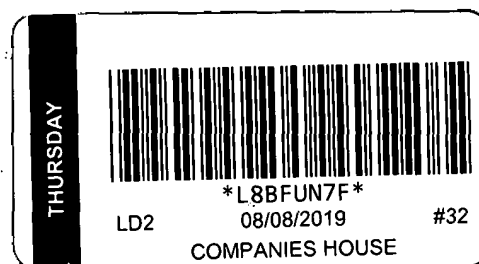


BARCLAYS SAMS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

REGISTERED NUMBER IN ENGLAND AND WALES: 2550646



BARCLAYS SAMS LIMITED
Directors' Report and Financial Statements
For the year ended 31 December 2018

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BARCLAYS SAMS LIMITED
Directors' Report
For the year ended 31 December 2018

The Directors present their annual report with the audited financial statements of Barclays SAMS Limited (the "Company") for the year ended 31 December 2018.

Profits and dividends

During the year ended 31 December 2018 the Company made a loss after taxation of £32k (2017: profit after taxation £130k). The Company does not recommend the payment of a dividend during the year (2017: nil).

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, when relevant, are as shown below:

M Clift
W M McCabe (resigned 23 August 2018)
A Coulson (appointed 3 September 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 capital position 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 considered the potential impact of the UK's referendum on leaving the European Union ("Brexit") and continues to closely monitor the environment in which the Company operates in order to minimise any potential risk associated with the UK's withdrawal from the European Union. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

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.

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

BARCLAYS SAMS LIMITED
Directors' Report
For the year ended 31 December 2018

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 Barclays 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 2018 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Independent auditor

The auditors, KPMG LLP, have expressed their willingness to continue in office. Pursuant to section 487 of the Companies Act 2006, KPMG LLP, subject to any resolution to the contrary is deemed to have been re-appointed as auditors 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.

FOR AND ON BEHALF OF THE BOARD



Anne-Marie Coulson
Director
5 August 2019

REGISTERED NUMBER: 2550646

Registered Office

1 Churchill Place
London
E14 5HP

BARCLAYS SAMS LIMITED
Strategic Report
For the year ended 31 December 2018

The Directors present the strategic report for Barclays SAMS Limited ("the Company") for the year ended 31 December 2018.

Principal Activities and Business Review

The principal activity of Barclays SAMS Limited (the "Company") is providing a Subordinated Loan Note ("SLN") to Millshaw SAMS No.1 Limited ("Millshaw"), a company registered in Jersey. While the Company also retains legal title to the mortgages transferred to Millshaw they are not recognised in the Company's financial statements as the significant risks and rewards of ownership have been transferred to Millshaw.

Business performance and financial position

During the year ended 31 December 2018 the Company made a loss after taxation of £32k during the year (2017: profit after taxation £130k). This arose principally as a result of the movement of £40k of the fair value of the SLN. As at 31 December 2018 the Company held net assets of £326k (2017: £344k) and net operating cash inflows were £22k (2017: £nil).

Future outlook

On inception of the Millshaw structure, interest received on cash deposits by Millshaw were expected to cover their future annual operating expenses. Any profits in excess of £500 per annum in Millshaw are to be paid to the Company as interest on the SLN. Due to lower than expected prevailing interest rates, the future interest income received on cash deposits by Millshaw is currently not expected to be sufficient to cover Millshaw's future operating expenses. As a result, the Company's holding in the SLN issued by Millshaw has been valued accordingly.

The current operating environment, in particular the low interest rate environment, may continue for the foreseeable future. The Directors will continue to monitor the situation carefully, and currently do not expect there to be a change in the Company's principal activity in the foreseeable future.

Principal risks and uncertainties

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

Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of Personal Banking, the relevant business cluster for the Company, is discussed in the Barclays PLC annual report which does not form part of this report.

FOR AND ON BEHALF OF THE BOARD



Anne-Marie Coulson
Director
5 August 2019

BARCLAYS SAMS LIMITED
Independent Auditor's Report
For the year ended 31 December 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS SAMS LIMITED

Opinion

We have audited the financial statements of Barclays SAMS Limited ("the company") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, 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;
- 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 members, such as the fair value of future cashflows and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

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

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, 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;

BARCLAYS SAMS LIMITED
Independent Auditor's Report
For the year ended 31 December 2018

- 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. They are also responsible for being satisfied that financial statements give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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.



Richard Smith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
5 August 2019

BARCLAYS SAMS LIMITED
Statement of Comprehensive Income
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Continuing operations			
Interest income	8	-	7
Net interest income		-	7
Fair value movement of financial asset carried at fair value	12	(40)	-
Provisions for accrued interest not received	11	-	(7)
Impairment credit of loans and receivables	11	-	161
(Loss) / profit before taxation		(40)	161
Tax	9	8	(31)
(Loss) / profit after taxation		(32)	130

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

BARCLAYS SAMS LIMITED
Statement of Financial Position
As at 31 December 2018

	Note	2018 £'000	2017 £'000
Assets			
Non-current assets			
Loans and receivables	11	-	216
Financial asset – Fair value through the income statement	12	194	-
Total non-current assets		194	216
Current assets			
Cash and cash equivalents		128	106
Trade and other receivables	10	7	22
Total current assets		135	128
Total assets		329	344
Net current assets		135	128
Total assets less current liabilities		329	344
Liabilities			
Non-current liabilities			
Deferred tax liabilities	9	3	-
Total non-current liabilities		3	-
Net assets		326	344
Equity			
Called up share capital	13	-	-
Retained earnings		326	344
Total equity		326	344

The accompanying notes on form an integral part of the financial statements.

The financial statements on pages 7 to 20 were approved by the Board of Directors and authorised for issue on 5 August 2019 and were signed on its behalf by:



Anne-Marie Coulson
 Director
 5 August 2019

REGISTERED NUMBER: 2550646

BARCLAYS SAMS LIMITED
Statement of Changes in Equity
For the year ended 31 December 2018

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 December 2017	-	344	344
Effect of IFRS 9 adoption (see note 16)	-	14	14
Balance as at 1 January 2018	-	358	358
Loss after taxation	-	(32)	(32)
Balance as at 31 December 2018	-	326	326

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance as at 31 December 2016	-	214	214
Profit after taxation	-	130	130
Balance as at 31 December 2017	-	344	344

The accompanying notes on form an integral part of the financial statements.

BARCLAYS SAMS LIMITED
Cash flow statement
For the year ended 31 December 2018

	2018	2017
	£'000	£'000
Continuing Operations		
Cash flows from operating activities		
(Loss) / profit before taxation	(40)	161
Interest received	-	(7)
Impairment of interest received	-	7
Decrease in impairment of loans and receivables	-	(161)
Fair value movement of financial asset carried at fair value	40	-
Tax relief received from parent undertaking	22	-
Net cash generated from operating activities	22	-
Net increase in cash and cash equivalents	22	-
Cash and cash equivalents at beginning of year	106	106
Cash and cash equivalents at end of year	128	106
Cash and cash equivalents comprise:		
Cash at bank	128	106
Cash and cash equivalents at end of year	128	106

The accompanying notes on form an integral part of the financial statements.

BARCLAYS SAMS LIMITED
Notes to the financial statements
For the year ended 31 December 2018

1. Reporting entity

These financial statements are prepared for Barclays SAMS Limited (the "Company"), the principal activity of which is providing a Subordinated Loan Note ("SLN") to Millshaw SAMS No.1 Limited ("Millshaw"), a company registered in Jersey. While the Company retains legal title to the mortgages transferred to Millshaw they are not recognised in the Company's financial statements as the significant risks and rewards of ownership has been transferred to Millshaw. The parent undertaking of the smallest group that presents consolidated financial statements in which the Company is included is Barclays Bank UK PLC. The ultimate holding company and the parent undertaking of the largest group that presents group financial statements in which the Company is included is Barclays PLC. Both Barclays Bank UK PLC and Barclays PLC prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') as endorsed by the European Union.

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

2. Compliance with International Financial Reporting Standards

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

3. 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 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 the Company's capital position 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. The transition from IAS 39 to IFRS 9 has been disclosed in note 16.

Future accounting developments

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 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) 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.

BARCLAYS SAMS LIMITED
Notes to the financial statements
For the year ended 31 December 2018

5. Summary of significant accounting policies (continued)

(b) Current and deferred income tax

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

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

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

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

(c) 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 instruments at fair value through profit or loss

The SLN is measured at fair value through profit and loss.

Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

BARCLAYS SAMS LIMITED
Notes to the financial statements
For the year ended 31 December 2018

5. Summary of significant accounting policies (continued)

(d) 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.

(e) Cash and cash equivalents

For the purposes of the cash flow statement and the balance sheet, cash comprises cash at bank.

(f) Critical accounting estimates and judgments

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.

Fair value of the Subordinated Loan Note ("SLN")

The value of the SLN is based on the expected cash flows from Millshaw and discounting the expected cash flows using the loan note's current effective interest rate.

Management's best estimate of the expected cash flows from the SLN is based on a number of key estimates including the following:

- a projection of the SAMS mortgage balance attrition based on past experience of SAMS mortgage redemptions over a number of years to determine the expected term of the discounting model; and
- a projection of the shortfall between the future operating expenses of Millshaw (adjusted by inflation) netted-off against the projected interest income earned on Millshaw's Expense Ledger GIC Account.

In order to determine an appropriate current effective interest rate for the SLN, the following factors were considered in making this estimation:

- a risk free rate was determined by interpolation between the 10 and 15 year UK Gilt rates which are widely published over the expected term of the SLN;
- an appropriate credit spread was added to the risk free rate based on listed subordinated bond prices contributed from third parties and adding in appropriate term spreads for the extended term of the SLN relative to the bonds compared against; and
- a 125 basis-point spread was added to the credit spread for the SLN being being unlisted based on observations made from third parties.

Management's estimate of the expected undiscounted cashflows and discount rate will be kept under regular review and it is possible that the eventual outcome may differ from management's current estimate. Note 15 provides a sensitivity analysis on the various estimates used above and how this may potentially impact the valuation of the SLN.

6. Administrative expenses

Auditor's remuneration of £10k (2017: £12k) is borne by Barclays Bank UK PLC for the audit of the Company's annual financial statements. No non-audit services were provided by the auditor for the year. No recharge will be made to the Company for these costs.

BARCLAYS SAMS LIMITED
Notes to the financial statements
For the year ended 31 December 2018

7. 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 was directly remunerated by the Company in respect of their services to the Company during the year. Their service to this Company was performed as part of their employment by Barclays Bank UK PLC or Barclays Services Limited and no remuneration was earned in respect of qualifying services provided to the Company. Barclays Bank UK PLC or Barclays Services Limited has not recharged this Company for the cost of these services (see note 17).

8. Interest received

	2018 £'000	2017 £'000
Subordinated Loan Note Interest Received	-	7
Total interest income	-	7

9. Tax

Income tax charge

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

	2018 £'000	2017 £'000
Current tax charge:		
United Kingdom corporation tax – current year	8	(31)
Deferred tax charge – current year	-	-
Overall tax charge in the Statement of Comprehensive Income	8	(31)

During the year the tax rate is 19.00% (2017: 19.25%). 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
(Loss) / profit before taxation	(40)	161
Tax charge at average UK corporation tax rate of 19.00% (2017: 19.25%)	8	(31)
Overall tax charge	8	(31)
Effective tax rate	18.92%	19.25%

Current tax asset

The current tax asset is as follows:

	2018 £'000	2017 £'000
UK Corporation taxation receivable	7	22

UK Corporation tax payable or receivable is reflected in trade and other payables and trade and other receivables respectively as the Company forms part of the Barclays Bank UK PLC tax group. This means that tax payable or receivable are settled by the Company with Barclays Bank UK PLC rather than with HMRC directly.

Deferred tax liabilities

	2018 £'000	2017 £'000
Provision at start of period	-	-
IFRS 9 – transition adjustment	3	-
Deferred tax charge to income statement for the period	-	-
Provision at the end of period	3	-

BARCLAYS SAMS LIMITED
Notes to the financial statements
For the year ended 31 December 2018

9. Tax (continued)

	2018 £'000	2017 £'000
Falling due within 1 year	-	-

Legislation has been introduced to reduce the main rate of UK corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. As a result relevant deferred tax balances have been re-measured. The closing deferred tax assets and liabilities have been measured at blended rates based on the rate when the deferred tax balances are expected to unwind.

10. Trade and other receivables

An analysis of trade and other receivables is as follows:

	2018 £'000	2017 £'000
Amounts due from related party undertaking	7	22
Total	7	22

These amounts do not bear interest and are reimbursable on demand.

11. Loans and receivables

The Company's SLN was reclassified from loans and receivables to Financial assets – Fair value through the income statement.

	2018 £'000	2017 £'000
Subordinated Loan Note due 2060	-	500
Accrued interest	-	946
Total	-	1,446
Provision for accrued interest on SLN not received	-	(946)
Provision for impairment of loan note	-	(284)
Total carrying amount	-	216

12. Financial asset – Fair value through the income statement

	2018 £'000	2017 £'000
Subordinated Loan Note due 2060	194	-
Total carrying amount	194	-

The Company holds a SLN issued by Millshaw, a company incorporated in Jersey. It has been agreed with Millshaw that the Company will not seek payment of the interest due in 2018 or previous years but the Company will retain the right to demand payment of the interest after 31 December 2019 giving no less than 12 months' notice.

On inception of the Millshaw structure, interest received on cash deposits by Millshaw were expected to cover annual operating expenses of that company. Any profits in excess of £500 per annum in Millshaw are to be paid to the Company as interest on the SLN. Due to lower than expected prevailing interest rates, the future interest income received on cash deposits by Millshaw is currently not expected to be sufficient to cover Millshaw's future operating expenses. As a result, the Company's holding in the SLN issued by Millshaw has been valued at £194k (1 January 2018 transition: £233k).

13. Called up share capital

	2018 £'000	2017 £'000
Allotted and Fully Paid: 2 (2017: 2) Ordinary Shares of £1 each	-	-

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

BARCLAYS SAMS LIMITED
Notes to the financial statements
For the year ended 31 December 2018

14. Financial risks

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of Barclays PLC and are not managed separately. Although the principal risks for the Company are not managed separately, they are described below.

(a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's counterparties fail to fulfil their contractual obligations to the Company. The following table shows the maximum exposure to credit risk at 31 December:

	2018 £'000	2017 £'000
Cash and cash equivalents	128	106
Trade and other receivables	7	22
Financial assets		
- loans and receivables	-	216
- Fair value through the income statement	194	-
Total maximum exposure at 31 December	329	344

The SLN has been fair valued using discounted estimated future cashflow applying and discounting this by the current effective interest rate as required by IFRS. The Company does not hold any collateral as security.

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 SLN issued by Millshaw, trade and other receivables and cash at bank.

As the SLN issued by Millshaw is already recognised at fair value, no impairment is recorded against the asset in line with IFRS 9.

In respect of cash and cash equivalents and trade and other receivables, although an ECL has been computed on these stage 1 assets, the amount is immaterial and thus no impairment has been recorded against these financial assets.

(b) Liquidity risk

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. The Company maintains banking facilities with Barclays Bank UK PLC. These facilities are designed to ensure the Company has sufficient available funds for operations. The monitoring and reporting of liquidity risk take the form of cash flow measurements and projections for the next day, week and month as these are key periods for liquidity management. Sources of liquidity are regularly reviewed.

Contractual maturity of financial assets and liabilities on an undiscounted basis

The table below presents the cash flows receivable by the Company with regards to financial assets and liabilities by remaining contractual maturity at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial assets and liabilities (i.e. nominal values); whereas the Company manages the inherent liquidity risk based on discounted expected cash inflows.

2018	<1mth £'000	1-3mths £'000	3mths-1yr £'000	1yr-5yrs £'000	>5yrs £'000	Total £'000
Cash and cash equivalents	128	-	-	-	-	128
Trade and other receivables	7	-	-	-	-	7
Financial assets: Fair value through the income statement	-	-	-	-	820	820
Net assets/(liabilities)	135	-	-	-	820	955

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14. Financial risks (continued)

2017	<1mth £'000	1-3mths £'000	3mths-1yr £'000	1yr-5yrs £'000	>5yrs £'000	Total £'000
Cash and cash equivalents	106	-	-	-	-	106
Trade and other receivables	22	-	-	-	-	22
Loans and receivables	-	-	-	-	732	732
Net assets/(liabilities)	128	-	-	-	732	860

The undiscounted cashflow on the financial assets held at fair value through the income statement (the SLN asset) increased from £732k (2017) to £820k (2018) as the expected undiscounted cashflow on anticipated termination date of the subordinated loan note is expected to increase following a review on the latest projected cash flows and mortgage redemptions from Millshaw.

(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. The Company is exposed to interest rate risk as described below.

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 is exposed to only interest rate risk on the bank deposit with the related party. Due to the immaterial nature of this income the risk is not mitigated against and is immaterial.

Foreign currency risk

The Company has no exposure to changes in foreign exchange rates. All of the Company's transactions and balances are denominated in pound sterling.

15. Fair values

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.

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.

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15. Fair values (continued)

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. Financial assets carried at fair value through the income statement have been included under level 3 due to the number of estimates required in order to determine fair valuation of the SLN (as per note 5 (f)). 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:

	Fair Value £'000	Quoted market prices (Level 1) £'000	Observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000
2018				
Financial assets:				
Fair value through the income statement	194	-	-	194
2017				
Financial assets:				
Loans and receivables	233	-	-	233

A sensitivity analysis was performed in terms of IFRS13 on the fair value of the Level 3 categorised financial assets held at fair value through the income statement on the basis of the SLN term increasing or decreasing by a year, the undiscounted cashflows decreasing or increasing by £100k and the discount rate increasing or decreasing by 100bps. This is represented below:

	Fair Value £'000	Term increases by 1 year £'000	Term decreases by 1 year £'000	Cashflow decreases by £100k £'000	Cashflow increases by £100k £'000	Discount rate increases by 100bps £'000	Discount rate decreases by 100bps £'000
2018							
Financial assets:							
Fair value through the income statement	194	175	214	170	217	170	220

16. 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
	Published IAS39 carrying amount	IFRS9 classification and measurement	IFRS9 impairment change
Assets (£'000)			IFRS9 carrying amount
Cash and cash equivalents	106	-	-
Trade and other receivables	22	-	-
Financial assets			
- loans and receivables	216	(216)	-
- Fair value through the income statement	-	233	-
Total assets	344	17	361

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16. Impact of transition to IFRS 9 (continued)

	As at 31 Dec 2017		As at 1 Jan 2018
	Published IAS39 carrying amount	IFRS9 classification and measurement	IFRS9 carrying amount
Liabilities ('£000)			
Deferred tax liabilities	-	3	3
Total liabilities	-	3	3

	As at 31 Dec 2017		As at 1 Jan 2018
	Published IAS39 carrying amount	IFRS9 classification and measurement	IFRS9 carrying amount
Equity ('£000)			
Called up share capital	-	-	-
Accumulated profits	344	14	358
Total equity	344	14	358

IFRS 9 classification and measurement

This column represents the changes to the balance sheet from classification and measurement. The classification changes is as a result of the SLN being reclassified as a financial asset held at fair value through profit and loss. Reclassification of the SLN occurred as the income being generated from the SLN and its eventual settlement is dependant on the profitability of Millshaw which is variable. As such the SLN did not meet the SPPI criteria as envisaged in IFRS 9.

There are no other changes in measurement category.

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 other party in making financial or operational decisions, or one other party controls both. During the year there have been no transactions with related parties other than with Barclays PLC Group Companies. Particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below.

Asset/(liability)	2018 £'000	2017 £'000
Cash and cash equivalents with Barclays Bank UK PLC (2017: Barclays Bank PLC)	128	106
Debtor with Barclays Bank UK PLC (2017: Barclays Bank PLC)	7	22

Cashflows	2018 £'000	2017 £'000
Group taxation relief from Barclays Bank UK PLC	22	-

18. 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.

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19. Capital management

The Company's principal objectives when managing capital are:

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

The Board of Directors are responsible for capital management and has approved minimum control requirements for capital and liquidity risk (note 14b) management.

The Company regards as capital its equity, as shown in the balance sheet adjusted for any future gains or losses on the fair value of derivative financial instruments maturing and any future gains or losses on foreign denominated notes maturing.

Total capital is comprised as follows:

	2018 £'000	2017 £'000
Share capital	-	-
Retained earnings	326	344
Total capital	326	344

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 in order to support the SLN net of any current taxes receivable or payable. The Company currently maintains a minimum capital requirement required by the Directors totalling £252k (2017: £270k). This minimum capital requirement represents the minimum level of capital required for the Company to remain a going concern under a scenario where either the SLN fair value increases to £500k or decreases £nil.

20. Parent undertaking and ultimate holding company

The parent of the Company is Barclays Bank UK PLC. The parent undertaking of the smallest group that presents consolidated financial statements in which the Company is consolidated is Barclays Bank UK PLC. The ultimate holding company and the parent company of the largest group that presents group financial statements in which the company is consolidated is Barclays PLC. Both companies Barclays Bank UK PLC and Barclays PLC are incorporated in the United Kingdom and registered in England and Wales. Both company's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London, E14 5HP.