BARCLAYS INVESTMENT SOLUTIONS LIMITED

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

REGISTERED NUMBER: 02752982

BARCLAYS INVESTMENT SOLUTIONS LIMITED

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

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REGISTERED NUMBER: 02752982

Directors' Report
For the year ended 31 December 2018

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

Profit and dividends

The Company's loss for the year was £11,659,000 (2017: £11,732,000 profit). No dividend was paid in 2018 (2017: £nil).The Directors do not recommend the payment of a final dividend (2017: £Nil).

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:

M K Jary (appointed 01 March 2018)
D Klee (appointed 12 February 2019)
K A Matthews (appointed 25 October 2018)
M Newbery
A N Ratcliffe (appointed 01 March 2018)
S W Soquar (appointed 01 March 2018)

The following Directors resigned from Board during the year:

D J Brumpton (resigned 25 July 2018)
P A F Byle (resigned 01 April 2018)
A B Houston (resigned 01 April 2018)
M A Richards (resigned 01 April 2018)

Going Concern

The Directors have considered the outlook for the Company taking into account Barclays Bank UK PLC's (the Company's parent) ongoing strategic commitment to the Company and the Company's access to resources, including committed banking facilities, and are satisfied that a going concern basis is appropriate to adopt in the preparation of 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 (IFRSs) and interpretations (IFRICs) issued by the International Accounting Standards Board ('IASB') 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;

Directors' Report (continued)
For the year ended 31 December 2018

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements (continued)

- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

Financial risk management

Risk is inherent in the business activities of the Company and whilst is not possible nor desirable to eliminate risk altogether, uncontrolled risk poses a threat to the profitability of the Company and its potential long term viability. The Risk Management Framework in place is developed and implemented to manage risk in a manner appropriate to the business activities and strategic objectives and to confirm there is sufficient capital to cover the risks to which the business is exposed whilst delivering successful outcomes for clients, safeguarding their interests and fulfilling regulatory obligations.

The principal risks and uncertainties are discussed further in the Strategic Report.

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.

Pillar 3 disclosures

In accordance with the rules of the Financial Conduct Authority (FCA), the Company's Parent, as at 31 December 2018, Barclays Bank UK PLC has published information on its remuneration, risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at
https://www.home.barclays/barclays-investor-relations/results-and-reports/annual-reports.html

Independent auditors

KPMG LLP will continue to hold office in accordance with s.487 of the Companies Act 2006.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Directors' Report (continued)
For the year ended 31 December 2018

Statement of disclosure of information to auditors

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

FOR AND ON BEHALF OF THE BOARD

M Newbery
Director
16 April 2019

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Strategic Report
For the year ended 31 December 2018

Business review and principal activities

The principal activities of Barclays Investment Solutions Limited (the 'Company') are asset management and the provision of stockbroking services, particularly discretionary portfolio management, custody, equity, fixed income and fund dealing, investment management of funds and administration of stock and cash plans for corporate clients for the benefit of their employees. The Company is authorised and regulated by the FCA.

Recent developments in banking law and regulation in the UK have included legislation designed to ring-fence the retail and smaller deposit-taking businesses of large banks. The Financial Services (Banking Reform) Act 2013 put in place a framework for this ring-fencing and secondary legislation passed in 2014 elaborated on the operation and application of the ring-fence. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks in the UK and branches of UK banks in the European Economic Area (EEA) into a legally distinct, operationally separate and economically independent entity, which is not permitted to undertake a range of activities.

In order to comply with these developments, Barclays PLC planned and implemented the legal entity and business transfers required to ensure the separation of retail and smaller deposit-taking business activities of UK banks in the UK, through the Barclays Ring-Fenced Transfer Scheme during 2018. Barclays Bank UK PLC was established on 1 April 2018 as the ring fenced bank. Barclays Investment Solutions Limited was established as a non-bank investment firm. Barclays Investment Solutions Limited is a wholly owned subsidiary of Barclays Bank UK PLC.

On 1 April 2018 clients and balances relating to the asset management businesses in Barclays Bank PLC and Woolwich Plan Managers Limited were transferred to Barclays Investment Solutions Limited in accordance with the terms of the Barclays Ring-Fenced Transfer Scheme. This resulted in a net asset value of £46.0 million, £498.0 million segregated funds and £9.4 billion assets under management transferring to BISL.

On 1 April 2018 beneficial ownership of the direct investing stockbroking business in Barclays Bank PLC was transferred to Barclays Investment Solutions Limited, by way of a trust arrangement, in accordance with the terms of the Barclays Ring-Fenced Transfer Scheme. This resulted in the Company assuming the risks and rewards of this business and recognising income and costs through the Statement of Profit or Loss from that point.

On 30 September 2018 legal ownership of the direct investing stockbroking business in Barclays Bank PLC was transferred to Barclays Investment Solutions Limited in accordance with the terms of the Barclays Ring-Fenced Transfer Scheme. This resulted in £1.1 billion segregated funds and £12.0 billion assets under management transferring to the Company.

The result of these beneficial transfers reflected in the financial statements for 2018 from the point of transfer is: an increase in revenue of £96.2 million and costs of £107.2 million. The change in net asset value of £34.2 million reflects the transfer under the Barclays Ring-Fenced Transfer Scheme of £46.0 million less the loss in the year of £11.8m.

As a result of the increase in segregated funds the Company is classified as a significant IFPRU firm from 1 April 2018, as defined by the FCA.

Business performance

The Company's results for the year show a loss before taxation of £14,394,000 (2017: £14,533,000 profit). Loss after taxation was £11,659,000 (2017: £11,732,000 profit). There were no other items of other comprehensive (expense)/income.

The Company has net assets of £118,353,000 (2017: £84,012,000). Net cash flow generated from operating activities was £26,198,000 (2017: £1,051,000).

Future outlook

Barclays Investment Solutions Limited, along with its immediate parent, Barclays Bank UK PLC, adopts Barclays PLC's annual business and capital planning process. This involves the development of a 5 year Medium Term Plan for the Company's business which is approved by the Board.

For the purposes of the Medium Term Plan, the Company produces revenue, impairment, cost, balance sheet and asset under management forecasts in line with the Group's central macro-economic forecast as applicable to the Company's business. The forecasts are produced with the input of key stakeholders from across the Company, where the model validation is subject to approval by Barclays Bank PLC's Independent Validation Unit in accordance with Model Risk Management policy, before being subject to review and challenge by the Company's senior management and Board.

The revenue and cost projections have been utilised to generate a forecast of the Company's capital adequacy position over the planning horizon. The Directors are satisfied that the Company is adequately capitalised over the forward looking planning horizon.

Principal risks and uncertainties

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

Enterprise Risk Management Framework

For the Company, risks are identified and overseen through the Enterprise Risk Management Framework, which supports the business in its aim to embed risk management and a strong risk management culture.

The Enterprise Risk Management Framework specifies the principal risks of the Company and the approach to managing them.

Risk Appetite

Risk Appetite defines the level of risk the Company is willing to take across the different risk types, taking into consideration varying levels of financial and operational stress. Risk Appetite is key in any decision making process, including ongoing business planning, new product approvals and business change initiatives.

The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risks.

Three Lines of Defence

The First Line of Defence is comprised of the revenue generating and client facing areas along with all associated support functions, including Finance, Treasury, Human Resources and Operations and Technology. The First Line identifies its risks, and sets the policies, standards and controls, within the criteria set by the Second Line of Defence.

The Second Line of Defence is made up of Risk and Compliance and oversees the First Line by setting the limits, rules and constraints on their operation, consistent with the Risk Appetite.

The Third Line of Defence is comprised of Internal Audit, providing independent assurance to the Board and Executive Management.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal risk. The Legal function is also subject to oversight from the Risk and Compliance functions with respect to the management of operational and conduct risks.

Principal risks and uncertainties (continued)

Monitoring the Risk Profile

Together with a strong governance process, using Business and Group-level Risk Committees as well as Board level forums, the Directors of the Company receive regular information in respect of the risk profile of the Company, and have ultimate responsibility for Risk Appetite and capital plans.

The Directors have established a Board Risk Committee and a Board Audit Committee to implement and oversee this framework. The Board Risk Committee defines the risk appetite of the Company within that framework and the Board Audit Committee monitors the key performance indicators, by reviewing the controls that operate within the framework.

Board Risk Committee

The role of the Board Risk Committee is to:

- review, on behalf of the Board, the risk profile of the Company for financial and non-financial risks;
- consider and recommend, to the Board and within the parameters set by the Barclays PLC Board Risk Committee and Barclays Bank UK PLC Board Risk Committee, the Company's appetite for financial and non-financial risks;
- review, on behalf of the Board, the management of the Company's principal risks; and
- commission, receive and consider reports on key financial and non-financial risk issues in the Company.

Board Audit Committee

The role of the Board Audit Committee is to assess:

- the integrity of the Company's financial statements;
- the effectiveness of the Company's internal controls;
- the effectiveness of the internal and external audit processes; and
- the Company's relationship with the external auditors.

The Board Risk Committee and Board Audit Committee meet at least twice a year to fulfil their responsibility to monitor and manage the risks of the Company.

Principal Risks

The Enterprise Risk Management Framework identifies eight principal risks relevant for the Company. These are:

1. Credit Risk - The risk of loss to the firm from the failure of clients, customers or counterparties, to fully honour their obligations to the firm, including the whole and timely payment of principal, interest and other receivables.

2. Market Risk - The risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

Principal risks and uncertainties (continued)

Principal Risks (continued)

3. Treasury and Capital Risk - This comprises:

   a. Liquidity Risk - The risk that the firm is unable to meet is contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

   b. Capital Risk - The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environment or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).

4. Operational Risk - The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.

5. Model Risk - The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.

6. Reputation Risk - The risk that an action, transaction, investment or event will reduce trust in the firm's integrity and competence by clients, counter parties, investors, regulators, employees or the public.

7. Conduct Risk - The risk of detriment to customers, clients, market integrity, competition or Barclays from inappropriate supply of financial supply of financial services, including instances of wilful or negligent misconduct.

8. Legal Risk - The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meets its legal obligations including regulatory or contractual requirements.

Individual events may entail more than one principal risk. For example, internal fraud by a trader may expose the firm to Operational and Market Risks as well as many aspects of Conduct Risk.

Treasury and Capital Risk, Credit Risk and Market Risk are collectively known as Financial Principal Risks, the management of which is detailed in note 20. The remaining risks are referred to as Non-Financial Principal Risks.

Key performance indicators

Throughout the year, performance against the qualitative and quantitative measures associated with the risks to which the Company is exposed are reported and reviewed on a monthly basis at the Company's Risk Committees in order to manage the Company's risk profile within the Risk Appetite.

The Board Audit Committee monitor appropriate key performance indicators to evaluate and report to the Directors on the Company's financial and non-financial risk profile, in particular with respect to the performance versus risk appetite.

The Company's exposure to financial principal risks, as defined by Barclays, is limited, as the most material risk to the business is operational risk.

The Company is subject to the Operational Risk Framework. This consists of a number of integrated components. These work together to provide an effective capability to manage and measure Operational Risk, using an Evaluate-Respond-Monitor approach.

This approach facilitates the risk reporting to the Company's Board and its committees focusing on risk events and matters for escalation enabling committees to oversee and challenge.

Strategic Report (continued)
For the year ended 31 December 2018

Key performance indicators (continued)

Any control exceptions or risk events deriving from non-financial risks have been assessed and where appropriate reflected in the financial statements.

The Directors consider this implementation of the Enterprise Risk Management Framework supports the identification and oversight of internal and external risks of ongoing activities.

FOR AND ON BEHALF OF THE BOARD

M. Newbery

M Newbery
Director
16 April 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS LIMITED

Opinion

We have audited the financial statements of Barclays Investment Solutions Limited (the "Company") for the year ended 31 December 2018 which comprise the Statement of Financial Position, Statement of Profit or Loss, Statement of Changes in Equity and Statement of Cash Flows and related notes, including the accounting policies in note 3 (the "financial statements").

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis of opinion

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

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

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

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS LIMITED (continued)

Strategic report and Directors' report

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

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

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

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS LIMITED (continued)

Alexander Snook (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
16 April 2019

KPMG LLP
15 Canada Square
London
E14 5GL

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Statement of Profit or Loss
For the year ended 31 December 2018

	Note	2018 £'000	2017 £'000
Continuing operations			
Fee and commission income	4	139,441	48,389
Fee and commission expense	4	(20,343)	(258)
Gross profit		119,098	48,131
Interest income	5	2,203	308
Interest expense	5	-	(23)
		2,203	285
Impairment charges	6	(610)	-
Other (losses)/gains	7	-	(3)
Administrative expenses	7	(135,085)	(33,880)
Operating (loss)/profit		(16,597)	14,248
(Loss)/profit before taxation	7	(14,394)	14,533
Taxation	9	2,735	(2,801)
(Loss)/profit after taxation		(11,659)	11,732

Profit or loss for the year is derived from continuing activities. All recognised income and expenses have been reported in the income statement, hence no statement of comprehensive income has been included in the financial statements.

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

Loss after taxation was £11,659,000 (2017: £11,732,000 profit). There were no items of other comprehensive (expense)/income.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Statement of Financial Position
As at 31 December 2018

	Note	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Investment in subsidiary undertakings	10	-	-
Deferred tax assets	11	5	6
Total non-current assets		5	6
Current assets			
Cash and cash equivalents		134,453	60,052
Loans and other receivables	12	126,693	49,903
Loans and advances to customers	13	569	328
Current taxation	15	2,736	-
Total current assets		264,451	110,283
TOTAL ASSETS		264,456	110,289
LIABILITIES			
Current liabilities			
Trade and other payables	14	145,942	23,421
Current taxation	15	-	2,796
Provisions	16	161	60
Total current liabilities		146,103	26,277
Net current assets		118,348	84,006
TOTAL LIABILITIES		146,103	26,277
SHAREHOLDER'S EQUITY			
Share capital	17	22,325	22,325
Share premium account	17	53,425	7,425
Retained earnings	18	42,603	54,262
TOTAL SHAREHOLDER'S EQUITY		118,353	84,012
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY		264,456	110,289

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 April 2019 and were signed on its behalf by:

M. Newbery

M Newbery
Director
16 April 2019

REGISTERED NUMBER: 02752982

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

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2018	22,325	7,425	54,262	84,012
Loss and total comprehensive expense for the year	-	-	(11,659)	(11,659)
Established under Barclays Ring-Fenced Transfer Scheme	-	46,000	-	46,000
At 31 December 2018	22,325	53,425	42,603	118,353

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2017	22,325	7,425	42,530	72,280
Profit and total comprehensive income for the year	-	-	11,732	11,732
At 31 December 2017	22,325	7,425	54,262	84,012

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

Statement of Cash Flows
For the year ended 31 December 2018

	2018 £'000	2017 £'000
Continuing operations		
Reconciliation of (loss)/profit before tax to net cash flows from operating activities		
(Loss)/profit before taxation	(14,394)	14,533
Interest expense	-	23
Interest income	(2,203)	(308)
Disposal of investment	-	4
Other provisions for liabilities and charges	101	(8)
Allowance for impairment	605	-
Net increase in loans and other receivables	(94,476)	(5,601)
Net increase in trade and other payables	102,916	4,463
Net decrease/(increase) in balances due from group undertakings	36,445	(10,303)
Cash from operating activities	28,994	2,803
Tax paid	(2,796)	(1,752)
Net cash from operating activities	26,198	1,051
Cash flows from investing activities		
Interest received	2,203	308
Interest paid	-	(23)
Net cash from investing activities	2,203	285
Cash flows from financing activities		
Transferred under Barclays Ring-Fenced Transfer Scheme	46,000	-
Net cash used in financing activities	46,000	-
Net increase in cash and cash equivalents	74,401	1,336
Cash and cash equivalents at 1 January	60,052	58,716
Cash and cash equivalents at 31 December	134,453	60,052
Cash and cash equivalents comprise:		
Cash and balances with banks	134,453	60,052

The accompanying notes on pages 16 to 33 form an integral part of these financial statements.

Notes to the Financial Statements
For the year ended 31 December 2018

1 Reporting entity

These financial statements are prepared for Barclays Investment Solutions Limited (the 'Company'), the principal activities of which are asset management and the provision of stockbroking services, particularly discretionary portfolio management, custody, equity, fixed income and fund dealing, investment management of funds and administration of stock and cash plans for corporate clients for the benefit of their employees.

The financial statements are prepared for the Company only, in line with the UK Companies Act 2006. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank UK PLC and its ultimate parent company is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') and interpretations ('IFRICs') issued by the IFRS 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 Company is a private limited company, domiciled and incorporated in the United Kingdom. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP.

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.

New and amended standards

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRSs effective as of 1 January 2018 have resulted in changes in accounting policy. The new amended standards that have been adopted but have no material impact and are included in note 3 are IFRS 9 *Financial Instruments (replacing IAS39 Financial Instruments: Recognition and Measurement)* and IFRS 15 *Revenue from Contracts with Customers (replacing IAS18 Revenue).*

Future accounting developments

In January 2016 the IASB issued IFRS 16 *Leases*, which was subsequently endorsed by the EU in November 2017, and will replace IAS 17 Leases for period beginning on or after 1 January 2019. The future applicability of this standard to the Company is still being considered.

There are no material changes expected to the Company's financial reporting after 2018 as a result of amended or new accounting standards that have been or will be issued by the IASB.

3 Summary of significant accounting policies

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

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.

3 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The preparation of financial statements in accordance with The Companies Act 2006 as applicable to companies using IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out those areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements.

Critical accounting estimates and judgements

Critical accounting estimates and judgements are disclosed in:
Impairment charges - page 25
Investment in subsidiary undertakings - page 27
Provisions - page 30

a) Foreign currency translation

Items included in the financial statements of the Company are measured using their functional currency, being, Pounds Sterling, 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 assets and liabilities denominated in foreign currencies are retranslated at the rate prevailing at the year end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the statement of profit or loss.

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 non-monetary items are included directly in equity.

b) Fees and commissions and revenue recognition

Accounting for net fee and commission income under IFRS 15 effective from 1 January 2018

The Company applies IFRS 15 *Revenue from Contracts with Customers* (replacing IAS 18 *Revenue*). The standard establishes a five-step model governing revenue recognition. The five-step model requires the Company 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.

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

Accounting for net fee and commission income under IAS 18 for 2017 and 2016

In 2017, under *IAS 18 Revenue*, fees, commissions and other income arising from asset management and the provision of stockbroking services were recognised on an earned basis.

c) Interest

Interest income or expense is recognised on all interest bearing financial assets and on interest bearing financial liabilities, which are measured at amortised cost using the effective interest method.

3 Summary of significant accounting policies (continued)

c) Interest (continued)

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

d) 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 timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the Statement of Financial Position 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.

e) 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 expectations for future periods, and the reasons for such sales.

3 Summary of significant accounting policies (continued)

e) Financial assets and liabilities (continued)

Classification and measurement (continued)

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

Financial assets at amortised cost

Financial assets will be measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principal and interest.

Financial assets will be measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent solely payments of principal and interest.

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. Intercompany exposures are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance is required for the 12 month ECLs (Stage 1). 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. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes 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.

3 Summary of significant accounting policies (continued)

e) Financial assets and liabilities (continued)

Impairment of financial assets (continued)

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

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.

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.

Uncollectible amounts are written off against the related allowance for impairment on completion of the Company'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.

Expected life
Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

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.

3 Summary of significant accounting policies (continued)

e) Financial assets and liabilities (continued)

Impairment of financial assets (continued)

For the IFRS 9 impairment assessment, Barclays PLC risk models are adopted by the Company and used to determine the PD, LGD and EAD. For Stage 2 and 3, risk models apply lifetime PDs but use 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.

For the IFRS 9 impairment assessment, Barclays PLC risk models are adopted by the Company and used to determine the PD, LGD and EAD. For Stage 2 and 3, risk models apply lifetime PDs but use 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.

f) Investment in subsidiary undertakings

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

g) Issued equity securities

Equity instruments, including share capital, are initially recognised at net proceeds, after deducting transaction costs and any related income tax. Dividend and other payments to equity holders are deducted from equity, net of any related tax.

3 Summary of significant accounting policies (continued)

h) 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 shareholders.

i) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation, and these can be reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

j) Cash and cash equivalents

For the purposes of the statement of cash flows, cash comprises cash in 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.

k) Balances with market counterparties and clients

In accordance with market practice certain balances with clients, Stock Exchange member firms and settlement offices are included in trade and other receivables and payables gross for their unsettled bought and sold transactions respectively.

l) Segregated funds

Segregated funds held by the Company on behalf of clients in accordance with the Client Money Rules of the FCA, and the income arising thereon, are excluded from the financial statements as they are not assets of the Company.

4 Net fee and commission income

Fee and commission income is disaggregated below by fee type that reflects the nature of the services offered across the Company, in accordance with IFRS 15. It includes a total for fees in scope of IFRS 15.

	2018 Total £'000
Fee type	
Discretionary portfolio management	79,591
Custody	13,253
Equity, fixed income and fund dealing	9,160
Investment management of funds	34,371
Stock and cash plans	2,649
Other	417
Total revenue from contracts with customers	139,441
Other non-contract fee income	-
Fee and commission income	139,441
Fee and commission expense - Investment management of funds	(16,757)
Fee and commission expense - Transactional costs	(3,586)
Net fee and commission income	119,098

4 Net fee and commission income (continued)

All of the Company's revenue is derived from asset management and the provision of stockbroking

	2017 £'000	2016 £'000
Fee and commission income		
Asset management and the provision of stock-broking services	48,389	50,367
Fee and commission income	48,389	50,367
Fee and commission expense	(258)	-
Net fee and commission income	48,131	50,367

Note
a The comparative periods are not required to be restated and have been reported under IAS 18.

Discretionary portfolio management fees arise from management services provided to clients who have elected to delegate the management of their investments to the Company. Portfolio management services provided comprise of portfolio construction, portfolio monitoring and portfolio reporting. These services are highly interrelated. Custody and execution services are provided along with portfolio management services and not charged separately. The fees consist of asset based fees for discretionary portfolio accounts of the Company's clients and are based on the market value of client assets. They are earned over the period the services are provided and are generally recognised monthly or quarterly when the market value of client assets is determined.

Custody fees arise where the Company offers the basic safekeeping services to clients as part of dealing and discretionary portfolio management services. Safekeeping services can be packaged in different ways but they will always include basic safekeeping of client investments, as well as account administration, collection of dividends and interest payments, corporate action processing and investment valuations. The fees consist of asset based fees for custody accounts of the Company's clients and are based on the market value of client assets. They are earned over the period the services are provided and are generally recognised monthly or quarterly when the market value of client assets is determined.

Equity, fixed income and fund dealing fees arise where execution (dealing) services are offered to clients who want to trade directly in financial markets. The Company executes trades in investments in line with client instructions. Fees are applied at the specific rate applicable for each of the different instruments being traded and are recognised at the point in time the associated service has been completed.

Investment management of funds fees arise where the Company is responsible for the management of the investment of the assets of the fund, subject to the supervision and direction of the Directors, and are charged to the fund. The fees consist of asset based fees for the funds and are based on the market value of client assets held by the fund. They are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.

Stock and cash plans fees arise where the Company has been instructed by corporate clients to administer the corporate's stock and cash plans for the benefit of their employees and fees are charged to the corporate clients for these services. Fees are determined based on various factors which will include the type of plan, services being provided and number of employees within the plan. The fees are recognised during the period the services are provided and will be invoiced monthly, quarterly, six monthly or annually depending on the contract in place with the corporate client.

4 Net fee and commission income (continued)

Costs incurred in the provision of these services, either with other Barclays' entities or external custodians or investment managers, are recognised as fee and commission expense.
Costs relating to the investment management of funds consist of fees payable to investment managers for services they provide to the fund in line with agreements these investment managers have in place with the Company. The costs consist of asset based fees for the funds and are based on the market value of client assets held by the fund. They are payable over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.
Transactional costs consist of fees, interest and charges payable to external custodians, related parties and external financial institutions and are payable in the period the services were provided or the transactions occurred.

Contract assets and contract liabilities

The Company had no contract assets or contract liabilities as at 31 December 2018.

Remaining performance obligations

The Company applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Company has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

Upon review, the Company determined that no remaining performance obligations are in scope of the remaining performance obligations disclosure.

5 Net interest income

Net interest income comprises the following:

	2018 £'000	2017 £'000
Interest income		
Interest receivable from external parties	2,132	-
Interest receivable from related parties	71	308
Total interest income	2,203	308
Interest expense		
Bank borrowings	-	(23)
Total interest expense	-	(23)
Net interest income	2,203	285

Interest receivable from external parties relates to interest earned on segregated funds and interest receivable from related parties relates to cash loyalty rewards earned on balances held with Barclays Bank UK PLC.

6 Impairment charges

	2018 £'000	2017 £'000
Loans and advances to customers	5	-
Loans and other receivables	605	-
	610	-

6 Impairment charges (continued)

Critical accounting estimates and judgements

The calculation of impairment on financial assets involves estimation and judgement. Impairment of financial assets is calculated in line with Barclays PLC Group policies and calculation models which results in an impairment charge of £47k based on the Group model.

Overlays and other exceptions to model outputs are applied where significant increases in credit risk are identified.

- A specific impairment charge is included for clients that are non MiFID II compliant and are holding a balance for overdue fees. The Company is therefore unable to liquidate a client's portfolio to recover the overdue fee amount. In those circumstances, the balance of overdue fees is fully provided for at £458k.
- A specific impairment is included for clients where fees have been unpaid and on hold for more than 6 months (provided for at 50%) or more than 1 year (provided for at 100%) at £105k.

An IFRS 9 transition table has not been prepared since the IFRS 9 expected credit loss provision is recognised against assets transferred into the Company during 2018 and so there was no impact from the initial adoption of IFRS 9 on 1 January 2018.

7 (Loss)/profit before taxation

The following items have been charged in arriving at (loss)/profit before taxation:

	Note	2018 £'000	2017 £'000
Management service charges and other administrative expense		134,457	33,626
Provision for client compensation	16	(270)	9
Auditors' remuneration			
- Audit of the Company's annual financial statements		187	96
- Other services pursuant to legislation		711	149
Administrative expenses total		135,085	33,880
Other losses		-	(3)

8 Employees and key management, including Directors

The Company had no direct employees during 2018 or 2017. All staff employed in the business were contracted to Barclays Services Limited or Barclays Bank UK PLC during 2018 and were either contracted to Barclays Bank PLC, Gerrard Management Services Limited, Barclays Services Limited or Barclays Bank UK PLC during 2017. These costs are included in the management service charges above.

Directors' remuneration

The Directors are considered to be the key management personnel.

Disclosures of the Directors' remuneration as required by the Companies Act 2006 are as follows:

	2018 £'000	2017 £'000
Aggregate remuneration in respect of qualifying services	81	150
Aggregate amounts receivable under long-term incentive schemes	-	16
Aggregate contributions due to Barclays Group Pension Schemes	-	16
	81	182

No Director is accruing retirement benefits under a defined benefit scheme or a defined contribution scheme (2017: One).

8 Employees and key management, including Directors (continued)

Directors' remuneration (continued)

No Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during 2018 (2017: Nil).

No Director is entitled to benefits under the Share Value Plan (2017: One).

9 Taxation

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

	2018 £'000	2017 £'000
Current tax:		
Current year	(2,736)	2,796
Deferred tax:		
Current year	1	2
Prior year adjustment	-	3
Effect of changes in tax rates	0	-
Total charge	(2,735)	2,801

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

	2018 £'000	2017 £'000
Profit before taxation	(14,394)	14,533
Tax charge at average UK corporation tax rate of 19% (2017: 19.25%)	(2,735)	2,797
Loss on sale of subsidiary	-	1
Bank surcharge allowance	-	-
Change to standard UK corporation tax rate	(0)	3
Overall tax change	(2,735)	2,801
Effective tax rate %	19.00%	19.27%

10 Investment in subsidiary undertakings

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

	2018 £'000	2017 £'000
Opening balance at 1 January	-	4
Disposal of investments	-	(4)
Closing balance at 31 December	-	-

Notes to the Financial Statements (continued)
For the year ended 31 December 2018

10 Investment in subsidiary undertakings (continued)

Details of the Company's subsidiaries at 31 December 2018 are as follows:

Name of Subsidiary	Registered Office Address	Class of Shares / Units	Name of immediate parent	Total proportion of nominal value held by immediate parent (%)
Barclays Direct Investing Nominees Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclays Financial Planning Nominee Company Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclays Global Shareplans Nominee Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclays Singapore Global Shareplans Nominee Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
Barclayshare Nominees Limited	1 Churchill Place London E14 5HP	Ordinary	Barclays Investment Solutions Limited	100%
R.C. Greig Nominees Limited	120 Bothwell Street Glasgow G2 7JS	Ordinary	Barclays Investment Solutions Limited	100%

In the opinion of the Directors, the value of the Company's investment in its subsidiary undertakings is not less than the amount at which it is included in the Statement of Financial Position. The carrying value at the year end is £390.

The financial statements contain information about Barclays Investment Solutions 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 ultimate parent Barclays PLC, a company incorporated in the United Kingdom.

Critical accounting estimates and judgements

The testing for impairment of the investment in subsidiaries involves the use of judgement to review indicators of impairment as well as the calculation of any impairment. Each of the subsidiaries are reviewed and the current net assets are compared to book value of the investment in subsidiary. In addition to this further signs of impairment are also reviewed such as potential future changes in the net assets of the subsidiaries from group restructures, conduct issues, sale of business areas.

11 Deferred tax assets

The components of and the movement in the deferred tax account during the year was as follows:

	1 January 2018 £'000	Effect of changes in tax rates £'000	Charged to statement of comprehensive income £'000	Prior year adjustment £'000	31 December 2018 £'000
Assets					
Accelerated tax depreciation	6	-	(1)	-	5

	1 January 2017 £'000	Effect of changes in tax rates £'000	Charged to statement of comprehensive income £'000	Prior year adjustment £'000	31 December 2017 £'000
Assets					
Accelerated tax depreciation	11	-	(2)	(3)	6

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.

12 Loans and other receivables

An analysis of loans and other receivables is as follows:

	2018 £'000	2017 £'000
Accrued income and prepayments	33,628	11,619
Amounts due from related parties	2,641	19,481
Trade receivables	89,168	18,803
Other receivables	1,256	-
	126,693	49,903

The trade receivables balance reflects the gross amount of unsettled transactions with client and market counterparties within the normal course of settlement.

The Directors consider that the carrying value of the Company's loans and other receivables approximates to their fair value.

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 20: Financial risks.

13 Loans and advances to customers

An analysis of loans and advances to customers is as follows:

	2018 £'000	2017 £'000
Overdrawn customer accounts	569	328
Repayable:		
On demand	569	328

13 Loans and advances to customers (continued)

The Company maintains operational controls to ensure that clients have adequate cleared funds on their account at all times. Where customer accounts become overdrawn due to a lack of cleared funds these are identified and overseen through the Company's risk management processes and management actions are undertaken to resolve these cleared funds breaches on a timely basis.

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 20: Financial risks.

14 Trade and other payables

An analysis of trade and other payables is as follows:

	2018 £'000	2017 £'000
Amounts due to related parties	20,716	1,111
Trade payables	102,882	19,302
Accrued expenses	14,217	128
Other payables	8,127	2,880
	145,942	23,421

The trade payables balance reflects the gross amount of unsettled transactions with client and market counterparties within the normal course of settlement.

The Directors consider that the carrying value of the Company's trade and other payables approximates to their fair value.

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 20: Financial risks.

15 Current taxation

Current tax assets/(liabilities) are as follows:

	2018 £'000	2017 £'000
United Kingdom corporation tax receivable/(payable)	2,736	(2,796)

16 Provisions

Movements on the Company's provisions for client compensation in the year are as follows:

	2018 £'000	2017 £'000
At 1 January	60	68
Transferred under Barclays Ring-Fenced Transfer Scheme	702	-
Cash paid	(330)	(17)
(Released)/charged to statement of comprehensive income	(270)	9
At 31 December	161	60

The provisions for client compensation which transferred into the Company have been mainly resolved during 2018.

16 Provisions (continued)

Critical accounting estimates and judgements

The calculation of provisions for customer redress involves estimation and judgement. Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with inappropriate judgement in the execution of our business activities.

17 Share capital

On 1 January 2018, the beneficial title to the Barclays Investment Solutions Limited shares transferred from Gerrard Management Services Limited to Barclays Bank PLC and then to Barclays Bank UK PLC. On 16 February 2018, the legal title transferred from Gerrard Management Services Limited to Barclays Bank PLC. On 29 March 2018, the legal title transferred from Barclays Bank PLC to Barclays Bank UK PLC.

Particulars of the Company's share capital are as follows:

	Number of Shares	Ordinary Shares £'000	Share premium account £'000	Total £'000
At 1 January 2018	22,325,000	22,325	7,425	29,750
Established under Barclays ring-fenced transfer scheme	1	-	46,000	46,000
At 31 December 2018	22,325,001	22,325	53,425	75,750
At 1 January and 31 December 2017	22,325,000	22,325	7,425	29,750

The par value of the ordinary shares is £1 each. All issued shares are fully paid.

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

18 Retained earnings

Movements in retained earnings are as follows:

	2018 £'000	2017 £'000
At 1 January	54,262	42,530
(Loss)/profit and total comprehensive (expense)/income for the year	(11,659)	11,732
At 31 December	42,603	54,262

19 Segregated funds

Segregated funds held on behalf of clients in accordance with the Client Money Rules of the FCA totalled £1.7 billion at 31 December 2018 (2017: £0.2 billion). These amounts are not assets of the Company and are, therefore, excluded from the financial statements.

20 Financial risks

The Board of Directors has ultimate responsibility for ensuring effective risk management and control. This is described in the Strategic Report.

The Company's activities expose it to a variety of financial risks. These are Treasury and Capital Risk, Credit Risk and Market Risk (which includes Foreign Currency Risk, Interest Rate Risk and Price Risk).

20 Financial risks (continued)

a) Treasury and Capital Risk

i) Liquidity Risk

This is the risk that the Company may not have sufficient funds to meet its debts as they fall due.

The Company has support from the parent Company, Barclays Bank UK PLC, and maintains banking facilities with Barclays Bank UK PLC and other external parties that are designed to ensure the Company has sufficient available funds for operations.

All of the Company's financial assets and liabilities at 31 December 2018 and 2017 were effectively due on demand.

The liquidity surplus at 31 December 2018 was £97.9 million and the average liquidity surplus for the year was £85.0 million. The Directors consider this level of liquidity surplus to be adequate to meet minimum liquidity requirements.

ii) Capital Risk

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern
- To maintain sufficient capital to support asset growth
- To maintain a level of capital required to meet FCA requirements

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

The Company regards its equity as capital, as shown in the Statement of Financial Position. This is in line with the disclosures provided in the regulatory reporting returns submitted by the Company to the FCA, reflecting the Company's internal capital adequacy position.

Total capital is as follows:

	2018 £'000	2017 £'000
Share capital	22,325	22,325
Share premium account	53,425	7,425
Retained earnings	42,603	54,262
Total capital resources	118,353	84,012

The Directors consider this level of capital resources to be adequate to meet minimum capital requirements.

b) Credit risk

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

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. Third party financial instrument counterparties are required to be rated and the Company's exposure to them is subject to financial limits.

20 Financial risks (continued)

b) Credit risk (continued)

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk at 31 December 2018 and 2017:

	2018	2017
	£'000	£'000
Accrued income and prepayments	33,628	11,619
Cash and cash equivalents with related parties	129,779	60,052
Cash and cash equivalents with external parties	4,674	-
Trade receivables	89,168	18,803
Amounts due from related parties	2,641	19,481
Other receivables	1,256	-
Loans and advances to customers	569	328
Total maximum exposure at 31 December	261,715	110,283

The amounts above have been shown at their full Statement of Financial Position value, with no account being taken of credit risk mitigation actions available to the Company in the event of any default.

The Company does not have any purchase or originated credit impaired financial assets.

The Company's exposure to the amounts above are all within the Company's Risk Appetite. The Company's exposure to credit risk is limited due to the nature of the Company's business which involves executing dealing instructions on behalf of clients and the custody of client assets. Prior to dealing clients are required to have sufficient cash or assets in their account and when fees become due they will be deducted from client account holdings.

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, foreign exchange rates and equity prices.

The Company has no direct exposure to price risk and only limited exposure to interest rate risk and foreign currency risk.

The Company's interest rate risk is limited to the interest income earned on its cash and cash equivalents and no sensitivity analysis has been presented as this is not considered material.

Any residual foreign currency risk is considered immaterial and no sensitivity analysis has, therefore, been presented.

21 Contingencies and commitments

In the ordinary course of business the Company has been party to letters of indemnity in respect of lost certified stock transfers and share certificates. The Company may also have obligations in respect of historical activities of Barclays Bank PLC and Woolwich Plan Managers Limited which migrated into the Company as part of the Ring-Fenced Transfer Scheme.

Notes to the Financial Statements (continued)
For the year ended 31 December 2018

22 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.

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 with group companies, and the balances outstanding at the year end, are disclosed in the tables below. The amount shown in Assets includes the cash and cash equivalents held with Barclays Bank UK PLC.

For the year ended 31 December 2018	Parent company £'000	Other Group entities £'000	Total £'000
Transactions			
Revenue	73	6,622	6,695
Administrative expenses	(98,878)	(34,300)	(133,178)
Interest income	-	71	71
Total	(98,805)	(27,607)	(126,412)
Balances outstanding at 31 December 2018			
Assets	130,468	1,953	132,421
Liabilities	(9,650)	(11,067)	(20,717)
Total	120,818	(9,114)	111,704

For the year ended 31 December 2017	Parent company £'000	Other Group entities £'000	Total £'000
Transactions			
Revenue	-	-	-
Administrative expenses	(33,457)	-	(33,457)
Interest income	-	308	308
Total	(33,457)	308	(33,149)
Balances outstanding at 31 December 2017			
Assets	19,481	60,052	79,533
Liabilities	-	(1,111)	(1,111)
Total	19,481	58,941	78,422

All transactions with Key Management Personnel (and persons connected to them), (a) were made in the ordinary course of business, (b) were made on substantially the same terms as those prevailing at the same time for comparable transactions with other persons and (c) did not involve more than a normal risk of collectability or present other unfavourable features.

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