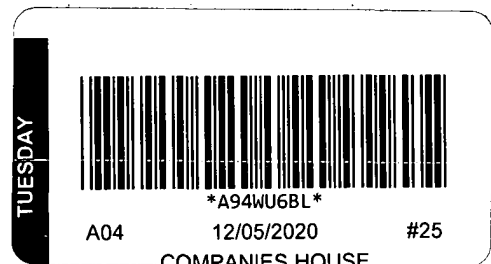


**Registered number: 02752982**

# **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

## **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**For the Year Ended 31 December 2019**



## **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

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## **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

### **DIRECTORS' REPORT**

**For the Year Ended 31 December 2019**

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

#### **Profit and dividends**

The Company's loss for the year was £5,045,000 (2018: £11,659,000). No dividend was paid in 2019 (2018: £nil). The Directors do not recommend the payment of a final dividend (2018: £nil).

#### **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 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. The deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under IFRS. However, following the substantive enactment of the rate of 19%, it is anticipated that the reversal of temporary differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will not be material.

#### **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:

M K Jary	
D Klee	(appointed 12 February 2019)
K A Matthews	
M Newbery	(resigned 08 December 2019)
A N Ratcliffe	
S W Soquar	(resigned 20 February 2020)

#### **Going concern**

After reviewing the outlook for the Company (including the implications from the COVID-19 outbreak), taking into account Barclays Bank UK PLC's (the Company's parent) ongoing strategic commitment to the Company and the Company's access to resources, including committed banking facilities, the Directors are satisfied that the Company has adequate access to resources to enable it to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

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

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

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

## **BARCLAYS INVESTMENT SOLUTIONS 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 the Financial Statements (continued)**

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Financial risk management**

Risk is inherent in the business activities of the Company and whilst it is not possible nor desirable to eliminate risk altogether, uncontrolled risk poses a threat to the profitability of the Company and its potential long term viability. The Risk Management Framework in place is developed and implemented to manage risk in a manner appropriate to the business activities and strategic objectives and to confirm there is sufficient capital to cover the risks to which the business is exposed whilst delivering successful outcomes for clients, safeguarding their interests and fulfilling regulatory obligations.

The principal risks and uncertainties are discussed further in the Strategic Report.

#### **Directors third party indemnity provisions**

Qualifying third party indemnity provisions were in force (as defined by section 234 of the Companies Act 2006) during the course of the financial year ended 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 which may occur (or have occurred) in connection with their duties, powers or office.

#### **Pillar 3 disclosures**

In accordance with the rules of the Financial Conduct Authority (FCA), the Company's parent, as at 31 December 2019, Barclays Bank UK PLC has published information on its remuneration, risk management objectives and policies and on its regulatory capital requirements and resources. This information is available at <https://www.home.barclays/barclays-investor-relations/results-and-reports/annual-reports.html>

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### DIRECTORS' REPORT For the Year Ended 31 December 2019

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

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

Barclays supply chain helps it deliver for all its customers, clients and stakeholders. Barclays engages with its suppliers through its contractual arrangements and requirements to ensure suppliers adhere to the Barclays' Supplier Code of Conduct and Supply Control Obligations through pre-contract attestation. From such engagement suppliers have identified prompt payment as critical. Barclays is a signatory to the Prompt Payment Code in the UK, committing to pay its suppliers within clearly defined terms. Please see page 34 of the Barclays PLC Annual Report 2019 for detail on Barclays' supplier on-time payment by value performance in 2019.

#### Independent auditors

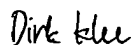
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

#### 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 on 23 April 2020 and signed on its behalf.

DocuSigned by:



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**D Klee**  
Director

## **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

### **STRATEGIC REPORT**

**For the Year Ended 31 December 2019**

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

The principal activities of Barclays Investment Solutions Limited (the 'Company') are asset management and the provision of stockbroking services, particularly discretionary portfolio management, custody, equity, fixed income and fund dealing, investment management of funds and administration of stock and cash plans for corporate clients for the benefit of their employees. The Company is authorised and regulated by the FCA.

#### **Business performance**

The Company's results for the year show a loss before taxation of £6,229,000 (2018: £14,394,000). Loss after taxation was £5,045,000 (2018: £11,659,000). There were no other items of other comprehensive (expense)/income.

The Company has net assets of £113,308,000 (2018: £118,353,000). Net cash flow used in operating activities was £26,041,000 (2018: £26,198,000 generated from operating activities).

#### **Future Outlook**

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

For the purposes of the Medium Term Plan, the Company produces revenue, impairment, cost, balance sheet and asset under management forecasts in line with the Group's central macro-economic forecast as applicable to the Company's business. The forecasts are produced with the input of key stakeholders from across the Company, where the model validation is subject to approval by Barclays Bank PLC's Independent Validation Unit in accordance with Model Risk Management policy, before being subject to review and challenge by the Company's senior management and Board.

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

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

The Company is exposed to internal and external risks of ongoing activities. These risks are managed as part of the Company's business model.

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 client assets.

#### *Enterprise Risk Management Framework*

For the Company, risks are identified and overseen through the Enterprise Risk Management Framework, which supports the business in its aim to embed risk management and a strong risk management culture.

The Enterprise Risk Management Framework specifies the principal risks of the Company and the approach to managing them.

#### *Risk Appetite*

Risk Appetite defines the level of risk the Company is willing to take across the different risk types, taking into consideration varying levels of financial and operational stress. Risk Appetite is key in any decision making process, including ongoing business planning, new product approvals and business change initiatives.

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2019

#### *Risk Appetite (continued)*

The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risks.

#### *Three Lines of Defence*

The First Line of Defence is comprised of the revenue generating and client facing areas along with all associated support functions, including Finance, Treasury, Human Resources and Operations and Technology. The First Line identifies its risks, and sets the policies, standards and controls, within the criteria set by the Second Line of Defence.

The Second Line of Defence is made up of Risk and Compliance and oversees the First Line by setting the limits, rules and constraints on their operation, consistent with the Risk Appetite.

The Third Line of Defence is comprised of Internal Audit, providing independent assurance to the Board and Executive Management.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal risk. The Legal function is also subject to oversight from the Risk and Compliance functions with respect to the management of operational and conduct risks.

#### *Monitoring the Risk Profile*

Together with a strong governance process, using Business and Group-level Risk Committees as well as Board level forums, the Directors of the Company receive regular information in respect of the risk profile of the Company, and have ultimate responsibility for Risk Appetite and capital plans.

The Directors have established a Board Risk Committee and a Board Audit Committee to implement and oversee this framework. The Board Risk Committee defines the risk appetite of the Company within that framework and the Board Audit Committee monitors the key performance indicators, by reviewing the controls that operate within the framework.

#### *Board Risk Committee*

The role of the Board Risk Committee is to:

- review, on behalf of the Board, the risk profile of the Company for financial and non-financial risks;
- consider and recommend, to the Board and within the parameters set by the Barclays PLC Board Risk Committee and Barclays Bank UK PLC Board Risk Committee, the Company's appetite for financial and non-financial risks;
- review, on behalf of the Board, the management of the Company's principal risks; and
- commission, receive and consider reports on key financial and non-financial risk issues in the Company.

#### *Board Audit Committee*

The role of the Board Audit Committee is to assess:

- the integrity of the Company's financial statements;
- the effectiveness of the Company's internal controls;
- the effectiveness of the internal and external audit processes; and
- the Company's relationship with the external auditors.

The Board Risk Committee and Board Audit Committee meet at least twice a year to fulfil their responsibility to monitor and manage the risks of the Company.

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2019

#### *Principal Risks*

The Enterprise Risk Management Framework identifies eight principal risks relevant for the Company. These are:

1. **Credit Risk** - The risk of loss to the firm from the failure of clients, customers or counterparties, to fully honour their obligations to the firm, including the whole and timely payment of principal, interest and other receivables.
2. **Market Risk** - The risk of loss arising from potential adverse changes in the value of the firm's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.
3. **Treasury and Capital Risk** - This comprises:
  - a. **Liquidity Risk** - The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.
  - b. **Capital Risk** - The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environment or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).
4. **Operational Risk** - The risk of loss to the firm from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.
5. **Model Risk** - The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.
6. **Reputation Risk** - The risk that an action, transaction, investment or event will reduce trust in the firm's integrity and competence by clients, counter parties, investors, regulators, employees or the public.
7. **Conduct Risk** - The risk of detriment to customers, clients, market integrity, competition or Barclays from inappropriate supply of financial services, including instances of wilful or negligent misconduct.
8. **Legal Risk** - The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements.

Individual events may entail more than one principal risk. For example, internal fraud by a trader may expose the firm to Operational and Market Risks as well as many aspects of Conduct Risk.

Credit Risk, Treasury and Capital Risk and Market Risk are collectively known as Financial Principal Risks, the management of which is detailed in Note 17. The remaining risks are referred to as Non-Financial Principal Risks.

#### Climate change risk management

##### Overview

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



## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2019

#### *Principal Risks (continued)*

#### Climate change risk management (continued)

In 2019, the Barclays Group published an Energy & Climate Change Statement (<https://home.barclays/statements/barclays-energy-and-climate-change-statement>) which articulates our focus on three areas: financing growth of renewables and businesses addressing environmental challenges; taking a responsible approach to financing energy sources with a greater carbon intensity; and reducing our own carbon footprint. It is supported by an internal standard containing guidelines for restricting or supporting financing activities in carbon-intensive energy sectors, as well as enhanced due diligence requirements for environmentally or socially sensitive sectors.

For more detail on how climate change risks arise and their impact on the Barclays Bank UK Group, refer to material existing and emerging risks on pages 30 to 31 of the Barclays Bank UK PLC Annual Report 2019.

#### *Key performance indicators*

Throughout the year, performance against the qualitative and quantitative measures associated with the risks to which the Company is exposed are reported and reviewed on a monthly basis at the Company's Risk Committees in order to manage the Company's risk profile within the Risk Appetite.

The Board Audit Committee monitor appropriate key performance indicators to evaluate and report to the Directors on the Company's financial and non-financial risk profile, in particular with respect to the performance versus risk appetite.

The Company's exposure to financial principal risks, as defined by Barclays, is limited, as the most material risk to the business is operational risk.

The Company is subject to the Operational Risk Framework. This consists of a number of integrated components. These work together to provide an effective capability to manage and measure Operational Risk, using an Evaluate-Respond-Monitor approach.

This approach facilitates the risk reporting to the Company's Board and its committees focusing on risk events and matters for escalation enabling committees to oversee and challenge.

Any control exceptions or risk events deriving from non-financial risks have been assessed and where appropriate reflected in the financial statements.

The Directors consider this implementation of the Enterprise Risk Management Framework supports the identification and oversight of internal and external risks of ongoing activities.

#### **Section 172(1) statement**

The Directors of large organisations like Barclays are required by law to consider a range of factors when making decisions, and to make a clear statement about how they have done that.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, 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 maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

Key stakeholders of the Company are our customers; our suppliers; and our shareholder, Barclays Bank UK PLC. The Directors also took into account the views and interests of a wider set of stakeholders, including our regulators.

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### STRATEGIC REPORT (CONTINUED) For the Year Ended 31 December 2019

#### Section 172(1) statement (continued)

Additional information on the wider set of stakeholders, how management and/or the Directors engaged with them, the key issues raised and actions taken can be found on pages 14 to 15 of the Barclays PLC Annual Report 2019, and pages 8 to 9 of the Barclays Bank UK PLC Annual Report 2019, which are incorporated by reference into this statement.

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

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 the Company means that stakeholder engagement often takes place at an operational level.

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

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

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

The following are some examples of how the Directors have had regard to the matters set out in sections 172 (1)-(f) when discharging their section 172 duties and the effect of that on certain of the decisions taken by them.

#### Engagement in action

##### Serving and protecting our customers

The behaviours of Barclays' customers continue to evolve, placing even greater reliance on Barclays' digital capabilities in how we serve their needs in the most convenient way for them. Given the increased reliance they place on them, customers expect those digital capabilities to be available whenever they need them, and for them to protect their interests at all times.

Despite the challenging market environment, the Board concurs with management that it is critical that our investment keeps pace with those expectations. The Board has, as a result, continued to direct heavy investment in our technology, specifically, in areas of most concern to our customers, such as operational resilience, cyber security and in supporting our customers against the ever present threat of scams; ensuring that the Barclays Group is as safe to bank with virtually as it has been physically for over 325 years.

During the financial year the Company committed to the implementation of a single integrated digital platform for clients, which will address the full range of needs of the client base of both the Company and its shareholder, Barclays Bank UK PLC. The further build out of our digital capability in 2020 and beyond remains fundamental to Barclays' group strategy to put customers at the centre of everything we do.

This report was approved by the board on 23 April 2020 and signed on its behalf.

DocuSigned by:  
  
DKlee  
89232A6E088D479...  
Director

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS LIMITED

#### Opinion

We have audited the financial statements of Barclays Investment Solutions Limited ("the Company") for the year ended 31 December 2019 which comprise the Statement of Profit or Loss and Other 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 5.

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 loss 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 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 INVESTMENT SOLUTIONS LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS 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 remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of directors**

As explained more fully in their statement set out on page 2, 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.

#### **Auditors' responsibilities for the audit of the financial statements**

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 is not a 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 the 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 INVESTMENT SOLUTIONS LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS INVESTMENT SOLUTIONS 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.

A handwritten signature in black ink, appearing to read 'M. McGarry', with a long horizontal stroke extending to the right.

Michael McGarry (Senior Statutory Auditor)

for and on behalf of  
**KPMG LLP**

15 Canada Square  
London  
E14 5GL

23 April 2020

**BARCLAYS INVESTMENT SOLUTIONS 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	6	191,376	139,441
Cost of sales	6	(33,468)	(20,343)
<b>Gross profit</b>		<u>157,908</u>	<u>119,098</u>
Impairment losses	7	(565)	(610)
Administrative expenses	7	(170,081)	(135,085)
<b>Loss from operations</b>		<u>(12,738)</u>	<u>(16,597)</u>
Finance income	8	6,509	2,203
<b>Loss before tax</b>		<u>(6,229)</u>	<u>(14,394)</u>
Tax credit	10	1,184	2,735
<b>Loss for the year</b>		<u>(5,045)</u>	<u>(11,659)</u>
<b>Total comprehensive income</b>		<u><u>(5,045)</u></u>	<u><u>(11,659)</u></u>

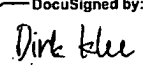
The accompanying notes on pages 17 - 35 form an integral part of these financial statements.

**BARCLAYS INVESTMENT SOLUTIONS LIMITED**  
Registered number: 02752982

**STATEMENT OF FINANCIAL POSITION**  
As at 31 December 2019

	Note	2019 £000	2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	10	4	5
Investment in subsidiary undertakings	11	-	-
<b>Total non-current assets</b>		<u>4</u>	<u>5</u>
<b>Current assets</b>			
Trade and other receivables	12	126,484	127,262
Current taxation	10	1,185	2,736
Cash and cash equivalents		114,921	134,453
<b>Total current assets</b>		<u>242,590</u>	<u>264,451</u>
<b>Total assets</b>		<u>242,594</u>	<u>264,456</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other liabilities	13	129,186	145,942
Provisions	14	100	161
<b>Total current liabilities</b>		<u>129,286</u>	<u>146,103</u>
<b>Total liabilities</b>		<u>129,286</u>	<u>146,103</u>
<b>Net assets</b>		<u>113,308</u>	<u>118,353</u>
<b>Issued capital and reserves</b>			
Share capital	15	22,325	22,325
Share premium reserve		53,425	53,425
Retained earnings		37,558	42,603
<b>TOTAL EQUITY</b>		<u>113,308</u>	<u>118,353</u>

The financial statements on pages 13 to 35 were approved and authorised for issue by the board of Directors on 23 April 2020 and were signed on its behalf by:

DocuSigned by:  
  
 Dirk Klee  
 Director

**BARCLAYS INVESTMENT SOLUTIONS 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
<b>At 1 January 2019</b>	22,325	53,425	42,603	118,353
Loss for the year	-	-	(5,045)	(5,045)
<b>Total comprehensive income for the year</b>	-	-	(5,045)	(5,045)
<b>At 31 December 2019</b>	22,325	53,425	37,558	113,308

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
<b>At 1 January 2018</b>	22,325	7,425	54,262	84,012
Loss for the year	-	-	(11,659)	(11,659)
<b>Total comprehensive income for the year</b>	-	-	(11,659)	(11,659)
Established under Barclays Ring-Fenced Transfer Scheme	-	46,000	-	46,000
<b>Total contributions by and distributions to owners</b>	-	46,000	-	46,000
<b>At 31 December 2018</b>	22,325	53,425	42,603	118,353

The accompanying notes on pages 17 to 35 form an integral part of these financial statements.



**BARCLAYS INVESTMENT SOLUTIONS LIMITED****STATEMENT OF CASH FLOWS  
For the Year Ended 31 December 2019**

	2019 £000	2018 £000
<b>Continuing operations</b>		
<b>Cash flows from operating activities</b>		
Loss for the year	(5,045)	(11,659)
<b>Adjustments for</b>		
Impairment loss recognised on trade receivables	561	605
Finance income	(6,509)	(2,203)
Income tax (credit)	(1,184)	(2,735)
	<u>(12,177)</u>	<u>(15,992)</u>
<b>Movements in working capital:</b>		
Decrease/(increase) in trade and other receivables	1,088	(94,476)
(Increase)/decrease in balances due from group undertakings	(4,928)	36,445
(Decrease)/increase in trade and other payables	(12,699)	102,916
(Decrease)/increase in other liabilities	(61)	101
	<u>(28,777)</u>	<u>28,994</u>
<b>Cash generated from operations</b>	(28,777)	28,994
Income taxes received/(paid)	2,736	(2,796)
	<u>(26,041)</u>	<u>26,198</u>
<b>Net cash (used in)/from operating activities</b>	(26,041)	26,198
<b>Cash flows from investing activities</b>		
Interest received	6,509	2,203
	<u>6,509</u>	<u>2,203</u>
<b>Net cash from investing activities</b>	6,509	2,203
<b>Cash flows from financing activities</b>		
Transferred under Barclays Ring-Fenced Transfer Scheme	-	46,000
	<u>-</u>	<u>46,000</u>
<b>Net cash from financing activities</b>	-	46,000
<b>Net cash (decrease)/increase in cash and cash equivalents</b>	(19,532)	74,401
Cash and cash equivalents at the beginning of year	134,453	60,052
	<u>114,921</u>	<u>134,453</u>
<b>Cash and cash equivalents at the end of the year</b>	<u>114,921</u>	<u>134,453</u>

The accompanying notes on pages 17 - 35 form an integral part of these financial statements.

## **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019**

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

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

#### **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 23 April 2020.

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

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

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

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

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

After reviewing the outlook for the Company (including the implications from the COVID-19 outbreak), taking into account Barclays Bank UK PLC's (the Company's parent) ongoing strategic commitment to the Company and the Company's access to resources, including committed banking facilities, 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 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 have had a material impact on the Company's accounting policies.

##### **iii) Future accounting developments**

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

## **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019**

#### **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.

#### **4. Accounting estimates and judgements**

Impairment charges - page 25

Investment in subsidiary undertakings - page 30

Provisions - page 31

#### **5. Accounting policies**

##### **5.1 Revenue**

##### **Accounting for net fee and commission income under IFRS 15**

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

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

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

##### **5.2 Interest**

Interest income or expense is recognised on all interest bearing financial assets and on interest bearing financial liabilities, which are measured at amortised cost using the effective interest method.

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

##### **5.3 Taxation**

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

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

Deferred tax assets are recognised 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.

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019

#### 5. Accounting policies (continued)

##### 5.3 Taxation (continued)

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.

##### 5.4 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

##### 5.5 Financial assets and liabilities

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

###### *Recognition*

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

###### **Classification and measurement**

Financial assets are classified on the basis of two criteria:

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

The Company assesses the business model criteria at a portfolio level 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.

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019

#### 5. Accounting policies (continued)

##### 5.5 Financial assets and liabilities (continued)

###### 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 12 month ECLs (Stage 1). If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instruments is credit impaired (Stage 3) and allowance (or provision) should be recognised for the lifetime ECLs,

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

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

Determining a significant increase in credit risk since initial recognition:

The Company assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when:

###### Quantitative test

The annualised cumulative weighted average lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of materiality, i.e. at what point a PD increase is deemed 'significant', is based upon analysis of the portfolios' risk profile against a common set of principles and performance metrics, incorporating expert credit judgement where appropriate.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

## BARCLAYS INVESTMENT SOLUTIONS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019

#### 5. Accounting policies (continued)

##### 5.5 Financial assets and liabilities (continued)

###### Impairment of financial assets (continued)

###### Forward-looking information

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

The measurement of ECL involves increased complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, and estimation of EAD and assessing significant increases in credit risk. Impairment charges will tend to be more volatile and will be recognised earlier.

Uncollectible amounts are written off against the related allowance for impairment on completion of the Company's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement.

###### Expected life

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

###### Modelling techniques

ECLs are calculated by multiplying three main components, being the PD, LGD and EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;

IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;

Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and

ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward looking information.

For the IFRS 9 impairment assessment, Barclays PLC risk models are adopted by the Company and used to determine the PD, LGD and EAD. For stage 2 and 3, risk models apply lifetime PDs but use 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

##### 5.6 Investment in subsidiary undertakings

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

## **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019**

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

##### **5.7 Issued equity securities**

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

##### **5.8 Cash and cash equivalents**

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

##### **5.9 Balances with market counterparties and clients**

In accordance with market practice certain balances with clients, Stock Exchange member firms and settlement offices are included in trade and other receivables and payables gross for their unsettled bought and sold transactions respectively.

##### **5.10 Segregated funds**

Segregated funds held by the Company on behalf of clients in accordance with the Client Money Rules of the FCA, and the income arising thereon, are excluded from the financial statements as they are not assets of the Company.

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****6. Revenue****Revenue from major products and services**

	2019 £000	2018 £000
Discretionary portfolio management	90,283	79,591
Custody	17,120	13,253
Equity, fixed income and fund dealing	11,985	9,160
Investment management of funds	68,553	34,371
Stock and cash plans	3,175	2,649
Other	260	417
<b>Total revenue from contracts with customers</b>	<b>191,376</b>	<b>139,441</b>
Other non-contract fee income	-	-
Fee and commission expense - Investment management of funds	(28,984)	(16,757)
Fee and commission expense - Transactional costs	(4,484)	(3,586)
<b>Total fee and commission expense</b>	<b>(33,468)</b>	<b>(20,343)</b>
<b>Total revenue from contracts with customers</b>	<b>157,908</b>	<b>119,098</b>



## **BARCLAYS INVESTMENT SOLUTIONS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 31 December 2019**

#### **6. Revenue (continued)**

##### **Revenue from major products and services (continued)**

Discretionary portfolio management fees arise from management services provided to clients who have elected to delegate the management of their investments to the Company. Portfolio management services provided comprise of portfolio construction, portfolio monitoring and portfolio reporting. These services are highly interrelated. Custody and execution services are provided along with portfolio management services and not charged separately. The fees consist of asset based fees for discretionary portfolio accounts of the Company's clients and are based on the market value of client assets. They are earned over the period the services are provided and are generally recognised monthly or quarterly when the market value of client assets is determined.

Custody fees arise where the Company offers the basic safekeeping services to clients as part of dealing and discretionary portfolio management services. Safekeeping services can be packaged in different ways but they will always include basic safekeeping of client investments, as well as account administration, collection of dividends and interest payments, corporate action processing and investment valuations. The fees consist of asset based fees for custody accounts of the Company's clients and are based on the market value of client assets. They are earned over the period the services are provided and are generally recognised monthly or quarterly when the market value of client assets is determined.

Equity, fixed income and fund dealing fees arise where execution (dealing) services are offered to clients who want to trade directly in financial markets. The Company executes trades in investments in line with client instructions. Fees are applied at the specific rate applicable for each of the different instruments being traded and are recognised at the point in time the associated service has been completed.

Investment management of funds fees arise where the Company is responsible for the management of the investment of the assets of the fund, subject to the supervision and direction of the Directors, and are charged to the fund. The fees consist of asset based fees for the funds and are based on the market value of client assets held by the fund. They are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.

Stock and cash plans fees arise where the Company has been instructed by corporate clients to administer the corporate's stock and cash plans for the benefit of their employees and fees are charged to the corporate clients for these services. Fees are determined based on various factors which will include the type of plan, services being provided and number of employees within the plan. The fees are recognised during the period the services are provided and will be invoiced monthly, quarterly, six monthly or annually depending on the contract in place with the corporate client.

Costs incurred in the provision of these services, either with Barclays' entities or external custodians or investment managers, are recognised as fee and commission expense.

Costs relating to the investment management of funds consist of fees payable to investment managers for services they provide to the fund in line with agreements these investment managers have in place with the Company. The costs consist of asset based fees for the funds and are based on the market value of client assets held by the fund. They are payable over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.

Transactional costs consist of fees, interest and charges payable to external custodians, related parties and external financial institutions and are payable in the period the services were provided or the transactions occurred.

##### **Contract assets and contract liabilities**

The Company had no contract assets or contract liabilities as at 31 December 2019.

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****6. Revenue (continued)****Revenue from major products and services (continued)****Remaining performance obligations**

The Company applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Company has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

Upon review, the Company determined that no remaining performance obligations are in scope of the remaining performance obligations disclosure.

**7. Loss before taxation**

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

	2019 £000	2018 £000
Management service charges and other administrative expense	168,721	134,457
Provision for client compensation	(55)	(270)
<b>Auditors' remuneration</b>		
- Audit of the Company's annual financial statements	187	187
- Other services pursuant to legislation	1,228	711
Impairment - loans and advances to customers	4	5
Impairment - loans and other receivables	561	605
	<u>          </u>	<u>          </u>

**Accounting estimates and judgements**

The calculation of impairment on financial assets involves estimation and judgement. Impairment of financial assets is calculated in line with Barclays PLC Group policies and calculation models which results in an impairment charge of £55k (2018: £47k) based on the Group model.

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

- A specific impairment credit is included for clients that are non MIFID II compliant and are holding a balance for overdue fees. The Company is therefore unable to liquidate a client's portfolio to recover the overdue fee amount. In those circumstances, the balance of overdue fees is fully provided for at (£74k) (2018: £458k charge).
- A specific impairment is included for clients where fees have been unpaid and on hold for more than 6 months (provided for at 50%) or more than 1 year (provided for at 100%) at £584k (2018: £105k).

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019****8. Finance income and expense****Recognised in profit or loss**

	2019 £000	2018 £000
<b>Finance income</b>		
Interest receivable from group companies	48	71
Other interest receivable	6,461	2,132
<b>Total finance income</b>	<u>6,509</u>	<u>2,203</u>
<b>Finance expense</b>		
<b>Net finance income recognised in profit or loss</b>	<u>6,509</u>	<u>2,203</u>

Interest receivable from external parties relates to interest earned on segregated funds and interest receivable from related parties relates to cash loyalty rewards earned on balances held with Barclays Bank UK PLC.

**9. Employee benefit expenses**

The Company has no direct employees during 2019 or 2018. All staff employed in the business have a contract of employment with Barclays Execution Services Limited (previously Barclays Services Limited) or Barclays Bank UK PLC during 2019 and 2018. These costs are included in the management service charges above.

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

**Key management personnel compensation**

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

	2019 £000	2018 £000
Aggregate remuneration in respect of qualifying services	158	81
Aggregate amounts receivable under long-term incentive schemes	-	-
Aggregate contributions due to Barclays Group Pensions Schemes	-	-
	<u>158</u>	<u>81</u>

**BARCLAYS INVESTMENT SOLUTIONS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019**

**9. Employee benefit expenses (continued)**

No Director is accruing retirement benefits under a defined benefit scheme or a defined contribution scheme (2018: Nil).

No Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during 2019 (2018: Nil).

No Director is entitled to benefits under the Share Value Plan (2018: Nil).

**10. Tax expense**

**10.1 Income tax recognised in profit or loss**

	2019 £000	2018 £000
<b>Current tax</b>		
Current tax on profits for the year	(1,185)	(2,736)
<b>Total current tax</b>	<u>(1,185)</u>	<u>(2,736)</u>
<b>Deferred tax expense</b>		
Origination and reversal of timing differences	1	1
<b>Total deferred tax</b>	<u>1</u>	<u>1</u>
	<u>(1,184)</u>	<u>(2,735)</u>
<b>Total tax expense</b>		
Tax expense excluding tax on sale of discontinued operation and share of tax of equity accounted associates and joint ventures	(1,184)	(2,735)
	<u>(1,184)</u>	<u>(2,735)</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 losses for the year are as follows:

	2019 £000	2018 £000
Loss for the year	(5,045)	(11,659)
Income tax credit/expense (including income tax on associate, joint venture and discontinued operation)	(1,184)	(2,735)
<b>Loss before income taxes</b>	<u>(6,229)</u>	<u>(14,394)</u>
Tax using the Company's domestic tax rate of 19% (2018:19%)	(1,184)	(2,735)
<b>Total tax expense</b>	<u>(1,184)</u>	<u>(2,735)</u>

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****10. Tax expense (continued)****10.1 Income tax recognised in profit or loss (continued)****Changes in tax rates and factors affecting the future tax charges**

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 disclosures for year ended 31 December 2019.

**10.2 Current tax assets and liabilities**

	2019 £000	2018 £000
<b>Current tax assets</b>		
United Kingdom corporation tax receivable	1,185	2,736
	<u>1,185</u>	<u>2,736</u>
<b>Current tax liabilities</b>		

**10.3 Deferred tax balances**

The following is the analysis of deferred tax assets/(liabilities) presented in the statement of financial position:

	2019 £000	2018 £000
Deferred tax assets	4	5
	<u>4</u>	<u>5</u>

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****11. Subsidiaries**

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Company (%)	
			2019	2018
1) Barclays Direct Investing Nominees Limited	The Company is dormant	United Kingdom	100	100
2) Barclays Financial Planning Nominee Company Limited	The Company is dormant	United Kingdom	100	100
3) Barclays Global Shareplans Nominee Limited	The Company is dormant	United Kingdom	100	100
4) Barclays Singapore Global Shareplans Nominee Limited	The Company is dormant	United Kingdom	100	100
5) Barclayshare Nominees Limited	The Company is dormant	United Kingdom	100	100
6) R.C. Greig Nominees Limited	The Company is dormant	United Kingdom	100	100

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

In the opinion of the Directors, the value of the Company's investment in its subsidiary undertakings is not less than the amount at which it is included in the Statement of Financial Position. The carrying value at the year end is £390 (2018: £390).

The financial statements contain information about Barclays Investment Solutions Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Barclays PLC, a company incorporated in the United Kingdom.

**Accounting estimates and judgements**

The testing for impairment of the investment in subsidiaries involves the use of judgement to review indicators of impairment as well as the calculation of any impairment. Each of the subsidiaries are reviewed and the current net assets are compared to book value of the investment in subsidiary. In addition to this further signs of impairment are also reviewed such as potential future changes in the net assets of the subsidiaries from group restructures, conduct issues, sale of business areas.

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019****12. Trade and other receivables**

	2019 £000	2018 £000
Trade receivables	81,000	89,168
<b>Trade receivables - net</b>	<b>81,000</b>	<b>89,168</b>
Receivables from contracts with customers	29	569
<b>Receivables from contracts with customers - net</b>	<b>29</b>	<b>569</b>
Receivables from related parties	3,512	2,641
<b>Total financial assets other than cash and cash equivalents classified as loans and receivables</b>	<b>84,541</b>	<b>92,378</b>
Prepayments and accrued income	30,711	33,628
Other receivables	11,232	1,256
<b>Total trade and other receivables</b>	<b>126,484</b>	<b>127,262</b>
Less: current portion - trade receivables	(81,000)	(89,168)
Less: current portion - prepayments and accrued income	(30,711)	(33,628)
Other receivables	(11,232)	(1,256)
Less: current portion - receivables from related parties	(3,512)	(2,641)
Short term loans to others	(29)	(569)
<b>Total current portion</b>	<b>(126,484)</b>	<b>(127,262)</b>
<b>Total non-current portion</b>	<b>-</b>	<b>-</b>

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

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 17: Financial risks.

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

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****13. Trade and other payables**

	2019 £000	2018 £000
Trade payables	86,159	102,882
Payables to related parties	16,659	20,716
Other payables	25,329	8,127
Accruals	1,039	14,217
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<u>129,186</u>	<u>145,942</u>
<b>Total current portion</b>	<u>(129,186)</u>	<u>(145,942)</u>

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

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

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 17: Financial risks.

**14. Provisions**

	Client compensation provision £000
At 1 January 2019	161
Charged to profit or loss	50
Utilised during the year	(6)
Released during the year	(105)
<b>At 31 December 2019</b>	<u>100</u>
Due within one year or less	100
	<u>100</u>

**Accounting estimates and judgements**

The calculation of provisions for customer redress involves estimation and judgement. Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with inappropriate judgement in the execution of our business activities.



**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****15. Share capital**

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

**Authorised**

	2019 Number	2019 £000	2018 Number	2018 £000
<b>Shares treated as equity</b>				
Ordinary shares of £1.00 each	22,325,001	22,325	22,325,001	22,325
	<u>22,325,001</u>	<u>22,325</u>	<u>22,325,001</u>	<u>22,325</u>

**Issued and fully paid**

	2019 Number	2019 £000	2018 Number	2018 £000
<b>Ordinary shares of £1.00 each</b>				
At 1 January and 31 December	<u>22,325,001</u>	<u>22,325</u>	<u>22,325,001</u>	<u>22,325</u>

**16. Segregated funds**

Segregated funds held on behalf of clients in accordance with the Client Money Rules of the FCA totalled £1.7 billion at 31 December 2019 (2018: £1.7 billion). These amounts are not assets of the Company and are, therefore, excluded from the financial statements.

**17. Financial risks**

The Board of Directors has ultimate responsibility for ensuring effective risk management and control. This is described in the Strategic Report.

The Company's activities expose it to a variety of financial risks. These are Credit Risk, Treasury and Capital Risk and Market Risk (which includes Foreign Currency Risk, Interest Rate Risk and Price Risk).

**a) Credit risk**

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

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. Risk rating is the main method used to measure credit risk. Third party financial instrument counterparties are required to be rated and the Company's exposure to them is subject to financial limits.

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****a) Credit risk (continued)****Maximum exposure to credit risk**

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

	2019	2018
	£000	£000
Accrued income and prepayments	30,711	33,628
Cash and cash equivalents with related parties	108,239	129,779
Cash and cash equivalents with external parties	6,682	4,674
Trade receivables	81,000	89,168
Amounts due from related parties	3,512	2,641
Other receivables	11,232	1,256
Loans and advances to customers	29	569
Total maximum exposure at 31 December	<u>241,405</u>	<u>261,715</u>

The amounts above have been shown at their full Statement of Financial Position value, with no account being taken of credit risk mitigation actions available to the Company in the event of any default.

The Company does not have any purchase or originated credit impaired financial assets:

The Company's exposure to the amounts above are all within the Company's Risk Appetite. The Company's exposure to credit risk is limited due to the nature of the Company's business which involves executing dealing instructions on behalf of clients and the custody of client assets. Prior to dealing clients are required to have sufficient cash or assets in their account and when fees become due they will be deducted from client account holdings.

**b) Treasury and Capital risk****i) Liquidity Risk**

This is the risk that the Company may not have sufficient funds to meet its debts as they fall due.

The Company has support of the parent Company, Barclays Bank UK PLC, and maintains banking facilities with Barclays Bank UK PLC and other external parties that are designated to ensure the Company has sufficient available funds for operations.

All of the Company's financial assets and liabilities at 31 December 2019 and 2018 were effectively due on demand.

The liquidity surplus at 31 December 2019 was £137.8 million (2018: £97.9 million) and average liquidity surplus for the year was £110.7 million (2018: £85.0 million). The Directors consider this level of liquidity surplus to be adequate to meet minimum liquidity requirements.

**ii) Capital Risk**

The Company's objectives when managing capital are:

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

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 31 December 2019****b) Treasury and Capital risk (continued)****(ii) Capital Risk (continued)**

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

The Company regards its equity as capital, as shown in the Statement of Financial Position. This is in line with the disclosures provided in the regulatory reporting returns submitted by the Company to the FCA, reflecting the Company's internal capital adequacy position.

Total capital is as follows:

	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Share capital	22,325	22,325
Share premium account	53,425	53,425
Retained earnings	<u>37,558</u>	<u>42,603</u>
<b>Total capital resources</b>	<b><u>113,308</u></b>	<b><u>118,353</u></b>

The Directors consider this level of capital resources to be adequate to meet minimum capital requirements.

**c) Market risk**

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

The Company has no direct exposure to price risk and only limited exposure to interest rate risk and foreign currency risk.

The Company's interest rate risk is limited to the interest income earned on its cash and cash equivalents and no sensitivity analysis has been presented as this is not considered material.

Any residual foreign currency risk is considered immaterial and no sensitivity analysis has, therefore, been presented.

**18. Contingencies and commitments**

In the ordinary course of business the Company has been party to letters of indemnity in respect of lost certified stock transfers and share certificates. The Company may also have obligations in respect of historical activities of Barclays Bank PLC and Woolwich Plan Managers Limited which migrated into the Company as part of the Ring-Fenced Transfer Scheme.

**BARCLAYS INVESTMENT SOLUTIONS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 31 December 2019****19. Related party transactions**

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

**19.1 Other related party transactions**

Other related party transactions are as follows:

Related party relationship	Type of transaction	Transaction amount		Balance owed	
		2019 £000	2018 £000	2019 £000	2018 £000
Parent company	Revenue	-	73	-	-
Parent company	Administrative expenses	(110,028)	(98,878)	-	-
Parent company	Interest income	48	-	-	-
Parent company	Assets	-	-	109,051	130,468
Parent company	Liabilities	-	-	(9,383)	(9,650)
Other Group entities	Revenue	32,167	6,622	-	-
Other Group entities	Administrative expenses	(47,731)	(34,300)	-	-
Other Group entities	Interest income	-	71	-	-
Other Group entities	Assets	-	-	2,701	1,953
Other Group entities	Liabilities	-	-	(7,276)	(11,067)
		<u>(125,544)</u>	<u>(126,412)</u>	<u>95,093</u>	<u>111,704</u>

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

The Company is a subsidiary undertaking of Barclays Bank UK PLC which is the ultimate 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. The deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under IFRS. However, following the substantive enactment of the rate of 19%, it is anticipated that the reversal of temporary differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will not be material.