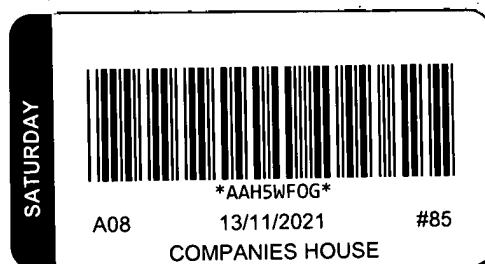


**Registered number: 02569002**

# **BARCLAYS EQUITY HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS AND DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2020**



## **BARCLAYS EQUITY HOLDINGS LIMITED**

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## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

The Directors present their annual report together with the audited financial statements of Barclays Equity Holdings Limited (the 'Company') for the year ended 31 December 2020.

#### **Profits and dividends**

During the year the Company made a Profit after tax of £4,503,000 (2019: Loss after tax of £8,394,000). The Directors do not recommend the payment of a final dividend (2019: £ nil).

#### **Post balance sheet events**

In the 3rd of March 2021 UK Budget, it was announced that the UK rate of corporation tax will increase from 19% to 25% effective 1 April 2023. The change was not substantively enacted or enacted at the balance sheet date and this is not expected to have a material impact on the rate at which the company's deferred tax balances will unwind.

#### **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:

F H Banks  
A D Challis  
G J Chapman  
J C Ferrier  
J Mistry

Since the year end, M Temani was appointed as a Director on 12 May 2021 and F H Banks resigned as a Director on 6 May 2021.

#### **Going concern**

After reviewing the Company's financial position and performance projections (including the implications from the COVID-19 outbreak) and available banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations as they fall due and to continue in operational existence for at least the next 12 months from the date of signing these financial statements. 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 accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Statement of Directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements (continued)**

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 international accounting standards in conformity with the requirements of the Companies Act 2006;
- 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.

#### **Financial risk management**

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in note 15.

#### **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 2020 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

#### **Independent auditor**

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

## BARCLAYS EQUITY HOLDINGS LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

#### 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.

In response to The Companies (Miscellaneous Reporting) Regulations 2018, further information on stakeholder engagement can be found in the Strategic Report.

This report was approved by the Board and signed on its behalf:

DocuSigned by:

*James Ferrier*

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**J C Ferrier**

Director

Date: 9/11/2021

Registered number: 02569002

1 Churchill Place, London, E14 5HP

## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **Business review and principal activities**

The principal activity of Barclays Equity Holdings Limited is to act as an investment holding company. The Company has been repurposed within the Barclays Group to act as an investment holding company for the principal investments area.

#### **Business performance**

The results of the Company show a loss after tax of £4,503,000 (2019: profit of £8,394,000) for the year. The Company has net assets of £610,184,000 (2019: £494,687,000). Net cash outflow from operating activities for 2020 was £23,463,000 (2019: £17,799,000).

#### **Future outlook**

The Company has been repurposed within the Barclays Group to act as a holding company for equity investments. The Directors have reviewed the Company's forecasts and considers it to be satisfactory for the year. The forecasts show that the Company can secure adequate capital going forward.

#### **Principal risks & uncertainties**

The Company is exposed to internal and external risk of ongoing activities. These risks are managed as part of the Company's business model.

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

#### **Key performance indicators**

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the relevant business cluster, which includes the Company, is discussed in the Barclays PLC 2020 Annual Report, which does not form part of this report.

#### **Section 172(1) statement**

The Directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the Company for the benefit of its member as a whole and this section forms our section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Directors also took into account the views and interests of a wider set of stakeholders, including regulators.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its member as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company's maintaining a reputation for high standards of business conduct;
- and to act fairly between members of the Company.

## BARCLAYS EQUITY HOLDINGS LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

#### Section 172(1) statement (continued)

You can find out more about who the Barclays Group's stakeholders are, how management and /or the Directors engaged with them, the key issues raised and actions taken on pages 18 to 19 of the Barclays PLC Annual Report 2020 which are incorporated by reference into this statement.

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it won't always be possible to deliver everyone's desired outcome.

#### *How does the board engage with stakeholders?*

Depending on the decision in question, the relevance of each particular stakeholder group may differ, and equally the Board adopts a variety of methods of engagement with different stakeholder groups. The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of the Company means that stakeholder engagement often takes place at an operational level.

In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Barclays Group.

The Board considers and discusses information from across the organisation to help it understand the impact of the Company's operations on, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)(a)-(f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

#### **Engagement in action**

##### COVID-19

Throughout almost the entirety of 2020, as the pandemic unfurled, the primary focus of the Company and the Board has been on (i) the operational and financial resilience of the bank to ensure the Company has been able to maximise its support for the economy and society during a time of such challenge; (ii) supporting customers and clients to relieve financial pressure whilst at the same time working with the UK Government to deliver programmes to help businesses; and (iii) protecting the health and well-being of colleagues (the 'COVID-19 Priorities'). The Board has demonstrated leadership and oversight during the pandemic, and this continues at the date of this report.

This report was approved by the Board on 3 November 2021 and signed on its behalf.

DocuSigned by:

*James Ferrier*

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**J C Ferrier**

Director

Date: 9/11/2021

Registered number: 02569002

1 Churchill Place, London, E14 5HP

## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS EQUITY HOLDINGS LIMITED**

#### **Opinion**

We have audited the financial statements of Barclays Equity Holdings Limited ("the Company") for the year ended 31 December 2020 which comprise the Income statement, the Statement of Financial Position, Statement of Changes in Equity, Cash Flow Statement and the related notes, including a summary of significant accounting policies set out on note 5.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Going concern**

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

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

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.



## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS EQUITY HOLDINGS LIMITED (CONTINUED)**

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and operational managers including inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Review of Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of revenue is straightforward with no judgement involved in the calculation, and no pressures or incentives for management to manipulate revenue have been identified.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the group-wide fraud risk management controls.

We identified journal entries to test based on high risk criteria as well as testing all material post-closing journals. We compared the identified entries to supporting documentation.

##### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors and management (as required by auditing standards), and discussed with the Directors and management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS EQUITY HOLDINGS LIMITED (CONTINUED)**

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's license to operate.

We identified the following areas as those most likely to have such an effect: regulatory capital and certain aspects of Company legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **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.

**BARCLAYS EQUITY HOLDINGS LIMITED**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS EQUITY HOLDINGS LIMITED  
(CONTINUED)**

**Directors' responsibilities**

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

**Auditor's responsibilities**

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

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



**Matthew Green (Senior Statutory Auditor)**

for and on behalf of  
**KPMG LLP, Statutory Auditor**

Chartered Accountants

15 Canada Square  
London  
E14 5GL  
Date: 9/11/2021

**BARCLAYS EQUITY HOLDINGS LIMITED****INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
Interest income and similar income	6	16,101	11,389
Interest expense and similar expense	6	(21,242)	(11,918)
<b>Net finance income</b>		<u>(5,141)</u>	<u>(529)</u>
Administrative costs		(7)	(69)
Dividends received from subsidiaries		15,000	44,500
Exchange gain		158	112
<b>Profit before tax</b>		<u>10,010</u>	<u>44,014</u>
Tax expense	9	(14,513)	(35,620)
<b>(Loss)/profit for the year</b>		<u>(4,503)</u>	<u>8,394</u>

The accompanying notes on pages 16 to 35 form an integral part of the financial statements.

**BARCLAYS EQUITY HOLDINGS LIMITED**  
**REGISTERED NUMBER: 02569002**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Note	2020 £000	2019 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	10	979,376	914,374
Long-term deposits	11	522,333	525,202
		<u>1,501,709</u>	<u>1,439,576</u>
<b>Current assets</b>			
Short-term deposits	11	326,667	156,303
Current tax assets	9	-	803
Cash and cash equivalents	12	680	4,840
		<u>327,347</u>	<u>161,946</u>
<b>Total assets</b>		<u>1,829,056</u>	<u>1,601,522</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	9	14,109	19,108
Long-term borrowings	13	864,441	863,319
		<u>878,550</u>	<u>882,427</u>
<b>Current liabilities</b>			
Short-term borrowings	13	340,087	224,408
Current tax liabilities	9	235	-
		<u>340,322</u>	<u>224,408</u>
<b>Total liabilities</b>		<u>1,218,872</u>	<u>1,106,835</u>
<b>Net assets</b>		<u>610,184</u>	<u>494,687</u>
<b>Issued capital and reserves</b>			
Share capital	14	42,768	42,768
Share premium		563,533	443,533
Retained earnings		3,883	8,386
<b>TOTAL EQUITY</b>		<u>610,184</u>	<u>494,687</u>

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

**BARCLAYS EQUITY HOLDINGS LIMITED**  
**REGISTERED NUMBER: 02569002**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**AS AT 31 DECEMBER 2020**

The financial statements and the accompanying notes on pages 16 to 35 were approved and authorised for issue by the board of Directors on and were signed on its behalf by:

DocuSigned by:  
*James Ferrier*  
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**J C Ferrier**  
Director  
Date: 9/11/2021  
Registered number: 02569002

## BARCLAYS EQUITY HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
<b>At 1 January 2020</b>	42,768	443,533	8,386	494,687
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(4,503)	(4,503)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	-	-	(4,503)	(4,503)
<b>Contributions by and distributions to owners</b>				
Issue of share capital	-	120,000	-	120,000
<b>Total contributions by and distributions to owners</b>	-	120,000	-	120,000
<b>At 31 December 2020</b>	42,768	563,533	3,883	610,184

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
<b>At 1 January 2019</b>	42,768	343,533	(8)	386,293
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	8,394	8,394
<b>Total comprehensive income for the year</b>	-	-	8,394	8,394
<b>Contributions by and distributions to owners</b>				
Issue of share capital	-	100,000	-	100,000
<b>Total contributions by and distributions to owners</b>	-	100,000	-	100,000
<b>At 31 December 2019</b>	42,768	443,533	8,386	494,687

The accompanying notes on pages 16 to 35 form part an integral of the financial statements.

**BARCLAYS EQUITY HOLDINGS LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 £000	2019 £000
<b>Cash flows from operating activities</b>		
(Loss)/profit for the year	(4,503)	8,394
<b>Adjustments for</b>		
Less: considered under investing activities	(15,000)	(44,500)
Income tax expense	14,513	35,620
	(4,990)	(486)
<b>Changes in operating assets and liabilities</b>		
Increase in loans and other receivables	(18,473)	(17,313)
<b>Cash generated from operations</b>	(23,463)	(17,799)
<b>Net cash used in operating activities</b>	(23,463)	(17,799)
<b>Cash flows from investing activities</b>		
Purchase of investments	(65,002)	(528,073)
Dividend income received from group undertaking	15,000	44,500
<b>Net cash used in investing activities</b>	(50,002)	(483,573)
<b>Cash flows from financing activities</b>		
Proceeds from the issue of ordinary shares	120,000	100,000
Proceeds from borrowings	116,802	888,828
Proceeds placed on deposit	(167,497)	(483,603)
<b>Net cash from financing activities</b>	69,305	505,225
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	(4,160)	3,853
Cash and cash equivalents at the beginning of year	4,840	987
<b>Cash and cash equivalents at the end of the year</b>	680	4,840

The accompanying notes on pages 16 to 35 form part an integral of the financial statements.



## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **1. Reporting entity**

These financial statements are prepared for Barclays Equity Holdings Limited (the 'Company'), the principal activity of which is to invest in businesses and/or corporate turnarounds.

The financial statements are separate financial statements prepared for the Company only, in line with the UK Companies Act 2006. The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. The ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, which prepares consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10.

The Company is a private limited company domiciled and incorporated in England And Wales. The Company's registered office is at 1 Churchill Place, London, E14 5HP.

#### **2. Compliance with international accounting standards**

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The principal accounting policies applied in the preparation of the individual 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, recognition, and measurement' for hedges and IFRS 9 'Financial Instruments as set out in the relevant accounting policies. They are presented in Pound Sterling (GBP), the currency of the country in which the Company is incorporated

After reviewing the Company's performance projections, (including the implications from the COVID-19 outbreak), 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 at least the next 12 months from the date of signing these financial statements. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

#### **4. New and amended standards**

There are no new amended standards that have had a material impact on the Company's accounting policies.

##### **Future accounting developments**

##### **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Amendments relating to Interest Rate Benchmark Reform (Phase 2 amendments)**

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 were amended in August 2020, which are effective for periods beginning on or after 1 January 2021 with earlier adoption permitted. The Company has not elected to early adopt the amendments with effect from 1 January 2020. The amendments have been endorsed by the EU and the UK.

None of these standards are expected to have a material impact on the Company's accounting policies.

## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **5. Summary of significant accounting policies**

##### **5.1 Foreign currency translation**

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

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement except for qualifying cash flow hedges or hedges of net investments.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as financial assets at fair value through other comprehensive income and non-monetary items are included directly in equity.

##### **5.2 Revenue recognition**

The Company applies IFRS 15 Revenue from Contracts with Customers. The standard establishes a five-step model governing revenue recognition. The five-step model requires Barclays Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

##### **5.3 Interest**

Interest income or expense is recognised on all interest bearing financial assets classified as loans and receivables and on interest bearing financial liabilities using the effective interest method.

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

##### **5.4 Fee and commission**

The Company recognises fee and commission income charged for services provided as the services are provided, for example on completion of the underlying transaction.

##### **5.5 Dividends from subsidiaries**

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

## BARCLAYS EQUITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 5. Summary of significant accounting policies (continued)

##### 5.6 Current and deferred 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.

##### 5.7 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.

## BARCLAYS EQUITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 5. Summary of significant accounting policies (continued)

##### *Financial assets*

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.

Loans and advances and financial liabilities, are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

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.

##### *Financial instruments at fair value through profit or loss*

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election for non-traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and impairment is not recognised in the income statement.

##### *Accounting for financial assets mandatorily at fair value*

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

##### *Accounting for financial assets designated at fair value*

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value are recognised in the income statement in net investment income.

## BARCLAYS EQUITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 5. Summary of significant accounting policies (continued)

##### *Financial liabilities*

Financial liabilities are measured at amortised cost, except for trading liabilities which are held at fair value through profit or loss. Financial liabilities are derecognised when extinguished. The Company's financial liabilities comprise borrowings in the balance sheet.

##### *Determining fair value*

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market price in an active market wherever possible.

##### *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, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) 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.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

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

##### *Determining a significant increase in credit risk since initial recognition:*

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

##### *Quantitative test*

The annualised cumulative weighted average lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

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

The assessment of the point at which 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. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into Stage 2 via the qualitative route described below.

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****5. Summary of significant accounting policies (continued)**

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk. Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Group policy and typically apply minimum relative thresholds of 50-100% and a maximum relative threshold of 400%. For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible (subject to a data start point no later than 1 January 2015), or
- use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

*Qualitative test*

Accounts meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Group wide customer level data wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

*Backstop criteria*

Accounts that are 30 calendar days or more past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk and when any cure criteria used for credit risk management are met. This is subject to all payments being up to date and the customer evidencing ability and willingness to maintain future payments.

The Company does not rely on the low credit risk exemption which would assume facilities of investment grade are not significantly deteriorated. Determining the PD at initial recognition requires management estimates.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

*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 the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. When there is a non-linear relationship between forward-looking economic scenarios and their associated credit losses, five forward-looking economic scenarios are considered to ensure a sufficient unbiased representative sample of the complete distribution is included in determining the expected loss. Stress testing methodologies are leveraged within forecasting economic scenarios.

## BARCLAYS EQUITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 5. Summary of significant accounting policies (continued)

##### *Forward-looking information (continued)*

The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, 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. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted.

The Company utilises an external consensus forecast as the baseline scenario. In addition, two adverse and two favourable scenarios are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also incorporating IFRS 9 specific sensitivities and non-linearity. The most adverse scenarios are benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenarios from Moody's inventory, but are not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include six core variables, (GDP, unemployment and House Price Index in both the UK & US markets), and expanded variables using statistical models based on historical correlations. The probability weights of the scenarios are estimated such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices and base rates, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

##### *Definition of default, credit impaired assets, write-offs, and interest income recognition*

The definition of default for the purpose of determining ECLs has been aligned to the Regulatory Capital CRR Article 178 definition of default, which considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired or purchased or originated as such interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

##### *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 income statement, 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.

## BARCLAYS EQUITY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### 5. Summary of significant accounting policies (continued)

##### *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. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. The expected life for these revolver facilities is expected to be behavioural life. 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 loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. 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, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;

IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;

Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and

ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, Barclays Group' risk models are used 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 which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

##### *Forbearance*

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.



## **BARCLAYS EQUITY HOLDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **5. Summary of significant accounting policies (continued)**

##### *Forbearance (continued)*

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forbore state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

##### *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.

#### **5.8 Investments in subsidiaries**

Investments in subsidiaries are stated at cost less impairment, if any.

#### **5.9 Share capital**

Share capital classified as equity, provided that there is no present obligation to deliver cash or another financial asset to the holder, is shown in called up share capital, and the costs associated with the issuance of shares are recorded as a deduction from equity.

#### **5.10 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 directors.

#### **5.11 Cash and cash equivalents**

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

#### **5.12 Critical accounting estimates**

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.

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****6. Interest income and expense****Recognised in profit or loss**

	2020 £000	2019 £000
<b>Interest income</b>		
Bank interest received	16,101	11,389
<b>Total interest income</b>	<u>16,101</u>	<u>11,389</u>
<b>Interest expense</b>		
Bank interest paid	(21,242)	(11,918)
<b>Total finance expense</b>	<u>(21,242)</u>	<u>(11,918)</u>
<b>Net finance expense recognised in profit or loss</b>	<u>(5,141)</u>	<u>(529)</u>

**7. Profit before tax**

The audit fees of £5,250 (2019: £5,250) have been borne by Barclays Bank PLC, and have not been recharged to the Company. This fee is not recognised as an expense in the financial statements of the Company.

**8. Employee benefit expenses**

There were no employees employed by the Company during 2020 or 2019.

The Directors did not receive any emoluments in respect of their services to the Company during the year (2019: £nil). During the year none of the Directors (2019: one) exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

# BARCLAYS EQUITY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

### 9. Tax expense

#### 9.1 Income tax recognised in profit or loss

	2020 £000	2019 £000
<b>Current tax</b>		
Current tax on profits for the year	(948)	(92)
Adjustments in respect of prior years	3,140	-
Foreign exchange	1,070	477
Overseas tax	16,250	16,127
<b>Total current tax</b>	<b>19,512</b>	<b>16,512</b>
<b>Deferred tax</b>		
Overseas tax	(9,024)	19,108
Foreign exchange	4,025	-
<b>Total deferred tax</b>	<b>(4,999)</b>	<b>19,108</b>
<b>Total tax expense</b>	<b>14,513</b>	<b>35,620</b>

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

	2020 £000	2019 £000
(Loss)/profit for the year	(4,503)	8,394
Income tax expense	14,513	35,620
<b>Profit before income taxes</b>	<b>10,010</b>	<b>44,014</b>
Tax using the Company's domestic tax rate of 19% (2019:19%)	1,902	8,363
Adjustments to tax charge in respect of prior periods	3,140	-
Non-taxable income less expenses not deductible for tax purposes, other than goodwill and impairment	-	-
Non-taxable UK dividend income	(2,850)	(8,455)
Other overseas tax charge	7,226	35,235
Foreign exchange	5,095	477
<b>Total tax expense</b>	<b>14,513</b>	<b>35,620</b>

Effective tax rate is 144.99% (2019: 80.93%)

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****9. Tax expense (continued)****9.1 Income tax recognised in profit or loss (continued)****Changes in tax rates and factors affecting the future tax charges**

On 22 July 2020 the Finance Act 2020 received Royal Assent, enacting the UK corporation tax rate would remain at 19% from 1 April 2020 onwards instead of reducing to 17%, the previously enacted rate. This rate has therefore been used to calculate current and deferred taxes for the year ended 31 December 2020.

**9.2 Current tax (liabilities)/assets**

	2020 £000	2019 £000
Current tax (liabilities)/assets - split below	(235)	803
	<u>(235)</u>	<u>803</u>
<b>Current tax assets</b>		
UK corporation tax receivable / Group relief	-	94
Overseas tax receivable	-	709
	<u>-</u>	<u>803</u>
<b>Current tax liabilities</b>		
UK corporation tax payable / Group relief receivable	1,042	-
Overseas tax payable	(1,277)	-
	<u>(235)</u>	<u>-</u>

**9.3 Deferred tax balances**

The following is the analysis of deferred tax liabilities presented in the statement of financial position:

	2020 £000	2019 £000
<b>Deferred tax liabilities</b>		
Provision at start of period (overseas)	19,108	-
Deferred tax charge to income statement for the period (overseas)	(9,024)	19,108
Foreign exchange	4,025	-
	<u>14,109</u>	<u>19,108</u>
<b>Provision at end of period (overseas)</b>		

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****10. Related undertakings**

As at 31 December 2020, the Company directly held the following investments in subsidiary undertakings:

<b>Company name</b>	<b>Registered office address</b>	<b>Class of shares / units</b>	<b>Name of immediate parent</b>	<b>Proportion of Class of Share / Units Held (%)</b>
Barclays Funds Investment Limited	1 Churchill Place, London, E14 5HP, England	508,557,772	Barclays Equity Holdings Limited	100%
Barclays UK Investments Limited	1 Churchill Place, London, E14 5HP, England	34,907,761	Barclays Equity Holdings Limited	100%
Barclays Converted Investments (No.2) Limited	1 Churchill Place, London, E14 5HP, England	1,000	Barclays Equity Holdings Limited	100%
Barclays Unquoted Investments Limited	1 Churchill Place, London, E14 5HP, England	1,000	Barclays Equity Holdings Limited	100%
Barclays Unquoted Property Investments Limited	1 Churchill Place, London, E14 5HP, England	9,473,001	Barclays Equity Holdings Limited	100%
North Colonnade Investments Limited	1 Churchill Place, London, E14 5HP, England	40,000	Barclays Equity Holdings Limited	100%
Sustainable Impact Capital Limited	1 Churchill Place, London, E14 5HP, England	41,808,889	Barclays Equity Holdings Limited	100%
Barclays Industrial Development Limited	1 Churchill Place, London, E14 5HP, England	1,000	Barclays Equity Holdings Limited	100%
Barclays Industrial Investments Limited	1 Churchill Place, London, E14 5HP, England	1,000	Barclays Equity Holdings Limited	100%
BNRI PIA Scot GP Limited	1 Churchill Place, London, E14 5HP, England	1	Barclays Equity Holdings Limited	100%
Northwharf Investments Limited	1 Churchill Place, London, E14 5HP, England	650	Barclays Equity Holdings Limited	100%

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****Related undertakings (continued)**

Movements in the Company's investment in subsidiary undertakings are as follows:

	2020 £000	2019 £000
At 1 January	914,374	386,301
Additions	65,002	528,073
<b>At 31 December</b>	<b>979,376</b>	<b>914,374</b>

The financial statements contain information about Barclays Equity Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its parent Barclays PLC, a company incorporated in the United Kingdom.

**11. Deposits and other receivables**

	2020 £000	2019 £000
Short-term deposits - due from related parties	326,667	156,303
Long-term deposits - due from related parties	522,333	525,202
	<b>849,000</b>	<b>681,505</b>

The Directors consider that the carrying value of loans approximates to fair value.

The deposits above are stage 1 as at the 31 December 2020 (2019: Stage 1) and the Expected Credit Losses (ECL) are immaterial.

**12. Cash and cash equivalents**

	2020 £000	2019 £000
Cash at bank available on demand	680	4,840
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>680</b>	<b>4,840</b>

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****13. Borrowings**

	2020 £000	2019 £000
Short-term borrowings - due to related parties	340,087	224,408
Long-term borrowings - due to related parties	864,441	863,319
<b>At 31 December</b>	<b>1,204,528</b>	<b>1,087,727</b>

The Directors consider that the carrying value of the Company's borrowings approximates to their fair value.

**14. Share capital****Authorised**

	2020 Number	2020 £000	2019 Number	2019 £000
<b>Shares treated as equity</b>				
Ordinary shares of £1.00 each	42,768,104	42,768	42,768,103	42,768
	<u>42,768,104</u>	<u>42,768</u>	<u>42,768,103</u>	<u>42,768</u>

**Issued and fully paid**

	2020 Number	2020 £000	2019 Number	2019 £000
<b>Ordinary shares of £1.00 each</b>				
At 1 January	42,768,103	42,768	42,768,102	42,768
Shares issued	1	-	1	-
<b>At 31 December</b>	<b>42,768,104</b>	<b>42,768</b>	<b>42,768,103</b>	<b>42,768</b>

The issued share capital of Barclays Equity Holdings Limited is £1 comprising 1 ordinary shares of £1 each. All issued shares are fully paid.

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****15. Financial risks**

The Company's activities expose it to a variety of financial risks. These are credit risk, liquidity risk and market risk, (which includes foreign currency risk, interest rate risk and price risk). Consequently, the Company devotes considerable resources to maintaining effective controls to manage, measure and mitigate each of these risks, and regularly reviews its risk management procedures and systems to ensure that they continue to meet the needs of the business.

The Board of Directors monitors the Company's financial risks and has responsibility for ensuring effective risk management and control.

**a) Credit risk**

Credit risk is the risk of suffering financial loss, should any of the Company's customers, clients or market counterparties fail to fulfil their contractual obligations to the Company.

The Company assesses all counterparties for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. The Company has credit risk on its cash and cash equivalents and deposits held with Barclays Bank PLC. No financial assets subject to credit risk are past due nor individually impaired. As Barclays Bank PLC has a credit rating of A-, the company considers the quality of the credit to be good.

**Maximum exposure to credit risk**

The Company's maximum exposure to credit risk at 31 December 2020 and 2019 is disclosed in the table below. As the Company holds no collateral or credit enhancements, this is the same as the statement of financial position exposure.

	2020	2019
	£000	£000
Deposits	849,000	681,505
Cash and cash equivalents	680	4,840
<b>Total maximum exposure at 31 December</b>	<b>849,680</b>	<b>686,345</b>



**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****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. The Company has the financial support of the parent undertaking Barclays PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations.

The medium to long term nature of the assets are funded by share capital and loans from the parent and, therefore, the only Liquidity risk is likely to be short term in relation to drawing of capital to meet investment objectives. The Company seeks to settle payables positions as soon as possible.

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the company under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e. nominal values), whereas the Company manages the inherent liquidity risk based on discounted expected cash inflows.

As at 31st Dec 2020	<=1 year	1-2 years	2-5 years	5-10 years	>10 years	Total
	£000	£000	£000	£000	£000	£000
Short-term borrowings	340,087	-	-	-	-	340,087
Long-term borrowings	-	486,345	310,471	67,625	-	864,441
<b>Total financial liabilities</b>	<b>340,087</b>	<b>486,345</b>	<b>310,471</b>	<b>67,625</b>	<b>-</b>	<b>1,204,528</b>

As at 31st Dec 2019	<=1 year	1-2 years	2-5 years	5-10 years	>10 years	Total
	£000	£000	£000	£000	£000	£000
Short-term borrowings	224,408	-	-	-	-	224,408
Long-term borrowings	-	-	863,319	-	-	863,319
<b>Total</b>	<b>224,408</b>	<b>-</b>	<b>863,319</b>	<b>-</b>	<b>-</b>	<b>1,087,727</b>

**c) Market risk**

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

**Interest rate risk**

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

## BARCLAYS EQUITY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020

## Interest rate sensitivity analysis

The sensitivity of the income statement 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 financial liabilities held at 31 December 2020.

As the interest rates on these assets and liabilities are fixed, the Company does not have any direct exposure to interest rate risk.

## Foreign currency risk

	2020 £000	2020 %	2020 £000	2020 %	2019 £000	2019 %	2019 £000	2019 %
Effect on income	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP
US Dollar	(0.173)	0.0%	0.211	0.0%	27.657	0.0%	(33.803)	0.0%
Euro	(0.141)	0.0%	0.172	0.0%	(0.195)	0.0%	0.238	0.0%
HKD	(0.055)	0.0%	0.068	0.0%	(0.124)	0.0%	0.152	(0.1%)
CAD	(0.713)	0.0%	0.872	0.0%	(0.208)	0.0%	0.254	0.0%
CHF	(0.148)	0.0%	0.180	0.0%	(0.203)	0.0%	0.248	0.0%
JPY	(0.177)	0.0%	0.217	0.0%	(0.224)	0.0%	0.274	0.0%
ZAR	(0.163)	0.0%	0.199	0.0%	(0.219)	0.0%	0.268	0.0%

	2020 £000	2020 %	2020 £000	2020 %	2019 £000	2019 %	2019 £000	2019 %
Effect on equity	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency weakens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP	Impact on profit after tax if currency strengthens 10% vs GBP
US Dollar	(0.173)	0.0%	0.211	0.0%	27.657	0.0%	(33.803)	0.0%
Euro	(0.141)	0.0%	0.172	0.0%	(0.195)	0.0%	0.238	(0.1%)
HKD	(0.055)	0.0%	0.068	0.0%	(0.124)	0.0%	0.152	0.0%
CAD	(0.713)	0.0%	0.872	0.0%	(0.208)	0.0%	0.254	0.0%
CHF	(0.148)	0.0%	0.180	0.0%	(0.203)	0.0%	0.248	0.0%
JPY	(0.177)	0.0%	0.217	0.0%	(0.224)	0.0%	0.274	0.0%
ZAR	(0.163)	0.0%	0.199	0.0%	(0.219)	0.0%	0.268	0.0%

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****16. IFRS 7.29 (c) disclosure**

Disclosures of fair value are not required for a contract containing a discretionary participation feature (as described in IFRS 4) if the fair value of that feature cannot be measured reliably. IFRS 7.29 (c)

**17. Related party transactions**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both.

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors.

Particulars of transactions, and the balances outstanding at the year end, are disclosed in the tables below:

**17.1 Other related party transactions**

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Balance outstanding	
		2020	2019	2020	2019
		£000	£000	£000	£000
<b>Income statement</b>					
Subsidiaries	Interest received	15,701	11,389	-	-
Fellow subsidiaries	Interest received	400	-	-	-
Parent company	Interest paid	-	(3,953)	-	-
Fellow subsidiaries	Interest paid	(21,242)	(7,965)	-	-
			-	-	-
<b>Statement of financial position</b>					
Subsidiaries	Assets	-	-	794,000	681,505
Fellow subsidiaries	Assets	-	-	55,000	-
	Cash and cash equivalents				
Ultimate parent		-	-	680	4,840
Fellow subsidiaries	Liabilities	-	-	(1,204,528)	(1,087,727)
<b>Total</b>		<b>(5,141)</b>	<b>(529)</b>	<b>(354,848)</b>	<b>(401,382)</b>

**BARCLAYS EQUITY HOLDINGS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2020****18. Events after the reporting date**

In the 3rd of March 2021 UK Budget, it was announced that the UK rate of corporation tax will increase from 19% to 25% effective 1 April 2023. The change was not substantively enacted or enacted at the balance sheet date and this is not expected to have a material impact on the rate at which the company's deferred tax balances will unwind.

**19. Capital management**

The Company's objectives when managing capital are:

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

The Board of Directors is responsible for capital management and ensures that the Company operates within the Barclays Group risk framework.

The Company regards as capital its equity, reported on the statement of financial position.

The total capital of the Company is as follows:

	2020 £000	2019 £000
Share capital	42,768	42,768
Share premium	563,533	443,533
Retained earnings	3,883	8,386
<b>Total capital resources</b>	<b>610,184</b>	<b>494,687</b>

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

**20. Parent undertaking and ultimate holding company**

The Company is a subsidiary undertaking of Barclays Principal Investments Limited which is the immediate parent company incorporated in the United Kingdom and registered in England.

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

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