

# **MENLO INVESTMENTS LIMITED**

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



**REGISTERED NUMBER IN ENGLAND & WALES: 03479178**

## **MENLO INVESTMENTS LIMITED**

Registered Number In England & Wales 03479178

### **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 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 (KPIs) is not necessary for an understanding of the development, performance or position of the business.

#### **Results and Dividends**

During the year the Company made a profit after taxation of £1,580,742 (2008: £840,013). The directors declared and paid an ordinary dividend of £1,800,000 during the year (2008: £612,115). The directors consider that the performance of the Company has been satisfactory during the year.

#### **Financial instruments**

The Company's directors are required to follow the requirements of the Barclays Group risk management policies, which include specific guidelines on the management of foreign exchange, credit and interest rate risks and advice on the use of financial instruments to manage them. Barclays Group risk management policies can be found in the financial statements of Barclays Bank PLC (see note 16).

#### **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:

C Cortes Argote	(appointed 11 May 2009)
M Brown	
J Corswarem	
N Dhillon	
S Haworth	(resigned 1 May 2009)
G McMillan	(resigned 13 March 2009)

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**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 31st 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 they may incur (or have incurred) in connection with their duties/powers of 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 2006 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 accounts

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments 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 2006.

## **MENLO INVESTMENTS LIMITED**

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

For the year ended 31 December 2009

#### **Statement of Directors' Responsibilities (Continued)**

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

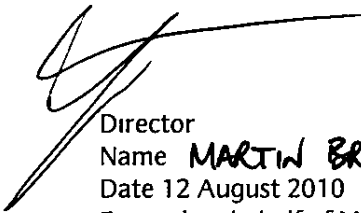
- there is no relevant audit information of which the Company's auditors are unaware, and
- he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

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**

PricewaterhouseCoopers LLP will continue to hold office in accordance with section 487 of the Companies Act 2006

BY ORDER OF THE BOARD



Director

Name **MARTIN BROWN**

Date 12 August 2010

For and on behalf of Menlo Investments Limited

## **MENLO INVESTMENTS LIMITED**

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

We have audited the financial statements of Menlo Investments Limited for the year ended 31 December 2009 which comprise the the Profit and Loss Account, the Balance Sheet, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

As explained more fully in the Directors' Responsibilities Statement set out on pages 2-3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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 save where expressly agreed by our prior consent in writing.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or



## MENLO INVESTMENTS LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MENLO INVESTMENTS LIMITED

- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



CARL SIZER

Senior Statutory Auditor

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Location LONDON, UNITED KINGDOM

Date 18 AUGUST 2010

**MENLO INVESTMENTS LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 £	2008 £
Other operating (expense)/income		(1)	2
Operating (loss)/profit		<u>(1)</u>	<u>2</u>
Interest receivable and similar income	4	693	234,979
Interest payable and similar charges	5	(12,260)	(1,297,900)
Dividend income from fixed asset investment		2,243,568	1,600,000
Impairment loss	6	(654,497)	-
Profit on ordinary activities before tax	7	<u>1,577,503</u>	<u>537,081</u>
Tax credit for the year	8	3,239	302,932
Profit on ordinary activities after taxation		<u><u>1,580,742</u></u>	<u><u>840,013</u></u>

All recognised gains and losses are included in the profit and loss account. Operating (loss)/profit is derived from continuing activities. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The notes 1 to 17 form an integral part of these financial statements.



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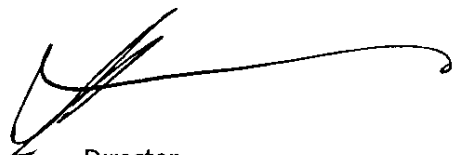
**BALANCE SHEET AS AT 31 DECEMBER 2009**

	Notes	2009 £	2008 £
FIXED ASSET INVESTMENTS	10	519,825	769,825
CURRENT ASSETS			
CURRENT ASSET INVESTMENTS	11	393,066,857	393,471,355
DEBTORS Amounts falling due within one year	12	262,552	295,333
CREDITORS Amounts falling due within one year	13	(393,968,132)	(394,436,153)
NET CURRENT LIABILITIES		(638,723)	(669,465)
NET (LIABILITIES)/ASSETS		(118,898)	100,360
CAPITAL AND RESERVES			
Called up share capital	14	100,000	100,000
Profit and loss account		(218,898)	360
TOTAL EQUITY SHAREHOLDERS' FUNDS	15	(118,898)	100,360

A reconciliation of movement in shareholders' funds is given in note 14

The notes 1 to 17 form an integral part of these financial statements

The financial statements and accompanying notes were approved by the Board of Directors on 10 August 2010



Director  
Name **MARTIN BROWN**  
Date 12 August 2010

## **MENLO INVESTMENTS LIMITED**

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

#### **1 ACCOUNTING POLICIES**

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

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

##### **Basis of preparation**

After reviewing the Company's performance and taking into account the support from Barclays Bank Plc, the directors are satisfied that the Company has adequate access to resources to enable them to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing these financial statements

##### **Interest**

Interest income and expense is recognised on an accruals basis

##### **Dividends received**

Dividend income is recognised in the profit and loss account on the date the Company becomes entitled to receive a dividend

##### **Taxation**

The charge for taxation is based on the results for the period and takes into account taxation deferred

##### **Investments in subsidiaries**

Investment in subsidiaries are accounted for as fixed assets investments and are stated at cost less any permanent diminution in value.

##### **Current Asset Investments**

Current asset investments are held at the lower of cost and net realisable value

##### **Preference shares issued**

The liability in respect of the redeemable preference shares issued by the Company has been classified as creditors falling due within one year. The discretionary nature of redeemable preference share distributions results in them being classified as dividends paid in accordance with FRS 25. The discretionary nature of the redeemable preference share distributions results in them being classified as dividends paid in accordance with FRS 25

##### **Dividends on ordinary shares**

Dividends are recognised in equity in the period in which an obligation to make a payment arises

## **MENLO INVESTMENTS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **1 ACCOUNTING POLICIES (continued)**

##### **Borrowings**

Borrowings refer to loans and advances entered into by the Company. They are recognised as a financial 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 recognised at initial cost and amortised over the life of the financial liability. Borrowing costs are charged as an expense to the income statement in the period in which they are incurred.

##### **Consolidated financial statements**

The financial statements contain information about Menlo Investments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under section 228 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Barclays Bank PLC, a company registered in England and Wales.

#### **2. CASH FLOW STATEMENT**

The 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, as a cash flow statement is prepared by its ultimate parent.

#### **3. DIRECTORS' EMOLUMENTS**

The Directors did not receive any emoluments in respect of their services to the Company during 2009 or 2008.

#### **4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2009 £	2008 £
Interest receivable from group undertakings	693	234,979
	<u>693</u>	<u>234,979</u>

#### **5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2009 £	2008 £
Interest payable to group undertakings	12,260	1,297,900
	<u>12,260</u>	<u>1,297,900</u>

**MENLO INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****6. IMPAIRMENT LOSS**

	2009 £	2008 £
Impairment of investment in subsidiary	654,497	-
	<u>654,497</u>	<u>-</u>

During the year, the Company wrote down its investment in ordinary shares of Core Investments (Cayman) Limited ("Core"), by £250,000 to nil (see note 10) and its investment in redeemable preference shares in Core by £404,497 (see note 11), to reflect the permanent diminution in the net assets of Core

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

There were no employees employed by the Company during 2009 and 2008. The audit fee is borne by another group company. Although the audit fee is borne by another group company, the fee that would have been charged to the company amounts to £3,100 (2008 £3,100) for the year. This fee is not recognised as an expense in the financial statements.

**8. TAXATION**

	2009 £	2008 £
UK Corporation Tax	3,239	302,932
Tax credit	<u>3,239</u>	<u>302,932</u>

The UK corporation tax charge is based on a UK corporation tax rate of 28% (2008 28.5% blended). The reduction in corporation tax rate 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.

	2009 £	2008 £
Profit on ordinary activities before tax	1,577,502	537,081
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 28% (2008 28.5%)	(441,701)	(153,068)
Effects of		
Non-taxable UK dividend income	628,199	456,000
Impairment loss (Note 6)	(183,259)	-
Current tax credit for the year	<u>3,239</u>	<u>302,932</u>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****9. DIVIDENDS PAID ON ORDINARY SHARES**

	2009 £	2008 £
Dividends paid (£18 per ordinary share) (2008 £6 12 per ordinary share)	1,800,000	612,115
	<u>1,800,000</u>	<u>612,115</u>

**10. FIXED ASSETS INVESTMENTS**

	2009 £	2008 £
Cost at 1 January	769,825	60,769,825
Impairment loss	(250,000)	-
Repayment of share premium by Romintco	-	(60,000,000)
Cost at 31 December	<u>519,825</u>	<u>769,825</u>

Investment in subsidiary undertakings represents the ordinary shares of the Company's subsidiaries Romintco Investments BV ('Romintco'), Bramley Landing Limited, Pippin Island Investments Limited, and Core Investments (Cayman) Limited. The share holdings of these entities are detailed below

Subsidiary undertaking	Country of incorporation	Nature of business	Equity capital held
Bramley Landing Limited	Cayman Island	Investment company	100%
Core Investments (Cayman) Limited	Cayman Island	Investment company	100%
Pippin Island Investments Limited	Cayman Island	Investment company	100%
Romintco Investments B V	Netherlands	Investment company	100%

During the year the Company wrote down its investment in the ordinary shares of Core Investments (Cayman) Limited "Core", to nil to reflect the permanent diminution in the net assets of Core

On 12 May 2008, Romintco redeemed the share premium attached to its ordinary share capital

In the opinion of the directors, the value of the Company's investments in its subsidiary undertakings is not less than the amount stated in the balance sheet

**MENLO INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. CURRENT ASSET INVESTMENTS**

	2009 £	2008 £
Preference shares held in Romintco	6,106	6,106
Preference shares held in Bramley Landing Limited	391,680,105	391,680,105
Preference shares held in Core Investments (Cayman) Limited	1,380,646	1,785,144
Cost at 31 December	<u>393,066,857</u>	<u>393,471,355</u>

The Company owns 100% of the Preference Shares of Bramley Landing Limited and Core Investments (Cayman) Limited

The Company owns 100% of the Non-redeemable Preference Shares of Romintco Investments BV ('Romintco'), these preference shares do not have any voting rights and dividends are payable at the discretion of the issuer

All of the preference shares owned by the Company do not have any voting rights and are redeemable at the option of the Company or the issuer on at least one business day's notice. Dividends on the preference shares are payable at the discretion of the issuer.

During the year the Company wrote down its investment in redeemable preference shares of Core Investments (Cayman) Limited "Core", by £404,497 to account for a permanent diminution in the net assets of Core.

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

	2009 £	2008 £
Amounts owed by group undertakings	249,260	5,692
Group relief receivable	-	289,641
	<u>249,260</u>	<u>295,333</u>

**13. CREDITORS: Amounts falling due within one year**

	2009 £	2008 £
Amounts owed to group undertakings	479,539	970,904
Preference shares	393,465,249	393,465,249
Group relief payable	10,053	-
	<u>393,954,841</u>	<u>394,436,153</u>

**MENLO INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****13 CREDITORS: Amounts falling due within one year (continued)**

Preference Share Capital	2009 £	2008 £
Authorised 400,100,000 redeemable preference shares of £1 each	400,100,000	400,100,000
Allotted and fully paid. 393,465,249 redeemable preference shares of £1 each	393,465,249	393,465,249

The preference shares have no voting rights attached to them and are redeemable at the option of the company or the preference shareholder at any time on at least one business days notice. Dividends on the preference shares are payable at the discretion of the Company's directors. The preference shares have preferential liquidation entitlement of their original subscription price plus any declared but unpaid dividends.

**14. CALLED UP SHARE CAPITAL**

	2009 £	2008 £
Authorised 28,000,000 ordinary shares of £1 each	28,000,000	28,000,000
Allotted and fully paid 100,000 ordinary shares of £1 each	100,000	100,000

On 17 June 2008, the Company repurchased 9,950,002 ordinary shares for the price of £1 each. The shares were repurchased to reflect the reduction in the Company's investing activities going forward.

Dividends on the ordinary shares are payable at the discretion of the Company's directors.

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

	2009 £	2008 £
Profit for the financial year	1,580,742	840,013
Opening shareholders' funds	100,360	9,822,464
Dividends paid	(1,800,000)	(612,115)
Repurchase of ordinary shares	-	(9,950,002)
Closing shareholders' funds	118,898	100,360

## **MENLO INVESTMENTS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS (continued)**

#### **16. 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. There have been no other transactions with related parties requiring disclosure during the year (2008 none)

#### **17. PARENT UNDERTAKING AND ULTIMATE HOLDING COMPANY**

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate parent company and controlling party is Barclays PLC, which is the parent company of the largest group that presents group accounts. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.