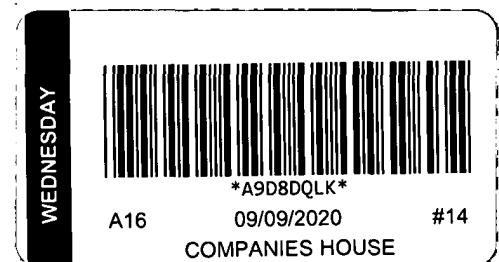


Registered number in the United Kingdom: 05614527

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

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BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report and the financial statements of Barclays Capital Japan Securities Holdings Limited (the 'Company') for the year ended 31 December 2019.

Results and dividends

During the year the Company received a dividend of ¥4,879,248,696 (2018: ¥8,500,132,368), paid dividends of ¥4,879,248,696 (2018: ¥8,500,132,368) to the parent company and made a profit after tax of ¥4,879,248,696 (2018: ¥8,500,132,368).

Post year end events

The Board of Directors of Barclays Securities Japan Limited, a wholly owned subsidiary of the Company, declared an interim dividend in specie of ¥10,457,075,034 on 23 June 2020 to the Company, to be paid on 25 June 2020.

The Company declared an interim dividend in specie of ¥10,457,075,034 on 23 June 2020 (subject to the declaration of dividend by Barclays Securities Japan Limited) to be paid on 25 June 2020.

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak, the financial effect of which cannot be reliably estimated. However, considering the size and position of the Company, the Directors assessed the impact to be immaterial.

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, are as shown below:

B S Bagary (resigned 17 August 2020)
D Spiteri
J R Pierce (appointed 01 July 2019)
M Beniwal (resigned 15 November 2019)
H Sanghrajka (resigned 06 August 2019)

Since the year end, B S Bagary resigned as a Director on 17 August 2020.

Going concern

During the previous year, the proposal for transferring the shares of the wholly owned subsidiary Barclays Securities Japan Limited to Barclays Bank PLC was initiated and is currently in progress. As a result of this transfer in ownership, the Company will no longer be required and will be liquidated. As such, the Directors have made the decision to prepare the financial statements on a non-going concern basis, however the accounts have been prepared under the measurement and disclosure requirements of IFRS. There is no difference in the expected recoverable amount of the assets from the carrying value as reported in the Company's balance sheet and hence no impact due to the non-going concern basis preparation of the financial statements

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Directors' responsibilities statement

The Directors are responsible for preparing the Directors' report and the financial statements, in accordance with applicable law.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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;
- make judgments and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so (as explained in Note 3 the Directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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

Financial risk management

The Company's activities are exposed to a variety of financial risks. The Company is required to follow the requirements of the Group risk management policies, which include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advice on the use of financial instruments to manage them. The main financial risks that the Company is exposed to are outlined in Note 12.

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 2019 for the benefit of the 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.

Independent Auditors

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

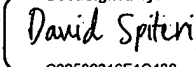
BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

This report was approved by the board on 21 August 2020 and signed on its behalf.

DocuSigned by:

C39539316E1C438...
D Spiteri
Director

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

Business review and principal activities

Barclays Capital Japan Securities Holdings Limited is an investment holding company for Barclays Securities Japan Limited. During 2019 a decision was made to liquidate the Company. As the Directors intend to liquidate the Company, they have not prepared the financial statements on a going concern basis. The effect of this is explained in Note 3.

Business performance

The results of the Company show a profit after tax of ¥4,879,248,696 (2018: ¥8,500,132,368). The Company has total assets of ¥52,695,883,244 (2018: ¥52,695,883,244).

Future outlook

The Company is not expected to continue to act as an investment holding company, hence there is no foreseeable future for this entity. The Directors plan to liquidate the Company after the transfer of shares to the parent company.

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 Barclays PLC 2019 Annual report which does not form part of this report.

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 Group, are discussed in the Barclays PLC 2019 Annual report which does not form part of this report.

Section 172(1) statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of Barclays Capital Japan Securities Holdings Limited (the 'Company') for the benefit of its sole member, and in doing so had regard, amongst other matters, to:

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

The Directors also took into account the views and interests of a wider set of stakeholders, including our regulator, the Government, and non-government organisations.

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

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

Section 172(1) statement (continued)

How does the board engage with stakeholders?

The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

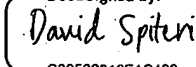
In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of group-wide significance or have the potential to impact the reputation of the Barclays Group.

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

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

The purpose of the Company is to act as an investment holding company. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in section 172 of the Companies Act 2006.

This report was approved by the board on 21 August 2020 and signed on its behalf.

DocuSigned by:

C39539316E1C438...
D Spiteri
Director

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

Opinion

We have audited the financial statements of Barclays Capital Japan Securities Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash flows, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies in note 4. These financial statements have not been prepared on the going concern basis for the reason set out in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Strategic report and directors' report

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

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

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

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

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



Zaffarali Khakoo (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL

24 August 2020

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 ¥000	2018 ¥000
Dividend received from subsidiary	5	4,879,249	8,500,132
Profit before tax		4,879,249	8,500,132
Tax expense		-	-
Profit for the year		4,879,249	8,500,132
Total comprehensive income		4,879,249	8,500,132

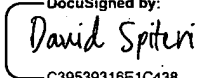
The accompanying notes from pages 13 to 20 form an integral part of the financial statements.

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED
REGISTERED NUMBER: 05614527

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 ¥000	2018 ¥000
Assets			
Investment in subsidiary	7	52,695,883	52,695,883
Total assets		<u>52,695,883</u>	<u>52,695,883</u>
Equity			
Share capital	9	47,890,100	47,890,100
Share premium		4,805,783	4,805,783
TOTAL EQUITY		<u>52,695,883</u>	<u>52,695,883</u>

The financial statements on pages 9 to 20 were approved and authorised for issue by the board of Directors on 21 August 2020 and were signed on its behalf by:

DocuSigned by:

 C39539316E1C438...
D Spiteri
 Director

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Share capital ¥000	Share premium ¥000	Retained earnings ¥000	Total equity ¥000
At 1 January 2019	47,890,100	4,805,783	-	52,695,883
Comprehensive income for the year				
Profit for the year	-	-	4,879,249	4,879,249
	-	-	4,879,249	4,879,249
Total comprehensive income for the year				
Contributions by and distributions to owners				
Dividends	-	-	(4,879,249)	(4,879,249)
	-	-	(4,879,249)	(4,879,249)
Total contributions by and distributions to owners				
	-	-	(4,879,249)	(4,879,249)
At 31 December 2019	47,890,100	4,805,783	-	52,695,883

	Share capital ¥000	Share premium ¥000	Retained earnings ¥000	Total equity ¥000
At 1 January 2018	47,890,100	4,805,783	-	52,695,883
Comprehensive income for the year				
Profit for the year	-	-	8,500,132	8,500,132
	-	-	8,500,132	8,500,132
Total comprehensive income for the year				
Contributions by and distributions to owners				
Dividends	-	-	(8,500,132)	(8,500,132)
	-	-	(8,500,132)	(8,500,132)
Total contributions by and distributions to owners				
	-	-	(8,500,132)	(8,500,132)
At 31 December 2018	47,890,100	4,805,783	-	52,695,883

The accompanying notes from pages 13 to 20 form an integral part of the financial statements.

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 ¥000	2018 ¥000
Cash flows from operating activities		
Profit for the year	4,879,249	8,500,132
Adjustments for		
Dividend income	(4,879,249)	(8,500,132)
Income taxes paid	-	-
Net cash from operating activities	-	-
Cash flows from investing activities		
Dividends received from subsidiary	4,879,249	8,500,132
Net cash from investing activities	4,879,249	8,500,132
Cash flows from financing activities		
Dividends paid to the holders of the parent	(4,879,249)	(8,500,132)
Net cash used in financing activities	(4,879,249)	(8,500,132)
Cash and cash equivalents at the end of the year	-	-

All transactions with fellow group companies are settled through movements in amounts outstanding with those group companies.

The accompanying notes from pages 13 to 20 form an integral part of the financial statements.

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. Reporting entity

These financial statements are prepared for Barclays Capital Japan Securities Holdings Limited (the 'Company') the principal activity of which is to act as an investment holding company for Barclays Securities Japan Limited. The financial statements are prepared for the Company only in line with the UK Companies Act 2006. The Company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and the ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRSIC), as published by the International Accounting Standards Board ('IASB') and accordingly consolidated financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10.

The Company is a private limited company, domiciled and incorporated in 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

During the previous year, the proposal for transferring the shares of the wholly owned subsidiary Barclays Securities Japan Limited to Barclays Bank PLC was initiated and is currently in progress. As a result of this transfer in ownership, the Company will no longer be required and will be liquidated. As such, the Directors have made the decision to prepare the financial statements on the basis of accounting policies applicable to non going concern.

Given the circumstances of the liquidation, the Directors have elected to prepare the accounts in compliance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB), and under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS 9, as set out in the relevant accounting policies. The Directors consider that IFRS are still appropriate to the circumstances of the Company, and that there is no difference between the carrying value of the Company's residual assets and the recoverable amounts of those assets.

Financial statements are presented in thousands of Japanese Yen (¥'000), the functional currency of the Company.

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies

4.1 New standards, interpretations and amendments not yet effective

The accounting policies adopted are consistent with those of the previous financial year. There were no new or amended standards or interpretations that have had a material impact on the Company's accounting policies.

Future accounting developments

The Company does not expect any significant changes to its financial reporting after 2020 as a result of amended or new accounting standards that have been or will be issued by the IASB.

4.2 Dividend received from subsidiary

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

4.3 Share capital and dividends

Share issuance costs

Incremental costs directly attributable to the issuance 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 are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholders.

4.4 Taxation

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

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.

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

4.5 Financial assets

The Company applies IFRS 9 Financial Instruments to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets.

Recognition

The Company recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:

- i) the business model within which financial assets are managed; and
- ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Company assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

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

Financial assets will be measured at amortised cost -

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

Financial assets will be measured at fair value through other comprehensive income

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

Financial instruments at fair value through profit or loss

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

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. Accounting policies (continued)

4.6 Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment, if any. Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Impairment of investments in subsidiaries

At each balance sheet date, or more frequently when events or changes in circumstances dictate, investments in subsidiaries are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount, the higher of the asset or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market based discount rate on a pre-tax basis.

4.7 Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note.

5. Dividends

The Company received a dividend of ¥4,879,248,696 (2018: ¥8,500,132,368) from its subsidiary Barclays Securities Japan Limited during the year.

6. Audit fees, Employees and key management, including Directors

Certain operating expenses of the Company, including audit fees amounting to ¥752,358 (2018: ¥702,653), have been borne by Barclays PLC. There were no employees employed by the Company during the year ended 31 December 2019 (2018: Nil).

The Directors did not receive any emoluments in respect of their services to the Company during the year ended 31 December 2019 (2018: Nil). During the year two Directors had exercised options (2018: Nil) under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****7. Investment in subsidiaries**

The investment in Barclays Securities Japan Limited is stated in the balance sheet at a cost of ¥52,695,883,244 (2018: ¥52,695,883,244).

Details of Company's investment in subsidiary is given below:

Name of subsidiary	Registered office address	Class of shares/units	Name of immediate parent	Total proportion of nominal value held by immediate parent (%)
Barclays Securities Japan Limited	10-1 Roppongi 6-chome Minato-ku Tokyo Japan	Ordinary/1542114	Barclays Capital Japan Securities Holdings Limited	100

8. Tax expense

	2019 ¥000	2018 ¥000
Current year tax (charge)/credit	-	-
Overall tax (charge)/ credit in the Income Statement	-	-

From 1 April 2017, the main rate of UK corporation tax is 19%. Legislation has been introduced to reduce the main rate of UK corporation tax to 17% from 1 April 2020. In the March 2020 budget announcement, the Chancellor confirmed that the rate of corporation tax will remain at 19% from 1 April 2020. This measure has been made under a Budget resolution which has statutory effect under the provisions of the Provisional Collection of Taxes Act 1968. Since this change (cancelling the enacted reduction to 17%) was not enacted or substantively enacted on the balance sheet date, this has not been used to calculate current or deferred tax for tax disclosures for year ended 31 December 2019.

	2019 ¥000	2018 ¥000
Profit/(Loss) before tax	4,879,249	8,500,132
Tax charge at average UK corporation tax rate of 19% (2018: 19%)	(927,057)	(1,615,025)
Non - taxable income	927,057	1,615,025
Overall tax (charge)/ credit	-	-
Effective tax rate	0%	0%

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****9. Share capital**

Authorised

	2019 Number	2019 ¥000	2018 Number	2018 ¥000
Shares treated as equity				
Ordinary shares of ¥50,000.00 each	957,802	47,890,100	957,802	47,890,100
	<u>957,802</u>	<u>47,890,100</u>	<u>957,802</u>	<u>47,890,100</u>

Issued and fully paid

	2019 Number	2019 ¥000	2018 Number	2018 ¥000
Ordinary shares of ¥50,000.00 each				
At 1 Jan and 31 Dec	<u>957,802</u>	<u>47,890,100</u>	<u>957,802</u>	<u>47,890,100</u>

The par value of ordinary shares is ¥50,000 each. Two shares were issued at a premium of ¥4,805,783 thousand (2018: ¥4,805,783 thousand)

10. Dividends on ordinary shares

The Directors approved an interim dividend in specie of ¥4,879,248,696 (2018: ¥8,500,132,368), which was paid on 27 Mar 2019.

11. Fair values of financial instruments**11.1 Fair value measurements**

There are no material differences between the carrying amount and the fair value of the Company's financial assets and liabilities.

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. 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 interest rate risk and foreign currency risk).

The Company is required to follow the requirements of the Barclays Group risk management policies, which includes 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 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 customers, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. There were no significant concentrations of credit risk.

(b) 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. There were no significant concentrations of liquidity risk, as the Company had no liabilities as at 31 December 2019 and 31 December 2018.

(c) 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. No interest rate sensitivity analysis is disclosed as the Company does not have any interest-bearing assets or liabilities.

(d) Foreign currency risk

Foreign currency risk is the risk that the Company's foreign currency assets are not being matched by foreign currency borrowings in the same currency. The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities.

There were no significant foreign currency exposures at either 31 December 2019 or 2018. Due to the low level of exposures, no change in foreign exchange rates would have a significant effect on either the profit or movements in equity for the year ended 31 December 2019 or 2018.

13. Related party transactions

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

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

BARCLAYS CAPITAL JAPAN SECURITIES HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019****13. Related party transactions (continued)****13.1 Other related party transactions**

Other related party transactions are as follows:

Related party relationship	Transaction amount	
	2019 ¥000	2018 ¥000
Dividends received from subsidiary	4,879,249	8,500,132
	<u>4,879,249</u>	<u>8,500,132</u>

14. Capital management

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. The Company is not subject to externally imposed capital requirements.

	2019 ¥000	2018 ¥000
Share capital	47,890,100	47,890,100
Share premium	4,805,783	4,805,783
Total	<u>4,805,783</u>	<u>4,805,783</u>

15. Parent undertaking and ultimate parent company

The parent of the Company is Barclays Capital Asia Holdings Limited. 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. Barclays Bank PLC and Barclays PLC are incorporated in the United Kingdom and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

16. Events after the reporting date

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak, the financial effect of which cannot be reliably estimated. However, considering the size and position of the Company, the Directors assessed the impact to be immaterial.

