RUTHENIUM INVESTMENTS LIMITED

Report and Financial Statements
For the year ended 31 December 2014

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COMPANIES HOUSE

REGISTERED NUMBER IN ENGLAND AND WALES: 5609264

RUTHENIUM INVESTMENTS LIMITED
Registered Number in England & Wales 5609264

DIRECTORS' REPORT
For the year to 31 December 2014

The Directors present their report together with the audited financial statements for the year ended 31 December 2014.

Results and dividends

During the year ended 31 December 2013, the Company made a profit after tax for the year of £20,220 (2013: loss of £932,794). The Directors do not recommend the payment of a dividend for the year ended 31 December 2014 (2013: nil). The Company had net liabilities of £11,075,961 as at 31 December 2014 (2013: £11,096,181).

Going concern

After reviewing the Company's performance and taking into account the support from Barclays Bank Plc, the Directors are satisfied that the Company has adequate access to resources to enable them 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.

Directors
The Directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

RJ Craine	
J Huckle	(resigned 5 September 2014)
NJ Minns	(appointed 18 September 2014)
GJ Simpson	
JM Walthoe	
C Senior	(appointed 27 July 2015)

Since the year end, C Senior was appointed as a Director of the Company and G Simpson resigned as a Director of the Company both on 27 July 2015.

Directors' third-party indemnity provisions

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2014 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 they may incur (or have incurred) in connection with their duties, powers or office.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2014

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' report set out on pages 7 to 8 is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 to prepare accounts for each financial year. The Directors have prepared the accounts in accordance with International Financial Reporting Standards ('IFRS') to present fairly the financial position of the Company and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

The Directors consider that in preparing the financial statements on pages 9 to 28:

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates; and
- that all the accounting standards which they consider to be applicable have been followed; and
- that the financial statements have been prepared on a going concern basis.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 2006. They 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.

RUTHENIUM INVESTMENTS LIMITED
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DIRECTORS' REPORT (continued)
For the year ended 31 December 2014

Financial instruments

The Company operates within the Barclays financial risk management objectives and policies. These include a policy for hedging each major type of forecasted transaction for which hedge accounting is used. The exposures to price risk, credit risk and liquidity risk are set out in the Barclays Plc annual report

Independent auditors

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

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.

BY ORDER OF THE BOARD

Director
Name: Carl Senior
Date: 17.09.2015
For and on behalf of
Ruthenium Investments Limited

RUTHENIUM INVESTMENTS LIMITED
Registered Number in England & Wales 5609264

STRATEGIC REPORT
For the year ended 31 December 2014

Review and principal activities
The principal activity of the Company is to act as an investment company. 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
During the year the Company made a profit after tax for the year of £20,220 (2013: loss of £932,794). The Company has net liabilities of £11,075,961 (2013: £11,096,181).

The Directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The Directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business. Given the nature of the business, the Company's Directors are of the opinion that analysis using key performance indicators (KPIs) is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties
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 mitigates this risk by receiving income on swaps that matches the payment profile of the debt securities in issue, mitigating its interest rate risk exposure.

Credit risk
Credit risk is the risk that counterparties to the Company's financial assets may default. To mitigate this risk, the Company assesses all counterparties, including its customers, for credit risk before contracting with them. The Company's exposure to its counterparties is subject to financial limits.

Liquidity risk
Liquidity risk 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, Barclays PLC, and maintains banking facilities with Barclays Bank PLC to ensure the Company has sufficient funds available for its operations and debt commitments. The Company seeks to match the cash flow profile of its assets and liabilities to ensure that it has sufficient funds to make payments when they fall due.

Foreign exchange risk
If the Company is exposed to foreign exchange risk due to the extent of its foreign currency assets not matched by foreign currency borrowings in the same currency. The Company uses foreign exchange contacts and interest rate and currency derivatives to minimise its net foreign currency exposure.

RUTHENIUM INVESTMENTS LIMITED
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STRATEGIC REPORT (continued)
For the year ended 31 December 2014

Key performance indicators (KPIs)
The directors of Barclays PLC manage the group's operations on a business unit 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 Company, is discussed on in the Barclays PLC annual report which does not form part of this report.

BY ORDER OF THE BOARD

Director
Name: Carl Senior
For and on behalf of Ruthenium Investments Limited
Date: 17.09.2015

RUTHENIUM INVESTMENTS LIMITED
Registered Number in England & Wales 5609264

Independent auditors' report to the members of Ruthenium Investments Limited

Report on the financial statements

Our opinion

In our opinion, Ruthenium 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 2014 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 comprise:

- the Balance Sheet as at 31 December 2014;
- the Income Statement for the year then ended;
- the Cashflow 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 applicable law and IFRSs as adopted by the European Union.

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 other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on 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.

Independent auditors' report to the members of Ruthenium Investments Limited (continued)

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 3, 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.

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 Report and Financial Statements 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.

Drew Haigh

Drew Haigh (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

18 September 2015

RUTHENIUM INVESTMENTS LIMITED
Registered Number in England & Wales 5609264

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014	2013
Continuing operations:		£	£
Interest receivable and similar income	4	621,093	600,054
Interest income		621,093	600,054
Fair value losses from assets and liabilities reported at fair value through profit and loss	5	8,795	(16,103)
Foreign exchange (loss)/gain	6	(28,918)	14,027
Profit before taxation	7	600,970	597,978
Taxation	8	(580,750)	(1,530,772)
Profit/(Loss) for the year and total comprehensive income		20,220	(932,794)

The profit/(loss) for the year is derived from continuing activities. All recognised income and expenses have been reported in the income statement, hence no statement of comprehensive income has been included in the financial statements. The accompanying notes form an integral part of these financial statements.

RUTHENIUM INVESTMENTS LIMITED

Registered Number in England & Wales 5609264

BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
ASSETS			
Non-current assets			
Financial Assets designated at fair value	11	647,531,088	629,060,069
Derivative financial instruments	13	170,214,342	245,624,029
Deferred taxation	14	16,629,056	10,608,549
Total non-current assets		834,374,486	885,292,647
Current assets			
Cash and Cash Equivalents		17,612,450	1,801,612
Financial Assets designated at fair value	11	-	108,438,682
Loans and advances with group undertaking	12	120,414,644	119,982,761
Derivative financial instruments	13	-	99,989,701
Current Taxation	14	12,275,881	34,620,722
Total current assets		150,302,975	364,833,478
TOTAL ASSETS		984,677,461	1,250,126,125
LIABILITIES			
Current liabilities			
Borrowings	15	-	208,544,891
Total current liabilities		-	208,544,891
Net current assets		150,712,511	156,288,587
Non-current liabilities			
Borrowings	15	995,753,423	1,052,677,415
Total non-current liabilities		995,753,423	1,052,677,415
TOTAL LIABILITIES		995,753,423	1,261,222,306
NET LIABILITIES		(11,075,961)	(11,096,181)
EQUITY			
Share capital	16	20,000	20,000
Capital contribution from group company		53,704	53,704
Accumulated losses		(11,149,665)	(11,169,885)
TOTAL EQUITY		(11,075,961)	(11,096,181)

The accompanying notes from an integral part of the financial statements.The financial statements were approved by the Board of Directors and authorised for issue on 17.09.2015 and were signed on its behalf by Carl Senior

Name of Director:

Date: 17.09.2015

RUTHENIUM INVESTMENTS LIMITED
Registered Number in England & Wales 5609264

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2014

	Share capital £	Capital contribution from group company £	Accumulated losses £	Total equity £
Balance at 1 January 2014	20,000	53,704	(11,169,885)	(11,096,181)
Gain for the year and total comprehensive income	-	-	20,220	20,220
Balance at 31 December 2014	20,000	53,704	(11,149,665)	(11,075,961)

	Share capital £	Capital contribution from group company £	Accumulated losses £	Total equity £
Balance at 1 January 2013	20,000	53,704	(10,237,091)	(10,163,387)
Loss for the year and total comprehensive income	-	-	(932,794)	(932,794)
Balance at 31 December 2013	20,000	53,704	(11,169,885)	(11,096,181)

RUTHENIUM INVESTMENTS LIMITED
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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £	2013 £
NET CASH USED IN OPERATING ACTIVITIES	17	(524,921)	(41,646,918)
Interest received		621,093	600,054
Taxation received		15,743,584	41,334,583
NET CASH GENERATED FROM OPERATING ACTIVITIES		15,839,756	287,719
Exchange (loss)/gain on cash and cash equivalents		(28,918)	14,027
NET INCREASE IN CASH AND CASH EQUIVALENTS		15,810,838	301,746
Cash and cash equivalents at 1 January		1,801,612	1,499,866
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		17,612,450	1,801,612
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash		17,612,450	1,801,612
		17,612,450	1,801,612

NOTES TO THE FINANCIAL STATEMENTS

1. REPORTING ENTITY

The financial statements are prepared for Ruthenium Investments Limited ("the Company"), the principal activity of the Company is to act as an investment Company. The Company is a wholly owned subsidiary of Barclays Group Holding Limited and its ultimate parent Company is Barclays PLC. Barclays PLC prepares consolidated financial statements in accordance with IFRS as adopted by the European Union.

Ruthenium Investments Limited is a limited company incorporated and domiciled in England and Wales. The Company's registered office 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 issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB"). They are also in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

3. 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.

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 stated in pound sterling, which is the Company's functional and presentation currency.

Critical accounting estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Revenue recognition
Revenue is recognised in the income statement when it is probable that the economic benefits associated with the transaction will be received by the Company. Revenue is reported at the fair value of the consideration received or receivable.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest (continued)

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

Fair value gains and (losses) from assets and liabilities reported at fair value through profit and loss
Fair value gains and (losses) represent changes in the fair value of financial instruments. The balance includes fair value movements from assets and liabilities reported at fair value through the income statement, as well as instruments held for trading purposes, and derivatives except for those in qualifying cash flow hedge or hedge of net investments relationships. Gains and losses from the movements in fair value caused by the movements in the market variables are included in the income statement.

Foreign exchange
Foreign currency transactions are translated into functional currency using the spot exchange rates prevailing at the dates of the transactions or are they translated at average rates of exchange during the year.

Monetary items denominated in foreign currencies are translated into sterling at the spot rate prevailing on the balance sheet date. All exchange gains and losses are recognised in the income statement except for items that are designated as hedging instruments in qualifying cash flow hedges or hedges of net investments, translation differences for which are recognised in other comprehensive income.

Non-monetary items recognised at historical cost are not re-translated at subsequent dates. Non-monetary items that are measured at fair value are re-translated using the exchange rate at the date when the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items whose fair value gains or loss are recognised in other comprehensive income are included directly in other comprehensive income.

Taxation
Taxation payable on taxable profits 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 probable that is it recoverable by offset against current or future taxable profits.

Deferred 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 tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt securities

Debt securities held by the Company are designated as at fair value through profit and loss under the fair value option because of embedded derivatives within these instruments. They are initially recognised at fair value and transaction costs are taken directly to the income statement. They are subsequently held at fair value and gains and losses arising from changes in fair value, together with interest arising from the position, are included directly in the income statement.

Derivative financial instruments

The Company is party to financial instruments that reduce exposure to fluctuations in foreign exchange and interest rates. These instruments comprise cross currency swap contracts and interest rate swap agreements.

Derivatives are measured at fair value on initial recognition and subsequently the resulting gains and losses are reported directly in the income statement. The fair value of derivatives is generally determined by reference to open market prices or by calculating the expected cash flows under the terms of each specific contract, discounted back to their present value using an appropriate market based pricing model.

Loans and advances

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and advances are recorded on balance sheet according to the substance of the contractual arrangement entered into. Loans and advances are initially recorded at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, less any amounts that have been provided for to reflect impairment in the value of the investment, where there is objective evidence of impairment. Income is recognised in the income statement, using the effective interest rate which discounts estimated future cash flows through the life of the financial asset to that assets net carrying value.

Borrowings designated at fair value through profit and loss

Borrowings that are designated as at fair value through profit and loss under the fair value option are initially recognised at fair value and transaction costs are taken directly to the income statement. They are subsequently held at fair value and gains and losses arising from changes in fair value, together with interest arising from the position, are included directly in the income statement. The borrowings are designated at fair value through profit and loss to eliminate an accounting mismatch generated by other instruments designated at fair value through profit and loss.

Borrowings

Borrowings 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 initially recognised at fair value and amortised to the redemption value using the effective rate of interest over the life of the instrument.

Borrowing costs, including interest, dividends, gains and losses are recognised in the income statement as income or expense in the period in which they are incurred.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Determining fair value
Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The following fair value classifications are used when determining the fair value of assets and liabilities in the financial risks note:

Level 1
Financial instruments for which their valuations are determined 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 on an arm's length basis;

Level 2
Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as:
- using recent arm's length market transactions or with reference to the current fair value of similar instruments;
- linear financial instruments such as swaps and forwards which are valued using market standard pricing techniques;
- options that are commonly traded in markets whereby all the inputs to the market-standard pricing models are deemed observable.

Impairment of financial assets
The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including trade receivables, is impaired. The factors that the Company takes into account include significant financial difficulties 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 a 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.

Impairment allowances are calculated, based on the difference between the carrying amount of the asset and its estimated recoverable amount, calculated by reference to the expected cash flows from it discounted at the original effective interest rate for the asset.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Interest receivable from parent undertaking	621,093	600,054
	621,093	600,054

5. FAIR VALUE GAINS \ (LOSSES)

	2014	2013
	£	£
Fair value gains\(losses) from assets and liabilities reported at fair value through profit and loss with fellow group undertakings	8,795	(16,103)
	8,795	(16,103)

6. OTHER CHARGES

	2014	2013
	£	£
Foreign exchange gain / (loss)	(28,918)	14,027
	(28,918)	14,027

7. PROFIT BEFORE TAXATION

The audit fee is borne by another group entity. The fee that would have been charged to the Company amounts to £8,150 (2013: £8,150) for the year. This fee is not recognised as an expense in the financial statements.

8. TAXATION

	2014	2013
	£	£
Current tax (charge)/credit	(6,601,257)	18,418,259
Deferred tax credit/(charge)	6,020,507	(19,949,031)
Tax credit/(charge) on ordinary activities	(580,750)	(1,530,772)

The UK corporation tax credit is based on a blended UK corporation tax rate of 21.5% (2013: 23.25%), arising from the change in the UK corporation tax rate to 21% from 23%, effective from 1 April 2014.

Deferred taxation is calculated on all temporary differences using a principal tax rate of 20% (2013: 20%).

The deferred tax asset is attributable to temporary differences arising from the different accounting and tax treatments of certain debt securities and derivative contracts.

8. TAXATION (continued)

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

	2014	2013
Current tax:	£	£
Profit\(Loss) before taxation	600,970	597,978
Profit on ordinary activities multiplied by a blended rate of corporation tax in the UK of 21.5% (2013: 23.25%)	(129,209)	(139,030)
Effects of:		
Change in tax rate	(451,541)	(1,391,742)
	(580,750)	(1,530,772)

9. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2013: £nil).

10. STAFF COSTS

There were no employees employed by the Company during 2014 or 2013.

11. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE

	2014 Non-current £	2014 Current £	2013 Non-current £	2013 Current £
Loan notes issued by fellow group undertaking	647,531,088	-	629,060,069	108,438,682

The Company holds the rights and obligations to a portfolio of loan notes issued by Naxos Investments Limited. The debt securities are recongnised at fair value. The coupon payable on the debt securities is paid in Euro with reference to non-Euro underlying Libor rates. All of the debt securities contain an embedded foreign exchange option. The foreign exchange option results in the Company paying a reduced amount of capital back to the bond holder on maturity, if the underlying reference currency of the bond depreciates in comparison to the initial exchange rate. The fair value of this embedded option is included on balance sheet in the fair value of the debt securities under the fair value option.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. LOANS AND ADVANCES

	2014	2013
	£	£
Loans and Advances to group undertaking	120,414,644	119,982,761

13. DERIVATIVE FINANCIAL INSTRUMENTS

	Non-Current		Current	
	Nominal	Fair value	Nominal	Fair value
	EUR	£	EUR	£
Assets				
Interest rate and currency derivatives				
31 December 2014	1,110,000,000	170,214,343	-	-
31 December 2013	250,000,000	245,624,029	1,050,000,000	99,989,701

The Company holds a number of interest rate derivatives with a group undertaking, Naxos Investments Limited. The interest rate derivatives result in the Company paying interest to match the income it receives on the debt securities it holds. The Company receives from Naxos Investments Limited a Euribor interest return.

The currency derivatives also result in the Company paying an amount to Naxos Investments Limited if the underlying reference currency of the derivative depreciates in comparison to the initial exchange rate on the date that the derivative was entered into.

A maturity analysis of the derivative financial instruments liability positions are detailed in Note 19 - financial risks. The derivatives are not designated as hedges.

14. CURRENT AND DEFERRED TAXATION

	2014	2013
	£	£
Group relief receivable	12,275,881	34,620,722

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 20% (2013: 20%). The movement on the deferred taxation account is as follows:

	2014	2013
	£	£
Opening deferred taxation asset	10,608,549	30,557,580
Deferred tax credit/(charge) for the current year	6,472,048	(18,557,289)
Change in tax rate	(451,541)	(1,391,742)
Closing deferred taxation asset	16,629,056	10,608,549

The deferred tax asset is attributable to temporary differences arising from the purchase of certain debt securities and derivative contracts.

Deferred tax assets and liabilities are offset if, and only if there is a legally enforceable right to set off and the balances relate to income tax payable to the same taxation authority on either the same taxable entity or different taxable entities within the same tax group where there is the intention and ability to settle on a net basis or realize the assets and liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. BORROWINGS

	2014 Non-current £	2014 Current £	2013 Non-current £	2013 Current £
Borrowings from group undertaking reported at fair value	818,460,028	-	875,384,020	208,417,974
Borrowings from parent undertaking reported at amortised cost	177,293,395	-	177,293,395	-
Bank overdraft with parent	-	-	-	126,917
	995,753,423	-	1,052,677,415	208,544,891

The fair value of borrowings held at amortised cost approximate the carrying value as they are redeemable on short notice. The borrowings were from an intercompany counterparty.

The terms of the borrowings are as follow. The Notional balance of EUR50m with Ruthenium Investment Ltd maturing 28th June 2018, Notional balance of EUR500m with Ruthenium Investment Ltd maturing 29th December 2020 and notional balance of EUR500m with Ruthenium Investment Ltd maturing 20th December 2023. The notional balance of EUR60m with BBPLC maturing 20th December 2020.

Some of the borrowings are held at fair value through profit and loss. A maturity analysis in respect of the Company's borrowings is detailed in Note 19 – financial risks.

16. SHARE CAPITAL

	Number of shares	Total
As at 1 January 2014	20,000	20,000
As at 31 December 2014	20,000	20,000

	2014 £	2013 £
Authorised: 200,000 (2013: 200,000) Ordinary shares of £1.00 each	200,000	200,000
Allotted and fully paid: 20,000 (2013: 20,000) Ordinary shares of £1.00	20,000	20,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH USED IN OPERATING ACTIVITIES

	2014	2013
	£	£
Profit before taxation	600,970	597,978
Interest receivable	(621,093)	(600,054)
Decrease in debt securities	89,967,663	779,527,247
Decrease in derivative financial instruments	175,399,388	248,609,531
Increases in loans and advances	(558,800)	(41,443,920)
Decrease in borrowings	(265,341,967)	(1,028,323,673)
Unrealised foreign exchange loss/(gain)	28,918	(14,027)
NET CASH USED IN OPERATING ACTIVITIES	(524,921)	(41,646,918)

18. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both. The definition of related parties includes parent company, ultimate parent company, subsidiary, as well as the Company's key management which includes its Directors.

Barclays Group Holdings Limtied is the parent undertaking and controlling party. The Company's cash balances disclosed on the balance sheet are with Barclays Group Holding Limtied. During the year there have been no other transactions with related parties other than transactions disclosed in Notes 4, 5, 9, 11, 13 and 15.

19. FINANCIAL RISKS

The Company's activities expose it to a variety of financial risks. These are liquidity risk, credit risk and market risk (which includes foreign currency risk and interest rate risk).

The Company's Directors are required to follow the requirements of the Barclays Group risk management policies. These policies include specific guidelines on the management of foreign exchange, interest rate, credit, and liquidity risks and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to and its management policy with respect to those risks are set out below:

19. FINANCIAL RISKS (continued)

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 Company seeks to match the cash flow profile of its assets and liabilities to ensure that it has sufficient funds to make payments when they fall due. The Company achieves this by hedging the receipts it generates on its debt securities through a combination of interest rate swaps and currency options, to match the payments it makes on the borrowings it has taken out.

The table below shows the undiscounted contractual maturity of financial liabilities the company is exposed to. The financial liability position reported below combines the derivative and borrowings balances to report the net exposure of the Company.

	2014		
	Borrowings designated at fair value	Borrowings	Total
	£	£	£
Financial liabilities repayable:			
- not more than one year	514,286	-	514,286
- over one year but not more than five years	52,874,371	-	52,874,371
- over five years	801,672,899	177,293,395	978,966,294
	855,061,556	177,293,395	1,032,354,951

	2013		
	Borrowings designated at fair value	Borrowings	Total
	£	£	£
Financial liabilities repayable:			
- not more than one year	211,211,312	-	211,211,312
- over one year but not more than five years	94,782,594	-	94,782,594
- over five years	924,489,906	177,293,395	1,101,783,301
	1,230,483,812	177,293,395	1,407,777,207

19. FINANCIAL RISKS (continued)

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 on a portfolio basis to ensure the credit risk is maintained within Barclays Group risk management policy guidelines. The Company monitors its exposures and seeks to minimize its credit exposures by monitoring the credit rating of its counterparties in accordance with Barclays Group risk management policies. The Company's assets are neither past due or impaired. The company's assets are of investment grade.

The Company holds a number of loan notes with parent and fellow group undertakings with an outstanding notional of EUR 1,110,000,000 (31 December 2013: EUR 1,300,000,000). The Company has also entered into a number of interest rate and currency derivatives with the parent and fellow group undertaking.

These positions represent the majority of the Company's credit risk. The Company has no credit derivatives. There is no collateral or other credit risk mitigants. The Company's maximum exposure to credit risk is detailed in the table below. The exposure reported in the table represents the gross receivable amounts and not the fair value. The exposure is reported gross and does not include any collateral or other credit risk mitigants which reduce the Company's exposure.

2014	Financial Assets designated at fair value	Derivative financial instruments	Loans and advances	Cash and Cash equivalents	Total
	£	£	£	£	£
Carrying value	647,531,088	170,214,343	120,414,644	17,612,450	954,719,571

2013	Financial Assets designated at fair value	Derivative financial instruments	Loans and advances	Cash and Cash equivalents	Total
	£	£	£	£	£
Carrying value	737,498,751	345,613,730	119,982,761	1,801,612	1,204,896,854

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISKS (continued)

Credit Risk (continued)

Exposure by industry type
The table below describes the Company's credit exposure by industry type:

2014	Financial Assets designated at fair value	Derivative financial instruments	Loans and advances	Cash and Cash equivalents	Total
	£	£	£	£	£
Financial institution	-	-	120,414,644	17,612,450	138,027,094
Other financial intermediaries	647,531,088	170,214,343	-	-	817,745,431
	647,531,088	170,214,343	120,414,644	17,612,450	955,772,525

2013	Financial Assets designated at fair value	Derivative financial instruments	Loans and advances	Cash and Cash equivalents	Total
	£	£	£	£	£
Financial institution	-	-	119,982,761	1,801,612	121,784,373
Other financial intermediaries	737,498,751	345,613,730	-	-	1,083,112,481
	737,498,751	345,613,730	119,982,761	1,801,612	1,204,896,854

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.

As at 31 December 2014, the Company's net exposure to interest rate risk consists of its short-term floating rate deposits it has with Barclays Bank PLC. Over a 12 month period, a 100 basis point reduction (or increase) would reduce (or increase) interest income in the Company by £1,204,146 (2013: £1,199,828). No interest rate sensitivity has been performed on the Company's interest bearing assets and liabilities that are carried at fair value through profit and loss as a combination of interest rate and currency derivatives are used to hedge the interest rate risk leaving no exposure.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. FINANCIAL RISKS (continued)

Foreign currency risk

The Company is exposed to foreign currency risk when its assets are not always matched by foreign currency borrowings in the same currency, creating a foreign exchange mismatch. The Company uses foreign exchange contracts and interest rate and currency derivatives to minimise its net foreign currency exposure.

As at the balance sheet date, the company's un-hedged foreign currency exposure mostly related to a Euro denominated bank account which is considered insignificant, as well as to a Euro denominated inter-company deposit.

At 31 December 2013, the Company had Euro assets of €418,807 (2013: €250,546,644), and Euro liabilities of €nil (2013: €250,001,528) that fall due within 12 months of the balance sheet date. The net exposure amounts to €418,807 (2013: €545,116).

The following sensitivity table demonstrates the effects of a 10% rise or fall in foreign exchange rates for the major foreign currency exposures of the Company.

Effect on income

	At 31 December 2014				At 31 December 2013			
	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	
	£	%	£	%	£	%	£	%
EUR	(29,673)	(0.5%)	29,673	0.5%	(41,313)	(0.7%)	41,313	0.7%

19. FINANCIAL RISKS (continued)

Fair values of financial instruments

The fair value of financial instruments is disclosed in the respective notes to the financial statements. Borrowings at amortised cost are classified as level 2.

Valuation methodology

The table below shows the Company's financial assets and liabilities that are recognised and measured at fair value analysed by valuation technique. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is detailed below:

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 assets and liabilities 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.

20. CAPITAL MANAGEMENT

The Company is required to follow the risk management policies of Barclays Bank PLC, its parent company, which include guidelines covering capital management. The capital management objectives and policies for Barclays Bank PLC can be found in its financial statements.

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.

The board of directors is responsible for capital management and ensure that the Company operates within the Barclays Group risk framework.

The Company regards as capital its share capital (£20,000) (2013: 20,000) and capital contribution from a group company (£53,704) (2013: (53,704)).

21. ULTIMATE HOLDING COMPANY

Barclays Group Holding Limited is the parent undertaking and controlling party. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding Company and the parent Company of the largest group that presents group financial statements is Barclays PLC. Both companies are incorporated in Great Britain and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available for public use from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.