

**Registered number: 06991560**

## **BARCLAYS ASSET MANAGEMENT LIMITED**

**Directors' Report and Financial Statements**

**For the Year Ended 31 December 2019**



**BARCLAYS ASSET MANAGEMENT LIMITED**

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## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Directors' Report For the Year Ended 31 December 2019**

The Directors present their annual report together with the audited financial statements of Barclays Asset Management Limited (the 'Company') for the year ended 31 December 2019.

#### **Profit and dividends**

During the year the Company made profit for the year of £3,256,000 (2018: £17,791,000). A dividend of £20,000,000 was paid on 28 June 2019 (2018: £17,000,000).

#### **Post balance sheet events**

The Company is monitoring the potential downside risk associated with both the direct and indirect impact of the COVID-19 outbreak. The impact on the Company has seen a reduction in the AUM of 22% as at 31st March 2020 which will result in lower management fees received, however this will be offset in part with a lower investment management fee paid. The Company's forecast reports a profit for the foreseeable future and has concluded that its business strategy remains appropriate and adequate capital and liquidity is being maintained. The Company continues to operate in line with management's expectations.

#### **Directors**

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

D B M Cavaye (appointed 03/10/2019)

M R Fullalove (resigned 31/10/2019)

K A I Hassel (resigned 11/01/2019)

J-M Morel

M Newbery (resigned 08/12/2019)

D P Neylin (appointed 03/10/2019)

S W Soquar (resigned 20/02/2020)

#### **Going concern**

After reviewing the Company's performance projections (including the implications from the COVID-19 outbreak), taking into account the support available from Barclays Bank UK 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.

## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Directors' Report (continued) For the Year Ended 31 December 2019**

#### **Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

#### **Financial risk management**

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 14.

#### **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 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, including qualifying third party indemnity provisions and qualifying indemnity provisions which may occur (or have occurred) in connection with their duties, powers or office.

**BARCLAYS ASSET MANAGEMENT LIMITED**

**Directors' Report (continued)  
For the Year Ended 31 December 2019**

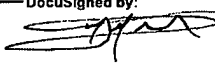
**Independent auditors**

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

**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 and signed on its behalf.

DocuSigned by:  
  
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**J-M Morel**  
Director

Date: 23/4/2020

## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Strategic Report For the Year Ended 31 December 2019**

#### **Business review and principal activities**

The principal activity of the Company is the management of authorised investment funds and open-ended investment companies.

The Company is regulated by the Financial Conduct Authority and is an Authorised Corporate Director (ACD) and an Alternative Investment Fund Manager (AIFM) of Open Ended Investment Companies (OEICs) and Unit Trust Funds.

The Company was also authorised to act as the manager of the Barclays Portfolio SICAV up to the 28th March 2019. With effect from 1 January 2019, the Company entered into a revised agreement to pay Barclays Investment Solutions Limited in consideration of the investment management services provided, the outcome of these two events has resulted in the reduction of the company's profit before tax for this financial year.

The Company is a signatory of the UN principles of Responsible Investment since 1 April 2016.

#### **Business performance**

The results of the Company show a profit before taxation of £4,020,000 for the year ended 31 December 2019 (2018: £21,964,000) and total comprehensive income of £3,256,000 (2018: £17,791,000). The Company has a net debt of £Nil (2018: £Nil). Net cash inflow from operating activities for 2019 was £5,480,000 (2018: £8,027,000).

#### **Future outlook**

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

For the purposes of the Medium Term Plan, the Company produces revenue, cost, balance sheet and asset under management forecasts in line with the Group's central macro-economic forecast as applicable to the Company's business. The forecasts are produced with the input of key stakeholders from across the Company and is subject to review and challenge by the Company's senior management and Board.

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

#### **Principal risks and uncertainties**

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Barclays PLC group and are not managed separately. The principal risks and uncertainties of the Barclays PLC group, which include those of the Company, are discussed in the annual report of Barclays PLC which does not form part of this report.

Whilst the direct and indirect impact of the Coronavirus (COVID-19) outbreak remains uncertain, a number of central banks and governments have announced financial stimulus packages in anticipation of a very significant negative impact on GDP during 2020. Concerns remain as to whether these policy tools will counter anticipated macro-economic risks and a prolongation of the outbreak could significantly adversely affect economic growth, affect specific industries or countries. In addition, an escalation in geopolitical tensions or increased use of protectionist measures may also negatively impact the Company's business. Where these macro-economic risks result in market volatility, there is a risk of a reduction in future revenue where fees are based on the market value of assets under management.

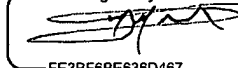
**BARCLAYS ASSET MANAGEMENT LIMITED**

**Strategic Report (continued)  
For the Year Ended 31 December 2019**

**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. Barclays Wealth Management is a part of the Barclays UK business in Barclays. The development, performance and position of Barclays UK, the relevant business cluster for the Company, is discussed in the Barclays PLC annual report which does not form part of this report.

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

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**J-M Morel**  
Director

Date: 23/4/2020

## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Independent Auditor's Report to the Members of Barclays Asset Management Limited**

#### **Opinion**

We have audited the financial statements of Barclays Asset Management Limited ("the company") for the year ended 31 December 2019 which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows and related notes, including the accounting policies in note 4.

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.

#### **Going concern**

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the Directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.



## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Independent Auditor's Report to the Members of Barclays Asset Management Limited**

#### **Strategic report and directors' report**

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

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

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

#### **Matters on which we are required to report by exception**

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

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

We have nothing to report in these respects.

#### **Directors' responsibilities**

As explained more fully in their statement set out on page 3, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Independent Auditor's Report to the Members of Barclays Asset Management Limited**

#### **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.



Richard Smith

for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
London  
E14 5GL

Date: 23 April 2020

**BARCLAYS ASSET MANAGEMENT LIMITED****Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2019**

	Note	2019 £000	2018 £000
<b>Continuing operations</b>			
Revenue	5	33,163	49,531
Direct expenses	8	(24,443)	(17,470)
		<hr/>	<hr/>
<b>Gross profit</b>		8,720	32,061
Administrative expenses	6	(4,700)	(10,097)
		<hr/>	<hr/>
<b>Profit from operations</b>		4,020	21,964
		<hr/>	<hr/>
<b>Profit before tax</b>		4,020	21,964
Tax expense	9	(764)	(4,173)
		<hr/>	<hr/>
<b>Profit for the year</b>		3,256	17,791
		<hr/>	<hr/>
<b>Total comprehensive income</b>		<u>3,256</u>	<u>17,791</u>

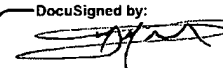
The accompanying notes on pages 14 to 30 form an integral part of these financial statements.

**BARCLAYS ASSET MANAGEMENT LIMITED**  
**Registered number: 06991560**

**Statement of Financial Position**  
**As at 31 December 2019**

	Note	2019 £000	2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Trade and other receivables	11	-	2
		<u>-</u>	<u>2</u>
<b>Current assets</b>			
Trade and other receivables	11	13,734	26,292
Cash and cash equivalents	16	10,540	25,060
		<u>24,274</u>	<u>51,352</u>
<b>Total assets</b>		<u>24,274</u>	<u>51,354</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Trade and other liabilities	12	-	2
		<u>-</u>	<u>2</u>
<b>Current liabilities</b>			
Trade and other liabilities	12	14,052	20,980
Current tax liabilities	12	764	4,170
		<u>14,816</u>	<u>25,150</u>
<b>Total liabilities</b>		<u>14,816</u>	<u>25,152</u>
<b>Net assets</b>		<u>9,458</u>	<u>26,202</u>
<b>Issued capital and reserves</b>			
Share capital	13	575	575
Retained earnings		8,883	25,627
<b>TOTAL EQUITY</b>		<u>9,458</u>	<u>26,202</u>

The financial statements on pages 10 to 30 were approved and authorised for issue by the board of Directors and were signed on its behalf by:

DocuSigned by:  
  
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**J-M Morel**  
 Director

Date: 23/4/2020

**BARCLAYS ASSET MANAGEMENT LIMITED****Statement of Changes in Equity  
For the Year Ended 31 December 2019**

	Share capital £000	Retained earnings £000	Total equity £000
<b>At 1 January 2019</b>	575	25,627	26,202
<b>Comprehensive income for the year</b>			
Profit for the year	-	3,256	3,256
Other comprehensive income	-	-	-
	<u>-</u>	<u>3,256</u>	<u>3,256</u>
<b>Total comprehensive income for the year</b>			
<b>Contributions by and distributions to owners</b>			
Dividends	-	(20,000)	(20,000)
	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
<b>Total contributions by and distributions to owners</b>			
	<u>575</u>	<u>8,883</u>	<u>9,458</u>

	Share capital £000	Retained earnings £000	Total equity £000
<b>At 1 January 2018</b>	575	24,836	25,411
<b>Comprehensive income for the year</b>			
Profit for the year	-	17,791	17,791
Other comprehensive income	-	-	-
	<u>-</u>	<u>17,791</u>	<u>17,791</u>
<b>Total comprehensive income for the year</b>			
<b>Contributions by and distributions to owners</b>			
Dividends	-	(17,000)	(17,000)
	<u>-</u>	<u>(17,000)</u>	<u>(17,000)</u>
<b>Total contributions by and distributions to owners</b>			
	<u>575</u>	<u>25,627</u>	<u>26,202</u>

The accompanying notes on pages 14 to 30 form an integral part of these financial statements.

**BARCLAYS ASSET MANAGEMENT LIMITED****Statement of Cash Flows  
For the Year Ended 31 December 2019**

	2019 £000	2018 £000
Continuing operations		
<b>Cash flows from operating activities</b>		
Profit for the year	3,256	17,791
<b>Adjustments for</b>		
Income tax expense	764	4,173
	<u>4,020</u>	<u>21,964</u>
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	12,560	(1,118)
Decrease in trade and other payables	(6,930)	(5,771)
	<u>9,650</u>	<u>15,075</u>
<b>Cash generated from operations</b>	<u>9,650</u>	<u>15,075</u>
Income taxes paid	(4,170)	(7,048)
	<u>5,480</u>	<u>8,027</u>
<b>Net cash from operating activities</b>	<u>5,480</u>	<u>8,027</u>
<b>Cash flows from investing activities</b>		
Interest received	-	-
	<u>-</u>	<u>-</u>
<b>Net cash from investing activities</b>	<u>-</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Dividends paid to parent	(20,000)	(17,000)
	<u>(20,000)</u>	<u>(17,000)</u>
<b>Net cash used in financing activities</b>	<u>(20,000)</u>	<u>(17,000)</u>
<b>Net cash decrease in cash and cash equivalents</b>	<u>(14,520)</u>	<u>(8,973)</u>
Cash and cash equivalents at the beginning of year	25,060	34,033
<b>Cash and cash equivalents at the end of the year</b>	<u><u>10,540</u></u>	<u><u>25,060</u></u>

The accompanying notes on pages 14 to 30 form an integral part of these financial statements.

## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **1. Reporting entity**

Barclays Asset Management Limited (the 'Company') is a private limited company, domiciled and incorporated in England. The Company's registered office is at 1 Churchill Place, London, E14 5HP. The Company's principal activity is the management of authorised investment funds and open-ended investment companies.

#### **2. Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs). They were authorised for issue by the Company's board of directors on 20 April 2020.

Details of the Company's accounting policies, including changes during the year, are included in note 4.

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

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

After reviewing the Company's performance (including the implications from the COVID-19 outbreak), the available banking facilities and taking into account the support available from Barclays Bank UK 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.

##### **2.1 Basis of measurement**

The financial statements have been prepared on the historical cost convention on a going concern basis adjusted to include the fair valuation of certain financial instruments to the extent required or permitted under IFRS 9 Financial Instruments as set out in the relevant accounting policies.

##### **2.2 Changes in accounting policies**

###### **i) New standards, interpretations and amendments effective from 1 January 2019**

###### **IFRS 16**

In January 2016 the IASB issued IFRS 16 Leases, which was subsequently endorsed by the EU in November 2017, and replaces IAS 17 Leases for period beginning on or after 1 January 2019. IFRS 16 has no impact on the Company's accounting policies.

###### **ii) New standards, interpretations and amendments not yet effective**

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

#### **3. Functional and presentation currency**

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

## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **4. Accounting policies**

##### **4.1 Revenue**

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

##### **(i) Rendering of services**

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Fees charged for investment management services are recognised as revenue as the services are provided. Initial fees, which exceed the level of recurring fees and relate to the future provision of services, are deferred as initial service commission deferral income and recognised over the anticipated period in which the services will be provided.

The Company applies IFRS 15 Revenue from Contracts with Customers. The standard establishes a five-step model governing revenue recognition. The five-step model requires the Company to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

##### **(ii) Interest**

Interest income or expense is recognised on all interest bearing financial assets classified as loans and receivables held at amortised cost 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.

##### **4.2 Direct expenses**

Direct expenses comprise costs such as initial commission, fund subsidies, trail fees paid to distributors and investment management fees. Only directly related initial acquisition costs relating to securing new contracts are capitalised as trade and other receivables and amortised over the period during which the costs are expected to be recoverable from future revenue.

##### **4.3 Administrative expenses**

Administrative expenses are recognised on an accruals basis and consist of overheads and recharges. Recharges consist of costs from Barclays Bank UK Plc or Barclays Execution Services Limited for management of the company, audit fees and third party outsourcing costs. All recharges are made to the company at an arm's length basis.



## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **4. Accounting policies (continued)**

##### **4.4 Taxation**

###### **Current tax**

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

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the 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 probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

Deferred and current tax assets and liabilities are only offset where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously with the same tax authority.

## BARCLAYS ASSET MANAGEMENT LIMITED

### Notes to the Financial Statements For the Year Ended 31 December 2019

#### 4. Accounting policies (continued)

##### 4.5 Financial assets and liabilities

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

##### *Recognition*

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

##### *Classification and measurement*

Financial assets are classified on the basis of two criteria:

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

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

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

##### *Financial assets at amortised cost*

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

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

##### *Impairment of financial assets*

The Company is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost. Intercompany exposures are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance is required for the 12 month ECLs (Stage 1). If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3) an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****4. Accounting policies (continued)**

The 12 month ECL is calculated by multiplying the 12 month PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes the time value of money.

The Company 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 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.

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

Any potential ECL to the Company is deemed immaterial due to the Company's exposure being only trade receivables and cash and cash equivalents.

*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.

**4.6 Equity securities**

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

**4.7 Dividends**

Dividends are recognised when they become legally payable. 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.

**4.8 Cash and cash equivalents**

For the purposes of the statement of cash flows, cash comprises cash in hand, demand deposits, bank overdrafts 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.

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****5. Revenue**

All of the Company's revenue is derived from the provision of services, fees and commissions as follows:

	2019 £000	2018 £000
Annual management charges	30,007	45,967
Initial service commission	9	54
Registration fees	3,145	3,509
Other income	2	1
	<u>33,163</u>	<u>49,531</u>

**6. Profit before tax**

The following items have been charged in arriving at profit from operations:

	2019 £000	2018 £000
Head office recharges	1,883	7,083
Third party outsourced costs	2,572	2,839
<b>Auditor's remuneration</b>		
- Audit of the Company's annual financial statements	67	51
- Other services pursuant to legislation	178	124
	<u>4,700</u>	<u>10,097</u>

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****7. Employee and key management, including Directors emoluments**

The Company has no direct employees during 2019 and 2018. All staff employed in the business were contracted to Barclays Execution Services Limited (Previously Barclays Services Limited) or Barclays Bank UK PLC during 2019 and 2018. These costs are included in the Head office recharges above.

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

	2019 £000	2018 £000
Aggregate remuneration in respect of qualifying services	28	-
Aggregate amounts receivable under long-term incentive schemes	-	-
Aggregate contributions due to Barclays Group Pension Schemes	-	-
	<hr/> 28	<hr/> -
	<hr/>	<hr/>

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

During the year, one Director exercised options under the Barclays PLC Sharesave scheme and Long Term Incentive Schemes (2018: Nil).

The Company has made no loans, guarantees or other such dealings to its Directors during the year (2018: Nil).

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****8. Direct expenses**

Direct expenses comprise of the following:

	2019 £000	2018 £000
Trail fees paid	544	2,021
Initial service commission	9	51
Investment management fee	21,789	12,517
Other direct expenses	2,101	2,881
	<u>24,443</u>	<u>17,470</u>

**9. Tax expense****9.1 Income tax recognised in profit or loss**

	2019 £000	2018 £000
<b>Current tax</b>		
Current tax on profits for the year	764	4,173
Adjustments in respect of prior years	-	-
<b>Total current tax</b>	<u>764</u>	<u>4,173</u>
<b>Total tax expense</b>		
Tax expense	764	4,173
	<u>764</u>	<u>4,173</u>

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

	2019 £000	2018 £000
Profit for the year	3,256	17,791
Income tax expense	764	4,173
<b>Profit before income taxes</b>	<u>4,020</u>	<u>21,964</u>
Tax using the Company's domestic tax rate of 19% (2018:19%)	764	4,173
<b>Total tax expense</b>	<u>764</u>	<u>4,173</u>

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****9. Tax expense (continued)****9.1 Income tax recognised in profit or loss (continued)****Changes in tax rates and factors affecting the future tax charges**

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.

**9.2 Current tax assets and liabilities**

	2019 £000	2018 £000
<b>Current tax liabilities</b>		
UK Corporation tax payable	764	4,170
	<u>764</u>	<u>4,170</u>

UK corporation tax is settled to the parent company Barclays Bank UK PLC

**10. Dividends**

	2019 £000	2018 £000
Interim dividend of £34.78 (2018: £29.57) per Ordinary share paid during the year	20,000	17,000
	<u>20,000</u>	<u>17,000</u>

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****11. Trade and other receivables**

	2019 £000	2018 £000
Trade receivables	11,145	18,017
<b>Trade receivables - net</b>	<b>11,145</b>	<b>18,017</b>
Receivables from related parties	2,589	8,268
<b>Total financial assets other than cash and cash equivalents classified as loans and other receivables</b>	<b>13,734</b>	<b>26,285</b>
Prepayments and accrued income	-	9
<b>Total trade and other receivables</b>	<b>13,734</b>	<b>26,294</b>
Less: current portion - trade receivables	(11,145)	(18,017)
Less: current portion - prepayments and accrued income	-	(7)
Less: current portion - receivables from related parties	(2,589)	(8,268)
<b>Total current portion</b>	<b>(13,734)</b>	<b>(26,292)</b>
<b>Total non-current portion</b>	<b>-</b>	<b>2</b>

The carrying value of trade and other receivables classified as loans and other receivables approximates fair value.

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 14.



**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****12. Trade and other payables**

	2019 £000	2018 £000
Trade payables	11,892	18,785
Payables to related parties	2,160	2,188
<b>Total financial liabilities</b>	<b>14,052</b>	<b>20,973</b>
Other payables - tax and social security payments	764	4,170
Deferred income	-	9
<b>Total trade and other payables</b>	<b>14,816</b>	<b>25,152</b>
Less: current portion - trade payables	(11,892)	(18,785)
Less: current portion - payables to related parties	(2,160)	(2,188)
Less: current portion - other payables	(764)	(4,170)
Less: current portion - deferred income	-	(7)
<b>Total current portion</b>	<b>(14,816)</b>	<b>(25,150)</b>
<b>Total non-current position</b>	<b>-</b>	<b>2</b>

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

The deferred income relates to initial commission paid by distributors. The fair value has been arrived at by measuring the amount paid and is amortised over the anticipated period in which the services will be provided.

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 14.

**13. Share capital****Authorised**

	2019 Number	2019 £000	2018 Number	2018 £000
<b>Shares treated as equity</b>				
Ordinary shares of £1.00 each	575,000	575	575,000	575
	<b>575,000</b>	<b>575</b>	<b>575,000</b>	<b>575</b>

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****13. Share capital (continued)****Issued and fully paid**

	2019 Number	2019 £000	2018 Number	2018 £000
<b>Ordinary shares of £1.00 each</b>				
At 1 January and 31 December	575,000	575	575,000	575

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

**14. Financial instruments - fair values and risk management****14.1 Financial risk management objectives**

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).

The Board of Directors has ultimate responsibility for ensuring effective risk management and control (including mandatory adherence to the Barclays PLC Group risk management policies). In exercising this responsibility on a day to day basis, it relies on the independent oversight provided by the Barclays Wealth Management risk function.

**14.2 Market risk**

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

**14.3 Foreign currency risk management**

As the Company has no forward exposures to foreign currency transactions, no foreign currency exchange rate assumptions requiring sensitivity analysis have been employed in the income statement or equity.

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****14. Financial instruments - fair values and risk management (continued)****14.4 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 the Company's exposure to interest rate risk is limited to the finance income earned on its cash and cash equivalents, no interest rate assumptions requiring sensitivity analysis have been employed in the income statement or equity. Interest expense arises on overdrafts which are held with Barclays Bank UK PLC. The amounts earned or charged are not material to the Company's financial results.

**14.5 Price risk**

Due to the nature of the Company's activities it has no significant exposure to price risk.

**14.6 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 contracts with major UK banking institutions with credit ratings of A- or better.

The Company assesses all counterparties, including its customers, for credit risk before contracting with them and there were no significant concentrations of credit risk at either year end.

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk at 31 December 2019 and 2018:

	2019 £'000	2018 £'000
Trade receivables	11,145	18,017
Cash and cash equivalents	10,540	25,060
Total	<u>21,685</u>	<u>43,077</u>

**14.7 Liquidity risk**

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The Company maintains a mixture of long term and short term committed facilities, including financial support from the parent company, Barclays Bank UK PLC, that are designed to ensure the Company has sufficient available funds for operations and planned expansion.

All of the Company's financial assets and liabilities at 31 December 2019 and 2018 were effectively due on demand. The financial liabilities arise when a customer exits a product or the product has matured and the settlement to the customer has not been completed at the balance sheet date. The non-current liabilities represent the expected profile of future payments based on customers holding their products to maturity.

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****14. Financial instruments - fair values and risk management (continued)****14.8 Fair value measurements**

Financial instruments include both financial assets and financial liabilities. IFRS 13 defines fair value as 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 Directors consider that fair value to be reflective of the amortised cost reflected on Balance sheet.

**15. Related party transactions**

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

**15.1 Other related party transactions**

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Balance outstanding	
		2019 £000	2018 £000	2019 £000	2018 £000
Parent company	Investment management fees	-	(899)	-	-
Fellow subsidiary companies	Recharges	(3,052)	(1,249)	-	-
Fellow subsidiary Companies	Investment management fees	(21,817)	(4,516)	-	-
Fellow subsidiary companies	Asset	-	-	98	119
Fellow subsidiary companies	Liabilities	-	-	(1,869)	(1,550)
Other related parties	Revenue	33,152	49,477	-	-
Other related parties	Assets	-	-	2,491	8,149
Other related parties	Liabilities	-	-	(291)	(638)
		<u>8,283</u>	<u>42,813</u>	<u>429</u>	<u>6,080</u>

Other related parties consist of the funds that the Company is the manager and include: Barclays Wealth Investment Funds (UK), Barclays Multi-Manager Fund (UK), Barclays Multi-Manager (UK Series 2), Barclays Dividend and Growth Portfolio, Barclays Charity Fund and Barclays Portfolio SICAV up to 28th March 2019.

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****16. Notes supporting statement of cash flows**

	2019 £000	2018 £000
Cash at bank available on demand	10,036	25,057
Short term deposits	504	3
<b>Cash and cash equivalents in the statement of financial position</b>	<b>10,540</b>	<b>25,060</b>
<b>Cash and cash equivalents in the statement of cash flows</b>	<b>10,540</b>	<b>25,060</b>

**17. Capital management**

The Company's objectives when managing capital are:

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

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

The Company regards capital as its equity, as shown in the Statement of Financial Position. The balances in capital are in line with the disclosures provided in the regulatory reporting returns submitted by the Company to the Financial Conduct Authority and the Prudential Regulation Authority.

Total capital is as follows:

	2019 £000	2018 £000
Called up share capital	575	575
Retained earnings	8,883	25,627
<b>Total capital resources</b>	<b>9,458</b>	<b>26,202</b>

**18. Contingent liabilities**

As a member of the Financial Conduct Authority, the Company is potentially liable to make contributions to the Financial Services Compensation Scheme (FSCS). The contingent liabilities arising there from cannot be quantified.

**BARCLAYS ASSET MANAGEMENT LIMITED****Notes to the Financial Statements  
For the Year Ended 31 December 2019****19. Interests in structured entities**

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding which entity controls it. Structured entities are generally created to achieve a narrow and well defined objective and there are specific restrictions around their ongoing activities.

**Unconsolidated structured entities**

The Company may hold interests in structured entities it would not have to consolidate. The nature and extent of its interests in unconsolidated structured entities, and the risks associated with its interest in those entities are set out below.

**Unconsolidated structured entities in which the Company has an interest**

An interest in a structured entity is any form of investment or arrangement which creates variability in returns arising from the performance of the structured entity for the Company but which it is not able to influence or the interest is insufficient to lead to the consolidation of the structured entity. Such interests include, but are not limited to, loans and advances to customers and investment management fees arrangements as these are subject to non-payment / credit risk and relate to our on-going involvement with the funds.

The level of risk that the Company is exposed to is determined by the nature and purpose of it holding an interest in the entity.

Nature of interest	Balance	2019	2018
	sheet line item	Investment funds £'000	Investment funds £'000
	Trade and other receivables		
Other assets		2,491	8,268
Total on balance sheet exposure		2,491	8,268
Maximum exposure to loss		2,491	8,268

The Company's maximum exposure to loss has been calculated as the sum of its on-balance sheet exposure to interests in unconsolidated structured entities.

The Company acts as Authorised Corporate Director and Alternative Investment Manager to a number of investment funds. The entities are unconsolidated structured entities in that the beneficiaries / equity holders do not have the right to remove the fund manager who is responsible for the management of the fund and its assets.

The Company provides management services to these entities and the maximum exposure to loss from these entities is equal to accrued income and fees receivable at the year end from these structured entities.

The total sizes of the entities are £3.29bn (2018: £4.74bn) which represents the Assets under Management in these structures. The reduction year on year is due to the Lux SICAV migration.

## **BARCLAYS ASSET MANAGEMENT LIMITED**

### **Notes to the Financial Statements For the Year Ended 31 December 2019**

#### **20. Parent undertaking and ultimate holding company**

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

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

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

#### **21. 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 and have concluded that its business strategy remains appropriate and adequate capital and liquidity is being maintained. The Company continues to operate in line with management's expectations.

On the 11th of March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.