impairment change	As at 1 Jan 2018 IFRS9 carrying amount
Trade and other payables	(3,530)	3,529	-	(1)
Current tax liabilities	(1)	-	-	(1)
Financial liabilities - borrowings	(7,945,617)	26,522	4,127	(7,914,968)
Total liabilities	**(7,949,148)**	**30,051**	**4,127**	**(7,914,970)**
Called up share capital	13	-	-	13
Accumulated profits/(losses)	235	-	-	235
Total equity	**248**	**-**	**-**	**248**

IFRS 9 classification and measurement

This column represents the changes to the balance sheet from reclassification and measurement. Interest receivable of £3.529 million on the investor certificate and interest payable of £3.529 million on the borrowings have been reclassified from 'trade and other receivables' and 'trade and other payables' to 'loans and advances at amortised cost' and 'borrowings' respectively.

The investor certificate has also been reclassified from 'loans and receivables' to 'loans and advances at amortised cost'. Under the previous standard, non-substantial modification required continuation accounting with an adjustment to the EIR at the point of a modification. Under IFRS 9 a gain or loss must be recognised as EIR must be based using the original effective interest rate. On transition to IFRS 9, past non substantial modifications also required a £30.051 million transition adjustment to 'loans and advances at amortised cost' and a £30.051 million transition adjustment to 'borrowings'.

There are no other changes in the measurement category.

IFRS 9 impairment change

Additional impairment from the adoption of IFRS 9 is shown in the impairment change column. Based on our assessment of the financial assets an additional impairment has been identified as necessary to be recognised. The impairment identified will be offset by an appropriate effective interest rate adjustment made against financial liabilities.

18. 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.

18. Related party transactions (continued)

Related party transactions are summarised below:

	2018 £'000	2017 £'000
Asset / (liability)		
Receivable / payable with Barclays Bank UK PLC	7	(1)
Loans and advances at amortised cost with Gracechurch Receivables Trustee Limited	8,490,761	7,945,617
Interest receivable from Gracechurch Receivables Trustee Limited	-	3,529
Borrowings from Gracechurch Card Programme Funding PLC	(8,490,761)	(7,945,617)
Interest payable to Gracechurch Card Programme Funding PLC	-	(3,529)
Prepayment with Intertrust Management Limited	3	3
Income Statement		
Interest earned on loans and advances at amortised cost from Gracechurch Receivables Trustee Limited	93,322	64,876
Interest earned on loans and advances at amortised cost from Barclays Bank UK PLC	81	64
Interest on borrowings from Gracechurch Card Programme Funding PLC	(93,325)	(64,878)
Effective interest rate adjustment movement of financial liabilities with Gracechurch Card Programme Funding PLC	(240)	-
Professional fees payable to Intertrust Management Limited for Directors services	(13)	(14)
Gain on medium-term note term extensions with Gracechurch Card Programme Funding PLC	13,636	-
Loss on investor certificate term extensions with Receivables Trust	(13,636)	-
Impairment movement of financial assets with Receivables Trust	240	-
Cashflows		
Redemption of loans and advances at amortised cost with Gracechurch Receivables Trustee Limited	-	446,366
Redemption of borrowings with Gracechurch Card Programme Funding PLC	-	(446,366)

18. Related party transactions (continued)

Non-cash transactions

The Company extended the scheduled and legal maturity dates of the Series 2015-1 medium term notes. This extension resulted in £1.765 billion of loans and advances at amortised cost and borrowings being reclassified from current to non-current as the term has been extended by more than 12-months. The Company also issued Series 2018-1 medium term notes resulting in the recognition of £0.581 billion of non-current loans and advances at amortised cost and borrowings. The result of the extension and the issuance accordingly has not been reflected in the cashflow statement as no cash was exchanged in either of the transactions.

19. Events after the balance sheet date

There have been no post balance sheet events that have occurred to date, which would necessitate balance sheet disclosures or adjusting to the financial statements.

20. Capital management

The Company's principal 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 (note 15b) management.

The Company regards as capital its equity, as shown in the statement of financial position. Total capital is comprised as follows:

	2018 £'000	2017 £'000
Share capital	13	13
Retained earnings	237	235
Total capital	**250**	**248**

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

21. Parent undertaking and ultimate holding company

The immediate parent of the Company is Barclays Bank UK PLC. The parent undertaking of the smallest group that presents group financial statements in which the Company is included is Barclays Bank UK PLC as from 1 April 2018 (prior to 1 April 2018: Barclays Bank PLC). The ultimate holding company and the parent company of the largest group that presents group financial statements in which the Company is included is Barclays PLC.

Barclays Bank UK PLC and Barclays PLC are incorporated in the United Kingdom and registered in England and Wales. The statutory financial statements of the Company, Barclays Bank UK PLC and Barclays PLC are available from Barclays Corporate Secretariat, 1 Churchill Place, London, E14 5HP, England.