BARCLAYS CAPITAL PRINCIPAL INVESTMENTS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

REGISTERED NUMBER (UNITED KINGDOM): 2958400

Barclays Capital Principal Investments Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2016

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Barclays Capital Principal Investments Limited

Directors' Report

For the Year Ended 31 December 2016

The Directors present their annual report together with the audited financial statements of Barclays Capital Principal Investments Limited ("the Company") for the year ended 31 December 2016.

Profit and dividends

During the year the Company made a profit after tax of £3,193,903 for the year (2015: profit of £1,439,998). The Directors do not recommend the payment of a dividend (2015: £nil).

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements, are as shown below:

A Bennington
M Beastall
M Keegan (resigned on 18 February 2016)

Going Concern

After reviewing the Company's performance projections, the available banking facilities and the support available from Barclays Bank PLC, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The Directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of Barclays PLC ("the Group") risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in Note 17.

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 2016 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 Capital Principal Investments Limited

Directors' Report

For the Year Ended 31 December 2016

Directors' Report (continued)

Independent auditors

PricewaterhouseCoopers LLP has held office in accordance with Section 487 of the Companies Act 2006 for the 2016 financial year. Following a rigorous tender process conducted by the Barclays PLC Audit Committee, KPMG LLP will assume the role as independent auditors for the Barclays PLC Group, of which the Company is a member, for the year-end 31 December 2017. Formal appointment as auditors to the Company will be completed after the approval of these financial statements.

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 Beastall
Director
28 June 2017
Company number: 2958400

Barclays Capital Principal Investments Limited

Strategic Report

For the Year Ended 31 December 2016

Business review and principal activities

The principal activity of the Company is to hold investments in private companies. No significant change in this activity is envisaged in the foreseeable future and the Directors expect the Company's performance to be in line with the current year.

Business performance

The results of the Company show a profit after tax of £3,193,903 (2015: profit of £1,439,998) for the year. The Company has net liabilities of £1,343,516 (2015: £4,550,249). Net cash used in operating activities for 2016 was £nil (2015:£nil).

Future outlook

The Directors have reviewed the Company's business and performance and consider it to be satisfactory given the Company's performance projections, the available banking facilities and the support available from Barclays Bank PLC. The Directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed in the Group's annual report which does not form part of this report. Please refer to pages 18 to 21 where the specific risks of the Company are detailed.

Key performance indicators

The directors of Barclays PLC manage the Group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Barclays Group are discussed on page 238 of the Barclays PLC Annual Report which does not form part of this report.

FOR AND ON BEHALF OF THE BOARD

M Beastall
Director
28 June 2017
Company number: 2958400

Barclays Capital Principal Investments Limited

Independent Auditors' Report to the Members of Barclays Capital Property Investments Limited

For the Year Ended 31 December 2016

Our opinion

In our opinion, Barclays Capital Principal Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Directors' Report and Financial Statement (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2016;
- the Income Statement and the Statement of Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of Directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

OUR RESPONSIBILITIES AND THOSE OF THE DIRECTORS

As explained more fully in the Statement of Directors' responsibilities 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Independent Auditors' Report to the Members of Barclays Capital Property Investments Limited

For the Year Ended 31 December 2016

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Richard McGuire

Richard McGuire (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 June 2017

Barclays Capital Principal Investments Limited

Income Statement

For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Continuing operations			
Impairment	11	-	(929,803)
Forgiveness of amounts payable to Group undertakings	6	5,636,678	-
Operating profit/(loss)		**5,636,678**	**(929,803)**
Interest expense	5	(460,697)	(464,060)
Foreign exchange (loss)/gains		(2,059,100)	1,497,939
Profit before tax		**3,116,881**	**104,076**
Tax	9	77,022	1,335,922
Profit after tax		**3,193,903**	**1,439,998**

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

Barclays Capital Principal Investments Limited

Statement of Comprehensive Income

For the Year Ended 31 December 2016

	2016	2015
	£	£
Profit after tax	3,193,903	1,439,998
Other comprehensive income/(expense) that may be recycled to profit or		
Fair value gain/(loss) on available for sale assets	1,459,971	(1,150,786)
Impairment of financial assets	(1,443,934)	1,029,134
Current taxation relating to components of other comprehensive income	7,845	24,839
Deferred taxation relating to components of other comprehensive income	(11,052)	-
Other comprehensive income/(expense) for the year net of tax	12,830	(96,813)
Total comprehensive income/(expense) for the year	3,206,733	1,343,185

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

Barclays Capital Principal Investments Limited (Company number: 2958400)

Balance Sheet

As at 31 December 2016

		2016	2015
ASSETS	Note	£	£
Non-current assets			
Financial assets			
- Available for sale investments	10	271,486	233,329
Total non-current assets		271,486	233,329
Current assets			
Cash and cash equivalents		6,248,176	5,993,028
Total current assets		6,248,176	5,993,028
Total assets		6,519,662	6,226,357
LIABILITIES			
Current liabilities			
Trade and other payables	14	2,045,670	2,043,641
Current tax liability	12	2,599,509	2,684,246
Deferred tax liability	13	9,942	-
Financial liabilities			
- Short term borrowings	15	3,208,057	6,048,719
Total current liabilities		7,863,178	10,776,606
Net current liabilities		1,615,002	4,783,578
Net liabilities		(1,343,516)	(4,550,249)
SHAREHOLDERS' EQUITY			
Share capital	16	4,810,002	4,810,002
Available for sale reserve		129,611	116,781
Accumulated losses		(69,279,440)	(72,473,343)
Capital reserve		62,996,311	62,996,311
Total equity		(1,343,516)	(4,550,249)

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

The financial statements were approved by the Board of Directors and authorised for issue on 28 June 2017 and were signed on its behalf by:

M Beastall
Company number: 2958400

Barclays Capital Principal Investments Limited

Statement of Changes in Equity

For the Year Ended 31 December 2016

	Share Capital	Available for sale reserve	Capital reserve	Accumulated losses	Total equity
	£	£	£	£	£
Balance at 1 January 2016	4,810,002	116,781	62,996,311	(72,473,343)	(4,550,249)
Profit after tax	-	-	-	3,193,903	3,193,903
Other comprehensive income					
Available for sale financial assets	-	16,037	-	-	16,037
Tax relating to components of other comprehensive income	-	(3,207)	-	-	(3,207)
Balance at 31 December 2016	4,810,002	129,611	62,996,311	(69,279,440)	(1,343,516)

	Share Capital	Available for sale reserve	Capital reserve	Accumulated losses	Total equity
	£	£	£	£	£
Balance at 1 January 2015	810,002	213,594	62,996,311	(73,913,341)	(9,893,434)
Issue of new ordinary shares	4,000,000	-	-	-	4,000,000
Profit after tax	-	-	-	1,439,998	1,439,998
Other comprehensive income					
Available for sale financial assets	-	(121,652)	-	-	(121,652)
Tax relating to components of other comprehensive income	-	24,839	-	-	24,839
Balance at 31 December 2015	4,810,002	116,781	62,996,311	(72,473,343)	(4,550,249)

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

Barclays Capital Principal Investments Limited

Cash Flow Statement

For the Year Ended 31 December 2016

	2016	2015
Continuing operations	£	£
Reconciliation of profit/(loss) before tax to net cash flows from operating activities:		
Profit before tax	3,116,881	104,076
Adjustment for non-cash items:		
Foreign exchange loss/(gain)	2,059,100	(1,497,939)
Allowance for impairment	-	929,803
Other non-cash movements	(5,636,678)	-
Interest payable to Group undertakings	457,690	464,060
Interest paid	3,007	-
Net cash generated from operating activities	-	-
Cash flows from investing activities		
Interest paid	(3,007)	(1,532)
Net cash used in investing activities	**(3,007)**	**(1,532)**
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	4,000,000
Net cash used in financing activities	-	**4,000,000**
Effect of exchange rate changes	**258,155**	**(91,907)**
Net (decrease)/increase in cash and cash equivalents	**255,148**	**3,906,561**
Cash and cash equivalents at beginning of year	5,993,028	2,086,467
Cash and cash equivalents at end of year	**6,248,176**	**5,993,028**
Cash and cash equivalents comprise:		
Cash at bank	6,248,176	5,993,028
Cash and cash equivalents at end of year	**6,248,176**	**5,993,028**

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

1. **Reporting entity**

These financial statements are prepared for Barclays Capital Principal Investments Limited (the "Company"), the principal activity of which is to hold investments in other private companies. The financial statements are prepared for the Company only. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and the ultimate controlling party and the parent undertaking of the largest group that presents group financial statements is Barclays PLC (the "Group"), both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union, and interpretations issued by the IFRS Interpretations Committee ("IFRS IC"), as published by the International Accounting Standards Board ("IASB").

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.

3. **Basis of preparation**

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies. They are presented in Pounds Sterling (£) the currency of the country in which the Company is incorporated.

4. **Summary of significant accounting policies**

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

(a) Foreign currency translation

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

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the year end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

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

(b) Dividend Income

Dividend income is recognised when the right to receive payment is established, which is when the dividends are received or the dividends are appropriately authorised.

(c) Revenue recognition

Revenue is recognised in the profit and loss account when it is probable that the economic benefits associated with the transaction will be received by the Company.

(d) Interest

Interest income or expense is recognised on all interest bearing financial assets classified as held to maturity, available for sale or other loans and receivables and on interest bearing financial liabilities using the effective interest method.

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

4. Summary of significant accounting policies (continued)

(e) Current and deferred income tax

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

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

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probably that sufficient taxable losses profit 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.

(f) Financial assets and liabilities

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

Loans and other receivables

Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and other receivables are stated at amortised costs using the effective interest method (see above). They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently measured at amortised cost, using the effective interest method. They are derecognised when the rights to received cash flows have expired or the Company has transferred substantially all the risk and rewards of ownership.

Available for sale

Available for sale investments are non-derivative financial investments that have been designated as available for sale and are not categorised into any of the other categories described above. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value, and gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement. The assets are derecognised when the rights to receive cash flows have expired of the Company has transferred substantially all the risks and rewards of ownership.

Impairment losses, investment income, and translation differences on monetary items are recognised in the income statement.

Financial liabilities

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

Impairment of financial assets

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

4. Summary of significant accounting policies (continued)

For loans and receivables the Company first assesses whether objective evidence of impairment exists individually for individually significant loans and receivables, and then collectively assesses remaining loans and receivables that are not individually significant. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the income statement. In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets. Reversals of impairment of debt instruments are recognised in the income statement. Reversals of impairment of equity shares are not recognised in the income statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

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 and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

(g) Borrowings

Borrowings refer to debt securities issued by the Company. They are recognised as a liability when a contractual agreement results in the Company having a present obligation to deliver cash or another financial asset to the holder. The liability is recognised at initial cost and amortised to the redemption value using the effective rate of interest over the life of the instrument.

Borrowing costs are charged as an expense to the profit and loss account in the year in which they are incurred.

(h) Share capital and dividends

Share issue costs

Incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares and discretionary dividends on preference shares are recognised in equity in the year in which they are paid or, if earlier, approved by the Company's shareholder.

(i) Cash and cash equivalents

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

(j) Capital reserve

Capital reserve represents consideration from the parent company, without contractual obligation to repay it.

New and amended standards

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRS effective as of 1 January 2015 have resulted in changes in accounting policy.

Future accounting developments

The accounting policies adopted are consistent with those of the previous financial year. There has been no new accounting standard that will lead to change in accounting policy.

4. Summary of significant accounting policies (continued)

Future accounting developments

Relevant pronouncements issued but not yet effective at the date of issuance of the Company's financial statements are listed below.

i) IFRS 9, 'Financial Instruments'

IFRS 9, 'Financial Instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in their own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Company is yet to assess IFRS 9's full impact.

ii) Disclosure Initiative (Amendments to IAS 7, 'Statement of Cash Flows')

Entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretion of interest and unrealised exchange differences.

Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing activities.

Entities may include changes in other items as part of this disclosure, for example by providing a 'net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities.

The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated.

These amendments are effective for annual periods beginning on or after 1 January 2017. The Company will adopt these amendments when they become effective.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. There are no individually significant assumptions where a reasonable alternative assumption would have a material impact on these financial statements.

5. **Interest expense**

	2016	2015
	£	£
Bank charges	3,007	436
Interest payable to Group undertakings	457,690	463,624
Total	**460,697**	**464,060**

6. Other income

An analysis of other income is as follows:

	2016	2015
	£	£
Forgiveness of amounts payable to Group undertakings	5,636,678	-
Total	**5,636,678**	-

On 20th December 2016, the Company's outstanding payable with a Group Company was partially forgiven by the counterparty. This resulted in income of £5,636,678 for the Company.

7. Profit before tax

The Company's audit fee is borne by another Group company. Although the audit fee is borne by another Group company, the fee that would have been charged to the Company amounts to £7,996 for the year (2015: £7,766). This fee is not recognised as an expense in the financial statements.

8. Employee and key management, including directors

Staff costs

There were no employees employed by the Company during 2016 (2015: nil).

Directors' remuneration:

The Directors did not receive any emoluments in respect of their services to the Company during the year (2015: £nil).

During the year no (2015: nil) Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

9. Tax

The analysis of the (credit)/charge for the year is as follows:

	2016	2015
	£	£
Current tax:		
Current year	(481,829)	209,325
Adjustment for prior years	405,917	(1,545,247)
	(75,912)	**(1,335,922)**
Deferred tax charge:		
Rate change adjustment	(1,110)	-
Total (credit)/charge	**(77,022)**	**(1,335,922)**

The tax effects relating to each component of other comprehensive income were as follows:

	2016	2015
	£	£
Tax movements through Equity		
Current tax credit	(7,845)	(24,839)
Deferred tax charge	11,052	-
Total charge/(credit) to equity	**3,207**	**(24,839)**

From 1 April 2015, the main rate of UK corporation tax is 20%. 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.

9. Tax (continued)

A numerical reconciliation of the tax expense and product of accounting profit multiplied by the applicable tax rate is as follows:

	2016 £	2015 £
Profit before tax	3,116,881	104,076
Tax charge at standard UK corporation tax rate of 20% (2015: 20.25%)	623,375	21,072
Adjustment for prior years	405,917	(1,545,247)
Expenses not deductible	-	188,253
Non-taxable gains and income	(1,126,354)	-
Rate change adjustment	(1,110)	-
Thin capitalisation adjustment	21,150	-
Overall tax credit	**77,022**	**1,335,922**
Effective tax rate %	**(2.47)%**	**(1283.60)%**

10. Available for sale financial investments

	2016 £	2015 £
At 1 January	233,329	1,343,101
Exchange and other adjustments	1,460,054	(1,086,420)
Fair value adjustments	-	(110,544)
Revaluation surplus transferred to equity	16,037	(12,139)
Interest expense transferred recognised in the income statement	-	-
Impairment charge	(1,443,934)	99,331
At 31 December	**271,486**	**233,329**

The investments above represent investments in listed debt securities, as follows:-

	2016 £	2015 £
Debt securities	271,486	233,329
Total	**271,486**	**233,329**

An analysis of the fair values of these securities and the valuation methodology applied is included in Note 18.

Information relating to financial risks is included at Note 17.

11. Allowance for impairment

The movement in the allowance for impairment for each class of financial asset is as follows:

2016

	At 1 January £'000	Exchange and other adjustments £'000	Amounts written off £'000	Amounts charged against profit £'000	At 31 December £'000
Available for sale investments	3,811,921	1,443,934	-	-	5,255,855
Total	3,811,921	1,443,934	-	-	5,255,855

2015

	At 1 January £'000	Exchange and other adjustments £'000	Amounts written off £'000	Amounts charged against profit £'000	At 31 December £'000
Available for sale investments	3,911,252	(1,029,134)	-	929,803	3,811,921
Total	3,911,252	(1,029,134)	-	929,803	3,811,921

12. Current tax liabilities

Current tax liabilities were as follows:

	2016 £	2015 £
UK corporation tax payable	2,599,509	2,684,246
Total	**2,599,509**	**2,684,246**

13. Deferred tax liabilities

Deferred tax liabilities were as follows:

	2016 £	2015 £
Effect of changes in tax rates	(1,110)	-
Deferred tax charge to equity for the year	11,052	-
Total	**9,942**	**-**

	2016 £	2015 £
AFS transitional adjustments (asset)	(10,585)	-
AFS liability	20,527	-
Total	**9,942**	**-**

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.

14. Trade and other payables

An analysis of trade and other payables is as follows:

	2016 Current £	2015 Current £
Amounts due to Group undertakings	2,045,670	2,043,641
Total	**2,045,670**	**2,043,641**

The Directors consider the carrying amount of trade payables approximates their fair value.

15. Debt and borrowings

An analysis of the Company's borrowings is as follows:

	2016 Current £	2015 Current £
Amounts due to Group undertakings	3,208,057	6,048,719
Total	**3,208,057**	**6,048,719**

The Directors consider the carrying amount of the Company's debt and borrowings approximates their fair value. Amounts due to Group undertakings are repayable on demand.

16. Share capital

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

	Authorised number of ordinary shares	Issued ordinary shares £
As at 1 January and at 31 December 2016	**4,810,002**	**4,810,002**
As at 1 January and at 31 December 2015	**4,810,002**	**4,810,002**

The par value of the ordinary shares is £1.00 each. All issued shares are fully paid.

17. Financial risks

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

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

(a) Credit Risk

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

The Company assesses all counterparties, including its investee companies, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk.

Significant concentration of credit risk is detailed below:

Maximum exposure to credit risk

The maximum exposure to credit risk is represented by the fair values reported on the Balance Sheet as shown in the below table. This analysis includes only financial assets subject to credit risk and excludes other financial assets, mainly equity securities held in the trading portfolio or as available for sale assets, as well as non-financial assets.

	2016	2015
	£	£
Cash and cash equivalents	6,248,176	5,993,028
Total maximum exposure at 31 December	**6,248,176**	**5,993,028**

Financial assets subject to credit risk

For the purposes of the Company's disclosures regarding credit quality, financial assets subject to credit risk have been analysed as follows:

As at 31 December 2016	Cash and cash equivalents £	Total £
Neither past due nor impaired	6,248,176	6,248,176
Total carrying amount	**6,248,176**	**6,248,176**

As at 31 December 2015	Cash and cash equivalents £	Total £
Neither past due nor impaired	5,993,028	5,993,028
Total carrying amount	**5,993,028**	**5,993,028**

Financial assets subject to credit risk neither past due nor individually impaired

Financial assets subject to credit risk that are neither past due nor individually impaired can be analysed according to the credit ratings used by the Company when assessing customers and counterparties. The Company uses the following credit ratings system:

Strong: There is a very high likelihood of the asset being recovered in full.

Satisfactory: where there is a likelihood that the asset will be recovered and therefore, of no cause for concern to the Company, the asset may not be collateralised, or may relate to retail facilities, such as credit card balances and unsecured loans, which have been classified as satisfactory, regardless of the fact that the output of internal grading models may have indicated a higher classification. At the lower end of this grade there are customers that are being more carefully monitored, for example, corporate customers which are indicating some evidence of deterioration, mortgages with a high loan to value, and unsecured retail loans operating outside normal product guidelines.

17. Financial risks (continued)

Higher risk: there is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be doubts over the value of collateral or security provided. However the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

The credit quality of financial assets subject to credit that were neither past due nor impaired, based on above credit ratings, was as follows:

	Strong	*Satisfactory*	*Higher risk*	Total
31 December 2016	**£**	**£**	**£**	**£**
Cash and cash equivalents	6,248,176	-	-	6,248,176
Total	**6,248,176**	-	-	**6,248,176**

	Strong	Satisfactory	Higher risk	Total
31 December 2015	**£**	**£**	**£**	**£**
Cash and cash equivalents	5,993,028	-	-	5,993,028
Total	5,993,028	-	-	**5,993,028**

(b) Liquidity risk

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

Contractual maturity of financial liabilities on an undiscounted basis

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

	One year or less	Total
31 December 2016	**£**	**£**
Financial liabilities	3,208,057	3,208,057
Other liabilities	4,655,121	4655,121
Total liabilities	**7,863,178**	**7,863,178**

	One year or less	Total
31 December 2015	**£**	**£**
Financial liabilities	6,048,719	6,048,719
Other liabilities	4,727,887	4,727,887
Total liabilities	**10,776,606**	**10,776,606**

(c) Market Risk

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

Interest rate Risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and / or reduced income from the Company's interest bearing financial assets and liabilities. The Company's interest rate risk arises from short term borrowings. The Company is not exposed to significant interest rate risk.

17. Financial risks (continued)

Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2016, including the effect of hedging instruments.

Impact on net interest expense
The effect on interest of a 25 basis points change would be as follows:

	2016				2015			
	+25 basis point move		-25 basis point move		+25 basis points move		-25 basis points move	
	£	%	£	%	£	%	£	%
Total	-	-	-	-	(13,961)	(4)	13,961	4

Foreign currency risk

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities.

At 31 December 2016, the Company had net euro assets of £1,865,387 (2015: £1,601,521), net US Dollar assets of £6,369 (2015: £5,283) and net South African Rand liabilities of £3,971 (2015: £4,555,286).

Effect on income

	2016				2015			
	Impact on profit after tax if currency weakens 10% vs. GBP		Impact on profit after tax if currency strengthens 10% vs. GBP		Impact on profit after tax if currency weakens 10% vs. GBP		Impact on profit after tax if currency strengthens 10% vs. GBP	
	£	%	£	%	£	%	£	%
Euro	(135,665)	(4)	165,812	5	(114,290)	(8)	139,688	10
US dollar	(463)	-	566	-	(377)	-	461	-
South African Rand	(289)	-	353	-	325,082	23	(397,322)	(28)

Price risk

The Company faces investment risks when its investments encounter environmental, macroeconomic, business, financial, manpower, legal, political, regulatory, and other challenges. In addition, the Company may be subjected to other investment risks.

The Company invests primarily in privately held companies. Investments in privately held companies, especially at the earlier stages of growth and expansion, often carry a higher degree of risk than investments in listed companies. Privately held companies tend to have less financial, human and other resources and less access to those resources. The Company's investments in privately held companies, prior to their being listed, generally have limited liquidity.

The fair value of financial assets exposed to price risk was as follows:

	2016	2015
	£	£
Equity securities not traded in an active market designated as available for sale investments	271,486	109,152
Total financial assets classified as available for sale subject to other price risk	**271,486**	**109,152**

The investments held by the Company are measured at fair value as defined by IFRS 13, 'Fair value measurement'. Price risk is the risk that the fair value of the Company's investments, that are classified as available for sale, will fluctuate because of changes in market prices other than those arising from interest rate or currency risk but including unobservable inputs. The Directors have disclosed additional sensitivity analysis where those inputs have a significant impact on the valuation.

The investment owned by the Company is illiquid and the Directors recognise that the nature of this investment and associated assumptions is such that there is significant management judgement in a number of inputs into the valuation, which can result in a large range of possible valuations and therefore regard that there is a material uncertainty over the outcome of the fair value of the portfolio and the valuation of this investment.

17. Financial risks (continued)

As at 31 December the Company held an investment in a Company which is South Africa's largest non-food retailer and trades through a number of brands. Due to the weakening financial performance of the company during the year and its continuous loss of its market share to its competitors combined with the subdued retail market in South Africa caused by weak economic growth, the investment in this company was written down to £nil in 2015.

At 31 December the Company held an investment which was subject to partial disposal throughout 2013. The valuation of the investment at year end was based on the value of the last disposal which took place in October 2013. Given this, the price could reasonably expect to vary by +/-10% (2015: +10% / -10%), the effect of which is shown in the following tables:

Effect on income

	2016				2015			
	10% increase		10% decrease		10% increase		10% decrease	
	£	%	£	%	£	%	£	%
Total	27,149	1	(27,149)	(1)	34,387	2	(34,387)	(2)

Effect on equity

	2016				2015			
	10% increase		10% decrease		10% increase		10% decrease	
	£	%	£	%	£	%	£	%
Total	27,149	2	(27,149)	(2)	34,387	1	(34,387)	(1)

18. Fair values of financial assets and liabilities

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables show the fair value of financial assets and liabilities measured at amortised cost analysed by fair value hierarchy and balance sheet classification:

	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
31 December 2016	£	£	£	£
Available for sale investments	-	-	271,486	271,486

	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
31 December 2015	£	£	£	£
Available for sale investments	-	-	233,329	233,329

Valuation governance

The governance around the valuation of the investments is operated within the Barclays Group and not at an entity level. The valuations reported are reviewed by a Valuation Committee in line with the Barclays Group requirements. This committee meets on a monthly basis to review the fair value of all investments across a portfolio of companies and to challenge the assumptions made in the valuations were appropriate. Any material difference or valuation concerns are escalated to the senior management within the Barclays Group and the Board of the entity.

Valuation methodology

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is described below.

Valuations based on observable inputs

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is described below.

18. Fair values of financial assets and liabilities (continued)

Valuations based on observable inputs

Quoted market prices - Level 1
Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis;

Valuation technique using observable inputs - Level 2
Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include financial instruments such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable;

Valuation technique using significant unobservable inputs - Level 3
Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Valuations based on inputs that are not based on observable market data (unobservable data) include the use of valuation techniques which are in accordance with the International Private Equity and Venture Capital Valuation Guidelines.

Movements in Level 3 assets and liabilities

The following table summarises the movements in the Level 3 balance during the year. The table shows gains and losses and includes amounts for all assets and liabilities transferred to and from Level 3 during the year. Transfers have been reflected as if they had taken place at the beginning of the year.

	As at 1 January 2016	Disposals	Total gains or losses recognised in profit and loss	Total gains or losses recognised in OCI	As at 31 December 2016
	£	£	£	£	£
Available for sale investments	233,329	-	22,120	16,037	271,486

	As at 1 January 2015	Disposals	Total gains or losses recognised in profit and loss	Total gains or losses recognised in OCI	As at 31 December 2015
	£	£	£	£	£
Available for sale investments	1,343,101	-	(1,097,633)	(12,139)	233,329

The following table discloses the unrealised gains and losses recognised in the year on Level 3 assets and liabilities held at year end.

	2016				2015			
	Income statement		Other comprehensive income	Total	Income statement		Other comprehensive income	Total
	Trading income	Other income			Trading income	Other income		
As at 31st December	£	£	£	£	£	£	£	£
Available for sale assets	-	22,120	16,037	38,157	-	(1,097,633)	(12,139)	(1,109,772)

19. Related party transactions

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

19. Related party transactions (continued)

The definition of related parties includes parent company, ultimate parent company and the Company's key management which includes its Directors.

The parent and ultimate controlling party of the Company are disclosed in note 21.

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

For the year ended 31 December 2016	Parent Companies £	Group companies £	Total £
Transactions:			
Interest expense	(3,007)	(457,690)	(460,697)
Forgiveness of amounts payable to Group undertakings	-	(5,636,678)	(5,636,678)
Balances outstanding at 31 December			
Cash	6,248,176	-	6,248,176
Amounts due to Group undertakings	-	(3,208,057)	(3,208,057)
Trade and other payables	-	(2,045,670)	(2,045,670)
Share capital	(4,810,002)	-	(4,810,002)
Capital reserve	(62,996,311)	-	(62,996,311)

For the year ended 31 December 2015	Parent Companies £	Group companies £	Total £
Transactions:			
Interest expense and similar expense	(436)	(463,624)	(464,060)
Balances outstanding at 31 December			
Cash	5,993,028	-	5,993,028
Amounts due to Group undertakings	-	(6,048,719)	(6,048,719)
Trade and other payables	-	(2,043,640)	(2,043,640)
Share capital	(4,810,002)	-	(4,810,002)
Capital reserve	(62,996,311)	-	(62,996,311)

20. Capital management

The Company's objectives when managing capital are:

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

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

The Company regards as capital its equity as shown in the balance sheet.

Total capital is as follows:	2016 £	2015 £
Share capital	4,810,002	4,810,002
Available for sale reserves	129,611	116,781
Capital reserve	(69,279,440)	62,996,311
Accumulated losses	62,996,311	(72,434,343)
Total capital resources	(1,343,516)	(4,550,249)

21. Parent undertaking and ultimate controlling party

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