

**MENLO INVESTMENTS LIMITED**

**(formerly MENLO INVESTMENTS)**

**Report and Financial Statements  
For the year ended 31 December 1999**

**REGISTERED NUMBER: 3479178**



# **MENLO INVESTMENTS LIMITED**

## **(formerly MENLO INVESTMENTS)**

### **DIRECTORS' REPORT**

For the year ended 31 December 1999

The directors present their report together with the audited financial statements for the year ended 31 December 1999.

#### **Change of status**

On 29 December 1999, Menlo Investments, an unlimited company, was re-registered as a limited company, Menlo Investments Limited under the Companies Act 1985.

#### **Review of business**

The principal activity of the Company is, and will continue to be, to act as an investment holding company. In the opinion of the directors the state of the Company's affairs is satisfactory.

#### **Results and Dividends**

During the year the Company made a loss after taxation of £771,000 (loss 1998: £511,000). The directors do not recommend the payment of a dividend (1998: £nil).

#### **Directors**

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

Dean Archer (resigned 19 October 1999)  
Matthew Bailey (appointed 2 March 2000)  
Barcosec Limited  
Barometers Limited  
David Fail (appointed 3 November 1999)  
Benjamin Gill (resigned 8 July 1999)  
Bradley Hurrell (appointed 2 March 2000)  
Lawrence Kenworthy  
Tim Nicol (resigned 2 March 2000)

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

The directors of the Company are also directors of Barclays Directors Limited and their interests are disclosed in the accounts of that company.

**MENLO INVESTMENTS LIMITED**  
**(formerly MENLO INVESTMENTS)**

**DIRECTORS' REPORT (continued)**  
**For the year ended 31 December 1999**

**Statement of Directors' Responsibilities**

The following statement, which should be read in conjunction with the Auditors' Report set out on Page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the Auditors in relation to the financial statements.

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

The directors consider that in preparing the financial statements on Pages 5 to 10,

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that all the accounting standards which they consider to be applicable have been followed, and
- that the financial statements have been prepared on a going concern basis.

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

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Year 2000 compliance**

After more than 3 years of preparation the Barclays Group managed the transition into the Year 2000 with no material disruption to customers, staff or business.

The principle focus during the year was risk mitigation and contingency planning. The total amount spent by the Barclays Group on the Year 2000 Programme up to 31 December 1999 was £209m (including £15m of capitalised costs) of which £65m was incurred in the year to 31 December 1999. Year 2000 costs include correction, testing, third party assurance and contingency planning.

Despite the success of the immediate cutover, Barclays will remain vigilant as elements of our business processes exercise functionality for the first time during 2000. A system of Operational Quality Control checks has been established to monitor such future output for any effects of Year 2000.

**MENLO INVESTMENTS LIMITED**  
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**DIRECTORS' REPORT (continued)**  
**For the year ended 31 December 1999**

**Holding Companies**

The parent company of the smallest group that presents group financial statements is Barclays Bank PLC. The ultimate holding company is Barclays PLC and copies of the group financial statements of Barclays PLC and Barclays Bank PLC may be obtained from Group Corporate Secretariat, Barclays PLC, 54 Lombard Street, London EC3P 3AH. Both companies are incorporated in Great Britain and registered in England and Wales.

**Auditors**

On the 14th October 1998 an elective resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligations to appoint the Auditors annually. PricewaterhouseCoopers have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



Director

Date 14 July 2000

**MENLO INVESTMENTS LIMITED**  
**(formerly MENLO INVESTMENTS)**

**AUDITORS' REPORT TO THE MEMBERS OF MENLO INVESTMENTS LIMITED**

We have audited the financial statements on pages 5 to 10.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

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

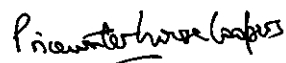
**Basis of audit opinion**

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

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

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

Date **14 JUL 2000**

**MENLO INVESTMENTS LIMITED**  
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**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 1999**

	Notes	1999 £'000	20 June to 31 December 1998 £'000
Operating income	3	541	92,226
Operating expenses	4	(1,647)	(92,966)
Loss on ordinary activities before taxation		(1,106)	(740)
Tax on loss on ordinary activities	6	335	229
Loss on ordinary activities after taxation		(771)	(511)
Reserves brought forward		(414)	97
Reserves carried forward		(1,185)	(414)

All recognised gains and losses are included in the profit and loss account. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The notes on pages 7 to 10 form an integral part of these financial statements.

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BALANCE SHEET AS AT 31 DECEMBER 1999

	Notes	1999 £'000	1998 £'000
FIXED ASSETS			
Investments	7	-	6,400
CURRENT ASSETS			
Debtors falling due within one year	8	8,870	32,074
CREDITORS: Amounts falling due within one year	9	(5)	(28,838)
NET CURRENT ASSETS		8,865	3,236
NET ASSETS		8,865	9,636
CAPITAL AND RESERVES			
Called up share capital	10	10,050	10,050
Profit and loss account		(1,185)	(414)
TOTAL EQUITY SHAREHOLDERS' FUNDS	11	8,865	9,636

A statement of movement in shareholders' funds is given in note 11.

The notes on pages 7 to 10 form an integral part of these financial statements.

The financial statements on pages 5 to 10 were approved by the Board of Directors on 14 July 2000.



Director

**MENLO INVESTMENTS LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

**Investments**

Investments in certificates of deposit are stated at cost less any provision for diminution in value.

**Off balance sheet financial instruments**

Interest rate swap transactions and a forward borrowing commitment have been entered into for hedging purposes. Interest arising is accounted for on an accruals basis to reflect the underlying assets or liabilities.

**2. CASH FLOW STATEMENT**

The Company's ultimate holding company has adopted the provisions of Financial Reporting Standard 1 ("FRS 1") revised 1996, Cash Flow Statements. Accordingly the Company, which is a wholly owned subsidiary of Barclays Bank PLC, has elected to utilise the exemption provided in FRS 1 not to produce a cash flow statement.

**3. OPERATING INCOME**

	1999 £'000	20 June to 31 December 1998 £'000
Release of deferred income on swap termination	-	91,076
Release of coupon accrual on swap termination	-	343
Interest receivable from group undertakings	323	140
Interest receivable from certificates of deposit	218	667
	<u>541</u>	<u>92,226</u>



**MENLO INVESTMENTS LIMITED**  
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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. OPERATING EXPENSES

	1999 £'000	20 June to 31 December 1998 £'000
Interest payable to group undertakings	1,647	704
Termination costs of hedging contracts	-	92,255
Audit fees	-	5
Sundry costs	-	2
	<u>1,647</u>	<u>92,966</u>

There were no employees employed by the Company during 1999 or 1998.

5. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the company during the year (1998: £nil).

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	1999 £'000	20 June to 31 December 1998 £'000
United Kingdom:		
Current taxation credit	(335)	(229)
	<u>(335)</u>	<u>(229)</u>

The tax credit is based on an effective UK corporation tax rate of 30.25% (1998: 31%).

7. FIXED ASSET INVESTMENTS

	1999 £'000	1998 £'000
Certificates of deposit	-	6,400
	<u>-</u>	<u>6,400</u>

The Lloyds Bank 7.1% certificates of deposit matured on 6 July 1999.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. DEBTORS: Amounts falling due within one year

	1999 £'000	1998 £'000
Amounts owed by group undertakings	8,535	3,611
Group relief receivable	335	28,463
	<u>8,870</u>	<u>32,074</u>

9. CREDITORS: Amounts falling due within one year

	1999 £'000	1998 £'000
Amounts due to group undertakings	-	28,057
Corporation tax payable	-	776
Auditors' remuneration	5	5
	<u>5</u>	<u>28,838</u>

10. CALLED UP SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised: 28,000,000 ordinary shares of £1 each	28,000	28,000
Allotted and fully paid: 10,050,002 ordinary shares of £1 each	<u>10,050</u>	<u>10,050</u>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1999 £'000	1998 £'000
At 1 December	9,636	10,147
Loss for the year	(771)	(511)
At 31 December	<u>8,865</u>	<u>9,636</u>

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NOTES TO THE FINANCIAL STATEMENTS (continued)

**12. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of Barclays Bank PLC, the consolidated financial statements of which are publicly available. During the year there have been no transactions with related parties other than group companies.

**13. ULTIMATE HOLDING COMPANY**

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from the Secretary, 54 Lombard Street, London EC3P 3AH.