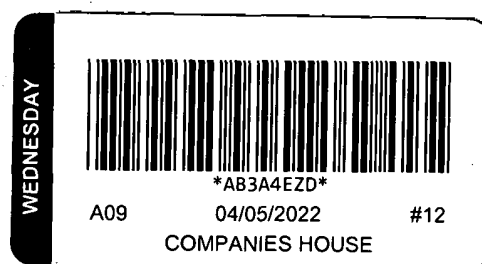


Registered number: 02752982

BARCLAYS INVESTMENT SOLUTIONS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the Year Ended 31 December 2021



BARCLAYS INVESTMENT SOLUTIONS LIMITED

CONTENTS

	Page
Directors' Report	2 - 5
Strategic Report	6 - 12
Independent Auditor's Report to the members of Barclays Investment Solutions Limited	13 - 16
Statement of Profit or Loss and Other Comprehensive Income	17
Statement of Financial Position	18
Statement of Changes in Equity	19
Statement of Cash Flows	20
Notes to the Financial Statements	21 - 38

BARCLAYS INVESTMENT SOLUTIONS LIMITED

DIRECTORS' REPORT

For the Year Ended 31 December 2021

The Directors present their annual report together with the audited financial statements of Barclays Investment Solutions Limited (the 'Company') for the year ended December 2021.

Loss and dividends

The Company's loss for the year was £1,328,000 (2020: £13,973,000). The Directors do not recommend the payment of a dividend (2020: £nil).

Post balance sheet events

The Investment Firm Prudential Regulations came into effect on 1 January 2022. As a result of the new regulations the entity is required to maintain a higher minimum liquidity requirement and a higher minimum capital requirement. The Directors consider the Company's level of liquidity surplus and capital resource are adequate to meet these new minimum requirements.

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:

N J Eggers (appointed 17 March 2022)
M K Jary
D Klee (resigned 31 January 2022)
C J Mack
K A Matthews
A N Ratcliffe

Going concern

After reviewing the Company's financial position, performance projections (including, where relevant, the impact of the COVID-19 pandemic and current geopolitical tensions), capital adequacy assessment 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 UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED) For the Year Ended 31 December 2021

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 UK-adopted 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

Risk is inherent in the business activities of the Company and whilst it 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 December 2021 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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

DIRECTORS' REPORT (CONTINUED) For the Year Ended 31 December 2021

Environment

The Barclays Group focuses on addressing environmental issues where it is felt that there is the greatest potential to make a difference. As the global effort to tackle climate change grows, the Barclays Group is moving rapidly to take a leading role in contributing to the transition to a low-carbon economy. In March 2020, the Barclays Group set out its ambition to be a net zero bank by 2050.

To successfully fulfil against our Purpose, we must ensure that we address the needs of all our stakeholders. This includes our customers and clients, colleagues, investors and the societies in which we operate.

The longevity of our business can only be ensured if we help tackle the challenges of our time, such as social inequality and climate change, whilst minimising any unintended and adverse impacts of our operations and our business as a financial institution. To this end we seek to identify and understand the environmental, social and governance factors which impact our organisation and how we shape and impact the environment and society around us. We do this in the context of the financial services we provide, the geographies in which we operate and the needs of our customers and clients.

We will continue to identify new opportunities and strive to integrate our broader social and environmental impact into the way we run and govern our business and the work we do every day to help customers and clients, colleagues and society.

While we have managed ESG issues for several years, our approach continues to evolve in response to dynamic external environment, increasing investor and other stakeholder attention and continued innovation in our business and product offerings. We recognise that the focus on the societal impact of businesses and performance against wider ESG factors has increased in recent years, with growing interest from a range of stakeholders including investors, clients, policy makers and regulators.

Disclosure of global greenhouse gas emissions is done at a Barclays Group level with information available in the Barclays PLC Annual Report 2021 with fuller disclosure available on our website at home.barclays.com/citizenship.

Pillar 3 disclosures

In accordance with the rules of the Financial Conduct Authority (FCA), the Company's parent, as at December 2021, 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>

Engagement with customers, suppliers and others in a business relationship with the Company

Customers and clients are central to the Barclays business – without them, Barclays would not exist. Barclays works hard to understand the needs of its customers and clients to inform and improve its products and services. Barclays engages with them in a variety of ways, including conducting a wide-range of customer and client research; using the invaluable insight to inform and improve Barclays products and services.

Barclays supply chain helps it deliver for all its customers, clients and stakeholders. Barclays engages with its suppliers through its contractual arrangements and requirements to ensure suppliers adhere to the Barclays' Supplier Code of Conduct and Supply Control Obligations through pre-contract attestation. From such engagement suppliers have identified prompt payment as critical. Barclays is a signatory to the Prompt Payment Code in the UK, committing to pay its suppliers within clearly defined terms. Please see page 66 of the Barclays PLC Annual Report 2021 for detail on Barclays' supplier on-time payment by value performance in 2021.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

DIRECTORS' REPORT

For the Year Ended 31 December 2021

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.

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 by:

DocuSigned by:

C J Mack

C68AA78E21DD441...

C J Mack

Director

Date: 26 April 2022

Company number: 02752982

BARCLAYS INVESTMENT SOLUTIONS LIMITED

STRATEGIC REPORT

For the Year Ended 31 December 2021

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 and investment management of funds. The Company is authorised and regulated by the FCA.

Business performance

The Company's results for the year show a loss before taxation of £1,640,000 (2020: £17,251,000). Loss after taxation was £1,328,000 (2020: £13,973,000). There were no other items of other comprehensive (expense) / income.

- Profit on disposals of £620,000 is derived from certain pending contractual procedures which were completed in 2021 in relation to a sale of business (Global Stock and Reward Services business) to third parties in 2020.
- Operating expenses of £166,540,000 (2020: £192,296,000), includes a partial release of conduct provisions of £3,029,000 (2020: £7,242,000 conduct costs).

The Company has net assets of £98,007,000 (2020: £99,335,000). Net cash used in operating activities was £8,867,000 (2020: £34,296,000).

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.

Over the coming 12 to 18 months, subject to regulatory approval, the Barclays UK Wealth and Investment Management business will be integrated with the Barclays International Private Bank to provide a more integrated proposition that helps to enhance product capabilities and drive better client experiences delivering on the overall digital agenda. The impact of this will be the parent undertaking of the Company will change from Barclays Bank UK PLC to Barclays Bank PLC. The Company's overall principal activities are not expected to change and will form a key part of the overall integrated proposition.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2021

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.

The COVID-19 pandemic continued in 2021 and may persist for a prolonged period. However, the negative economic impact of the pandemic was mainly in 2020 with markets appreciating in value in 2021.

Furthermore, the current geopolitical tensions that arose in 2022 may also persist for a prolonged period and introduce broad macroeconomic risks, which result in market volatility. This market volatility introduces a risk of reduction in future revenue where fees are based on the market value of client assets under management.

An increased level of government sanctions, because of these geopolitical tensions, has also heightened awareness of certain principal risks such as conduct and reputational risk. The Company's risk management framework is described below and key performance indicators remain within the risk appetite defined by the Company.

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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) **For the Year Ended 31 December 2021**

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 auditor.

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.
3. Treasury and capital risk - This comprises:
 - a. Liquidity risk - The risk that the firm is unable to meet its 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. Treasury and 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).

BARCLAYS INVESTMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2021

Principal risks (continued)

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, counterparties, 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 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 meet its legal obligations including regulatory or contractual requirements.

Credit risk, Treasury and Capital risk and Market risk are collectively known as Financial Principal risks, the management of which is detailed in note 18. The remaining risks are referred to as Non-Financial Principal risks.

Climate change risk management

Overview

The Barclays Group has a longstanding commitment to Environmental Risk Management (ERM) and its approach, aided by regulatory initiatives, has continued to evolve, incorporating climate change in recent years as the understanding of associated risks has grown. In 2018, a dedicated Sustainability team was created to consider how the Barclays Group approaches wider sustainability and Environmental Social Governance (ESG) matters, working closely with the ERM function.

The Barclays Group published an Energy & Climate Change Statement (<https://home.barclays/statements/barclays-energy-and-climate-change-statement>) which articulates our focus on three areas: financing growth of renewables and businesses addressing environmental challenges; taking a responsible approach to financing energy sources with a greater carbon intensity; and reducing our own carbon footprint. It is supported by an internal standard containing guidelines for restricting or supporting financing activities in carbon-intensive energy sectors; as well as enhanced due diligence requirements for environmentally or socially sensitive sectors.

The Barclays Group released an updated Climate Change Statement which sets out our approach to managing the impact of our climate-related activities.

For more detail on how climate change risks arise and their impact on the Barclays Bank UK Group, refer to material existing and emerging risks on pages 37 to 48 of the Barclays Bank UK PLC Annual Report 2021.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2021

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.

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.

Section 172(1) statement

The Directors have acted in a 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 considered, amongst other matters, the following:

- 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 maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

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 16 to 19 of the Barclays PLC Annual Report 2021 and also on page 11 of the Barclays Bank UK PLC Annual Report 2021 (both of 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 will not always be possible to deliver everyone's desired outcome.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2021

Section 172(1) statement (continued)

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, 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 and regulatory 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 2021, as the COVID-19 pandemic continued, the primary focus of the Company and the Board has been on (i) maintaining service levels to clients; (ii) the operational resilience of the trading platform; (iii) the speed and execution of investment decisions within our managed client portfolios and funds and how well they performed; (iv) the health and wellbeing of colleagues; and (v) the control environment, notably CASS oversight. The Board has demonstrated leadership and oversight during the pandemic, and this continues at the date of this report.

Geopolitical tensions

The Company and the Board have established a strong risk management culture. Risks are identified and overseen through the Enterprise Risk Management Framework which specifies the principal risks of the Company and the approach to managing them. Current geopolitical tensions have also heightened awareness of certain principal risks such as conduct and reputational risk. These risks are managed within the established risk framework and key performance indicators remain within the risk appetite defined by the Company.

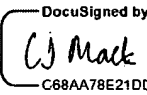
Customer and client focus

It is critical that investment keeps pace with customer and client expectations. The Board has, as a result, continued to direct heavy investment in closing the proposition gaps in our self-directed digital platform, launching the new hybrid advice investment proposition and supporting the operational resilience of the business.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

STRATEGIC REPORT (CONTINUED)
For the Year Ended 31 December 2021

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

DocuSigned by:

C68AA78E21DD441...

C J Mack
Director
Date: 26 April 2022
Company number: 02752982

BARCLAYS INVESTMENT SOLUTIONS LIMITED

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 December 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 5.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 INVESTMENT SOLUTIONS LIMITED

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

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 management 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.
- Reading 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 and the risk of fraudulent revenue recognition, 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 Barclays-wide fraud risk management controls.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included high-risk journal entries and other adjustments made at the end of the reporting period.

Identifying and responding to risks of material misstatement related to 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 other management (as required by auditing standards), and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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 INVESTMENT SOLUTIONS LIMITED

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

Identifying and responding to risks of material misstatement related to compliance with laws and regulations (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:

- specific aspects of regulatory capital and liquidity
- certain aspects of company legislation recognising the financial and regulated nature of the Company's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other 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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

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

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 pages 2 to 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.

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

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



Michael McGarry (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square
London
E14 5GL

Date: 26 April 2022

BARCLAYS INVESTMENT SOLUTIONS LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Discontinued operations			
Revenue from discontinued operations	6	2	2,855
Total revenue from discontinued operations		<u>2</u>	<u>2,855</u>
Continuing operations			
Revenue	6	189,367	180,323
Cost of sales	6	(25,085)	(25,748)
Gross profit		<u>164,282</u>	<u>154,575</u>
Administrative expenses	7	(169,245)	(184,181)
Conduct provisions release/(charge)	7	3,029	(7,242)
Impairment losses	7	(324)	(873)
Loss from operations		<u>(2,256)</u>	<u>(34,866)</u>
Finance income	8	-	1,196
Finance expense	8	(4)	-
Profit on disposals	9	620	16,419
Loss before tax		<u>(1,640)</u>	<u>(17,251)</u>
Tax credit	11	312	3,278
Loss for the year		<u>(1,328)</u>	<u>(13,973)</u>
Total comprehensive income		<u><u>(1,328)</u></u>	<u><u>(13,973)</u></u>

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

BARCLAYS INVESTMENT SOLUTIONS LIMITED
Registered number: 02752982

STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Investments in equity-accounted associates	12	-	-
Deferred tax assets		6	5
Total non-current assets		<u>6</u>	<u>5</u>
Current assets			
Cash and cash equivalents		89,989	98,240
Cash collateral and settlement balances		80,647	138,189*
Trade and other receivables	13	54,122	47,619*
Current taxation	11	310	3,277
		<u>225,068</u>	<u>287,325</u>
Total assets		<u>225,074</u>	<u>287,330</u>
Liabilities			
Current liabilities			
Cash collateral and settlement balances		87,220	132,018*
Trade and other payables	14	37,311	48,556*
Provisions	15	2,536	7,421
		<u>127,067</u>	<u>187,995</u>
Total liabilities		<u>127,067</u>	<u>187,995</u>
Net assets		<u>98,007</u>	<u>99,335</u>
Issued capital and reserves			
Share capital	16	22,325	22,325
Share premium reserve		53,425	53,425
Retained earnings		22,257	23,585
TOTAL EQUITY		<u>98,007</u>	<u>99,335</u>

*Comparative information has been re-presented to present cash collateral and settlement balances separately. See notes 13 and 14 for details.

The financial statements on pages 17 to 38 were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

DocuSigned by:

C J Mack

C68AA78E21DD441...

C J Mack

Director

Date: 26 April 2022

BARCLAYS INVESTMENT SOLUTIONS LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the Year Ended 31 December 2021

	Share capital £000	Share premium reserve £000	Retained earnings £000	Total equity £000
At 1 January 2021	22,325	53,425	23,585	99,335
Loss for the year	-	-	(1,328)	(1,328)
Total comprehensive income for the year	-	-	(1,328)	(1,328)
At 31 December 2021	22,325	53,425	22,257	98,007

	Share capital £000	Share premium reserve £000	Retained earnings £000	Total equity £000
At 1 January 2020	22,325	53,425	37,558	113,308
Loss for the year	-	-	(13,973)	(13,973)
Total comprehensive income for the year	-	-	(13,973)	(13,973)
At 31 December 2020	22,325	53,425	23,585	99,335

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**STATEMENT OF CASH FLOWS**
For the Year Ended 31 December 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Loss for the year		(1,328)	(13,973)
Adjustments for			
Impairment loss recognised on trade receivables	7	327	863
Finance income	8	-	(1,196)
Finance expense	8	4	-
Profit on disposals	9	(620)	(16,419)
Income tax credit	11	(312)	(3,278)
		<u>(1,929)</u>	<u>(34,003)</u>
Change in operating assets and liabilities			
Increase in trade and other receivables	13	(4,650)	(4,449)
Decrease/(increase) in cash collateral and settlement balances (assets)		57,542	(57,681)
Reduction in balances due to group companies	13,14	(2,255)	(1,460)
(Decrease)/increase in trade and other payables	14	(11,170)	7,804
(Decrease)/increase in cash collateral and settlement balances (liabilities)		(44,798)	46,987
(Decrease)/increase in provisions	15	(4,885)	7,321
		<u>(12,145)</u>	<u>(35,481)</u>
Cash generated from operations			
Income taxes received	11	3,278	1,185
		<u>(8,867)</u>	<u>(34,296)</u>
Cash flows from investing activities			
Profit on disposals	9	620	16,419
Finance income	8	-	1,196
Finance expense	8	(4)	-
		<u>616</u>	<u>17,615</u>
Net cash from investing activities			
		<u>(8,251)</u>	<u>(16,681)</u>
Net cash decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of year		98,240	114,921
Cash and cash equivalents at the end of the year		<u>89,989</u>	<u>98,240</u>

The accompanying notes on pages 21 to 38 form an integral part of these financial statements.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

1. Reporting entity

Barclays Investment Solutions Limited (the 'Company') is a private limited company, domiciled and incorporated in England. The Company's registered office is at 1 Churchill Place, London, E14 5HP. The Company's principal activity is asset management and the provision of stockbroking services, particularly discretionary portfolio management, custody, equity, fixed income and fund dealing and investment management of funds.

2. Basis of preparation

The financial statements have been prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006. 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.

Details of the Company's accounting policies, including changes during the year, are included in note 5.

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

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

The areas where judgements and estimates have been made in preparing the financial statements and their effects are disclosed in note 4.

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 statements to the extent required or permitted under IFRS 9, as set out in the relevant accounting policies.

After reviewing the Company's financial position, performance projections (including, where relevant, the impact of the COVID-19 pandemic and current geopolitical tensions), capital adequacy assessment 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.

2.1 Changes in accounting policies

i) New standards, interpretations and amendments effective from 1 January 2021

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

ii) New standards, interpretations and amendments not yet effective

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

3. Functional and presentation currency

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

BARCLAYS INVESTMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

4. Accounting estimates and judgements

Impairment charges - pages 27 - 28

5. Accounting policies

5.1 Revenue

Accounting for net fee and commission income under IFRS 15

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 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.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

5.2 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.

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.

5.3 Taxation

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 Company's 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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for all taxable temporary differences except from the initial recognition of goodwill. Deferred tax is not recognised where the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

5. Accounting policies (continued)

5.4 Provisions

IAS 37 Provisions, Contingent Liabilities and Contingent Assets is applied in accounting for non-financial liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated.

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 the Company's activities.

5.5 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.

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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

5. Accounting policies (continued)

5.5 Financial assets and liabilities (continued)

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 12 month ECLs (Stage 1). If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instruments is credit impaired (Stage 3) and 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.

The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on assets in the portfolio.

Any potential ECL from the consideration of observable data on a portfolio basis is recognised by the Company. The potential ECL to the Company is deemed immaterial due to the Company's exposure being only trade receivables, cash and cash equivalents and cash collateral and settlement balances.

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.

5.6 Investment in subsidiary undertakings

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

5.7 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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021****5. Accounting policies (continued)****5.8 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.

5.9 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.

5.10 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.

6. Revenue**6.1 Revenue and cost of sales by major products and services**

	2021 £000	2020 £000
Discretionary portfolio management	95,666	83,478
Custody	22,632	20,301
Equity, fixed income and fund dealing	16,699	17,934
Investment management of funds	54,178	58,398
Stock and cash plans	2	2,855
Other	192	212
Total revenue from contracts with customers	189,369	183,178
Fee and commission expense - investment management of funds	(20,601)	(23,632)
Fee and commission expense - transactional costs	(4,484)	(2,116)
Total fee and commission expense	(25,085)	(25,748)
Net revenue from contracts with customers	164,284	157,430

* Total 2021 revenue from contracts with customers of £189,369k (2020: £183,178k) is made up of two elements, revenue from discontinued operations £2k (2020: £2,855k) and revenue from continuing operations £189,367k (2020: £180,323k).

BARCLAYS INVESTMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

6. Revenue (continued)

6.1 Revenue and cost of sales by major products and services (continued)

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. Please refer to note 9 in relation to the disposal of this business stream during 2020.

Costs incurred in the provision of these services, either with 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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**6.1 Revenue and cost of sales by major products and services (continued)****Contract assets and contract liabilities**

The Company had no contract assets or contract liabilities as at December 2021.

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 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 disclosure.

7. Loss before tax

The following items have been charged at arriving at loss before tax:

	2021 £000	2020 £000
Management service charges and other administrative expense	168,364	183,132
Provision for conduct redress (release)/charge	(3,029)	7,242
Auditor's remuneration		
- Audit of the Company's annual financial statements	-	-
- Other services pursuant to legislation	881	1,049
Impairment - loans and advances to customers	(3)	10
Impairment - loans and other receivables	327	863
Total	166,540	192,296

The audit fees of £190,000 (2020: £190,000) have been borne by the Company's parent, Barclays Bank UK PLC and have not been recharged to the Company, as such there has been no 2021 year end audit fee recognised by the Company. The CASS audit fees of £881,300 (2020: £1,049,000) have been borne by Barclays Execution Services Limited and have been recharged to the Company.

No benefits in kind have been provided to the auditor.

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 £40k (2020: £608k) based on the Group model.

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

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021****Accounting estimates and judgements (continued)**

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

- A specific impairment credit 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 £51k (2020: £82k charge).
- A specific impairment credit 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 £89k (2020: £183k charge).
- A specific impairment charge is included for clients fees which have been written off £424k (2020: £nil).

8. Finance (expense)/income**Recognised in profit or loss**

	2021 £000	2020 £000
Other interest receivable	-	1,196
Other interest payable	4	-
Total finance (expense)/income recognised in profit or loss	(4)	1,196

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.

9. Profit on disposal

Following the completion of a sale of business (Global Stock and Reward Services business) in 2020, certain pending contractual procedures were completed in 2021 which resulted in £620,000 being recognised in the current year. Prior to the sales, the assets under management were held off balance sheet.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**10. Employees and key management, including Directors**

The Company has no direct employees during 2021 or 2020. All staff employed in the business have a contract of employment with Barclays Execution Services Limited or Barclays Bank UK PLC during 2021 and 2020. These costs are included in the management service charges above.

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

Key management personnel compensation

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

	2021 £000	2020 £000
Aggregate remuneration in respect of qualifying services	158	158
Aggregate amounts receivable under long-term incentive schemes	-	-
Aggregate contributions due to Barclays Group Pensions Schemes	-	-
	<u>158</u>	<u>158</u>

None of the Directors are accruing retirement benefits under a defined benefit scheme or a defined contribution scheme (2020: nil).

None of the Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during 2021 (2020: nil).

None of the Directors are entitled to benefits under the Share Value Plan (2020: nil).

11. Tax credit**11.1 Income tax recognised in profit or loss**

	2021 £000	2020 £000
Current tax credit	(311)	(3,277)
Total current tax	<u>(311)</u>	<u>(3,277)</u>
Deferred tax credit		
Adjustment for prior years	-	(1)
Rate change adjustment	(1)	-
Total deferred tax	<u>(1)</u>	<u>(1)</u>
Total tax credit	<u>(312)</u>	<u>(3,278)</u>

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**11. Tax credit (continued)****11.1 Income tax recognised in profit or loss (continued)**

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

	2021 £000	2020 £000
Loss for the year	(1,328)	(13,973)
Income tax credit	(312)	(3,278)
Loss before income taxes	(1,640)	(17,251)
Tax at average UK corporation tax rate of 19% (2020:19%)	(312)	(3,278)
Non-tax deductible expenses	(1)	-
Rate change adjustment	1	-
Total tax credit	(312)	(3,278)

Changes in tax rates and factors affecting the future tax charges

On 22 July 2020 the Finance Act 2020 received Royal Assent, resulting in the UK corporation tax remaining at 19% from 1 April 2020 onwards instead of reducing to 17%, the previously enacted rate. This 19% rate has therefore been used to calculate current tax balances for the year ended 31 December 2021.

11.2 Current tax assets

	2021 £000	2020 £000
UK corporation tax - group relief receivable	310	3,277

11.3 Deferred tax balances

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

	2021 £000	2020 £000
Deferred tax assets	6	5

Legislation has been introduced to increase the main rate of corporation tax from 19% to 25%, effective from 1 April 2023, which was substantively enacted on 24 May 2021. This will have a consequential impact on the Company's future tax charge. Therefore, any deferred tax balances have been remeasured at the tax rate to be applied when temporary differences are expected to reverse.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**12. Subsidiaries**

Details of the Company's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company (%)	
			2021	2020
1) Barclays Direct Investing Nominees Limited	The company is dormant	United Kingdom	100	100
2) Barclays Financial Planning Nominee Company Limited	The company is dormant	United Kingdom	100	100
3) Barclays Global Shareplans Nominee Limited	The company is dormant	United Kingdom	100	100
4) Barclays Singapore Global Shareplans Nominee Limited	The company is dormant	United Kingdom	100	100
5) Barclayshare Nominees Limited	The company is dormant	United Kingdom	100	100
6) R.C. Greig Nominees Limited	The company is dormant	United Kingdom	100	100

The registered office of Barclays Direct Investing Nominees Limited, Barclays Financial Planning Nominee Company Limited, Barclays Global Shareplans Nominee Limited, Barclays Singapore Global Shareplans Nominee Limited and Barclayshare Nominees Limited is 1 Churchill Place, London, E14 5HP and the registered office of R.C. Greig Nominees Limited is 120 Bothwell Street, Glasgow, G2 7JS.

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 (2020: £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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**13. Trade and other receivables**

	2021 £000	2020 £000
Current		
Trade receivables	356	221*
Receivables from contracts with customers	8	20
Receivables from related parties	3,749	1,569
Prepayments and accrued income	25,584	26,048
Other receivables	24,425	19,761
Total trade and other receivables	54,122	47,619
UK corporation tax - group relief receivable	310	3,277
Total current trade and other receivables	54,432	50,896

*Trade settlement balances £80,647k (2020: £138,189k) previously classified within trade and other receivables have been reclassified to cash collateral and settlement balances due to the short settlement timeframe of these balances.

The carrying value of trade and other receivables approximates fair value.

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

The specific risks to which the Company is exposed in relation to these balances are discussed further in note 18: Financial risks.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**14. Trade and other payables**

	2021 £000	2020 £000
Current		
Trade payables	358	499*
Payables to related parties	13,112	13,187
Other payables	23,165	34,013
Accruals	676	857
Total trade and other payables	37,311	48,556

*Trade settlement balances £87,220k (2020: £132,018k) previously classified within trade and other payables have been reclassified to cash collateral and settlement balances due to the short settlement timeframe of these balances.

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

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

The specific risks to which the Company is exposed in relation to these balances are discussed further in note 18: Financial risks.

15. Provisions

	Client redress provision £000	Bereavement provision £000	Total £000
At 1 January 2021	179	7,242	7,421
Paid during the year	(446)	(2,290)	(2,736)
Other increases	1,201	-	1,201
Released during the year	(321)	(3,029)	(3,350)
At 31 December 2021	613	1,923	2,536
Due within one year or less	613	1,923	2,536
	613	1,923	2,536

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**15. Provisions (continued)**

There have been some administrative issues in notification of bereavement accounts to beneficiaries which has resulted in the Company not returning sums owed on a timely basis. The provision reflects the estimated financial impact of compensatory interest paid for the period that the sums were held by the Company in error in addition to an element of operational costs.

As a result of reductions in both failure rates and average redress as the year progressed, a £3,029,000 release to the Profit and Loss was booked in the year. Other increases relates to small provisions booked on the Company's balance sheet.

All provisions as at the balance sheet date are expected to settle within 12 months after December 2021 and thus are deemed to be current.

Accounting estimates and judgements

Customer redress provisions have been estimated based on assumed error rate of the population and size of average redress payments, and are therefore subject to change. The current provision represents the Company's best estimate of all future expected costs of customer redress as well as the operational costs of undertaking the remediation, based on the information available at the balance sheet date. At the balance sheet date the Company believes it has adequately provided for its known exposures based on the information available. Appropriate provision levels are kept under ongoing review as redress and review exercises progress.

16. Share capital

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

Authorised

	2021 Number	2021 £000	2020 Number	2020 £000
Shares treated as equity				
Ordinary shares of £1.00 each	22,325,001	22,325	22,325,001	22,325
	<u>22,325,001</u>	<u>22,325</u>	<u>22,325,001</u>	<u>22,325</u>

Issued and fully paid

	2021 Number	2021 £000	2020 Number	2020 £000
Ordinary shares of £1.00 each				
At 1 January and 31 December	<u>22,325,001</u>	<u>22,325</u>	<u>22,325,001</u>	<u>22,325</u>

17. Segregated funds

Segregated funds held on behalf of clients in accordance with the Client Money Rules of the FCA totalled £1.9 billion at December 2021 (2020: £2.1 billion). These amounts are not assets of the Company and are, therefore, excluded from the financial statements.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021****18. 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 credit risk, treasury and capital risk and market risk (which includes foreign currency risk, interest rate risk and price risk).

a) Credit risk

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

Maximum exposure to credit risk

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

	2021	2020
	£000	£000
Prepayments and accrued income	25,584	26,048
Cash and cash equivalents with related parties	88,605	94,612
Cash and cash equivalents with external parties	1,384	3,628
Cash collateral and settlement balances	80,647	138,189
Trade receivables	356	221
Receivables from related parties	3,749	1,569
Other receivables	24,425	19,761
Receivables from contracts with customers	8	20
Total maximum exposure	224,758	284,048

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.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2021****b) 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 of the parent Company, Barclays Bank UK PLC, and maintains banking facilities with Barclays Bank UK PLC and other external parties that are designated to ensure the Company has sufficient available funds for operations.

All of the Company's financial assets and liabilities at December 2021 and 2020 were effectively due on demand.

The liquidity surplus at December 2021 was £138.4 million (2020: £194.9 million) and average liquidity surplus for the year was £164.1 million (2020: £180.4 million). The Directors consider this level of liquidity surplus to be adequate to meet minimum liquidity requirements, including the minimum liquidity requirements under the new Investment Firm Prudential Regulations which came into effect on 1 January 2022.

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:

	2021	2020
	£000	£000
Share capital	22,325	22,325
Share premium reserve	53,425	53,425
Retained earnings	22,257	23,585
Total capital resources	98,007	99,335

The Directors consider this level of capital resources to be adequate to meet minimum capital requirements, including the minimum capital requirements under the new Investment Firm Prudential Regulations which came into effect on 1 January 2022.

BARCLAYS INVESTMENT SOLUTIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
For the Year Ended 31 December 2021**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.

19. 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.

20. Related party transactions

Details of transactions between the Group and other related parties are disclosed below.

20.1 Other related party transactions

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Balance outstanding	
		2021 £000	2020 £000	2021 £000	2020 £000
Parent company	Revenue	-	596	-	-
Parent company	Administrative expenses	(112,941)	(114,436)	-	-
Parent company	Assets	-	-	90,440	94,697
Parent company	Liabilities	-	-	(9,333)	(12,999)
Other Group entities	Revenue	23,668	25,527	-	-
Other Group entities	Administrative expenses	(41,954)	(53,606)	-	-
Other Group entities	Assets	-	-	1,914	1,484
Other Group entities	Liabilities	-	-	(4,274)	(188)
Total		(131,227)	(141,919)	78,747	82,994

BARCLAYS INVESTMENT SOLUTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2021

21. Parent undertaking and ultimate holding company

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

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

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

22. Events after the reporting date

The Investment Firm Prudential Regulations came into effect on 1 January 2022. As a result of the new regulations the entity is required to maintain a higher minimum liquidity requirement and a higher minimum capital requirement. The Directors consider the Company's level of liquidity surplus and capital resource are adequate to meet these new minimum requirements.