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# HAUTEVILLE INVESTMENTS LIMITED

**Report and Financial Statements**  
**For the year ended 31 December 2009**

**REGISTERED NUMBER (England and Wales): FC028036**  
**REGISTERED NUMBER (Cayman Islands): WK199997**

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## **HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

### **DIRECTORS' REPORT**

**For the year ended 31 December 2009**

The directors present their report together with the audited financial statements for the year ended 31 December 2009

#### **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 envisaged in the foreseeable future and the directors expect the company's performance to be in line with the current year.

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 year 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 (KPI's) is not necessary for an understanding of the development, performance or position of the business.

#### **Results and Dividends**

During the year ended 31 December 2009, the Company made a profit after tax of €26,395 (2008 €39,582). No ordinary dividends were declared during the year (2008 £Nil). The Directors consider that the performance of the Company has been satisfactory during the year. The net assets as at 31 December 2009 were €1,065,610 (2008 €1,048,904).

#### **Financial instruments**

Barclays financial risk management objectives and policies, which are followed by the Company, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and the exposure to price risk, credit risk, liquidity risk and cash flow risk are set out in the note 16 'Financial Risks'.

#### **Directors**

The directors of the Company, who served during the year, together with their dates of appointment are as shown below:

G Agrawal  
JEF Corswarem  
R Isman  
C Schulze

Since the year end, R Isman resigned as a Director on 25 June 2010, G Agrawal resigned as a Director on 3 September 2010 and N Abhat was appointed as a Director on 22 September 2010.

## HAUTEVILLE INVESTMENTS LIMITED

Registered number in England and Wales FC028036

### DIRECTORS' REPORT (continued)

For the year ended 31 December 2009

#### Directors' Indemnities

Qualifying third party indemnity provisions were in force during the course of the financial year ended 31 December 2009 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office

#### Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report, 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, as applicable to overseas companies 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

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates,
- 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, as applicable to overseas companies

The Directors in office as at the date of this report confirm that

- there is no relevant audit information of which the company's auditors are unaware, and
- that they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

#### 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

Director  
Name   
Date J. CORNWALL 29.10.2010  
For and on behalf of Hauteville Investments Limited

## **HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF HAUTVILLE INVESMENTS LIMITED**

We have audited the financial statements of Hautville Investments Limited for the year ended 31 December 2009 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. 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 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 directors to meet their obligations under the Companies Act 1985 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.

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 1985, as applicable to overseas companies. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **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.

## HAUTEVILLE INVESTMENTS LIMITED

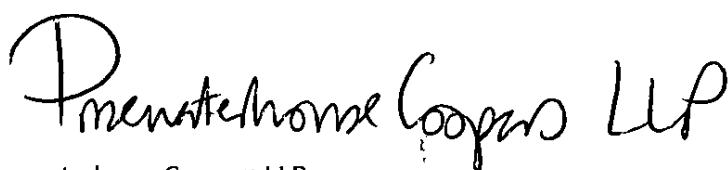
Registered number in England and Wales FC028036

### INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF HAUTVILLE INVESMENTS LIMITED (continued)

#### 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 2009 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, as applicable to overseas companies, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London

Date 3 November 2010

**HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

**INCOME STATEMENT  
FOR THE YEAR ENDING 31 DECEMBER 2009**

	Notes	For the year ending 31 December 2009	For the period from 27 November 2007 to 31 December 2008
<b>Continuing operations:</b>		€	€
Interest receivable and similar income	5	182,086,458	195,567,036
Interest payable and similar charges	6	(182,060,063)	(195,527,454)
Net interest income		26,395	39,582
Profit on ordinary activities before taxation	7	26,395	39,582
Taxation	9	-	-
Profit for the year/period		26,395	39,582

Profit for the year is derived from continuing activities. The accompanying notes form an integral part of these financial statements.

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 €	2008 €
Net profit for the year/period		26,395	39,582
<b>Other comprehensive income:</b>			
Fair value (losses) /gains on available for sale assets		(9,689)	9,321
Tax credit/(charge) relating to components of other comprehensive income		2,713	(2,656)
Group relief for nil consideration		(2,713)	2,656
<b>Total comprehensive income for the year/period</b>		<b>16,706</b>	<b>48,903</b>

**HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

**BALANCE SHEET AS AT 31 DECEMBER 2009**

	Notes	2009 €	2008 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Loans and receivables	10	4,110,000,000	4,110,000,000
<b>Total non-current assets</b>		<b>4,110,000,000</b>	<b>4,110,000,000</b>
<b>Current assets</b>			
Cash		74,193	49,235
Available-for-sale investments	11	991,417	997,419
Accrued interest on loan to group undertaking		12,469,854	11,973,310
<b>Total current assets</b>		<b>13,535,464</b>	<b>13,019,964</b>
<b>TOTAL ASSETS</b>		<b>4,123,535,464</b>	<b>4,123,019,964</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accrued dividends on borrowings		12,469,854	11,971,060
<b>Total current liabilities</b>		<b>12,469,854</b>	<b>11,971,060</b>
<b>NET CURRENT ASSETS</b>		<b>1,065,610</b>	<b>1,048,904</b>
<b>Non-current liabilities</b>			
Borrowings	12	4,110,000,000	4,110,000,000
<b>TOTAL LIABILITIES</b>		<b>4,122,469,854</b>	<b>4,121,971,060</b>
<b>NET ASSETS</b>		<b>1,065,610</b>	<b>1,048,904</b>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	13	1,000,001	1,000,001
Retained earnings		65,977	39,582
Available-for-sale reserve	14	(368)	9,321
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>1,065,610</b>	<b>1,048,904</b>

The accompanying notes form an integral part of these financial statements

The financial statements and accompanying notes were approved by the Board of Directors on 29 October 2010

 Director   
 Name

Date 29 OCTOBER, 2010

**HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2009**

	Share capital	Available for sale reserve	Retained earnings	Total equity
	€	€	€	€
Balance at 1 January 2009	1,000,001	9,321	39,582	1,048,904
Net profit for the year	-	-	26,395	26,395
Available for sale financial assets	-	(9,689)	-	(9,689)
Tax relating to components of other comprehensive income	-	2,713	-	2,713
Group relief for nil consideration	-	(2,713)	-	(2,713)
Total comprehensive income for the year	-	(9,689)	26,395	16,706
Balance at 31 December 2009	1,000,001	(368)	65,977	1,065,610

	Share capital	Available for sale reserve	Retained earnings	Total equity
	€	€	€	€
Balance at 27 November 2007	-	-	-	-
Net profit for the period	-	-	39,582	39,582
Available for sale financial assets	-	9,321	-	9,321
Tax relating to components of other comprehensive income	-	(2,656)	-	(2,656)
Group relief for nil consideration	-	2,656	-	2,656
Total comprehensive income for the period	-	9,321	39,582	48,903
Issue of new ordinary shares	1,000,001	-	-	1,000,001
Balance at 31 December 2008	1,000,001	9,321	39,582	1,048,904



**HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales: FC028036

**CASHFLOW STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2009**

	Notes	For the year ending 31 December 2009	For the period from 27 November 2007 to 31 December 2008
		€	€
<b>NET CASH FROM OPERATING ACTIVITIES</b>			
Cash from operating activities	4	-	-
Interest received		181,600,511	183,592,395
Interest paid		(181,561,269)	(183,556,394)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>39,242</b>	<b>36,001</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Loan to group undertaking		-	(4,110,000,000)
Purchase of available-for-sale investments		(991,284)	(1,976,767)
Maturity of available-for-sale investments		977,000	990,000
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(14,284)</b>	<b>(4,110,986,767)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net proceeds from the issuance of preference shares		-	4,110,000,000
Net proceeds from the issuance of ordinary share capital		-	1,000,001
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>4,111,000,001</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>24,958</b>	<b>49,235</b>
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>		<b>49,235</b>	<b>49,235</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash at bank		74,193	49,235

# **HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 REPORTING ENTITY**

The financial statements are prepared for Hauteville Investments Limited (the "Company"), the principal activity of the Company is to act as an investment Company. The Company is a wholly owned subsidiary of Barclays Moselle No 3 Investments Limited ("Barclays Moselle No 3") and its ultimate parent Company is Barclays PLC. Barclays PLC prepares consolidated financial statements in accordance with IFRS as adopted by the European Union, and accordingly consolidated financial statements have not been prepared for the Company.

Hauteville Investments Limited is a limited company incorporated in the Cayman Islands. The Company's registered office is

Walker House  
87 Mary Street  
George Town  
Grand Cayman KY1-9002  
Cayman Islands

### **2. COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS**

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB"). They are also in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

The Company is an overseas company and as such has prepared its financial statements in accordance with the Companies Act as applicable to overseas companies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The adoption of IAS 1 (revised) has resulted in the reformatting of the statement of recognised gains and losses into a statement of comprehensive income and the addition of a statement of changes in equity. The adoption of IAS 1 (revised) does not change the recognition, measurement or disclosure of specific transactions and events required by other standards.

The adoption of amendment to IFRS 7 – Financial Instruments: Disclosures, has resulted in additional disclosures being made regarding liquidity risk and the fair value of financial instruments.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

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

#### **Basis of preparation**

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

# **HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

## **NOTES TO THE FINANCIAL STATEMENTS**

### **3. SIGNIFICANT ACCOUNTING POLICIES**

#### **Foreign Exchange**

Foreign currency transactions are translated into Euros at average rates of exchange during the year. Monetary items denominated in foreign currencies are translated into functional currency at the spot rate prevailing on the balance sheet date. All exchange gains and losses are recognised in the income statement.

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

#### **Revenue Recognition**

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

#### **Interest**

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

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

#### **Taxation**

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

#### **Loan and receivables**

Loans and receivables are recorded on balance sheet according to the substance of the contractual arrangement entered into. Loans and receivables are initially recorded at fair value, less any amounts that have been provided for to reflect impairment in the value of the investment that are considered permanent. Income is recognised in the income statement, using the effective interest rate which discounts estimated future cash flows through the life of the financial asset to that asset's net carrying value.

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

For the purposes of the cash flow statement, cash comprises cash on hand, demand deposits, and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

## HAUTEVILLE INVESTMENTS LIMITED

Registered number in England and Wales FC028036

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

##### Available-for-sale investments

Available for sale investments are non-derivative financial investments. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value, and gains and losses arising from changes in fair value are included as a separate component of equity until sale or impairment when the cumulative gain or loss is transferred to the income statement. The assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

##### Borrowings

Borrowings refer to irredeemable preference shares issued and amounts borrowed by the Company. They are recognised as a liability when a contractual agreement results in the Company having a present obligation to deliver cash or another financial asset to the holder. They are initially recognized at fair value including direct and incremental transaction costs and are subsequently measured at amortised cost. They are derecognised when the liability is extinguished.

Borrowing costs are charged as an expense to the income statement in the period in which they are incurred.

##### 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 market 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.

The following fair value classifications are used when determining the fair value of assets and liabilities in the financial risks note.

##### Level 1

Financial instruments for which their valuations are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis.

##### Impairment of financial assets

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.

## HAUTEVILLE INVESTMENTS LIMITED

Registered number in England and Wales FC028036

### NOTES TO THE FINANCIAL STATEMENTS (continued)

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

##### Impairment of financial assets

The Company first assesses whether objective evidence of impairment exists individually 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, calculated by reference to the expected cash flows from it discounted at the original effective interest rate for the asset.

##### Share Capital

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

##### Future accounting developments

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods, but have not been adopted. They are not expected to result in significant changes to the Company's accounting policies.

- Embedded derivatives Amendments to IFRIC 9 and IAS 39
- Eligible Hedged Items (an amendment to IAS 39)
- IAS 24 Related Party Disclosures
- IFRIC 19 – Extinguishing financial liabilities with equity instruments
- Improvements to IFRS 2008
- Improvements to IFRS 2009

IFRS 9 'Financial Instruments Classification and Measurement' was published on 12 November 2009. It is the first phase of a project to replace IAS 39 and will ultimately result in fundamental changes in the way that the Company's accounts for financial instruments. Adoption of the standard is not mandatory until accounting periods beginning on or after 1st January 2013 but early adoption is permitted. However, it is not available for adoption in the EU until it has been endorsed.

The main differences from IAS 39 are as follows:

- All financial assets, except for certain equity investments, would be classified into two categories: amortised cost, where they generate solely payments of interest and principal and the business model is to collect contractual cash flows that represent principal and interest, or fair value through profit or loss.
- Certain non-trading equity investments would be classified at fair value through profit or loss or fair value through other comprehensive income with dividends recognised in net income.
- Embedded derivatives are no longer considered for bifurcation but are included in the assessment of the cash flows for the classification of the financial asset as a whole.
- Financial assets which meet the requirements for classification at amortised cost are optionally permitted to be measured at fair value if that eliminates or significantly reduces an accounting mismatch.
- Reclassifications are required, if and only if, there is a change in the business model.

Aspects of financial instrument accounting which will be addressed in future phases of the project include the accounting for financial liabilities, impairment of amortised cost financial assets and hedge accounting. The entity is assessing the impacts of the first phase in the project, as well as following developments in the future phases.

## HAUTEVILLE INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 4. RECONCILIATION OF OPERATING PROFIT TO NET CASH USED IN OPERATING ACTIVITIES

	For the year ending 31 December 2009	For the period from 27 November 2007 to 31 December 2008
	€	€
Profit for the year/period before taxation	26,395	39,582
Interest receivable and similar income	(182,086,458)	(195,567,036)
Interest payable and similar charges	182,060,063	195,527,454
Net cash received from operating activities	-	-

#### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	For the year ending 31 December 2009	For the period from 27 November 2007 to 31 December 2008
	€	€
Interest receivable from group undertakings	182,060,284	195,527,631
Interest receivable on available-for-sale investments	38,096	38,074
Amortisation of discount on available-for-sale investments	(11,922)	1,331
	182,086,458	195,567,036

#### 6. INTEREST PAYABLE AND SIMILAR INCOME

	For the year ending 31 December 2009	For the period from 27 November 2007 to 31 December 2008
	€	€
Interest paid to group undertaking	192	141
Dividends paid on preference shares issued	182,059,871	195,527,313
	182,060,063	195,527,454

#### 7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no employees employed by the Company during the year (2008 None) Auditors' remuneration in 2009 and 2008 was borne by another group entity The fee that would otherwise have been charged to the Company amounts to €3,931 for the year (2008 €3,931) This amount has not been included as an expense in the financial statements

## HAUTEVILLE INVESTMENTS LIMITED

Registered number in England and Wales FC028036

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 8. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company during the year (2008 £Nil)

#### 9. TAXATION

	For the year ending 31 December 2009 €	For the period from 27 November 2007 to 31 December 2008 €
UK corporation tax	-	-
Tax charge on profit on ordinary activity	-	-

The UK corporation tax charge is based on the UK corporation tax rate of 28% (2008 28.5% blended rate). The reduction is due to the use of a blended corporation tax rate for the year 2008, as a result of the reduction of the corporation tax rate from 30% to 28% with effect from 1 April 2008. The effective tax rate is lower than the standard tax rate as a result of non-taxable items.

The overall tax charge is explained in the following table:

	For the year ended 31 December 2009 €	For the period ended 31 December 2008 €
Profit on ordinary activities before taxation	26,395	39,582
Profit on ordinary activities multiplied by blended rate of corporation tax in the UK of 28% (2008 blended rate of 28.5%)	7,390	11,281
Effect of Non deductible dividend expense	50,976,764	55,725,284
Group relief claimed for nil consideration	(50,984,154)	(55,736,565)
Current tax credit for the year/period	-	-

**HAUTEVILLE INVESTMENTS LIMITED**

Registered number in England and Wales FC028036

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

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

	For the year ended 31 December 2009 €	For the period ended 31 December 2008 €
Tax on fair value (losses)/gains on available-for-sale investments	(2,713)	2,656
Group relief transferred/(claimed) for no consideration	2,713	(2,656)
Current tax charged to equity	-	-

The tax effects relating to each component of other comprehensive income were as follows

	2009				2008			
	Before Tax Amount €	Tax credit €	Group relief for nil consider ation €	Net of tax amount €	Before Tax Amount €	Tax charge €	Group relief for nil consid eration	Net of tax amount €
Available for sale assets	(9,689)	2,713	(2,713)	(9,689)	9,321	(2,656)	2,656	9,321
Tax on components of other comprehensive income	(9,689)	2,713	(2,713)	(9,689)	9,321	(2,656)	2,656	9,321

**10. LOANS AND RECEIVABLES**

	2009 €	2008 €
Loan to group undertaking	4,110,000,000	4,110,000,000
	<u>4,110,000,000</u>	<u>4,110,000,000</u>

The fair value of the loan at 31 December 2009 was €4,398,300,988. Additional details in respect of the Company's borrowings are detailed in note 16.



## HAUTEVILLE INVESTMENTS LIMITED

Registered number in England and Wales FC028036

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 11. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	€	€
Balance as at 1 January and 27 November	997,419	-
Acquisitions	991,284	1,976,767
Amortisation of discount	(11,922)	1,331
Redemption	(977,000)	(990,000)
Changes in fair value reserve in equity	(9,689)	9,321
Accrued interest	1,325	-
	<hr/>	<hr/>
Fair value of Bunds as at 31 December	991,417	997,419

The investments above represent investments in overseas debt securities. The interest rate risk inherent in these debt securities is disclosed in note 17.

#### 12. BORROWINGS

	2009	2008
	€	€
Preference shares issued to Colombiere Investments Limited	4,110,000,000	4,110,000,000
	<hr/>	<hr/>
	4,110,000,000	4,110,000,000

The Company has in issue 4,110 preference shares to Colombiere Investments Limited for a nominal value of €1 per preference share. The preference shares do not carry any voting rights. The shares are not redeemable.

The fair value of the non-redeemable preference shares was €4,398,300,988.

Additional details in respect of the Company's borrowings are detailed in note 16.

#### 13. CALLED UP SHARE CAPITAL

	2009	2008
	€	€
<b>Authorised:</b>		
1,000,001 Ordinary shares of €1 each	1,000,001	1,000,001
	<hr/>	<hr/>
<b>Allotted, called-up and fully paid:</b>		
1,000,001 Ordinary shares of €1 each	1,000,001	1,000,001
	<hr/>	<hr/>

The Company issued 1,000,001 ordinary shares at a subscription price of €1 per share.

The holders of the ordinary shares are entitled to vote at the general meetings of the Company and are entitled to receive such dividends as directors may declare. The ordinary shares are not redeemable.

## HAUTEVILLE INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 14. AVAILABLE-FOR-SALE RESERVE

	2009	2008
	€	€
At 1 January and 27 November	9,321	-
Fair value (losses)/gains on available-for-sale investments	(9,689)	9,321
Tax on Fair Value Gains	2,713	(2,656)
Group relief for nil consideration	(2,713)	2,656
At 31 December	(368)	9,321

The available-for-sale reserve records the gains and losses arising from changes in the fair value of the available-for-sale investments on the balance sheet. These gains and losses are included as a separate component of equity before they are transferred to the income statement on the disposal or maturity of the investment.

#### 15. RELATED PARTY TRANSACTIONS

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

The definition of related parties includes parent company, ultimate parent company, subsidiary, as well as the Company's key management which includes its Directors. Barclays Moselle No 3 Investments Limited is the parent undertaking and controlling party.

Amounts receivable from and payable to related parties are disclosed in note 6 and 7. Balance sheet positions with related parties are reported in notes 11 and 13. The cash and cash equivalents balances of € 74,193 are held on account with Barclays Bank PLC (2008: €49,235). There have been no other transactions with related parties requiring disclosure in the accounts.

#### 16. FINANCIAL RISKS

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

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

##### Liquidity risk

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations.

## HAUTEVILLE INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 16. FINANCIAL RISKS (continued)

The table below shows the maturity of the financial liability the Company is exposed to, and the undiscounted contractual maturity of the liabilities it faces

	2009 Borrowings €	2008 Borrowings €
<b>Financial liabilities repayable:</b>		
- not more than three months	172,083,988	43,893,886
- over three months but not more than one year	182,059,871	137,667,190
- over one year but not more than five years	718,263,600	726,244,306
- over five years	4,110,000,000	4,110,000,000
<b>Total</b>	<b>5,182,407,459</b>	<b>5,017,805,382</b>

The principal due under perpetual subordinated liability instruments has been included in the over five years category. Further interest payments have not been included on this amount, which according to their strict contractual terms, could carry on indefinitely.

#### Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. The Company assesses all counterparties on a portfolio basis to ensure the credit risk is maintained within Barclays Group risk management policy guidelines. The Company monitors its exposures and seeks to minimize its credit exposures by monitoring the credit rating of its counterparties in accordance with Barclays Group risk management policies. The Company's assets are neither past due or impaired. The company's assets are of investment grade.

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

The Company does not hold any collateral as security.

	Cash €	Available for sale investments €	Loan to group undertaking €	2009 Total €
Carrying value	74,193	990,092	4,110,000,000	4,111,064,285
<b>Total</b>	<b>74,193</b>	<b>990,092</b>	<b>4,110,000,000</b>	<b>4,111,064,285</b>

**HAUTEVILLE INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****16. FINANCIAL RISKS (continued)****Credit Risk**

	Cash	Available for sale investments	Loan to group undertaking	2008 Total
	€	€	€	€
Carrying value	49,235	997,419	4,110,000,000	4,111,046,654
<b>Total</b>	<b>49,235</b>	<b>997,419</b>	<b>4,110,000,000</b>	<b>4,111,046,654</b>

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

	Cash	Available for sale investments	Loan to group undertaking	2009 Total
	€	€	€	€
Other financial intermediaries	74,193	-	4,122,469,855	4,122,544,048
German Government		990,092	-	990,092
<b>Total</b>	<b>74,193</b>	<b>990,092</b>	<b>4,122,469,855</b>	<b>4,123,534,140</b>

	Cash	Available for sale investments	Loan to group undertaking	2008 Total
	€	€	€	€
Other financial intermediaries	49,235	-	4,121,971,062	4,122,020,297
German Government		997,419	-	997,419
<b>Total</b>	<b>49,235</b>	<b>997,419</b>	<b>4,121,971,062</b>	<b>4,123,017,716</b>

**Market Risk**

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

**Interest rate risk**

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

## HAUTEVILLE INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 16. FINANCIAL RISKS (continued)

##### Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2009

The Company has floating rate non-trading financial assets of €74,193 (2008 €49,235)

##### Impact on net interest income

The Company has considered the effect on interest of a 100 basis points change. This analysis has been performed by applying a 100 basis point change to the outstanding principal of the floating-rate interest bearing positions. The impact would be as follows

	+100 basis points 2009	-100 basis points 2009	+100 basis points 2008	-100 basis points 2008
Impact on Income Statement	€742	(€742)	€492	(€492)
As a percentage of net interest expense	2.81%	(2.81%)	1.24%	(1.24%)

##### Valuation methodology

The table below shows the Company's financial assets and liabilities that are recognised and measured at fair value analysed by valuation technique. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is described in note 3.

	Level 1	Total
	£	£
Financial assets		
Available for sale investments		
- Debt securities	991,417	991,417
Total	991,417	991,417

#### 17. ULTIMATE HOLDING COMPANY

The Company's immediate parent undertaking is Barclays Bank PLC. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding Company and the parent Company of the largest group presents consolidated financial statements is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and their statutory financial statements are available from the Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

## HAUTEVILLE INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 18. CAPITAL MANAGEMENT

The Company is required to operate within the risk management policies of Barclays Bank PLC, its ultimate parent, which include guidelines covering capital management. The capital management objectives and policies for Barclays Bank PLC can be found in its financial statements (see note 17).

The Company's objectives when managing capital are

- To safeguard the Company's ability to continue as a going concern
- To maintain an optimal capital structure in order to reduce the cost of capital
- To maintain an AA capital rating
- To generate sufficient capital to support asset growth
- To manage foreign currency exposures

The board of directors is responsible for capital management and ensure that the Company operates within the Barclays Group risk framework.

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

The Company regards as capital its equity reported on balance sheet. The preference shares in issue are not redeemable on demand and are therefore managed as part of the capital of the Company.

Total capital of the Company is as follows

	2009	2008
	€	€
Ordinary shares	1,000,001	1,000,001
Retained earnings	65,977	39,582
Preference shares in issue	4,110,000,000	4,110,000,000
Total capital resources	4,111,065,978	4,111,039,583