

PISCES FINANCE LIMITED
(FORMERLY: BARSHELFCO (NP NO.6) LIMITED)

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1998

REGISTERED IN ENGLAND NO. 2223203



PISCES FINANCE LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the company for the year ended 31 December 1998.

REVIEW OF BUSINESS

The principal activity of the company is trading securities. In the opinion of the directors the state of the company's affairs is satisfactory.

CHANGE OF NAME

On 20 January 1998 the name of the company changed from Barclays Finance Limited to Barshelfco (NP No.6) Limited. On 22 May 1998 the name of the company changed from Barshelfco (NP No.6) Limited to Pisces Finance Limited.

RESULTS AND DIVIDENDS

The profit after taxation for the year was £296,935 (1997: Nil). The directors do not recommend the payment of a dividend (1997: Nil) and £296,935 (1997: Nil) has been credited to reserves.

DIRECTORS

The following directors held office throughout the year except where stated otherwise:

Barclays Group Holdings Limited (resigned 4 March 1999)
Barclays Directors Limited (resigned 4 March 1999)
J Caetano (appointed 22 May 1998)
B Gill (appointed 22 May 1998, resigned 8 July 1999)
L Kenworthy (appointed 22 May 1998)
Barcosec Limited (appointed 15 September 1998)
Barometers Limited (appointed 15 September 1998)

DIRECTORS' INTERESTS IN STOCK (as defined in the Companies Act 1985)

The directors of the company are also directors of Barclays Directors Limited (formerly known as Barclays Holdings Limited) and their interests are disclosed in the accounts of that company.

YEAR 2000

The directors are aware of the risks and uncertainties associated with the year 2000 problem. A year 2000 programme is underway and details, including the costs incurred, are disclosed in the accounts of Barclays Capital Services Limited, the group undertaking responsible for the programme.

AUDITORS

Price Waterhouse were appointed Auditors to the Company on 22 May 1998 to hold office until the conclusion of the next General Meeting of the Company. Price Waterhouse, the Company's Auditor, merged with Coopers & Lybrand on 1 July 1998 to form a new firm, PricewaterhouseCoopers. Price Waterhouse resigned as Auditor with effect from 15 September 1998 and PricewaterhouseCoopers was appointed in its place. PricewaterhouseCoopers has signified its willingness to continue in office.

By order of the board

(Director)



Date 19 August 1999

PISCES FINANCE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors 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 of the company for the financial year. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

By order of the board.



(Director)

Date 19 August 1999

PISCES FINANCE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF PISCES FINANCE LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Report & Financial Statements, as described on page 2. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Report & Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements 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 of the state of the Company's affairs as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

London
19 August 1999

PISCES FINANCE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998

	Note	1998 £	1997 £
Administration expenses		(312,142)	-
Other operating income	3	1,046,711	-
Interest received from group undertakings		71,247	-
Interest payable to group undertakings		(375,476)	-
Profit on ordinary activities before taxation		<u>430,340</u>	<u>-</u>
Tax on profit on ordinary activities	4	(133,405)	-
Profit on ordinary activities after taxation		<u>296,935</u>	<u>-</u>

The company had no recognised gains or losses this year or during the prior year other than those reflected in the above profit and loss account.

There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

STATEMENT OF MOVEMENT IN RESERVES FOR THE YEAR ENDED 31 DECEMBER 1998

	1998 £	1997 £
Opening reserves at 1 January 1998	-	-
Profit and loss account	296,935	-
Reserves at 31 December 1998	<u>296,935</u>	<u>-</u>

The notes on pages 6 to 9 form an integral part of these financial statements.

PISCES FINANCE LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Investments	5	<u>840,000</u>	<u>-</u>
CURRENT ASSETS			
Debtors	6	2,280,342	2
Creditors: amounts falling due within one year	7	(133,405)	-
NET CURRENT ASSETS		<u>2,146,937</u>	<u>2</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,986,937</u>	<u>2</u>
TOTAL NET ASSETS		<u>2,986,937</u>	<u>2</u>
CAPITAL AND RESERVES			
Called up share capital	8	2,690,002	2
Profit and loss account		296,935	-
TOTAL SHAREHOLDERS' FUNDS		<u>2,986,937</u>	<u>2</u>

A statement of movement in shareholders' funds is given in note 9 to the financial statements.

The notes on pages 6 to 9 form an integral part of these financial statements.

The board of directors approved the financial statements on 19 August 1999

..... (Director)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt from the obligation to prepare and deliver group accounts as it is included in the audited accounts of Barclays PLC. Consequently, these accounts present information about the company as an individual undertaking and not about its group.

Investments

Investments in subsidiary undertakings are stated at the lower of cost and net realisable value.

Deferred Taxation

Deferred tax is provided at the estimated rates at which future taxation will become payable on all timing differences between the accounting and taxation of investment income and expense where, in the opinion of the directors, it is probable that a liability to taxation will crystallise.

Cash Flow Statement

The company's ultimate holding company has adopted the provisions of Financial Reporting Standard 1 ("FRS 1") revised, *Cash Flow Statements*. Accordingly the company, which is a wholly owned subsidiary, has elected to utilise the exemption provided in FRS 1 revised not to produce a cash flow statement.

Related Party Transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 ("FRS 8"), *Related Party Disclosures* not to disclose transactions with other group companies since the company is a wholly owned subsidiary of Barclays Bank PLC. During the period there have been no transactions with related parties other than group companies.

Foreign currencies

Trading results denominated in foreign currencies are translated into sterling at average rates of exchange during the year. Assets and liabilities are translated at the exchange rate ruling at the year end except where rates of exchange are fixed under contractual arrangements. Exchange differences are taken to the profit and loss account as they arise.

2. DIRECTORS' EMOLUMENTS

None of the directors received any emoluments in respect of their services to the company during the year. The company made no loans to its directors during the year. There were no employees, other than the directors listed on page 1, at any point during the period.

3. OTHER OPERATING INCOME

	1998	1997
	£	£
Other operating income	1,046,711	-
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

3. OTHER OPERATING INCOME (CONTINUED)

The operating income represents the income received from purchase and sale of principal receipts as described in note 5.

4. TAXATION

	1998	1997
	£	£
Corporation tax charged for the year	133,405	-
	<u> </u>	<u> </u>

Current taxation has been provided on the basis of a UK corporate tax rate of 31% (1997-31.5%).

5. INVESTMENT IN SUBSIDIARY

	Investment in subsidiary	Total
	£	£
Cost at 1 January 1998	-	-
Purchase of subsidiary	<u>840,000</u>	<u>840,000</u>
At 31 December 1998	<u>840,000</u>	<u>840,000</u>

On 26 May 1998, the company purchased the entire share capital of Ulysses Finance, a UK incorporated company for consideration of £840,000. In the opinion of the directors, the value of the company's investment in its subsidiary undertaking is not materially less than the amount stated in the balance sheet.

On 12 June 1998, Pisces Finance Limited invested \$140.7m to acquire the principal and dividend receipts with respect to shares of certain money market funds. Pisces Finance was the initial holder of the principal receipts, which entitled the company to all the rights of a beneficial owner of AAA funds, except for the right to receive dividends. The dividend receipts were purchased by the company acting as agent for Ulysses Finance, its wholly owned subsidiary.

On 16 June 1998, the company sold its principal receipts to Sagittarius Finance Trust, a Delaware business trust established by Barclays Bank PLC on May 18, 1998, for a consideration of USD \$1,038,300 and 464 shares.

On 13 July 1998, the company sold its interest in the 464 trust shares in Sagittarius Finance Trust to a third party for USD \$98.7m.

PIŞCES FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

6. DEBTORS

	1998 £	1997 £
Amounts falling due within one year:		
Amounts due from Barclays bank	2,280,342	2
	<u>2,280,342</u>	<u>2</u>
	<u><u>2,280,342</u></u>	<u><u>2</u></u>

7. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Corporation tax payable	133,405	-
	<u>133,405</u>	<u>-</u>
	<u><u>133,405</u></u>	<u><u>-</u></u>

8. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised ordinary shares of £1 each	5,000,000	100
	<u>5,000,000</u>	<u>100</u>
Allotted, issued and fully paid ordinary shares of £1 each	2,690,002	2
	<u>2,690,002</u>	<u>2</u>
	<u><u>2,690,002</u></u>	<u><u>2</u></u>

On 23 June 1998, the company increased its authorised ordinary share capital by 4,999,900 to 5,000,000. During the year the company issued 2,690,000 £1 ordinary shares at par for cash.

PISCES FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	296,935	-
New share capital subscribed	2,690,000	-
Net addition to shareholders' funds	<u>2,986,935</u>	<u>-</u>
Opening shareholders' funds	2	2
Closing shareholders' funds	<u><u>2,986,937</u></u>	<u><u>2</u></u>

10. AUDIT FEE

The audit fee is borne by the company's parent undertaking, Swan Lane Investments Limited.

11. ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. 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 Secretary, 54 Lombard Street, London EC3P 3AH.