Barclays Capital Securities Limited

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

REGISTERED NUMBER 1929333

INDEX

The Directors present their annual report together with the audited financial statements for the year ended 31 December 2006

Principal Activity and Review of Business

During the year the principal activity of the Company was the provision of prime services, equity derivative and convertible bond trading and agency execution services There were no significant changes in these activities during the year The Company is authorised and regulated by the Financial Services Authority (FSA) No significant changes in the Company's activities are expected

A full business review can be found on pages 3-4

Overseas Branches

The Company has three overseas branches located in South Korea, China and Taiwan

Results and Dividends

During the year the Company made a profit after taxation of £92,218,000 (2005 £55,677,000) The Directors do not recommend the payment of a dividend (2005 nil)

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

P A Clackson	
J-Sool Joo	
E J G Harkness	Resigned 30 May 2006
S W M Leathes	Resigned 30 December 2006
B S Bagary	
R J Place	Resigned 27 October 2006
H C Shields	
I N Mullen	Appointed 30 March 2006, resigned 20 October 2006
S H Morse	Appointed 5 September 2006

Since the year end, Julia Robson-Hastings was appointed as a Director on 5 February 2007

Directors' Interests in Shares (as defined by section 325 in the Companies Act 1985)

The Directors have no interests in the shares of the Company The Directors of the Company are also Directors of Barclays Directors Limited and their interests in the ordinary shares of Barclays PLC, the ultimate holding company, are disclosed in the financial statements of that company

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on page 5, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements

The Directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The Directors consider that in preparing the financial statements on pages 7 to 31

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and

- that all the accounting standards which they consider to be applicable have been followed, and

- that the financial statements have been prepared on a going concern basis

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985

The Directors 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

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

Creditors' Payment Policy

Given the principal activity of the Company is the provision of financial services, it does not have trade creditors and as such the disclosure of a creditors' payment policy is not applicable

Financial Instruments

Barclays financial risk management objectives and policies concerning the use of financial instruments, including the policy for hedging the exposure to credit risk, liquidity risk, interest rate risk, currency risk and price risk are set out in notes 23 - 26 Please refer to the Business Review section below the Director's Report

Auditors

On 26 April 1991 an Elective Resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually PricewaterhouseCoopers LLP have indicated their willingness to continue in office

BY ORDER OF THE BOARD

H C Shields
Director

4 March 2007

Business Review and Principal Activities

The results of the Company show a pre tax profit of £134,864,000 (2005 £79,472,000) for the year and income of £320,860,000 (2005 £205,526,000) Net cash outflow from operating activities for 2006 was £316,982,000 (2005 £116,859,000)

Business environment

The principal markets that the Company operates in are highly competitive, with competition from both incumbent players and new market entrants The Company's activities are regulated by the FSA

Strategy

The Company's overriding objective is to continue to provide its clients with well constructed and appropriate solutions according to their requirements The main elements of the Company's strategy are as follows

- To continue to offer and build on existing range of both vanilla and more complex equity derivative products,
- To continue to offer and build on existing Prime Services capabilities offered

Future outlook

In the equity markets the company continues to see strong business opportunities across all its activities and remains confident of maintaining the current level of business

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks The key business risks affecting the Company are set out below

- **Competition**

  The Company operates in a number of highly competitive business environments and competes with a wide range of financial services companies In order to mitigate this risk there is continuous focus on the range of products and services offered in order to meet the requirements of the Company's clients

- **Market risk**

  The most significant market risks the Company faces are equity price, interest rate, credit spread and foreign exchange risks The performance of financial markets may cause changes in the value of the Company's trading portfolios and the amount of revenues generated thereon Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised Changes in currency rates, particularly in the Sterling-Dollar and Sterling-Euro exchange rates, affect the value of assets and liabilities denominated in foreign currencies

  The Company has implemented risk management methods to mitigate and control these and other market risks to which the Company is exposed However, it is difficult to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on the Company's financial performance

- **Credit risk**

Credit risk is the risk that counterparties to the Company's financial assets may default The Company employs a range of policies and practices to mitigate credit risk The majority of the Company's loans and receivables are secured by collateral in the form of securities and are with other Barclays entities The Company has master netting agreements in place which significantly reduces the exposure of derivative balances

- **Liquidity risk**

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due The Company maintains a mixture of long term and short term committed facilities, including financial support from the parent, Barclays PLC, that are designed to ensure the Company has sufficient available funds for operations and planned expansion

- **Operational risk**

The Company's business is dependant on the ability to process a large number of transactions efficiently and accurately The Company has implemented risk controls and loss mitigation actions, and substantial resources are devoted to developing efficient procedures

Key performance indicators

The company has made progress during the year on its objectives and business strategy The board of directors monitors progress on the overall strategy by reference to profit before tax which was £134,864,000, an increase of 70% from last year

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BARCLAYS CAPITAL SECURITIES LIMITED

We have audited the financial statements of Barclays Capital Securities Limited for the year ended 31 December 2006 which comprise the Income Statement, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement and the related notes on pages 11 to 31 These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, 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

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion, the information given in the Directors' Report is consistent with the financial statements The information given in the Directors' Report includes that specific information presented in the Business Review section

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Directors' Report and the Business Review We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the company's affairs as at 31 December 2006 and of its profit and cash flows for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

Pricewaterhouse Coopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

20 March 2007

Barclays Capital Securities Limited
Year ended 31 December 2006
Income Statement

	Note	2006 £'000	2005 £'000
Interest income		403,913	296,403
Interest expense		(373,049)	(283,471)
Net interest income	3(a)	30,864	12,932
Net trading income	3(b)	289,996	192,594
Total income		320,860	205,526
Administrative expenses	4	(185,996)	(126,054)
Profit before taxation		134,864	79,472
Taxation	6	(42,646)	(23,795)
Profit after taxation		92,218	55,677
Profit attributable to equity holders		92,218	55,677

All recognised gains and losses are included in the income statement

YEAR ENDED 31 DECEMBER 2006

	Note	Equity Shares	Preference Shares	Other Capital	Accumulated Deficit	Total
		£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2006 brought forward	18	88,500	490,001	-	(127,072)	451,429
Capital Contribution	19	-	-	2,570	-	2,570
Profit for the financial year		-	-	-	92,218	92,218
Balance at 31 December 2006 carried forward		88,500	490,001	2,570	(34,854)	546,217

YEAR ENDED 31 DECEMBER 2005

	Note	Equity Shares	Preference Shares	Other Capital	Accumulated Deficit	Total
		£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2005 brought forward	18	88,500	490,001	-	(164,250)	414,251
First time adoption of IAS 32 and IAS 39		-	-	-	(18,499)	(18,499)
Profit for the financial year		-	-	-	55,677	55,677
Balance at 31 December 2005 carried forward		88,500	490,001	-	(127,072)	451,429

Barclays Capital Securities Limited
Year ended 31 December 2006
Balance Sheet

	Note	2006 £'000	2005 (Restated) £'000
Assets			
Cash and cash equivalents		985,880	1,302,888
Financial assets			
- held for trading	7	11,239,832	8,174,837
- derivative financial instruments	8	15,225,284	12,818,326
- designated at fair value		67,639	-
- loans and receivables	9	34,091,608	31,243,289
Trade and other receivables	10	365,057	181,567
Deferred tax assets	11	16,013	8,277
Property, plant and equipment	12	137	274
Investments in subsidiaries	13	12	12
Total assets		61,991,462	53,729,470
Liabilities			
Borrowings	14	35,535,015	33,752,391
Financial liabilities			
- held for trading	7	5,515,844	2,570,501
- derivative financial instruments	8	18,959,044	16,737,195
- designated at fair value	15	1,070,525	53,815
Trade and other payables	16	338,416	160,080
Current tax	17	26,401	4,059
Total liabilities		61,444,245	53,278,041
Shareholders' equity			
Called up share capital - Equity	18	88,500	88,500
- Preference Shares	18	490,001	490,001
Other capital	19	2,570	-
		581,071	578,501
Accumulated deficit		(34,854)	(127,072)
Total shareholders' equity		546,217	451,429
Total liabilities and shareholders equity		61,991,462	53,729,470

The financial statements were approved by the board of Directors and authorised for issue on March 2007 They were signed on its behalf by

H C Shields
Director

9 March 2007

Barclays Capital Securities Limited
Year ended 31 December 2006
Cash Flow Statement

	Note	**2006 £'000**	2005 £'000
Net cash flow from operating activities	20		
Cash used in from operating activities		(345,199)	(162,113)
Interest received		392,133	307,893
Interest paid		(363,916)	(262,639)
Net cash from operating activities		(316,982)	(116,859)
Cash flows from investing activities			
Purchase of property, plant and equipment		(30)	(135)
Proceeds from sale of property, plant and equipment		4	5
		(26)	(130)
Decrease in cash and cash equivalents		(317,008)	(116,989)
Cash and cash equivalents at beginning of year		1,302,888	1,419,877
Cash and cash equivalents at end of year		985,880	1,302,888

Cash and cash equivalents comprises of cash at bank

1. Reporting entity

These financial statements are prepared for Barclays Capital Securities Limited (the Company) and are prepared for the Company only The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent Company is Barclays PLC, both of which prepare consolidated financial statements in accordance with IFRS, and accordingly consolidated financial statements have not been prepared

The Company is a private limited company, incorporated in Great Britain 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), adopted by the European Union and the Companies Act 1985 applicable to companies reporting under IRFS In all respects, these are also in accordance with IFRS, including the interpretations issued by the International Financial Reporting Interpretations Committee

IFRS 7 (Financial Instruments disclosures) and an amendment to International Accounting Standards (IAS) 1 (Presentation of Financial Statements) on capital disclosures were issued by the IASB in August 2005 for application in accounting periods beginning on or after 1st January 2007 and have been adopted by the European Commission The new or revised disclosures will be adopted by the Company for reporting in 2007

3. Accounting policies

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

Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments Recognition and Measurement' as set out in the relevant accounting policies They are stated in thousands of pounds sterling, (£'000), the currency of the country in which the Company is incorporated

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates It also requires management to exercise judgement in the process of applying the 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 financial statements such as fair valuation of financial assets and liabilities (note 22)

Derivative Financial Instruments, Loans and Receivables and Borrowings have been restated See note 31 for details

(a) Interest receivable and payable

Interest income is recognised on all interest-bearing financial assets classified as loans and receivables, and on 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 (or expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment

The amounts shown under these headings exclude amounts directly attributable to dealing activities which are included within trading income Trading income includes interest and dividends receivable on trading positions less interest payable on the associated funding

(b) Trading income

Trading income arises from the margins which are achieved through market-making and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables Trading positions in financial instruments are valued on a fair value basis The resulting income is included in trading income along with interest and dividends arising from long and short positions and funding costs relating to trading activities

Trading income also includes fees and commissions receivable in respect of services provided, and are recognised in the income statement when the related services are performed and when considered recoverable

(c) Financial assets and liabilities

The Company recognises financial instruments from the trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows

Financial instruments at fair value through profit or loss

Assets and liabilities are so designated when they are held for trading, when they are financial derivative contracts, or at management's option (the fair value option not applicable for non-trading financial assets) in certain circumstances Once designated, the assets are held at fair value and gains and losses are taken to the income statement

Regular way purchases and sale of financial instruments held for trading or designated under the fair value option and financial derivative contracts are recognised on trade date, being the date on which the Company commits to purchases or sell the asset

The fair value option can be used in the following circumstances

(i) financial assets backing insurance contracts and financial assets backing investment contracts are designated at fair value through profit or loss because the related liabilities have cash flows that are contractually based on the performance of the assets or the related liabilities are insurance contracts whose measurement incorporates current information Fair valuing the assets through profit and loss significantly reduces the recognition inconsistencies that would arise if the financial assets were classified as available for sale

(ii) financial assets, loans to customers, financial liabilities and structured notes are designated at fair value through profit or loss where they contain substantive embedded derivatives or where doing so significantly reduces measurement inconsistencies that would arise if the related economic hedging derivatives were treated as held for trading and the underlying financial instruments were carried at amortised cost

(iii) financial assets and financial liabilities that are managed, and evaluated on a fair value basis in accordance with a documented risk management or investment strategy to key management personnel are designated at fair value through profit and loss

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

Loans and 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 Loans and receivables are stated at amortised cost using the effective interest method They are initially recognised at fair value including direct and incremental transaction costs

Regular way purchases and sales of loans and receivables are recognised on contractual settlement

Financial liabilities

Financial liabilities are initially measured at fair value and subsequenly measured at amortised cost, except trading liabilities and liabilities designated at fair value (see above), which are held at fair value through profit or loss Financial liabilities are derecognised when extinguished

Determining fair value

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

Impairment

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including trade receivables, is impaired The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties

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

The Company first assesses whether objective evidence of impairment exists for individually significant financial assets and then collectively assesses remaining financial assets that are not individually significant In addition, portfolios of financial assets with similar credit risk characteristics are also collectively assessed

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

(d) Stock borrowing and lending

Securities may be lent or sold subject to a commitment to repurchase them (stock lending arrangement) Such securities are retained on the balance sheet when substantially all the risks and rewards of ownership remain with the Company, and the counterparty liability is included separately on the balance sheet as appropriate

Similarly the Company borrows or purchases securities subject to a commitment to resell them (stock borrowing arrangement) but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans, and the securities are not included in the balance sheet

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method Securities lent to counterparties are also retained in the financial statements

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, at which point the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in net trading income

(e) Collateral and netting

The Company enters into master agreements with counterparties whenever possible and, when appropriate, obtains collateral Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously This is not generally the case with master agreements and the related assets and liabilities are presented gross in the balance sheet

The Company obtains collateral in respect of receivables where this is considered appropriate The collateral normally takes the form of a lien over the customer's assets and gives the Company a claim on these assets for both existing and future receivables

The Company also receives collateral in the form of cash or securities in respect of other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce credit risk Collateral received in the form of securities is not recorded on the balance sheet Collateral received in the form of cash is recorded on the balance sheet with a corresponding liability or asset These items are assigned to trade and other payables in the case of collateral received, and to loans and receivables in the case of cash collateral paid away

(f) Foreign currency translation

The financial statements are presented in sterling, which is the functional currency of the Company

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions Balances denominated in foreign currencies are retranslated at the rate prevailing at the period end Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined Exchange differences on equities and similar non-monetary items that are held at fair value through profit and loss, are reported as part of the fair value gain or loss

(g) Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and provisions for impairment, if any Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets

Depreciation is provided on the depreciable amount of items of property and equipment on a straight-line basis over their estimated useful lives The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its economic life

The Company uses the following annual rates in calculating depreciation

Motor vehicles	25%
Office equipment, fixtures and fittings	20%

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances

(h) Investment in subsidiaries

Investments in subsidiaries are stated at cost, less impairment where necessary

(i) Group accounts

The Company has elected to utilise the exemption provided in paragraph 41 of the IAS 27 'Consolidated and Separate Financial Statements' and the exemption in Section 228 of the Companies Act, 1985, and has not prepared group accounts The financial statements of Barclays Capital Securities Limited and its subsidiary undertakings are consolidated in the financial statements of Barclays PLC, a company registered in England and Wales and these financial statements are publicly available (see note 30)

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises 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 3 months or less Trading balances are not considered to be part of cash equivalents

(k) 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 or future taxable profits

Deferred tax is provided in full, using the liability method, on temporary timing differences arising from differences between tax bases or assets and liabilities and their carrying amounts in the financial statements Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled

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

4. PROFIT BEFORE TAXATION

The following items have been credited/(charged) in arriving at operating profit

	2006 **£'000**	2005 £'000
Staff costs (note 5)	(1,503)	(1,429)
Depreciation of tangible fixed assets	(131)	(158)
Auditors remuneration		
- audit of the Company's annual accounts	(53)	(50)
Gains/(losses) on financial instruments designated at fair value through Profit and Loss	944	(1,357)

The majority of operating expenses of the Company, including staff costs and audit fees, have been borne by fellow subsidiary undertakings, and recharged by way of management charges of £183,900,000 (2005 £123,653,000)

The Directors did not receive any emoluments in respect of their services to the Company during the year, (2005 nil)

During the year 2 (2005 1) Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentives Schemes

5. EMPLOYEES

Staff costs comprise the following

	2006 £'000	2005 £'000
Wages and salaries	1,315	1,301
Social security costs	98	80
Pension contributions	90	48
	1,503	1,429

The average number of persons, employed during the year, excluding agency staff was 13 (2005 15) All staff fall within a single structure overseas The majority of services are provided by staff employed by other group companies and recharged by way of management charges

6. TAXATION

	2006 £'000	2005 £'000
Current tax:		
United Kingdom corporation tax current year	18,920	3,483
United Kingdom corporation tax prior year	6,433	
Overseas tax current year	26,219	20,368
Overseas tax prior year	(1,190)	
Total	50,382	23,851
Deferred tax:		
Origination and reversal of temporary differences	797	26
Adjustment for prior years	(8,533)	(82)
Total	(7,736)	(56)
Total charge	42,646	23,795

Available overseas tax credits of £25,938,000 (2005 £20,368,000) have been applied to reduce UK tax in accordance with UK legislation

An analysis of the tax credit on items charged directly to equity is as follows -

	2006 £'000	2005 £'000
Short term timing differences	-	(254)
Deferred tax on first time adoption of IFRS*	-	(7,932)
Total credit to equity	-	(8,186)

* See note 11 for details of deferred tax

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

	2006 £'000	2005 £'000
Profit before tax	134,864	79,472
Tax charge at average UK corporation tax rate of 30% (2005 30%)	(40,459)	(23,842)
Adjustments for prior years	3,291	82
Effect of non-allowable write-downs, depreciation and amortisation	(582)	(2)
Other non-allowable income/(expenses)	355	(24)
Transfer Pricing Adjustment	(5,251)	-
Other items	-	(9)
Total tax charge for the year	(42,646)	(23,795)
Effective tax rate %	31 62%	29 9%

7. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

	2006 £'000	2005 £'000
Assets		
Equity securities	10,203,477	7,486,270
Debt securities	1,036,355	688,567
	11,239,832	8,174,837
Liabilities		
Equity securities	5,156,049	2,347,833
Debt securities	359,795	222,668
	5,515,844	2,570,501

8. FINANCIAL ASSETS AND LIABILITIES - DERIVATIVE FINANCIAL INSTRUMENTS

	2006		
		Fair value	
	Notional contract amount	Assets	Liabilities
	£'000	£'000	£'000
Foreign exchange derivatives			
Currency swaps	452,054	106,210	308,182
OTC derivatives	369,577	1,015	8,338
Interest rate derivatives			
Interest rate swaps	113,864,876	1,034,474	694,399
OTC derivatives	106,479	182	182
Equity and stock index derivatives			
OTC equity options bought and sold	103,989,132	13,434,742	16,573,905
Equity swaps and forwards	22,965,997	569,612	987,394
OTC derivatives	747,845	76,079	364,487
Credit derivatives			
Swaps	945,982	2,970	22,157
	243,441,942	15,225,284	18,959,044

	2005 (Restated*)		
		Fair value	
	Notional contract amount	Assets	Liabilities
	£'000	£'000	£'000
Foreign exchange derivatives			
Currency swaps	316,986	26,518	1,357
OTC derivatives	361,500	2,013	2,052
Interest rate derivatives			
Interest rate swaps	76,488,365	1,495,691	1,263,371
OTC derivatives	342,008	6,302	6,296
Equity and stock index derivatives			
OTC equity options bought and sold	167,560,558	10,443,293	14,299,634
Equity swaps and forwards	9,031,027	737,154	878,087
OTC derivatives	1,451,953	105,781	264,124
Credit derivatives			
Swaps	732,111	1,574	22,274
	256,284,508	12,818,326	16,737,195

* See note 31 for details of restatement

9 LOANS AND RECEIVABLES

	2006 £'000	2005 (Restated*) £'000
Reverse repurchase agreements and cash collateral on securities borrowed	16,087,272	14,148,871
Settlement balances	5,782,279	10,719,233
Other loans and receivables	12,222,057	6,375,185
	34,091,608	31,243,289

Loans and receivables include £177,667,000 (2005 £118,215,000) held by the Company in a segregated client account with the intermediate parent undertaking

See note 21 for details of contractual maturity

* See note 31 for details of restatement

10. TRADE AND OTHER RECEIVABLES

	2006 £'000	2005 £'000
Trade receivables	354,839	169,726
Other debtors	10,218	11,841
	365,057	181,567

See note 21 for details of contractual maturity

11. DEFERRED TAX

The components of and the movement on the deferred income tax account during the year was as follows

	1 January 2006 £'000	Charged / (credited) to income statement £'000	Charged / (credited) to equity £'000	31 December 2006 £'000
Assets				
Accelerated capital allowances	42	45	-	87
First time adoption of IFRS	7,932	(811)	-	7,121
Short term timing differences	303	52	-	355
Capital losses		8,450	-	8,450
Net deferred tax asset	8,277	7,736	-	16,013
Falling due in one year	1,047	-	-	1,047
Falling due after one year	7,230	7,736	-	14,966

	1 January 2005	Charged / (credited) to income statement	Charged / (credited) to equity	31 December 2005
	£'000	£'000	£'000	£'000
Assets				
Accelerated capital allowances	11	31	-	42
First time adoption of IFRS	-	-	7,932	7,932
Short term timing differences	24	25	254	303
Net deferred tax asset	35	56	8,186	8,277
Falling due in one year	-	-	1,047	1,047
Falling due after one year	35	56	7,139	7,230

Deferred income taxes are provided in full on temporary differences under the liability method using a principal tax rate of 30% (2005 30%)

Deferred income tax assets of nil (2005 £40,000) have not been recognised in respect of tax losses because it is not probable that future taxable profit will be available against which the Company can utilise the benefits The tax losses do not expire under current legislation

Deferred tax on the first time adoption of IFRS relates to adjustments to restate the fair value of certain trading derivatives to eliminate any profits recognised that were not evidenced by reference to data from observable markets

12. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Property, Office Equipment, Fixtures & Fittings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2006	23	765	788
Exchange movement	(2)	(43)	(45)
Additions	-	30	30
Disposals	(21)	(186)	(207)
At 31 December 2006	-	566	566
Accumulated depreciation			
At 1 January 2006	(23)	(491)	(514)
Exchange movement	2	27	29
Charge for the year	-	(131)	(131)
Disposals	21	166	187
At 31 December 2006	-	(429)	(429)
Net book value			
31 December 2006	-	**137**	**137**

	Motor Vehicles	Property, Office Equipment, Fixtures & Fittings	Total
	£'000	£'000	£'000
Cost			
At 1 January 2005	23	560	583
Exchange movement	-	89	89
Additions	-	135	135
Disposals	-	(19)	(19)
At 31 December 2005	23	765	788
Accumulated depreciation			
At 1 January 2005	(23)	(300)	(323)
Exchange movement	-	(47)	(47)
Charge for the year	-	(158)	(158)
Disposals	-	14	14
At 31 December 2005	(23)	(491)	(514)
Net book value			
31 December 2005	**-**	**274**	**274**

13. INVESTMENTS IN SUBSIDIARIES

Movements in, and details of, the Company's long term investments in subsidiaries are as follows

	£'000
At 1 January 2006 and at 31 December 2006	12

Particulars of the Company's principal subsidiaries on 31 December 2006 were as follows

Country of incorporation	Company name	Nature of business	Percentage of equity share capital held	Aggregate capital and reserves	Profit/loss for the financial year
Great Britain	Exshelfco (DZBC)	Dormant	100%	£15,194	Dormant
Great Britain	Barclays Capital Nominees (No 2) Limited	Dormant	100%	£100	Dormant

Consolidated statements have not been prepared See Note 1

14. BORROWINGS

	2006 £'000	2005 (Restated*) £'000
Bank loans and overdrafts	24,491,306	16,154,142
Repurchase agreements and cash collateral on securities lent	3,449,003	4,722,939
Settlement balances	3,682,632	9,252,244
Other borrowings	3,912,074	3,623,066
	35,535,015	33,752,391

See note 21 for contractual maturity

* See note 31 for details of restatement

15. FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE

	2006		2005	
	Fair value £'000	Contractual amount due on maturity £'000	Fair value £'000	Contractual amount due on maturity £'000
Financial liabilities designated at fair value	1,070,525	909,261	53,815	46,791

Financial liabilities designated at fair value includes certain financial instruments that pay out the higher of a guaranteed amount or a notional plus a performance related amount For these financial instruments the contractual amount due on maturity has been calculated using the guaranteed amount

There were no significant gains or losses attributable to changes in own credit risk for financial liabilities designated at fair value in 2006 (2005 none)

16. TRADE AND OTHER PAYABLES

	2006 £'000	2005 £'000
Trade payables	276,817	91,177
Other payables	61,599	68,903
	338,416	160,080

17. CURRENT TAX LIABILITIES

Current tax liabilities were as follows

	2006 £'000	2005 £'000
UK corporation tax payable	26,401	4,059

18. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
Ordinary shares		
88,500,000 ordinary shares of £1 each	88,500	88,500
Preference shares		
1,000 Irredeemable Non Cumulative Preference Shares of £1 each	1	1
661,499,000 Redeemable Non Cumulative Preference Shares of £1 each	661,499	661,499
	750,000	750,000
Allotted and fully paid		
Ordinary shares		
88,500,000 ordinary shares of £1 each	88,500	88,500
Preference shares		
1,000 Irredeemable Non Cumulative Preference Shares of £1 each	1	1
490,000,000 Redeemable Non Cumulative Preference Shares of £1 each	490,000	490,000
	578,501	578,501

Both classes of preference shares have priority over the ordinary shares in the payment of dividends or in the event of a winding up

The ordinary shareholders are entitled to vote at any general meeting of the Company, whereas the preference shareholders have no voting rights Subject to regulatory approval the redeemable preference shares can be redeemed at par, at any time by the Company by giving seven days notice in writing to the holders of such Redeemable Preference Shares

19. OTHER CAPITAL

	£'000
At 1 January 2006	-
Capital Contribution	2,570
At 31 December 2006	2,570

Other capital represents the capital contribution from Barclays Bank PLC of the Korean Branch to support the expansion of business activities conducted in South Korea These funds would only be remitted back to Barclays Bank PLC in the event that the Branch ceased to carry out securities business in South Korea

20. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2006 £'000	2005 (Restated*) £'000
Profit before taxation	134,864	79,472
Depreciation	131	158
Interest income	(403,913)	(296,403)
Interest expense	373,049	283,471
Net (increase)/decrease in trading assets	(3,064,995)	1,062,380
Net increase in derivative financial instrument assets	(2,406,958)	(12,818,326)
Net increase in assets at fair value	(67,639)	-
Net increase in loans and receivables	(2,836,174)	(10,780,892)
Net (increase)/decrease in trade and other receivables	(183,856)	419,058
Net increase in borrowings	1,773,493	5,172,270
Net increase in trading liabilities	2,945,343	1,739,236
Net increase in derivative financial instrument liabilities	2,221,849	16,737,195
Net increase in liabilities at fair value	1,016,710	53,815
Net increase/(decrease) in trade and other payables	178,334	(1,766,452)
Other non-cash movements	(25,437)	(47,095)
Net cash outflow from operating activities	(345,199)	(162,113)

* See note 31 for details of restatement

21. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The maturity analysis is based on the contractual maturity of the underlying trades The contractual maturity is not materially different to the expected maturity

	2006 Not more than twelve months £'000	Greater than twelve months £'000	Total £'000
Assets:			
Cash and cash equivalents	985,880	-	985,880
Financial assets			
- held for trading	46,580	11,193, 252	11,239,832
- derivative financial instruments	5,318,388	9,906,896	15,225,284
- designated at fair value	-	67,639	67,639
- loans and receivables	30,683,384	3,408,224	34,091,608
Trade and other receivables	365,057	-	365,057
Deferred tax assets	-	16,013	16,013
Property, plant and equipment	-	137	137
Investments in subsidiaries	-	12	12
	37,399,289	24,592,173	61,991,462
Liabilities:			
Borrowings	35,507,724	27,291	35,535,015
Financial liabilities			
- held for trading	18,364	5,497,480	5,515,844
- derivative financial instruments	5,476,561	13,482,483	18,959,044
- designated at fair value	6,708	1,063,817	1,070,525
Trade and other payables	338,416	-	338,416
Current tax	26,401	-	26,401
	41,374,174	20,071,071	61,445,245

	2005 (Restated*) Not more than twelve months £'000	Greater than twelve months £'000	Total £'000
Assets:			
Cash and cash equivalents	1,302,888	-	1,302,888
Financial assets			
- held for trading	3,472,163	4,702,674	8,174,837
- designated financial instruments	3,073,866	9,744,460	12,818,326
- loans and receivables	29,169,429	2,073,860	31,243,289
Trade and other receivables	181,567	-	181,567
Deferred tax assets	1,047	7,230	8,277
Property, plant and equipment	-	274	274
Investments in subsidiaries	-	12	12
	37,200,960	16,528,510	53,729,470
Liabilities:			
Borrowings	33,196,705	555,685	33,752,391
Financial liabilities			
- held for trading	1,207,861	1,362,640	2,570,501
- derivative financial instruments	10,291,154	6,446,041	16,737,195
- designated at fair value	6,270	47,545	53,815
Trade and other payables	160,080	-	160,080
Current tax	4,059	-	4,059
	44,866,129	8,411,911	53,278,041

* See note 31 for details of restatement

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount for which an asset could be exchanged or a liability settled, in an arms-length transaction between knowledgeable willing parties

There is no material difference between the carrying amount and the fair value of the Company's financial assets and liabilities

Financial instruments at fair value (including those held for trading, designated at fair value and derivatives are either priced with reference to a quoted market price for that instrument or by using a valuation model Where the fair value is calculated using a valuation model, the methodology is to calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value The expected cash flows for each contract are determined either directly by reference to actual cash flows implicit in observable market prices or through modelling cash flows using appropriate financial-markets pricing models Wherever possible these models use as their basis observable market prices and rates including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates

The process of calculating fair value on illiquid instruments or from a valuation model may require estimation of certain pricing parameters, assumptions or model characteristics These estimates are calibrated against industry standards, economic models and observed transaction prices Changes to assumptions or estimated levels can potentially impact the fair value of an instrument as reported

The valuation model used for a particular instrument, the quality and liquidity of market data used for pricing, other fair value adjustments not specifically captured by the model, market data and assumptions or estimates in these are all subject to internal review and approval procedures and consistent application between accounting periods

The net asset fair value position of those financial instruments where the fair values were estimated using valuation techniques which are based in full or in part on assumptions that are not supported by observable market prices decreased by £32,543,000 for the year ended 31 December 2006 (2005 restated £51,924,000)

In many cases these changes in fair values were offset by changes in fair values of other financial instruments, which were priced in active markets or valued by using a valuation technique which is supported by observable market prices or rates, or by transactions which have been realised

The fair value for loans and receivables, and other lending (including reverse repurchase agreements and cash collateral on securities borrowed) is estimated using discounted cash flows, applying either market rates where practicable or, where the counterparty is a bank, rates currently offered by other financial institutions for placing with similar characteristics In many cases the fair value approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently

The fair value of deposits and other borrowings (including repurchase agreements and cash collateral on securities lent) is estimated using discounted cash flows, applying either market rates, where practicable, or rates currently offered by the company for deposits of similar remaining maturities

23. FINANCIAL RISKS

Financial Instruments are fundamental to the Company's business and constitute the core element of its operations The risks associated with financial instruments are a significant component of the risks faced by the Company Financial instruments create, modify or reduce the liquidity, credit and market risks of the Company's balance sheet These risks and the Company's policies and objectives for managing such risks are outlined below

- Currency risk, due to the extent of its foreign currency assets not matched by foreign currency borrowings in the same currency See Note 26

- Interest rate risk, the possibility that changes in interest rates will result in higher financing charges and/or reduced income from the Company's interest bearing financial assets and liabilities See Note 25

- Credit risk, the risk that counterparties to the Company's financial assets may default See Note 24

- Liquidity risk, the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due The Company maintains a mixture of long term and short term committed facilities, including financial support from the parent, Barclays PLC, that are designed to ensure the Company has sufficient available funds for operations and planned expansion

- Price risk, the risk that market prices for the Company's securities measured at fair value may fall

The Company's Directors are required to follow the requirements of the Barclays Group risk management policies, which includes specific guidelines on the management of foreign exchange, interest rate and credit risks, and advises on the use of financial instruments to manage them.

24. CREDIT RISK

Credit risk is the risk that the Company's customers, clients or counterparties will not be able or willing to pay interest, repay capital or otherwise fulfil their contractual obligations under loan agreements or other credit facilities Credit risk also arises through downgrading of counterparties whose credit instruments the Company may be holding, causing the value of those assets to fall Furthermore, credit risk is manifested as country risk where difficulties experienced by the country in which the exposure is domiciled may impede payment or reduce the value of the asset or where the counterparty may be the country itself Settlement risk is another special form of credit risk which is the possibility that the Company may pay a counterparty – for example, a bank in a foreign exchange transaction – and fail to receive the corresponding settlement in return

The Company employs a range of policies and practices to mitigate credit risk The majority of the Company's loans and receivables are secured by collateral in the form of securities and are with other Barclays entities The Company has master netting agreements in place which significantly reduces the exposure in respect of derivative balances

25. INTEREST RATE RISK

Interest rate risk is the extent to which changes in interest rates will result in higher financing costs for the Company The exposure of the Company to interest rate changes and the effective interest rates as at 31 December 2006 were as follows Given the nature of the Company's contractual agreements the maturity date and the next interest rate repricing date will be the same

2006

	Weighted average effective interest rate	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than two years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Trading derivatives	Non-interest bearing	Total
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets											
Cash and cash equivalents		985,880									985,880
Financial assets											
- held for trading	3 29	44,049		811	191,592	198,962	55,815	312,093		10,436,510	11,239,832
- derivative financial instruments									15,225,284		15,225,284
- designated at fair value										67,639	67,639
- loans and receivables	4 99	24,643,441	10,800	156,068	424,422	115,589	39,703	2,661,907		6,039,678	34,091,608
Trade and other receivables										365,057	365,057
Deferred tax assets										16,013	16,013
Property, plant and equipment										137	137
Investments in subsidiaries										12	12
Total assets		25,673,370	10,800	156,879	616,014	314,551	95,518	2,974,000	15,225,284	16,925,046	61,991,462
Liabilities											
Borrowings	4 18	30,726,245	16,271	26,766	79,076	16,619	575,516			4,094,522	35,535,015
Financial liabilities											
- held for trading	2 42			588	29,156	67,246	27,768	106,673		5,284,413	5,515,844
- derivative financial instruments									18,959,044		18,959,044
- designated at fair value										1,070,525	1,070,525
Trade and other payables										338,416	338,416
Current tax										26,401	26,401
Total liabilities		30,726,245	16,271	27,354	108,232	83,865	603,284	106,673	18,959,044	10,814,277	61,445,245
Net Assets/(Liabilities)		(5,052,875)	(5,471)	129,525	507,782	230,686	(507,766)	2,867,327	(3,733,760)	6,110,769	546,217

2005 (Restated*)

	Weighted average effective interest rate %	Not more than three months £'000	Over three months but not more than six months £'000	Over six months but not more than one year £'000	Over one year but not more than two years £'000	Over three years but not more than five years £'000	Over five years but not more than ten years £'000	Over ten years £'000	Trading derivatives £'000	Non-interest bearing £'000	Total £'000
Assets											
Cash and cash equivalents		1,302,888									1,302,888
Financial assets											
- held for trading	3 10	9,049	9,258	40,024	62,441	344,529	43,600	66,249		7,599,687	8,174,837
- derivative financial instruments									12,818,326		12,818,326
- loans and receivables	3 26	18,402,995	2,651	231,216	1,702,718	16,483	97,972	22,820		10,766,434	31,243,289
Trade and other receivables										181,567	181,567
Deferred tax assets										8,277	8,277
Property, plant and equipment										274	274
Investments in subsidiaries										12	12
Total assets		19,714,932	11,909	271,240	1,765,159	361,012	141,572	89,069	12,818,326	18,556,251	53,729,470
Liabilities											
Borrowings	3 26	23,721,266	1,461	221,737	380,480	93,473	81,732			9,252,243	33,752,391
Financial liabilities											
- held for trading	3 16			14,365	4,980	24,770	2,947	20,514		2,502,925	2,570,501
- derivative financial instruments									16,737,195		16,737,195
- designated at fair value										53,815	53,815
Trade and other payables										160,080	160,080
Current tax										4,059	4,059
Total liabilities		23,721,266	1,461	236,102	385,460	118,243	84,679	20,514	16,737,195	11,973,122	53,278,041
Net Assets/(Liabilities)		(4,006,334)	10,448	35,138	1,379,699	242,769	56,893	68,555	(3,918,869)	6,583,129	451,429

*See note 31 for details of restatement

26. CURRENCY RISK

Currency nsk ıs the extent to whıch the Company's foreıgn currency assets are not matched by foreıgn currency borrowıngs ın the same currency As at 31 December 2006 the Company had net US Dollar assets of £1,020,341,000 (2005 £273,075,000), net Japanese yen assets of £81,782,000 (2005 £34,471,000), net euro lıabılıtıes of £466,004,000 (2005 £21,650,000) and net other currency lıabılıtıes of £454,196,000 (2005 net assets £191,735,000)

Transactıonal currency nsk ıs mınımısed by the use of foreıgn currency denvatıve financıal ınstruments to hedge open net exposures and a P&L sell-off process These amounts do not ınclude any of the notıonal amounts of such foreıgn currency denvatıve ınstruments

27. ASSETS SECURED BY CHARGES

The Company has, ın the ordınary course of busıness, created a floatıng charge over the followıng

(ı) cash and secuntıes ın connectıon wıth transactıons settled wıthın the Euroclear and Clearstream systems, and

(ıı) secuntıes settled through the CREST settlement system.

28. COLLATERAL

The carryıng amount of financıal assets pledged as collateral for lıabılıtıes as at 31 December 2006 ıs £4,979,477,000 (2005 £2,381,791,000)

The company has accepted collateral that ıs permıtted to sell or repledge ın the absence of default by the owner of the collateral

The faır value of collateral accepted as at 31 December 2006 ıs £29,927,222,000 (2005 £17,486,511,000) The faır value of such collateral where the secuntıes have been re-pledged or transferred to others and the entıty has an oblıgatıon to return thıs to collateral ıs £14,623,426,000 (2005 £9,587,836,829)

29. RELATED PARTY TRANSACTIONS

2006	Parent Company £'000	Fellow Subsidiaries £'000	Total £'000
Transactions:			
Interest income	-	1,312	1,312
Interest expense	-	2,305	2,305
Net trading income	30,834	116,474	147,308
Administrative expenses	-	183,900	183,900
Balances:			
Assets:			
Cash and cash equivalents	767,561	-	767,561
Financial assets			
- designated at fair value	67,639		67,639
- derivative financial instruments	12,383,150	747,269	13,130,419
- loans and receivables	15,929,581	11,063,769	26,993,350
Trade and other receivables	1,445	4,906	6,351
Investments in subsidiaries	-	12	12
	29,149,376	11,815,956	40,965,332
Liabilities			
Borrowings	25,923,431	1,799,770	27,723,201
Financial liabilities			
- derivative financial instruments	15,591,742	742,384	16,334,126
- designated at fair value	931,175		931,175
Trade and other payables	-	16,546	16,546
	42,446,348	2,558,700	45,005,048

2005 (Restated)	Parent Company £'000	Fellow Subsidiaries £'000	Total £'000
Transactions:			
Interest income	-	22,302	22,302
Interest expense	-	22,410	22,410
Net trading income	(554,182)	380,362	(173,820)
Administrative expenses	-	123,653	123,653
Balances:			
Assets			
Cash and cash equivalents	1,038,823	-	1,038,823
Financial assets			
- derivative financial instruments	9,756,045	124,278	9,880,323
- loans and receivables	13,834,279	11,271,793	25,106,072
Investments in subsidiaries	-	12	12
	24,629,147	11,396,083	36,025,230
Liabilities			
Borrowings	23,441,304	2,587,934	26,029,238
Financial liabilities			
- derivative financial instruments	13,337,887	105,664	13,443,551
Trade and other payables	-	61,102	61,102
	36,779,191	2,754,700	39,533,891

Administrative expenses included £7,793,000 in 2005 recharged in respect of compensation paid to key management personnel There was no such compensation in 2006

30. ULTIMATE PARENT COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC The ultimate parent company and controlling party is Barclays PLC which is the parent company of the largest group that presents group accounts Both companies are incorporated in Great Britain and registered in England and Wales Barclays Bank PLC's and Barclays PLC's statutory accounts are available from the Barclays Corporate Secretariat at 1 Churchill Place, London E14 5HP

31. PRIOR YEAR ADJUSTMENT

During the financial year, the company has identified certain balances generated by trading within the Barclays Group which required additional balance sheet netting to be applied in 2005 The 2005 balance sheet and related notes have been restated to reflect the additional netting Derivative financial instruments reduced by £9,635,219,000 and Loans and Receivables and Borrowings by £3,518,585,000 This change has no impact on the Income Statement, net assets or the Cash Flow Statement