

# LONG ISLAND ASSETS LIMITED

## Directors' Report and Financial Statements For the year ended 31 December 2015



REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**LONG ISLAND ASSETS LIMITED**  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

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## LONG ISLAND ASSETS LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### DIRECTORS' REPORT

For the year ended 31 December 2015

The Directors present their annual report together with the audited financial statements for Long Island Assets Limited (the 'Company') for the year ended 31 December 2015.

#### Results and dividends

During the year the Company made a profit after tax of \$27,672,913 (2014: \$35,953,069). An interim dividend of \$35,004,967 (2014: nil) was paid on 30 March 2015.

#### Post balance sheet events

On 19 January 2016, the Company paid an interim dividend of \$585,414,446 to Barclays Long Island Limited.

#### Directors

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

A Shah	(appointed 22 December 2015)
D Rothnie	
J Hanebuth	
S Hollinsworth	(resigned 27 July 2015)
G Simpson	(resigned 27 July 2015)
V Shah	(appointed 18 August 2015)

#### Going concern

After reviewing the Company's performance projections and the available 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

The following statement, which should be read in conjunction with the Auditors' report set out on pages 5 and 6, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

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

The Directors consider that in preparing the financial statements on pages 7 to 23:

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

## LONG ISLAND ASSETS LIMITED

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### DIRECTORS' REPORT (continued)

For the year ended 31 December 2015

#### Statement of Directors' Responsibilities (continued)

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Financial instruments

Barclays financial risk management objectives and policies, which are followed by the Company, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and the exposure to market risk, credit risk and liquidity risk are set out in the note 18 'Financial Risks'.

#### Directors' third party indemnity provisions

Qualifying third party indemnity provisions were in force during the course of the financial year ended 31 December 2015 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.

#### Independent auditors

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

#### Statement of disclosure of information to auditors


So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

BY ORDER OF THE BOARD

Director

Name:

Date:



D. ROTUNNO

15/8/16

## LONG ISLAND ASSETS LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### STRATEGIC REPORT

For the year ended 31 December 2015

#### Review and principal activities

The principal activity of Long Island Assets Limited (the "Company") is to act as an investment company. The Directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The Directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

#### Business performance

The results of the Company show a profit after tax of \$27,672,913 (2014: \$35,953,069) for the year. The Company has net assets of \$5,341,897,072 (2014: \$5,349,229,126).

#### Future outlook

No significant change in activity is envisaged in the foreseeable future and the Directors expect the Company's future performance to be in line with the current year.

#### Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed in the Barclays PLC 2015 annual report which does not form part of this report.

#### Key performance indicators

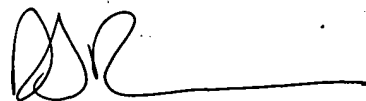
The directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Company is discussed in the Barclays PLC 2015 annual report which does not form part of this report.

BY ORDER OF THE BOARD

Director:

Name:

Date:



D. R. TUNNICLIFFE

15/8/16

## ***Independent auditors' report to the Members of Long Island Assets Limited***

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Long Island Assets Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
  - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

#### **What we have audited**

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

- the Balance Sheet as at 31 December 2015;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

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

## ***Independent auditors' report to the Members of Long Island Assets Limited (continued)***

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### **Responsibilities for the financial statements and the audit**

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#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

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

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#### **What an audit of financial statements involves**

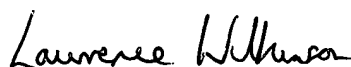
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements. We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

16 August 2016

**LONG ISLAND ASSETS LIMITED**  
REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

<i>Continuing operations :</i>	Note	2015 \$	2014 \$
Interest income	4	34,575,817	22,468,910
Interest expense	5	-	(208)
Net interest income		<u>34,575,817</u>	<u>22,468,702</u>
Foreign exchange loss		(31,436)	(4,220)
Fee expense		-	(7,629)
Dividends received		-	18,119,557
Profit before tax	6	<u>34,544,381</u>	<u>40,576,410</u>
Tax expense	9	(6,871,468)	(4,623,341)
Profit for the year		<u><u>27,672,913</u></u>	<u><u>35,953,069</u></u>

Profit after tax and total comprehensive income for the year was \$27,672,913. There were no items of other comprehensive income.

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



**LONG ISLAND ASSETS LIMITED**  
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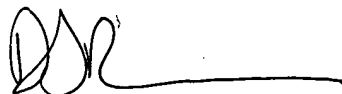
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2015**

	Note	2015 \$	2014 \$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	10	-	1
Loans and receivables	11	5,000,000,000	5,000,000,000
<b>Total non-current assets</b>		<b>5,000,000,000</b>	<b>5,000,000,001</b>
<b>Current assets</b>			
Loans and receivables	11	295,891,656	305,180,138
Available-for-sale investments	12	1,009	1,001
Cash and cash equivalents	13	46,911,678	44,298,061
<b>Total current assets</b>		<b>342,804,343</b>	<b>349,479,200</b>
<b>TOTAL ASSETS</b>		<b>5,342,804,343</b>	<b>5,349,479,201</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax	14	907,271	250,075
<b>Total current liabilities</b>		<b>907,271</b>	<b>250,075</b>
<b>Net current assets</b>		<b>341,897,072</b>	<b>349,229,125</b>
<b>NET ASSETS</b>		<b>5,341,897,072</b>	<b>5,349,229,126</b>
<b>EQUITY</b>			
Share capital	15	5,328,001	5,328,001
Share premium account	15	-	5,300,986,319
Other reserves	15	5,300,986,319	-
Retained earnings	16	35,582,752	42,914,806
<b>TOTAL EQUITY</b>		<b>5,341,897,072</b>	<b>5,349,229,126</b>

The accompanying notes from an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 August 2016 and were signed on its behalf by:

Director:  
 Name:  
 Date:



D. RENNIE

15/8/16

**LONG ISLAND ASSETS LIMITED**  
 REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

**STATEMENT OF CHANGES IN EQUITY  
 FOR THE YEAR ENDED 31 DECEMBER 2015**

	Share capital \$	Share premium account \$	Other reserves	Retained earnings \$	Total equity \$
Balance at 1 January 2015	5,328,001	5,300,986,319	-	42,914,806	5,349,229,126
Transfer from share premium to other reserve		(5,300,986,319)	5,300,986,319	-	-
Profit for the year and total comprehensive income	-	-	-	27,672,913	27,672,913
Dividends paid	-	-	-	(35,004,967)	(35,004,967)
<b>Balance at 31 December 2015</b>	<b>5,328,001</b>	<b>-</b>	<b>5,300,986,319</b>	<b>35,582,752</b>	<b>5,341,897,072</b>

	Share capital \$	Share premium account \$	Other reserves	Retained earnings \$	Total equity \$
Balance at 1 January 2014	5,328,001	5,300,986,319	-	6,961,737	5,313,276,057
Profit for the year and total comprehensive income	-	-	-	35,953,069	35,953,069
<b>Balance at 31 December 2014</b>	<b>5,328,001</b>	<b>5,300,986,319</b>	<b>-</b>	<b>42,914,806</b>	<b>5,349,229,126</b>

**LONG ISLAND ASSETS LIMITED**  
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**CASHFLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Notes	2015 \$	2014 \$
Cash flows from operating activities	17	28,638,647	453,339
Tax paid		(6,214,271)	(4,333,140)
<b>NET CASH GENERATED FROM / (USED IN) OPERATING ACTIVITIES</b>		<b>22,424,376</b>	<b>(3,879,801)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of subsidiary	10	1	191,259,661
Amounts received from / (loaned to) group undertakings		15,194,214	(5,206,000,000)
Investment in available-for-sale investments		(7)	(1,002)
Sale of investment in preference shares		-	7,900,000,000
Dividends received		-	18,119,557
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>15,194,208</b>	<b>2,903,378,216</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Redemption of own preference shares		-	(2,900,000,000)
Dividends paid		(35,004,967)	-
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(35,004,967)</b>	<b>(2,900,000,000)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>2,613,617</b>	<b>(501,585)</b>
Cash and cash equivalents at 1 January		44,298,061	44,799,646
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>46,911,678</b>	<b>44,298,061</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash in hand		244,149	1,297,778
Deposit with group undertakings		46,667,529	43,000,283
		<b>46,911,678</b>	<b>44,298,061</b>

The accompanying notes from an integral part of the financial statements.

# LONG ISLAND ASSETS LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

## NOTES TO THE FINANCIAL STATEMENTS

### 1. REPORTING ENTITY

These financial statements are prepared for Long Island Assets Limited (the 'Company'), the principal activity of which is to act as an investment company. The financial statements are prepared for the Company only. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and the ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS'), and accordingly consolidated financial statements have not been prepared.

The Company is a private limited company, domiciled and incorporated in the United Kingdom. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP.

### 2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB"). They are also in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, recognition, and measurement' as set out in the relevant accounting policies. They are presented in US Dollars which is the Company's functional and presentation currency.

#### **Foreign exchange**

Foreign currency transactions are translated into USD using the spot exchange rates prevailing at the dates of the transactions.

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

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

## **LONG ISLAND ASSETS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Critical accounting estimates**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the individual financial statements such as the fair value of financial instruments (note 19) and credit risk (note 18).

##### **Revenue recognition**

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

##### **Interest**

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

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

##### **Fees and commissions**

Fees and commissions are recognised when the service is provided.

##### **Tax**

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

Current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Investments in subsidiaries**

Investments in subsidiaries are recorded in the balance sheet at historical cost less any amounts that have been provided for to reflect impairment in the value of the investment, where there is objective evidence of impairment. Any impairment in the value of the investment is recognised in the income statement.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are stated at amortised cost using the effective interest method. (See above). They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective

## LONG ISLAND ASSETS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Loans and receivables (continued)

interest method. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

##### Available for sale

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

##### Cash and cash equivalents

For the purposes of the cash flow statement, 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.

##### Fair values of financial instruments

The fair values of financial instruments are disclosed in the respective notes to the financial statements. Available for sale investments have been classified as Level 1. Loans and receivables have been classified as Level 2.

##### *Valuation methodology*

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

##### *Quoted market prices - Level 1*

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

##### *Valuation technique using observable inputs - Level 2*

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

##### *Valuation technique using significant unobservable inputs - Level 3*

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

## **LONG ISLAND ASSETS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

##### **Impairment of financial assets**

The Company assesses at each balance sheet date whether there is objective evidence that loans and receivables or available for sale financial investments are impaired. The factors that the Company uses include significant financial difficulty of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of 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.

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

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

##### **Share capital**

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

##### **Dividends on ordinary shares**

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

##### **New and amended standards**

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRS effective as of 1 January 2015 have resulted in changes in accounting policy. There are no new amended standards that have had a material impact on the Company's accounting policies.

## LONG ISLAND ASSETS LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### Future accounting developments

There have been and are expected to be a number of significant changes to the Company's financial reporting after 2015 as a result of amended or new accounting standards that have been or will be issued by the IASB. The most significant of these are as follows:

In 2014, the IASB issued IFRS 9, Financial Instruments which will replace IAS 39 Financial Instruments: Recognition and Measurement. It will lead to significant changes in the accounting for financial instruments. The key changes relate to:

- Financial assets: Financial assets will be measured at either fair value through profit or loss or amortised cost, except for debt instruments meeting specific criteria, which are required to be measured at fair value through other comprehensive income, or equity investments not held for trading, which may be measured at fair value through other comprehensive income;
- Financial liabilities: The accounting for financial liabilities is largely unchanged, except for non-derivative financial liabilities designated at fair value through profit or loss. Gains and losses on such financial liabilities arising from changes in the Company's own credit risk will be presented in other comprehensive income rather than in profit or loss;
- Impairment: Credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities, loan commitments and financial guarantees not held at fair value through profit or loss will be reflected in impairment allowances and is expected to result in the earlier recognition of losses that are dependent on the economic forecast; and

IFRS 9 is not required to be applied until periods beginning on or after 1 January 2018. EU endorsement is expected during 2016. A joint Risk and Finance programme was incepted by Barclays Group in 2014 to implement the requirements.

The Company is in the process of considering the financial impacts of the new standards.

#### 4. INTEREST INCOME

	2015	2014
	\$	\$
Interest income from group undertakings	34,575,817	22,468,910
	<u>34,575,817</u>	<u>22,468,910</u>

Interest income includes interest receivable on amounts loaned to group undertakings, the loans carry floating rate of interest.



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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 5. INTEREST EXPENSE

	2015	2014
	\$	\$
Interest expense	-	208
	<u>-</u>	<u>208</u>

#### 6. PROFIT BEFORE TAX

The audit fee is borne by another group company. Although the audit fee is borne by another group company, the fee that would have been charged to the Company amounts to \$6,500 (2014: \$7,376) for the year. This fee is not recognised as an expense in the financial statements.

#### 7. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2014: nil). During the year, no (2014: nil) Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

#### 8. STAFF COSTS

There were no employees employed by the Company during 2015 or 2014.

#### 9. TAX EXPENSE

	2015	2014
	\$	\$
UK corporation tax	6,871,468	4,623,341
Tax expense	<u>6,871,468</u>	<u>4,623,341</u>

During the year, for companies subject to the main rate of corporate tax, the tax rate from 1 April 2015 reduced from 21% to 20% resulting in a current tax rate for the period of 20.25%. In October 2015 the main rate of UK corporation tax was reduced from 20% to 19% from 1 April 2017 and 18% from 1 April 2020.

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

	2015	2014
	\$	\$
Profit before tax	34,544,381	40,576,410
Profit multiplied by the rate of corporation tax in the UK of 20.25% (2014: 21.50%)	6,995,237	8,723,928
Effects of:		
Non taxable dividends received	-	(3,895,705)
Foreign Exchange	(123,769)	(204,882)
Current tax charge for the year	<u>6,871,468</u>	<u>4,623,341</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. INVESTMENT IN SUBSIDIARIES

	2015 \$	2014 \$
Balance as at 1 January	1	191,259,662
Redemptions	(1)	(191,259,661)
Balance as at 31 December	<u>-</u>	<u>1</u>

In the prior year, investments in subsidiaries comprised of:

Name of subsidiary	Country of incorporation or residence	Nature of business	Proportion of ownership held (%)	Proportion of voting power held (%)
Long Island International Limited (LIL)	Cayman Islands	Investing	100%	100%

In the prior year Long Island International Limited (LIL) repurchased seventy two of its \$1.00 ordinary shares for an aggregate purchase price of \$191,259,661.82. On 10 August 2015, Long Island International Limited (LIL) was liquidated.

11. LOANS AND RECEIVABLES

	2015 \$	2014 \$
<i>Non Current</i>		
Loans and receivables to parent undertaking	5,000,000,000	5,000,000,000
<i>Current</i>		
Loans and receivables to parent undertaking	295,891,656	305,180,138
	<u>5,295,891,656</u>	<u>5,305,180,138</u>

*Non Current*

At 31 December 2015, loans and receivables include a floating rate loan with a principal of \$5,000,000,000 based on a USD Libor rate maturing on 31 March 2019. This loan requires a prepayment notice of at least 12 months. The Directors consider that the carrying value of the Company's loans and receivables approximates to their fair value.

*Current*

The Directors consider that the carrying value of the Company's loans and receivables approximates to their fair value.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**12. AVAILABLE FOR SALE INVESTMENTS**

	2015 \$	2014 \$
Opening balance	1,001	-
Additions	1,018	1,002
Redemptions	(1,000)	-
Amortisation of premium	(13)	(2)
Fair value changes	-	-
Interest accrual	3	1
	<u>1,009</u>	<u>1,001</u>

The investments listed above represent investments in US debt securities.

**13. CASH AND CASH EQUIVALENTS**

	2015 \$	2014 \$
Cash in hand	244,149	1,297,778
Demand deposits	46,667,529	43,000,283
	<u>46,911,678</u>	<u>44,298,061</u>

At 31 December 2015, demand deposits included a floating rate deposit with a principal of \$36,900,000 and \$9,767,529 based on a USD Libor rate maturing on 19 January 2016.

**14. CURRENT TAX**

	2015 \$	2014 \$
Current tax liability	907,271	250,075
	<u>907,271</u>	<u>250,075</u>

**15. SHARE CAPITAL**

	Number of shares	Ordinary shares \$	Share Premium Account \$	Other reserves	Total \$
As at 31 December 2015	5,328,001	5,328,001	-	5,300,986,319	5,306,314,320

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. SHARE CAPITAL (continued)**

	Number of shares	Ordinary shares \$	Share Premium Account \$	Other reserves	Total \$
<b>As at 31 December 2014</b>	5,328,001	5,328,001	5,300,986,319	-	5,306,314,320

	2015 \$	2014 \$
Allotted and fully paid: 5,328,001 Ordinary shares of \$1 each	5,328,001	5,328,001

The holders of the ordinary shares are entitled to vote at the general meetings of the Company and are entitled to receive such dividends as Directors may declare.

The ordinary shares are not redeemable and the holders of the ordinary shares are entitled to participate in the distribution of any surplus assets of the Company.

On 18 December 2015, the Directors of the Company reduced and cancelled its share premium account and credited the cancelled amount to a reserve of the Company.

**16. RETAINED EARNINGS**

	2015 \$	2014 \$
<b>As at 1 January</b>	42,914,806	6,961,737
Profit for the year	27,672,913	35,953,069
Dividends paid	(35,004,967)	-
<b>As at 31 December</b>	<u>35,582,752</u>	<u>42,914,806</u>

**17. RECONCILIATION OF PROFIT BEFORE TAX TO CASH FLOW FROM OPERATING ACTIVITIES**

	2015 \$	2014 \$
Profit before tax	34,544,381	40,576,410
Net increase in accruals	(5,905,734)	(22,003,514)
Dividends received	-	(18,119,557)
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<u>28,638,647</u>	<u>453,339</u>

## LONG ISLAND ASSETS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 18. FINANCIAL RISKS

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

The Company's Directors are required to operate within the requirements of the Barclays Group risk management policies. These policies include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advise on the use of financial instruments to manage them and comply with the requirements. The risks are managed on a portfolio basis and are identified on an exceptions basis.

##### Liquidity risk

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations. The Company has no outstanding financial liabilities as at 31 December 2015 (2014: nil).

##### Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. The Company assesses all counterparties on a portfolio basis to ensure the credit risk is maintained within Barclays Group risk management policy guidelines. The Company monitors its exposure and seeks to minimise its credit risk exposures by monitoring the credit rating of its counterparties in accordance with Barclays Group risk management policies. The Company's assets are neither past due or impaired. The Company's assets are of investment grade. There were no significant concentrations of credit risk.

##### Maximum exposure to credit risk

The Company's maximum exposure to credit risk is detailed in the table below. The exposure reported in the table represents the gross receivable amounts and not the fair value. The exposure is reported gross and does not include any collateral or other credit risk mitigants which reduce the Company's exposure.

31 December 2015	Cash and cash equivalents	Loans and receivables	Available for sale investments	Total
	\$	\$	\$	\$
Carrying value	46,911,678	5,295,891,656	1,009	5,342,804,343
<b>Total</b>	<b>46,911,678</b>	<b>5,295,891,656</b>	<b>1,009</b>	<b>5,342,804,343</b>
31 December 2014	Cash and cash equivalents	Loans and receivables	Available for sale investments	Total
	\$	\$	\$	\$
Carrying value	44,298,061	5,305,180,138	1,001	5,349,479,200
<b>Total</b>	<b>44,298,061</b>	<b>5,305,180,138</b>	<b>1,001</b>	<b>5,349,479,200</b>

The Company does not hold any collateral as security.

## LONG ISLAND ASSETS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 18. FINANCIAL RISKS (continued)

##### Financial assets subject to credit risk

All of the Company's financial assets were neither past due nor impaired as at 31 December 2015 and 31 December 2014. Financial assets neither past due nor impaired can be analysed according to the rating systems used by the Company when assessing customers and counterparties. The credit quality of financial assets subject to credit risk was assessed as strong as at 31 December 2015 and 31 December 2014. Strong indicates that there is a very high likelihood of the asset being recovered in full.

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

31 December 2015	Cash and cash equivalents	Loans and receivables	Available for sale investments	Total
	\$	\$	\$	\$
Financial institutions	46,911,678	-	-	46,911,678
Other financial intermediaries	-	5,295,891,656	1,009	5,295,892,665
<b>Total</b>	<b>46,911,678</b>	<b>5,295,891,656</b>	<b>1,009</b>	<b>5,342,804,343</b>

##### 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 and foreign exchange rates.

##### Interest rate risk

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and /or reduced income from the Company's interest bearing financial assets and liabilities. The Company's interest rate risk arises from its loans and receivables.

##### Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2015.

The Company has net floating rate non-trading financial assets of \$5,342,559,185 (2014: \$5,348,180,421) made up of loans and receivables.

##### *Impact on net interest income*

The Company has considered the effect on interest of a 100 basis points change. This analysis has been performed by applying a 100 basis point change to the interest rate on the outstanding principal of the net floating rate interest bearing positions. The impact would be to reduce/increase the net interest income by approximately \$53,425,592 (2014: \$53,481,804).

##### *Impact on equity*

The impact of a 100 basis point change would be to reduce/increase equity by approximately \$42,606,910 (2014: \$41,983,216).

## LONG ISLAND ASSETS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 18. FINANCIAL RISKS (continued)

##### Foreign currency risk

The Company is exposed to foreign currency risk from future foreign currency transactions, and recognised assets and liabilities. As at 31 December 2015, the Company holds a GBP bank account having an immaterial balance and has GBP taxation liabilities.

#### 19. FAIR VALUES

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

The following tables summarise the fair value of financial assets and liabilities measured at amortised cost on the Company's balance sheet where the carrying amount is a reasonable approximation of fair value and analyses those fair values:

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	\$	\$	\$	\$
Loans and receivables	5,295,891,656	5,295,891,656	5,305,180,138	5,305,180,138

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

	Fair value	Level 2 – Valuations based on observable inputs	Level 1 – Valuations based on quoted market prices
	\$	\$	\$
<b>As at 31 December 2015</b>			
Available for sale investment	1,009	-	1,009
Loans and receivables	5,295,891,656	5,295,891,656	-
<b>As at 31 December 2014</b>			
Available for sale investment	1,001	-	1,001
Loans and receivables	5,295,891,656	5,295,891,656	-

##### Valuation methodology

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on observable inputs is described in note 3. There were no transfers between the classification levels during 2015 or 2014.

#### 20. EVENTS AFTER THE BALANCE SHEET DATE

On 19 January 2016, the Company paid an interim dividend of \$585,414,446 to Barclays Long Island Limited.

## LONG ISLAND ASSETS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 21. RELATED PARTY TRANSACTIONS

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

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

Barclays Bank PLC is the parent undertaking and controlling party. The Company's cash balances are held with Barclays Bank Plc. During the year there have been no other transactions with related parties other than transactions disclosed in the notes to the financial statements.

#### 22. CAPITAL MANAGEMENT

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

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern.
- To maintain an optimal capital structure in order to reduce the cost of capital.

The Board of Directors is responsible for capital management and ensures that the Company operates within the Barclays Group risk framework.

Total capital of the Company as at year end is as follows:

	2015	2014
	\$	\$
Share capital	5,328,001	5,328,001
Share premium account	-	5,300,986,319
Other reserves	5,300,986,319	-
Retained earnings	35,582,752	42,914,806
<b>Total capital resources</b>	<b>5,341,897,072</b>	<b>5,349,229,126</b>

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

#### 23. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY

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