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LARRAU INVESTMENTS LIMITED

Report and Financial Statements
For the year ended 31 December 2009

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REGISTERED NUMBER (ENGLAND AND WALES) : FC028039

REGISTERED NUMBER (CAYMAN ISLANDS) : WK-199999

LARRAU INVESTMENTS LIMITED
Registered number in England and Wales FC028039

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 future 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 year The directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business

Given the nature of the business, the Company's directors are of the opinion that analysis using Key Performance Indicators 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 €25,597 (2008 €39,212) The Company had net assets of €1,064,442 (2008 €1,048,533) During the year, preference dividends of €225,012,060 (2008 €226,866,555) were paid The directors consider that the performance of the Company has been satisfactory during the year

Restatement of the prior year balance sheet

The prior year balance sheet has been restated to reclassify loans and advances to the parent company from current assets to non-current assets as they were not expected to be realised within twelve months from the balance sheet date

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

G Agrawal
J 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 N Abhat was appointed as a Director on 22 September 2010

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

LARRAU INVESTMENTS LIMITED
Registered number in England and Wales FC028039

DIRECTORS' REPORT (continued)
For the year ended 31 December 2009

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, and

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

- 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

Financial instruments

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

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 J. CORSHARGR
Date 10 November 2010

For and on behalf of Larrau Investments Limited

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF LARRAU INVESMENTS LIMITED

We have audited the financial statements of Larrau 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 in the notes to the financial statements

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

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF LARRAU 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom
Date 12 November 2010

LARRAU INVESTMENTS LIMITED
Registered number in England and Wales FC028039

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 €
Continuing operations:			
Interest receivable and similar income	6	225,656,592	241,741,960
Interest payable and similar expenses	7	(225,630,234)	(241,702,689)
Net interest income		26,358	39,271
Other expenses		(761)	(59)
Profit on ordinary activities before taxation	8	25,597	39,212
Taxation	10	-	-
Profit for the year/period		25,597	39,212
Profit attributable to shareholders		25,597	39,212

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

	For the year ended 31 December 2009 €	For the period from 27 November 2007 to 31 December 2008 €
Net profit for the year/period	25,597	39,212
Other comprehensive income:		
Fair value (losses)/gains on available-for-sale assets	(9,688)	9,320
Tax relating to components of other comprehensive income		
Tax on fair value gains/(losses) on available-for-sale investments	2,713	(2,656)
Group relief (claimed)/transferred for nil consideration	(2,713)	2,656
Other comprehensive income for the year/period net of tax	(9,688)	9,320
Total comprehensive income for the year/period	15,909	48,532

LARRAU INVESTMENTS LIMITED

Registered number in England and Wales FC028039

BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	2009 €	2008 € Restated
Non current assets			
Loans and advances	12	5,145,460,355	5,144,835,960
Current assets			
Available-for-sale investments	11	991,417	999,667
Other receivables	13	-	6,960
Cash at hand		66,795	41,906
Total current assets		1,058,212	1,048,533
TOTAL ASSETS		5,146,518,567	5,145,884,493
Current liabilities			
Creditors falling due within one year	14	15,454,125	14,835,960
Total current liabilities		15,454,125	14,835,960
Net current liabilities		(14,395,913)	(13,787,427)
Non- current liabilities			
Borrowings	15	5,130,000,000	5,130,000,000
Total non- current liabilities		5,130,000,000	5,130,000,000
NET ASSETS		1,064,442	1,048,533
SHAREHOLDERS' EQUITY			
Called up share capital	16	1,000,001	1,000,001
Retained earnings		64,809	39,212
Available-for-sale reserve		(368)	9,320
TOTAL SHAREHOLDERS' EQUITY		1,064,442	1,048,533

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 10 November 2010

Director

Name J. CORSWAREM

Date 10 November 2010

LARRAU INVESTMENTS LIMITED
Registered number in England and Wales FC028039

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	9,320	39,212	1,048,533
Net profit for the year	-	-	25,597	25,597
Available-for-sale financial assets	-	(9,688)	-	(9,688)
Tax relating to components of other comprehensive income	-	2,713	-	2,713
Group relief surrendered for nil consideration		(2,713)	-	(2,713)
Total comprehensive income for the year		**(9,688)**	**25,597**	**15,909**
Balance at 31 December 2009	**1,000,001**	**(368)**	**64,809**	**1,064,442**

	Share capital	Available-for-sale reserve	Retained earnings	Total equity
	€	€	€	€
Balance at 27 November 2007	-	-	-	-
Net profit for the period	-	-	39,212	39,212
Available-for-sale financial assets	-	9,320	-	9,320
Tax relating to components of other comprehensive income	-	(2,656)	-	(2,656)
Group relief claimed for nil consideration	-	2,656	-	2,656
Total comprehensive income for the period	-	**9,320**	**39,212**	**48,532**
Issue of new ordinary shares	1,000,001	-	-	1,000,001
Balance at 31 December 2008	**1,000,001**	**9,320**	**39,212**	**1,048,533**

LARRAU INVESTMENTS LIMITED
Registered number in England and Wales FC028039

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	For the year ended 31 December 2009 €	For the period from 27 November 2007 to 31 December 2008 €
NET CASH FROM OPERATING ACTIVITIES			
Cash from operating activities	5	45,218	28,924
Interest received		225,012,251	226,866,641
Interest paid		(9)	(174)
NET CASH FROM OPERATING ACTIVITIES		225,057,460	226,895,391
NET CASH FLOWS USED IN INVESTING ACTIVITIES			
Loan to parent undertaking		(6,227)	(5,130,000,000)
Purchase of available-for-sale securities	11	(991,284)	(1,976,872)
Proceeds from redemption of available-for-sale securities	11	977,000	990,000
NET CASH USED IN INVESTING ACTIVITIES		(20,511)	(5,130,986,872)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from the issuance of ordinary share capital		-	1,000,001
Net proceeds from the issuance of preference share capital		-	5,130,000,000
Dividends paid		(225,012,060)	(226,866,555)
NET CASH FROM FINANCING ACTIVITIES		(225,012,060)	4,904,133,446
NET INCREASE IN CASH AND CASH EQUIVALENTS		24,889	41,906
CASH AND CASH EQUIVALENTS AT 1 JANUARY		41,906	-
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		66,795	41,906
CASH AND CASH EQUIVALENTS COMPRISE:			
Cash in hand		66,795	41,906
		66,795	41,906

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 REPORTING ENTITY

The financial statements are prepared for Larrau Investments Limited (the "Company"), the principal activity of which is to act as an investment company The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent company is Barclays PLC Barclays PLC prepares consolidated financial statements in accordance with IFRS and accordingly consolidated financial statements have not been prepared for Larrau Investments Limited

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

Walker House Limited
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 presentation currency

3. SIGNIFICANT ACCOUNTING POLICIES

Restatement of the prior year Balance Sheet

The prior year Balance Sheet has been restated to reclassify loans and advances of £5,144,835,960 from current assets to non-current assets as they are not expected to be recovered within 12 months from the balance sheet date

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

Fees and commissions
Fees and commissions are recognized in the income statement on an accruals basis as the service is provided

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.

Foreign Exchange
Foreign currency transactions are translated into Euros using 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

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 is it recoverable by offset against current or future taxable profits

Loans and advances
Loans and receivables are initially recorded at fair value including direct and incremental transaction costs They are subsequently valued at amortised cost, less any amounts that have been provided for to reflect impairment in the value of the investment, where there is objective evidence of impairment 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 assets net carrying value

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

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

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 preference shares issued by the Company, and 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 The liability is initially recognised at fair value and amortised to the redemption value using the effective rate of interest over the life of the instrument

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES

Determining fair value (continued)

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

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

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 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 though 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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING POLICIES

Future accounting developments (continued)

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

4. SEGMENTAL REPORTING

The Company has elected not to comply with the voluntary disclosure requirements of Financial Reporting Standard 8, and does not disclose segmental information, as such information is disclosed in the accounts of the parent company (see Note 19)

5. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	For the year ended 31 December 2009	For the period from 27 November 2007 to 31 December 2008
	€	€
Profit for the year/period before taxation	25,597	39,212
Amortisation of premium/(discount)	11,922	(1,226)
Net decrease/(increase) in accruals	1,683	(2,249)
Interest Paid	9	174
Interest Received	(225,012,251)	(226,866,641)
Preference share dividends paid	225,012,060	226,866,555
Net decrease /(increase) in group relief receivable	6,198	(6,960)
Foreign exchange	-	59
Net cash used in operating activities	45,218	28,924

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	For the year ended 31 December 2009	For the period from 27 November 2007 to 31 December 2008
	€	€
Interest receivable from parent undertaking	225,630,418	241,702,660
Interest on available-for-sale investments	26,174	39,300
	225,656,592	241,741,960

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	For the year ended 31 December 2009	For the period from 27 November 2007 to 31 December 2008
	€	€
Preference share dividends payable to group undertaking	225,630,225	241,702,515
Interest payable to group undertaking	9	174
	225,630,234	241,702,689

8. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

There were no employees employed by the Company during the year (2008 Nil) Auditors' remuneration in 2009 and 2008 was borne by Barclays Bank PLC The fee that would otherwise have been charged to the Company amounts to €4,452 (2008 €3,224) This amount has not been included as an expense in the financial statements

9. DIRECTORS' EMOLUMENTS

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

10. TAXATION

The UK corporation tax charge is based on the UK corporation tax rate of 28% (2008 28 5% blended rate) The reduction was 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 due to the reasons explained below

	For the year ended 31 December 2009	For the period from 27 November 2007 to 31 December 2008
	€	€
Profit on ordinary activities before taxation	25,597	39,212
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 blended rate of 28 5%)	7,167	11,175
Effect of		
Non taxable dividend expense	63,176,463	68,885,217
Group relief claimed for nil consideration	(63,183,630)	(68,896,392)
Current tax charged to the Income Statement	-	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TAXATION (continued)

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 from 27 November 2007 to 31 December 2008 €
Tax on fair value (losses)/gains on available-for-sale investments	(2,713)	2,656
Group relief transferred/(claimed) for nil 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 consideration	Net of tax amount	Before Tax Amount	Tax charge	Group relief for nil consideration	Net of tax amount
	€	€	€	€	€	€		€
Available for sale assets	(9,688)	2,713	(2,713)	(9,688)	9,320	(2,656)	2,656	9,320
Tax on components of other comprehensive income	(9,688)	2,713	(2,713)	(9,688)	9,320	(2,656)	2,656	9,320

11. AVAILABLE-FOR-SALE INVESTMENTS

	2009 €	2008 €
Brought forward	999,667	-
Additions	991,284	1,978,099
Net proceeds on maturity	(977,000)	(990,000)
Revaluation surplus transferred to equity	(9,688)	9,320
Interest receivable on available-for-sale investment	(924)	2,248
Amortisation	(11,922)	-
Balance carried forward	991,417	999,667

The investments above represent investments in overseas debt securities The interest rate risk inherent in these debt securities is disclosed in note 18

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. LOANS AND ADVANCES

	2009	2008
	€	€
Amounts due from parent undertakings	5,130,000,000	5,130,000,000
Amounts due from group undertakings	6,230	
Interest receivable from parent undertaking	15,454,125	14,835,960
	5,145,460,355	5,144,835,960

The fair value of the Company's loans and advances as at 31 December 2009 was € 5,485,331,896

13. OTHER RECEIVABLES

	2009	2008
	€	€
Group relief receivable	-	6,960
	-	6,960

14. CREDITORS FALLING DUE WITHIN ONE YEAR

	2009	2008
	€	€
Dividend payable on preference shares	15,454,125	14,835,960

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. BORROWINGS

The preference share liability detailed above consists of

	2009 €	2008 €
Authorised:		
5,130 preference shares of €1 each	5,130	5,130
	5,130	5,130
Allotted and fully paid:		
5,130 preference shares of €1 each	5,130	5,130
Share premium:		
5,130 preference shares of €999,999 each	5,129,994,870	5,129,994,870
	5,130,000,000	5,130,000,000

In issue are 5,130 preference shares with a group undertaking, Aspet Investments Limited at a subscription price of €1,000,000 per share The preference shares carry a cumulative fixed rate preferential dividend equal to 4 338 per cent respectively

The holders of the preference shares are not entitled to vote at the general meetings of the Company

The preference shares are not redeemable and on a return of capital or a liquidation or otherwise, the holders of the preference shares rank senior to the holders of the ordinary shares The preference share holders are not entitled to participate in the distribution of any surplus assets

The non redeemable preference shares are issued to a fellow group undertaking The fair value of the non-redeemable preferences shares was € 5,485,331,896

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. CALLED UP SHARE CAPITAL

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

1,000,001 ordinary shares were issued to the parent undertaking 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 and on a return of capital or a liquidation or otherwise, the holders of the preference shares rank senior to the holders of the ordinary shares The ordinary share holders are entitled to participate in the distribution of any surplus assets

17. 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 2 Investments Limited is the parent undertaking and controlling party

During the period there have been no other transactions with related parties other than transactions disclosed in notes 6, 7, 8, 9, 10, 12, 14, 15 and 16

18. FINANCIAL RISKS

The Company's activities expose it to a variety of financial risks These are liquidity risk, credit risk and market risk (which includes foreign currency risk, 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 advise on the use of financial instruments to manage them and comply with the requirements The risks are managed on a portfolio basis and are identified on an exceptions basis

18. FINANCIAL RISKS (continued)

Liquidity risk

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

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

Maturity of financial instruments

2009	Borrowings	Total
	€	€
Financial liabilities repayable.		
- less than one year	241,090,580	241,090,580
- over one year but not more than five years	902,520,900	902,520,900
- over five years*	5,130,000,000	5,130,000,000
Total	6,273,611,480	6,273,611,480

*The amount in the over five years category is the principal balance on the irredeemable preference shares issued by the Company Annual dividends of €225,630,225 are payable into perpetuity on these shares

2008	Borrowings	Total
	€	€
Financial liabilities repayable:		
- less than one year	240,466,185	240,466,185
- over one year but not more than five years	902,520,900	902,520,900
- over five years*	5,130,000,000	5,130,000,000
Total	6,424,886,603	6,424,886,603

*The amount in the over five years category is the principal balance on the irredeemable preference shares issued by the Company Annual dividends of €225,630,225 are payable into perpetuity on these shares

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

18. FINANCIAL RISKS (continued)

Credit risk (continued)

Of the Company's assets €5,130m (2008: €5,130m) consists of deposits placed with its' parent company, which is a subsidiary of Barclays Bank PLC The Company has also invested in German Government Bonds ("Bunds") of €1m (2008 €1m)

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	Deposits with parent undertaking	2009 Total
	€	€	€	€
Carrying value	66,795	991,417	5,145,460,355	5,131,058,212
Total	66,795	991,417	5,145,460,355	5,131,058,212

	Cash	Available for sale investments	Deposits with parent undertaking	2008 Total
	€	€	€	€
Carrying value	41,906	999,667	5,144,835,960	5,131,041,573
Total	41,906	999,667	5,144,835,960	5,131,041,573

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

	Cash	Available for sale investments	Deposits with parent undertaking	2009 Total
	€	€	€	€
Other financial intermediaries	66,795	-	5,145,460,355	5,145,527,150
German Government		991,417	-	991,417
Total	66,795	991,417	5,145,460,355	5,146,518,567

	Cash	Available for sale investments	Deposits with parent undertaking	2008 Total
	€	€	€	€
Other financial intermediaries	41,906	-	5,144,835,960	5,144,877,866
German Government	-	999,667	-	999,667
Total	41,906	999,667	5,144,835,960	5,145,877,533

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. FINANCIAL RISKS (continued)

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 notional of the Company's interest bearing assets at year end is €5,130,006,227 (2008 €5,130,000,000)

Interest rate sensitivity analysis

The sensitivity of the income statement is affected by changes in interest rates as it affects the net interest income for the year The Company has floating rate interest rate risk on its financial assets of €6,227 (2008 zero)

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 net outstanding principal of the interest bearing positions of €6,227 (2008 zero)

The impact would be as follows

	+100 basis points 2009	+100 basis points 2008	-100 basis points 2009	-100 basis points 2008
Total	62	-	(62)	-
As a percentage of net interest income	0 23%	-	(0 23%)	-

Fair values

The fair value of financial instruments is disclosed in the respective notes to the accounts

NOTES TO THE FINANCIAL STATEMENTS (continued)

18. FINANCIAL RISKS (continued)

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

19. ULTIMATE HOLDING COMPANY

The Company's immediate parent undertaking is Barclays Moselle No 2 Investments Limited The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC The ultimate holding company and the parent company of the largest group presents consolidated financial statements is Barclays PLC. All three 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.

20. 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 19)

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 and its preference shares in issue and ordinary share capital The directors expect that the funds raised from the preference share issuance will remain available to the company in support of its continuing activities and they are therefore managed as part of the capital of the company

Total capital of the Company is as follows

	2009	2008
	€	€
Ordinary share capital	1,000,001	1,000,001
Preference share capital	5,130,000,000	5,130,000,000
Retained Earnings	64,809	39,212
Total capital resources	5,131,064,810	5,131,039,213