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LOXLEY INVESTMENTS LIMITED

Report and Financial Statements

For the period from 1 January 2010 to 19 August 2010

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REGISTERED NUMBER (CAYMAN): WK127159

REGISTERED NUMBER IN ENGLAND AND WALES: FC024755



## **LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

### **DIRECTORS' REPORT**

**For the period from 1 January 2010 to 19 August 2010**

The directors present their report together with the audited financial statements for the period from 1 January 2010 to 19 August 2010

#### **Review of business and future outlook**

The principal activity of the Company is to act as an investment company. No significant change in this activity is expected, but the directors expect the company's performance to change significantly in future periods due to the settlement of various balance sheet positions.

The directors have reviewed the Company's business and performance and consider it to be satisfactory for the period. The directors consider that the Company's position at the end of the period is consistent with the size and complexity of the business.

Given the nature of the business, the Company's directors are of the opinion that analysis using Key Performance Indicators (KPIs) is not necessary for an understanding of the development, performance or position of the business.

#### **Results and dividends**

During the period the Company made a profit after taxation of CAD\$ 3,822,289 (2009 CAD\$ 5,985,203). No final dividend is recommended in respect of the ordinary shares (2009 Nil). The Company paid dividends of CAD\$ 121,622,882 (2009 CAD\$ 193,070,376) on the redeemable B preference shares for the period. The directors consider that the performance of the Company has been satisfactory during the period.

#### **Directors**

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

B Ferry	(appointed 13 August 2010)
S Filippi	(resigned 13 August 2010)
A Revill	(resigned 13 August 2010)
B Shah	(resigned 6 August 2010)
R Stokes	(appointed 6 August 2010)
D Cook	(appointed 19 August 2010)
W Swords	(appointed 13 August 2010 and resigned 19 August 2010)

#### **Derivatives and financial instruments**

The Company's directors are required to follow the requirements of the Barclays Group risk management policies, which include specific guidelines on the management of foreign exchange, credit and interest rate risks and advise on the use of financial instruments to manage them. Barclays Group risk management policies can be found in the financial statements of Barclays Bank PLC for the year ended 31 December 2010 (see note 16). The exposure of the company to foreign exchange and interest rate risk is set out in note 12.

#### **Change in year end date**

During the period under review the directors decided to change the financial year end to 19 August. This was done to align the company's year end with that of its holding company, Shooters Grove Holdings Limited, which facilitates the ongoing FX hedging.



# **LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

## **DIRECTORS' REPORT (continued)**

For the period from 1 January 2010 to 19 August 2010

### **Directors' third party indemnities**

Qualifying third-party indemnity provisions were in force during the course of the financial period from 1 January 2010 to 19 August 2010 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 they may incur (or have incurred) in connection with their duties/powers of office

### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

In accordance with Section 418, each director in office at the date the directors' report is approved, confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**DIRECTORS' REPORT (continued)**

**For the period from 1 January 2010 to 19 August 2010**

**Auditors**

The directors have appointed PricewaterhouseCoopers LLP as auditors to the Company  
PricewaterhouseCoopers LLP have indicated their willingness to continue in office

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'R Stokes', written over a horizontal line.

Director

Name R Stokes

For and on behalf of

Loxley Investments Limited

Date 20 April 2011



## **LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF LOXLEY INVESTMENTS LIMITED**

We have audited the financial statements of Loxley Investments Limited for the period from 1 January 2010 to 19 August 2010, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the directors to meet their obligations under the Companies Act 2006 as applicable to Overseas Companies 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 including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

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.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 19 August 2010 and of its profit and cash flows for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applicable to the Overseas Companies.

#### **Opinion on other matter prescribed by the Companies Act 2006 as applicable to Overseas Companies**

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



**LOXLEY INVESTMENTS LIMITED**

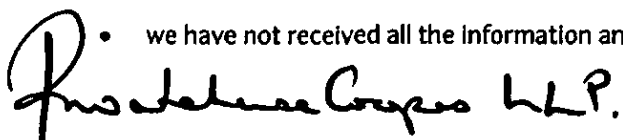
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**INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF LOXLEY INVESTMENTS LIMITED**  
(continued)

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

We have nothing to report in respect of the following matters where the Companies Act 2006 as applicable to Overseas Companies requires us to report to you if, in our opinion.

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



PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

Date: 6 May 2011



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**PROFIT AND LOSS ACCOUNT****FOR THE PERIOD FROM 1 JANUARY 2010 TO 19 AUGUST 2010**

	Notes	Period from 1 January 2010 to 19 August 2010 CAD\$	Year ended 31 December 2009 CAD\$
Other income		8,752	9,872
Operating profit		<u>8,752</u>	<u>9,872</u>
Interest receivable and similar income	3	181,805,066	288,261,830
Interest payable and similar charges	4	(121,662,882)	(193,070,376)
Profit on ordinary activities before taxation	5	<u>60,150,936</u>	<u>95,201,326</u>
Tax on profit on ordinary activities	6	(56,328,647)	(89,216,123)
Profit on ordinary activities after taxation		<u><u>3,822,289</u></u>	<u><u>5,985,203</u></u>

All recognised gains and losses are included in the profit and loss account. Operating profit is derived from continuing activities. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The notes 1 to 16 to the accounts form an integral part of these financial statements.



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**BALANCE SHEET AS AT 19 AUGUST 2010**

	Notes	2010 CAD\$	2009 CAD\$
FIXED ASSET INVESTMENTS	7	2,936,835	4,002,935,119
CURRENT ASSETS			
DEBTORS Amounts falling due within one year	8	4,000,120,199	8,323,765
Cash at bank and in hand		46,481,393	49,622,605
CREDITORS Amounts falling due within one year	9	(4,028,064,546)	(4,043,229,897)
NET CURRENT ASSETS/(LIABILITIES)		18,537,046	(3,985,283,527)
TOTAL ASSETS LESS CURRENT LIABILITIES		21,473,881	17,651,592
NET ASSETS		21,473,881	17,651,592
CAPITAL AND RESERVES			
Equity share capital	10	2,000,000	2,000,000
Profit and loss account		19,473,881	15,651,592
TOTAL EQUITY SHAREHOLDERS' FUNDS	11	21,473,881	17,651,592

A reconciliation of movement in shareholders' funds is given in note 11

The notes 1 to 16 form an integral part of these financial statements

The financial statements and notes to the accounts were approved by the Board of Directors on 15 April 2011



Director

Name R Stokes

Date 20 April 2011



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY 2010 TO 19 AUGUST 2010**

	Notes	Period from 1 January 2010 to 19 August 2010 CAD\$	Year ended 31 December 2009  CAD\$ Restated
Net cash inflow from operating activities	13	2,392,204	466,791
Returns on investments and servicing of finance	14	53,117,734	83,930,192
Tax paid		(58,649,703)	(78,690,484)
(Decrease)/Increase in cash during the period		<u>(3,139,765)</u>	<u>5,706,499</u>

The 2009 balances were restated to disclose the components of cash flows from operating activities and the withholding tax expense

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	Period from 1 January 2010 to 19 August 2010 CAD\$	Year ended 31 December 2009  CAD\$ Restated
(Decrease)/Increase in cash during the period	<u>(3,139,765)</u>	<u>5,706,499</u>
Change in net funds	(3,139,765)	5,706,499
Net funds at start of period	49,614,887	43,908,388
Net funds at end of period	<u>46,475,122</u>	<u>49,614,887</u>



## **LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial statements have been prepared on a going concern basis under the historical cost convention, the accounting policies set out below and in accordance with the Companies Act 2006 and applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force

##### **Overseas company**

The financial statements have been prepared in accordance with the Companies Act 2006 applicable to overseas companies. The Company has taken advantage of the modifications and exemptions from disclosure that are set out in the Overseas Companies (Accounts) (Modifications and Exemptions) Order 1990

##### **Revenue recognition**

Interest income and expense is recognised on an accruals basis, including the dividends payable on the preference shares

##### **Foreign exchange**

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the exchange rate ruling at the balance sheet date except where rates of exchange are fixed under contractual arrangements. Trading results denominated in foreign currencies are translated into Canadian dollars at average rates of exchange during the period unless a contracted rate applied. All exchange differences are included in the profit and loss account.

##### **Taxation**

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

##### **Investments**

Investment debt securities are stated at cost less any permanent diminution in value. Investment securities are intended for use on a continuing basis by the Company and have been identified as such. Any discount or premium on acquisition is amortised on an effective yield basis through the profit and loss account over the period that the security is held by the Company.

##### **Issued debt and equity securities**

The Company adopts the requirements of 'Financial Reporting Standard 25 'Financial instruments: Disclosure and Presentation' (FRS25). The liability in respect of the Class B and C redeemable preference shares issued by the Company has been classified as creditors falling due within one period. The discretionary nature of redeemable preference share distributions results in them being classified as dividends paid in accordance with FRS 25.



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****1. ACCOUNTING POLICIES (continued)****Derivative financial instruments**

The Company is a party to financial instruments that reduce exposure to fluctuations in foreign currency exchange rates. These instruments comprise cross currency contracts and foreign exchange forward contracts. The purpose of these instruments is to reduce currency risk.

Derivative financial instruments are accounted for on an accruals basis in line with the underlying assets or liabilities. Income and expense recognised in the same line in the profit and loss account as the underlying asset or liability.

**2. DIRECTORS' EMOLUMENTS**

The directors did not receive any emoluments in respect of their services to the Company during the period from 1 January 2010 to 19 August 2010 (2009 Nil).

**3. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Period from 1 January 2010 to 19 August 2010 CAD\$	Year ended 31 December 2009 CAD\$
Interest receivable from fixed asset investments	180,875,884	287,154,964
Other interest receivable	929,182	1,106,866
	<u>181,805,066</u>	<u>288,261,830</u>

Interest receivable from fixed asset investments includes amounts receivable from The Bank of Nova Scotia totalling CAD\$ 180,006,541 (2009 CAD\$ 286,994,433). Other interest receivable represents amounts receivable from The Bank of Nova Scotia of CAD\$ 929,182 (2009 CAD\$ 1,106,866).

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	Period from 1 January 2010 to 19 August 2010 CAD\$	Year ended 31 December 2009 CAD\$
Dividends paid and accrued on preference shares	121,662,882	193,070,376
	<u>121,622,882</u>	<u>193,070,376</u>

Dividends paid and accrued on preference shares of CAD\$ 121,662,882 (2009 CAD\$ 193,070,376) accounted for as a liability represents amounts paid/payable to The Bank of Nova Scotia in an amount equal to CAD\$121,625,768 (2009 CAD\$193,011,478) and Myers Grove Investments Limited in an amount equal to CAD\$37,114 (2009 CAD\$58,898), who are the owners of the preference shares.



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES. FC024755)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

There were no employees employed by the Company during 2010 and 2009. 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 CAD\$6,487 (2009: CAD\$6,800) for the period. This fee is not recognised as an expense in the financial statements.

**6. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	Period from 1 January 2010 to 19 August 2010 CAD\$	Year ended 31 December 2009 CAD\$
United Kingdom Corporation taxation	48,941,023	77,562,923
Overseas tax	7,024,450	11,261,262
Prior year adjustment	(39,668)	-
Foreign exchange current period	402,842	391,938
	<u>56,328,647</u>	<u>89,216,123</u>

The tax charge included within these financial statements is at the standard UK corporation tax rate of 28% (2009: 28%). The effective tax rate is higher (2009: higher) than the standard tax rate as a result of foreign withholding tax suffered, foreign exchange and non-deductible preference share dividends. These differences are explained below.

	Period from 1 January 2010 to 19 August 2010 CAD\$	Year ended 31 December 2009 CAD\$
Profit on ordinary activities before taxation	<u>60,150,936</u>	<u>95,201,326</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009: 28%)	16,842,262	26,656,372
Effects of		
Overseas tax suffered	7,024,450	11,261,262
Relief for overseas tax suffered	(1,966,846)	(3,153,154)
Foreign exchange	402,842	391,938
Prior year adjustment	(39,668)	-
Non-deductible preference share dividends	34,065,607	54,059,705
Current tax charge for the period	<u>56,328,647</u>	<u>89,216,123</u>



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****7. FIXED ASSET INVESTMENTS**

	Investment in Debt securities CAD\$	Government securities CAD\$	Total CAD\$
As at 31 December 2009	4,000,000,000	2,935,119	4,002,935,119
Amortisation of premium	-	1,716	1,716
Maturity of cross currency swap and notes	(4,000,000,000)	-	(4,000,000,000)
As at 19 August 2010	-	2,936,835	2,936,835

Fixed asset investments consisted of Fixed Rate Deposit Notes issued by The Bank of Nova Scotia and Canadian government securities. The Fixed Rate Deposit Notes had a face value of JPY 346,238,000,000 (CAD\$4,000,000,000) and paid interest at a rate of 2.3750% per annum. The market value of the Canadian government securities at 19 August 2010 is CAD\$ 3,836,665 (2009 CAD\$ 3,519,824).

**8. DEBTORS: Amounts falling due within one year**

	2010 CAD\$	2009 CAD\$
Amounts owed by group undertakings	4,000,084,198	-
Accrued interest	36,001	8,323,765
	<u>4,000,120,199</u>	<u>8,323,765</u>

In 2009 accrued interest included amounts due from The Bank of Nova Scotia of CAD\$ 314,504 (2009 CAD\$ 8,309,765).

**9. CREDITORS**

Amounts falling due within one year	2010 CAD\$	2009 CAD\$
Overdraft	6,271	7,718
Corporation tax	27,058,113	36,403,620
Dividends payable	162	5,818,559
Preference share liability	4,001,000,000	4,001,000,000
	<u>4,028,064,546</u>	<u>4,043,229,897</u>



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****9. CREDITORS (continued)**

The preference share liability falling due within one year represents redeemable preference shares issued and allotted by the Company as follows

	2010 CAD\$	2009 CAD\$
<b>Authorised:</b>		
6,555 Cumulative Redeemable "B" Shares of CAD\$ 1,000,000 each	6,555,000,000	6,555,000,000
723 Redeemable "C" Shares of CAD\$ 1,000,000 each	723,000,000	723,000,000
	<hr/>	<hr/>
<b>Allotted and fully paid:</b>		
3,278 Cumulative Redeemable "B" Shares of CAD\$ 1,000,000 each	3,278,000,000	3,278,000,000
723 Redeemable "C" Shares of CAD\$ 1,000,000 each	723,000,000	723,000,000
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The 3,278 Cumulative Redeemable "B" Shares (the "B" shares) carry the right to fixed rate dividends of 5.8092% per annum payable monthly on a cumulative basis. In a vote on a proposed dissolution resolution, the "B" shares carry 33% of the voting rights. In all other matters, the "B" shares carry 67% of the vote.

The "B" Shares are redeemable at any time, subject to the holder giving the Company three business days' notice. The "B" Shares may be redeemed in cash or in specie. Where the redemption is in cash, the redemption amount will be the lower of the issue price of the shares and a share of the fair market value of the net assets of the Company based on the number of B shares in issue as a percentage of all shares in issue. Where there is an in specie redemption, the redemption amount will be the lower of the issue price of the shares and the fair market value of specified assets.

The 723 issued Redeemable "C" Shares (the "C" shares) are redeemable after the redemption of the "B" Shares, at their issue price, and carry no voting rights.

On unwind, the Company first pays any dividend due to the holders of the "B" shares. The Company then redeems the "B" Shares via an in specie distribution of its assets or a cash distribution, or combination of both. The "C" Shares are then entitled to any dividend declared but not paid on redemption of the "C" Shares.

The preference share liability and accrued dividends of CAD\$ 4,001,000,161 represents amounts payable to Shooters Grove Holdings Limited of CAD\$ 724,000,161 and Myers Grove Investments Limited of CAD\$ 3,277,000,000. In 2009 the preference share liability and accrued dividends of CAD\$ 4,006,818,559 represented amounts payable to The Bank of Nova Scotia of CAD\$ 3,282,596,223 and Myers Grove Investments Limited of CAD\$ 724,222,336.



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****10. CALLED UP SHARE CAPITAL**

	2010 CAD\$	2009 CAD\$
<b>Authorised:</b>		
2 Ordinary "A" Shares of CAD\$1,000,000 each	2,000,000	2,000,000
<b>Allotted and fully paid:</b>		
2 Ordinary "A" Shares of CAD\$1,000,000 each	2,000,000	2,000,000

The 2 issued Ordinary "A" Shares carry 67% of the voting rights of the Company on a proposed dissolution resolution and 33% of the voting rights in all other matters

On unwind, the holders of the Ordinary "A" shares are entitled to any remaining distributable amounts after the settlement of the redeemable "B" and "C" shares (see note 9)

**11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 CAD\$	2009 CAD\$
Profit for the period	3,822,289	5,985,203
Increase in shareholders' funds	3,822,289	5,985,203
Opening shareholders' funds	17,651,592	11,666,389
Closing shareholders' funds	21,473,881	17,651,592

**12. DERIVATIVES AND FINANCIAL INSTRUMENTS**

The Company is exposed to foreign exchange rate risk caused by the Company having payable and receivable balances denominated in currencies other than that of its functional currency. In order to hedge the foreign exchange exposure, the Company has entered into cross currency swap contracts and foreign exchange forward contracts. The cross currency swap contracts exchanged Japanese Yen receipts for Canadian Dollars, these were settled on 19 August 2010. The forward contracts exchange Canadian Dollar payable balances into Sterling payments.



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES FC024755)

**NOTES TO THE FINANCIAL STATEMENTS (continued)****12. DERIVATIVES AND FINANCIAL INSTRUMENTS (continued)**

At period end, the Company had entered into forward exchange contracts to receive £24,366,747 and to pay CAD\$ 38,763,366 with an expiry dates ranging from 14 October 2010 to 14 January 2011. The Company also entered into forward exchange contracts to receive CAD\$6,940,690 and pay £4,257,779 on 14 January 2011.

The fair value of the Company's derivatives positions are given below

	2010 CAD\$	2009 CAD\$
Fair value of cross currency swaps	-	76,721,138
Fair value of forward currency exchange contracts	900,816	(1,236,428)
	<u>900,816</u>	<u>75,484,710</u>

The forward currency exchange contracts are with a related party, The Bank of Nova Scotia

**13. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2010 CAD\$	2009 CAD\$ Restated
Operating profit	8,752	9,872
Changes in operating assets and liabilities		
Decrease in fixed assets	3,999,998,284	3,842
(Increase) / Decrease in debtors	(3,991,796,433)	1,510,997
Decrease in creditors	(15,154,158)	(1,793,543)
Redemption of preference shares	(3,277,000,000)	-
Re-issue of preference shares on the same day	3,277,000,000	-
Less decrease in corporation tax creditor	9,335,759	735,623
Net cash inflow from operating activities	<u>2,392,204</u>	<u>466,791</u>

The 2009 balances were restated to disclose the components of cash flows from operating activities



**LOXLEY INVESTMENTS LIMITED**

(REGISTERED NUMBER IN ENGLAND AND WALES: FC024755)

**14. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2010 CAD\$	2009 CAD\$
		Restated
Interest received	181,805,066	288,261,830
Preference dividends paid	(121,662,882)	(193,070,376)
Withholding tax adjustment	(7,024,450)	(11,261,262)
	<hr/> 53,117,734	<hr/> 83,930,192

The preference dividends of CAD\$ 121,662,822 (2009 CAD\$ 193,070,376) represents amounts paid to The Bank of Nova Scotia of CAD\$ 121,625,768 (2009: nil) and Myers Grove Investment Limited of CAD\$ 37,114 (2009: CAD\$ 193,070,376) Interest received includes amounts received from The Bank of Nova Scotia of CAD\$ 180,285,047 (2009 CAD\$ 286,128,654)

The 2009 balances were restated to disclose the effect of the withholding tax expense on cash flows for the period

**15. RELATED PARTY TRANSACTIONS**

The Company has entered into a number of related party transactions during the period, as disclosed in notes 3, 4, 5, 7, 8, 9, 12, 14 and 15 In addition, the cash reported on balance sheet includes a balance of CAD\$ 46,481,393 (2009: CAD\$ 49,622,605) held on account by The Bank of Nova Scotia The Bank of Nova Scotia was treated as being a related party because it was able to exercise significant influence over the Company. From 19 August 2010 going forward, The Bank of Nova Scotia will no longer be considered a related party There are no other transactions with related parties requiring disclosure in 2010 or 2009

**16. PARENT UNDERTAKING AND 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. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from Barclays Corporate Secretariat at 1 Churchill Place, London E14 5HP

**17. POST BALANCE SHEET EVENT**

Subsequent to the balance sheet date, the Company approved dividend payments on the preference shares totalling CAD\$ 20,133,275