

**MENLO INVESTMENTS LIMITED**

**Report and Financial Statements  
For the year ended 31 December 2015**



**REGISTERED NUMBER IN ENGLAND & WALES: 3479178**

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## **MENLO INVESTMENTS LIMITED**

Registered Number in England & Wales: 3479178

### **DIRECTORS' REPORT**

**For the year ended 31 December 2015**

The Directors present their report together with the audited financial statements of Menlo Investments Limited the 'Company' for the year ended 31 December 2015.

#### **Results and Dividends**

During the year the Company made a profit after tax of £83,560,785 (2014: £90,781,560). The Directors did not declare interim dividends for 2015 (2014: £nil). The Directors consider that the performance of the Company has been satisfactory during the year.

#### **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:

R Craine  
C Gyte  
B Hill  
N Minns

Since the year end R Craine, B Hill and C Gyte resigned as directors on the 8 January 2016. N Minns resigned as a director on 18 March 2016. A Jordanov was appointed as a director on 1 April 2016. C Senior, CLN Foster and V Shah were appointed as directors on 19 January 2016. A Jordanov resigned as a director 23 September 2016 and P Voisey was appointed effective 29 September 2016.

#### **Going Concern**

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.

#### **Statement of Directors' Responsibilities**

The following statement, which should be read in conjunction with the Auditors' report set out on pages 6 and 7 is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 and applicable regulations to prepare accounts for each financial year. The Directors have prepared the accounts in accordance with International Financial Reporting Standards ('IFRS') to present fairly the financial position of the Company and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

## **MENLO INVESTMENTS LIMITED**

Registered Number in England & Wales: 3479178

### **DIRECTORS' REPORT**

For the year ended 31 December 2015 (continued)

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

The Directors consider that in preparing the financial statements on pages 8 to 30:

- 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 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Financial instruments**

The Company's Directors operate within the requirements of the Barclays Group risk management policies, which include specific guidelines on the management of foreign exchange, credit and interest rate risks and advise on the use of financial instruments to manage them. Barclays Group risk management policies can be found in the financial statements of Barclays Bank PLC.

#### **Directors' third party indemnity provisions**

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31st December 2015 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.

#### **Independent Auditors**

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

#### **Statement of disclosure of information to Auditors**

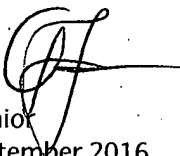
So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

BY ORDER OF THE BOARD

Director

Name: C Senior

Date: 30 September 2016



## **MENLO INVESTMENTS LIMITED**

Registered Number in England & Wales: 3479178

### **STRATEGIC REPORT**

**For the year ended 31 December 2015**

#### **Review and principal activities**

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.

#### **Business performance**

During the year the Company made a profit after tax of £83,560,785 (2014: £90,781,560). As at 31 December 2015 the Company had net assets of £174,232,532 (2014: £90,671,747).

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.

#### **Principal risks and uncertainties**

##### **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. If appropriate, the Company mitigates this risk by ensuring that its borrowings are at a fixed rate or its floating rate debt is hedged using interest rate hedging arrangements.

##### **Credit risk**

Credit risk is the risk that counterparties to the Company's financial assets may default. To mitigate this risk, the Company assesses all counterparties, including its customers, for credit risk before contracting with them. The Company's exposure to its counterparties is subject to financial limits.

##### **Liquidity risk**

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. The Company maintains an appropriate mixture of long term and short term facilities, including financial support from the parent, Barclays PLC, that are designed to ensure the Company has sufficient funds available for its operations and debt commitments.

##### **Foreign exchange risk**

If the Company is exposed to foreign exchange risk due to the extent of its foreign currency assets not matched by foreign currency borrowings in the same currency, it enters into appropriate hedging arrangements to mitigate its net foreign currency exposure.

## **MENLO INVESTMENTS LIMITED**

Registered Number in England & Wales: 3479178

### **STRATEGIC REPORT**

**For the year ended 31 December 2015 (continued)**

#### **Key performance indicators**

The directors of Barclays PLC manage the group's operations on a business segment basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the Company, is discussed in the Barclays PLC 2015 annual report which does not form part of this report.

**BY ORDER OF THE BOARD**

Director

Name: C Senior

Date: 30 September 2016



# ***Independent auditors' report to the members of Menlo Investments Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Menlo Investments Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **What we have audited**

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 December 2015;
- the Income Statement for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

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

## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & 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 parent 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.

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### **What an audit of financial statements involves**

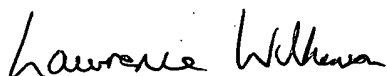
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Lawrence Wilkinson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London

30 September 2016



**MENLO INVESTMENTS LIMITED**

Registered Number in England &amp; Wales: 3479178

**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Fees	5	-	24,587
Interest receivable and similar income	6	42,700,242	9,160,479
Interest payable and similar charges	7	(19,862,989)	(2,861,419)
Fair value gains on settlement of loans	8	55,127,513	-
Dividend income received	9	-	51,339,724
Profit on sale of investments	10	-	148,465,178
Fair value gains / (losses) from assets and liabilities reported at fair value through profit and loss	11	26,809,148	(111,950,806)
Profit before tax	12	<u>104,773,914</u>	<u>94,177,743</u>
Taxation	13	<u>(21,213,129)</u>	<u>(3,396,183)</u>
Profit for the year		<u>83,560,785</u>	<u>90,781,560</u>

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

For both the current and prior year, all recognised income and expenses have been reported in the income statement, hence no statement of comprehensive income has been included in the financial statements.

**MENLO INVESTMENTS LIMITED**

Registered Number in England &amp; Wales: 3479178

**BALANCE SHEET AS AT 31 DECEMBER 2015**

	Notes	31 December 2015 £	31 December 2014 £	1 January 2014 £
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investments in subsidiaries	14	250,000	250,000	501,507
<b>Total non-current assets</b>		<b>250,000</b>	<b>250,000</b>	<b>501,507</b>
<b>Current assets</b>				
Cash and cash equivalents		676,377	-	8,941
Loans and advances	15	3,178,801,277	4,125,308,702	-
Preference share asset	16	-	-	393,060,751
Derivative financial assets	17	-	93,002	-
<b>Total current assets</b>		<b>3,179,477,654</b>	<b>4,125,401,704</b>	<b>393,069,693</b>
<b>TOTAL ASSETS</b>		<b>3,179,727,654</b>	<b>4,125,651,704</b>	<b>393,571,199</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft		-	(4,672,697)	-
Current tax liability		(24,609,229)	(3,396,100)	(465)
Derivative financial liabilities	17	-	(727,742,473)	-
Borrowings	18	(2,980,885,893)	(3,299,168,687)	(393,680,547)
<b>Total current liabilities</b>		<b>(3,005,495,122)</b>	<b>(4,034,979,957)</b>	<b>(393,681,012)</b>
<b>Net current assets / (liabilities)</b>		<b>173,982,532</b>	<b>90,421,747</b>	<b>(611,319)</b>
<b>NET ASSETS</b>		<b>174,232,532</b>	<b>90,671,747</b>	<b>(109,813)</b>
<b>SHAREHOLDER'S EQUITY</b>				
Called up share capital	19	100,000	100,000	100,000
Retained earnings / (accumulated losses)		174,132,532	90,571,747	(209,813)
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>174,232,532</b>	<b>90,671,747</b>	<b>(109,813)</b>

The accompanying notes form an integral part of these financial statements. The financial statements and accompanying notes on pages 12 to 30 were approved by the Board of Directors and authorised for issue on 30 September 2016 and were signed on its behalf by:

Director

Name: C Senior

Date: 30 September 2016



**MENLO INVESTMENTS LIMITED**  
Registered Number in England & Wales: 3479178

**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2015.**

	Share Capital £	Retained Earnings £	Total Equity £
Balance at 1 January 2015	100,000	90,571,747	90,671,747
Profit for the year and total comprehensive income	-	83,560,785	83,560,785
Balance at 31 December 2015	100,000	174,132,532	174,232,532
	Share Capital £	Retained Earnings £	Total Equity £
Balance at 1 January 2014	100,000	(209,813)	(109,813)
Profit for the year and total comprehensive income	-	90,781,560	90,781,560
Balance at 31 December 2014	100,000	90,571,747	90,671,747

**MENLO INVESTMENTS LIMITED**  
Registered Number in England & Wales: 3479178

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	20	(618,317,539)	765,860,097
Decrease / (increase) in loans and advances		944,488,701	(4,118,826,217)
(Decrease) / increase in borrowings		(320,822,088)	3,297,098,296
Tax paid		-	(548)
<b>Net cash from / (used in) operating activities</b>		<b>5,349,074</b>	<b>(55,868,372)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Disposal proceeds of investment in preference shares		-	393,060,752
Profit on sale of investment in subsidiary		-	251,507
Dividends received		-	51,339,724
<b>Net cash generated from investing activities</b>			<b>444,651,983</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Preference shares		-	(393,465,249)
<b>Net cash used in financing activities</b>		-	<b>(393,465,249)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>5,349,074</b>	<b>(4,681,638)</b>
Cash and cash equivalents at 1 January		(4,672,697)	8,941
<b>CASH AND CASH EQUIVALENTS / OVERDRAFT AT 31 DECEMBER</b>		<b>676,377</b>	<b>(4,672,697)</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash in hand / Bank overdraft		676,377	(4,672,697)
		<b>676,377</b>	<b>(4,672,697)</b>

## **MENLO INVESTMENTS LIMITED**

Registered Number in England & Wales: 3479178

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

#### **1. REPORTING ENTITY**

These financial statements are prepared for Menlo Investments Limited (the 'Company'), the principal activity of which is to act as an investment company. The financial statements are prepared for the Company only. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC and the ultimate holding company and the parent undertaking of the largest group that presents group financial statements is Barclays PLC, both of which prepare consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS'), and accordingly consolidated financial statements have not been prepared based on the exemption provided under paragraph 4(a) of IFRS 10.

The Company is a private limited company incorporated and domiciled in England and Wales. The Company's registered office is:

1 Churchill Place  
London  
E14 5HP

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

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB). They are also in accordance with IFRS and IFRIC interpretations endorsed by the European Union. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

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

##### **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 GBP, which is the Company's functional and presentation currency. The financial statements have been prepared in accordance with the Companies Act 2006 as applicable to companies using IFRS.

##### **First-time application of IFRS**

The Company has applied IFRS in its financial reporting with effect from 1 January 2015, in accordance with the transitional provisions set out in IFRS 1, 'First-time Adoption of International Financial Reporting Standards'. Previously, the Company followed UK accounting standards issued by the UK Accounting Standards Board and the pronouncements of its Urgent Issues Task Force, and the Companies Act 2006 (collectively, 'UK GAAP'). The Company has used the provisions of IFRS 1 in arriving at appropriate opening balances for the purposes of these financial statements.

The transition has been made to align the Company's accounting framework with the rest of the group.

## **MENLO INVESTMENTS LIMITED**

Registered Number in England & Wales: 3479178

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

#### **3. ACCOUNTING POLICIES (Continued)**

##### **Effect of the transition to IFRS**

A description of the differences between UK GAAP and IFRS accounting policies is set out in note 26.

The Company's accounting policies set out below, insofar as they relate to financial instruments set out the policy applied both before and after the application of these standards on 1 January 2015.

In November 2014, a number of swap and loan positions between Bramley Landing Limited and BBPLC were transferred from Bramley Landing Limited to the Company. The Company inherited latent tax deductions in respect of the positions it acquired. This was because, whilst the positions were out-of-the-money on a fair value basis, the Company acquired them at 'notional carrying value' for tax purposes. At the time of acquisition, the Company prepared accounts in accordance with UK GAAP not incorporating FRS 26. As a result, it continued to measure the swap positions (as well as the loan positions) on an accruals basis for accounting and tax purposes (i.e. the latent tax deductions were not crystallised upon the Company's acquisition.)

Under IFRS the swaps are required to be fair valued (see below) and thus when the Company transitioned to IFRS on 1 January 2015 the latent deductions associated with the positions were crystallised. Under the Change of Accounting Practice Regulations (SI 2004/3271), the deductions are required to be spread for tax purposes over a 10 year period. The Company thus recognises a deferred tax asset equal to the remaining transitional adjustment debits multiplied by the substantively enacted tax rates for the accounting periods in which the debits will be crystallised over the remaining period.

##### **Interest**

Interest income or expense is recognised on all interest bearing financial assets classified as loans and receivables 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.

##### **Current and deferred income tax**

Income tax payable on taxable profits ('current tax'), 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 recoverable by offset against current year or prior year taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the Company's financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised.

## **MENLO INVESTMENTS LIMITED**

Registered Number in England & Wales: 3479178

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

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

##### **Foreign Exchange**

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

##### **Investments**

Investments in subsidiaries are stated at cost less impairment, if any.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. Loans and receivables are stated at amortised cost using the effective interest method. (see above). They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method. They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

##### **Derivative Financial instruments**

Derivatives are measured at fair value on initial recognition and subsequently the resulting gains and losses are recognised in the income statement, except for derivatives held for cash flow hedging purposes or for hedges of net investment in foreign operations, as described below. The fair value of derivatives is generally determined by reference to open market prices or by calculating the expected cash flows under the terms of each specific contract, discounted back to their present value using an appropriate market based pricing model.

##### **Critical accounting estimates and judgements**

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies. The notes to the financial statements set out areas involving a higher degree of judgment or complexity, or areas where assumptions are significant to the financial statements.

##### **Future accounting developments**

There are expected to be a number of significant changes to the Company's financial reporting after 2015 as a result of amended or new accounting standards that have been or will be issued by the IASB.

The most significant of these are as follows:

In 2014, the IASB issued IFRS 9 Financial Instruments ("IFRS 9") which will replace IAS 39 Financial Instruments: Recognition and Measurement. It will lead to significant changes in the accounting for financial instruments. The key changes relate to:

- Financial assets: Financial assets will be measured at either fair value through profit or loss or amortised cost, except for debt instruments meeting specific criteria, which are required to be measured at fair value through other comprehensive income, or equity investments not held for trading, which may be measured at fair value through other comprehensive income;

## MENLO INVESTMENTS LIMITED

Registered Number in England & Wales: 3479178

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 3. ACCOUNTING POLICIES (continued)

- Financial liabilities: The accounting for financial liabilities is largely unchanged, except for non-derivative financial liabilities designated at fair value through profit or loss. Gains and losses on such financial liabilities arising from changes in Barclays own credit risk will be presented in other comprehensive income rather than in profit or loss;
- Impairment: Credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities, loan commitments and financial guarantees not held at fair value through profit or loss will be reflected in impairment allowances and is expected to result in the earlier recognition of losses that are dependent on the economic forecast; and
- Hedge accounting: Hedge accounting will be more closely aligned with financial risk management.

IFRS 9 is not required to be applied until periods beginning on or after 1 January 2018. EU endorsement is expected during 2016. A joint Risk and Finance programme was inceptioned by Barclays Group in 2014 to implement the requirements.

The Company is in the process of considering the financial impacts of the new standards.

#### 4. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during 2015 or 2014. During the year one Director (2014: Nil) exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive schemes.

#### 5. FEES

	2015 £	2014 £
Fees receivable from group undertakings	-	24,587
	<u>-</u>	<u>24,587</u>

#### 6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £	2014 £
Interest receivable from group undertakings	42,700,242	9,160,479
	<u>42,700,242</u>	<u>9,160,479</u>



**MENLO INVESTMENTS LIMITED**

Registered Number in England &amp; Wales: 3479178

**NOTES TO THE FINANCIAL STATEMENTS (continued)****7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 £	2014 £
Interest payable to group undertakings	(19,862,989)	(2,861,419)
	<u>(19,862,989)</u>	<u>(2,861,419)</u>

**8. FAIR VALUE GAINS ON SETTLEMENT OF LOANS**

	2015 £	2014 £
Fair value gains on settlement of loans	55,127,513	-
	<u>55,127,513</u>	<u>-</u>

On 3 August 2015, the Company received the settlement of two fixed rate loans from a group undertaking with notional of £800,000,000 and £1,739,686,208. These loans were settled at fair value plus accrued interest for £841,874,057 and £1,768,891,748 giving rise to a gain of £55,127,513.

**9. DIVIDEND INCOME RECEIVED**

	2015 £	2014 £
Dividends received on ordinary shares	-	40,007,233
Dividends received on preference shares	-	11,332,491
	<u>-</u>	<u>51,339,724</u>

**10. PROFIT ON SALE OF INVESTMENT**

	2015 £	2014 £
Sale of Bramley Landing Limited	-	148,222,300
Sale of Core Investments Limited	-	242,878
	<u>-</u>	<u>148,465,178</u>

**Bramley Landing Limited**

On 18 December 2014 the Company entered into a share sale agreement to sell its entire share holding in Bramley Landing Limited, a former subsidiary undertaking. The share purchase price was £148,473,806, the shares were held at a cost of £251,506 therefore the profit on disposal was £148,222,300.

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

**10. PROFIT ON SALE OF INVESTMENT (continued)**

**Core Investments Limited**

On 17 March 2014 Core Investments (Cayman) Limited ("Core") repurchased 1,785,144 preference shares held by the company, for an aggregate repurchase price of £1,624,399. The Company made a gain of £242,878 on disposal.

**11. FAIR VALUE GAINS / (LOSSES) FROM ASSETS AND LIABILITIES REPORTED AT FAIR VALUE THROUGH PROFIT AND LOSS**

	2015 £	2014 £
Fair value gains / (losses)	26,809,148	(111,950,806)
	<u>26,809,148</u>	<u>(111,950,806)</u>

**12. PROFIT BEFORE TAX**

There were no employees employed by the Company during 2015 or 2014.

The audit fee is borne by another group entity. The fee that would otherwise have been charged to the Company amounts to £9,250 (2014: £2,550) for the year. This fee is not recognised as an expense in the financial statements.

**13. TAXATION**

The analysis of the charge for the year is as follows:

	2015 £	2014 £
<b>Current tax charge:</b>		
Current year	(21,213,129)	(3,396,183)
Overall tax charge in the income statement	<u>(21,213,129)</u>	<u>(3,396,183)</u>

During the year, for companies subject to the main rate of corporate tax, the tax rate from 1 April 2015 reduced from 21% to 20% resulting in a current tax rate for the year of 20.25% (2014: 21.50%). In October 2015 the main rate of UK corporation tax was reduced from 20% to 19% from 1 April 2017 and 17% from 1 April 2020.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****13. TAXATION (continued)**

	2015 £	2014 £
Profit before tax	104,773,914	94,177,743
Profit on ordinary activities multiplied by corporation tax rate 20.25% (2014: 21.50%)	(21,213,129)	(20,248,215)
Effects of:		
Non-taxable dividends	-	11,038,041
Non-taxable sale of subsidiary	-	31,954,573
Amortisation of foreign exchange differences and deferred income arising on novation of derivative positions and loans	17,336,408	2,735,778
Group relief for nil consideration claimed for tax attributes utilized in the year	-	(2,735,778)
Tax Adjustment Payment	(17,336,408)	(26,140,582)
Overall tax charge	<u>(21,213,129)</u>	<u>(3,396,183)</u>
Effective tax rate %	<u>20.25%</u>	<u>3.61%</u>

The Company is obliged to make payments to Barclays Bank PLC in respect of the total estimated tax loss relating to a number of historical swap positions that were transferred to the Company in 2014. The amount owed was equal to the deferred tax asset (DTA) recognized as the difference between the tax notional carrying value of the positions on the novation to the Company and the fair pre-tax value at novation multiplied by the prevailing tax rate at the time the loss is realised. The estimated tax loss is realised when it crystallises a current tax deduction. The Tax Adjustment Payments can either be paid in cash or by the surrender of group relief for nil consideration to Barclays Bank PLC. On transition to IFRS the Company recognised a transitional debit in respect of these Tax Adjustment Payments which falls to be spread over 10 years. The positions to which the Tax Adjustment Payments relate have since been terminated. However the DTA associated with the transitional debit remains and is spread over the following 10 years. The DTA and Tax Adjustment Payment are equal and opposite, and as such are offset in the financial statement disclosures.

**14. INVESTMENTS IN SUBSIDIARIES**

	2015 £	2014 £
Cost at 1 January	250,000	501,507
Sale of Subsidiary	-	(251,507)
Cost at 31 December	<u>250,000</u>	<u>250,000</u>

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

**14. INVESTMENTS IN SUBSIDIARIES (continued)**

The Directors believe that the carrying value of the investments is supported by their underlying net assets. Investment in subsidiary undertakings represents the ordinary shares of the Company's subsidiary, Pippin Island Investments Limited. The share holding of this entity is detailed below:

Subsidiary undertaking	Country of incorporation	Country of Operation	Principal activity	Equity capital held
Pippin Island Investments Limited	Cayman Island	United Kingdom	Investment company	100%

On 17 March 2014 the Company surrendered 249,999 ordinary shares in Core Investments Limited for no consideration. The Company did not receive any value for these surrendered shares.

On 18 December 2014 the Company entered into a share sale agreement to sell its entire share holding in Bramley Landing Limited.

**15. LOANS AND ADVANCES**

	2015 £	2014 £
Amounts owed by group undertakings	3,178,801,277	4,125,308,702
	<u>3,178,801,277</u>	<u>4,125,308,702</u>

The terms of these loans are a mixture of 3m, 6m libor as well as fixed rates with different maturity dates.

**16. PREFERENCE SHARE ASSETS**

On 17 March 2014 Bramley Landing Limited ("Bramley") redeemed 391,680,105 redeemable preference shares held by the Company, for an aggregate amount of £391,680,105.

On 17 March 2014 Core Investments (Cayman) Limited ("Core") repurchased 1,785,144 preference shares held by the company, for an aggregate repurchase price of £1,624,399 payable to the Company.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****17. DERIVATIVE FINANCIAL INSTRUMENTS**

Net fair values of derivative financial instruments held by the Company are as follows:

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
	£	£	£	£
<b>Derivatives held for trading</b>				
Interest rate derivatives (Interest rate swap)	-	-	93,002	(675,573,746)
Foreign currency derivatives (FX swaps)	-	-	-	(52,168,727)
<b>Total derivatives held for trading</b>	-	-	<b>93,002</b>	<b>(727,742,473)</b>
 <b>Derivative assets/liabilities (per balance sheet)</b>	 -	 -	 <b>93,002</b>	 <b>(727,742,473)</b>

**18. BORROWINGS**

	2015 £	2014 £
Amounts owed to group undertakings	(2,980,885,893)	(3,299,168,687)
	<u>(2,980,885,893)</u>	<u>(3,299,168,687)</u>

The terms of these loans are a mixture of 3m, 6m libor as well as fixed rates with different maturity dates.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****19. CALLED UP SHARE CAPITAL**

	2015 £	2014 £
Authorised:		
28,000,000 ordinary shares of £1 each (2014: 28,000,000)	28,000,000	28,000,000
400,100,000 redeemable preference shares (2014: 400,100,000)	400,100,000	400,100,000

	2015 £	2014 £
Allotted and fully paid:		
100,000 ordinary shares of £1 each	100,000	100,000

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

**20. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2015 £	2014 £
Profit before taxation	104,773,914	94,177,743
Movement in interest receivable	2,018,723	(6,482,486)
Movement in interest payable	2,539,295	1,855,093
Derivative financial asset movement	93,002	(93,002)
Derivative financial liabilities movement	(727,742,473)	727,742,473
Dividend income	-	(51,339,724)
<b>CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES</b>	<b>(618,317,539)</b>	<b>765,860,097</b>

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 21. 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 interest rate 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.

##### 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 undiscounted contractual maturity of financial liabilities the company is exposed to.

	2015 Total £
<b>Financial liabilities repayable:</b>	
- Not more than one year	(2,980,885,893)
<b>Total</b>	<u>(2,980,885,893)</u>
	2014 Total £
<b>Financial liabilities repayable:</b>	
- Not more than one year	(3,299,168,687)
<b>Total</b>	<u>(3,299,168,687)</u>

##### Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's counterparties fail to fulfill 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 minimise its credit exposures by monitoring the credit rating of its counterparties in accordance with Barclays Group risk management policies.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****21. FINANCIAL RISKS (continued)**

31 December 2015	Loans and advances £	Cash and Cash Equivalents £	Total £
Carrying value	3,178,801,277	676,377	3,179,477,654

31 December 2014	Loans and advances £	Cash and Cash Equivalents £	Total £
Carrying value	4,125,308,702	-	4,125,308,702

**Credit exposure by industry type**

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

31 December 2015	Loans and advances £	Cash and Cash Equivalents £	Total £
Financial institution	3,178,801,277	676,377	3,179,477,654

31 December 2014	Loans and advances £	Cash and Cash Equivalents £	Total £
Financial institution	4,125,308,702	-	4,125,308,702

**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.



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**NOTES TO THE FINANCIAL STATEMENTS (continued)****21. FINANCIAL RISKS (continued)****Interest rate risk**

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

**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 period, based on the floating rate non-trading financial assets and financial liabilities held at the end of the period. The Company has floating rate non-trading net financial assets of £197,847,125 (2014 net financial liabilities of : 1,718,087,506).

**Impact on net interest income**

The Company has considered the effect on interest of a 10 basis points change. This analysis has been performed by applying a 10 basis point change to the outstanding principal of the interest bearing positions.

	+10 basis points 2015	-10 basis points 2015	+10 basis points 2014	-10 basis points 2014
	£	£	£	£
Total net interest income	197,847	(197,847)	(1,718,088)	1,718,088

**22. Fair values of financial assets and liabilities**

The fair value of an asset or liability is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables summarise the fair value of financial assets and liabilities measured at amortised cost on the Company's balance sheet where the carrying amount is not a reasonable approximation of fair value:

	2015		2014	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Cash and cash equivalents	676,377	676,377	-	-
Loans and advances	3,178,801,277	3,178,801,277	4,125,308,702	4,125,308,702
<b>Financial liabilities</b>				
Bank overdraft	-	-	4,672,697	4,672,697
Borrowings	2,980,885,893	2,980,885,893	3,299,168,687	3,299,168,687

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****22. Fair values of financial assets and liabilities (continued)**

The following tables show the fair value of financial assets and liabilities measured at amortised cost analysed by fair value hierarchy and balance sheet classification:

	Fair Value	Quoted market prices (Level 1)	Observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	£	£	£	£
<b>As at 31 December 2015</b>				
<b>Financial assets</b>				
Cash and cash equivalents	676,377	676,377	-	-
Loans and advances	3,178,801,277	-	3,178,801,277	-
<b>Financial liabilities</b>				
Borrowings	2,980,885,893	-	2,980,885,893	-

The following table shows the Company's assets and liabilities that are held at fair value analysed by fair value hierarchy and balance sheet classification:

**Assets and liabilities held at fair value**

	Quoted market prices (Level 1)	Observable inputs (Level 2)	Total
	£	£	£
<b>As at 31 December 2015</b>			
Derivative financial assets	-	-	-
<b>Total assets</b>	-	-	-
Derivative financial liabilities	-	-	-
<b>Total Liabilities</b>	-	-	-
<b>As at 31 December 2014</b>			
Derivative financial assets	-	93,002	93,002
<b>Total assets</b>	-	93,002	93,002
Derivative financial liabilities	-	727,742,473	727,742,473
<b>Total Liabilities</b>	-	727,742,473	727,742,473

## **MENLO INVESTMENTS LIMITED**

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

#### **22. Fair values of financial assets and liabilities (continued)**

##### **Valuation methodology**

A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs is described below.

##### **Quoted market prices - Level 1**

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued 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. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

##### **Valuation technique using observable inputs - Level 2**

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable in an active market. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

##### **Valuation technique using significant unobservable inputs - Level 3**

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price.

Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

#### **23. 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, associated and joint venture companies, as well as the Company's key management which includes its Directors. During the year there have been no other transactions with related parties other than transactions disclosed in the notes to the financial statements.

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

The immediate parent company is Barclays Bank PLC. The parent undertaking of the smallest group that presents group financial statements 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 financial statements. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

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### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 25. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

To safeguard the Company's ability to continue as a going concern.

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, as shown in the balance sheet.

	2015	Restated 2014
	£	£
Total capital is as follows:		
Share capital	100,000	100,000
Retained earnings	174,132,532	90,571,747
Total	<u>174,232,532</u>	<u>90,671,747</u>

#### 26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company has adopted the requirements of International Financial Reporting Standards and International Accounting Standards (together, 'IFRS') for the first time in preparing the financial statements for the year ended 31 December 2015. This has led to some changes in the measurement bases and disclosures made in the financial statements prepared in accordance with the requirements of the Companies Act 2006 and UK Statements of Standard Accounting Practice and Financial Reporting Standards (collectively, 'UK GAAP').

In order for the financial statements for the year ended 31 December 2015 to comply with the requirement for comparative figures in accordance with IFRS, it was necessary to restate the balance sheet on 31 December 2014. This is the date of first time adoption for all purposes. Amounts previously presented under UK GAAP for the year ended 31 December 2014 have been represented in accordance with International Accounting Standards applicable on that date.

##### Differences between UK GAAP and IFRS

The differences in accounting policy that have had the greatest impact on the Company's financial position and results are described below.

**MENLO INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)**

Previous UK GAAP	IFRS
<b>(a) Dividends payable</b> Dividends declared after the period end are recorded in the period to which they relate.	Dividends are recorded in the period in which they are declared.
<b>(b) Derivatives and hedge accounting</b> Derivatives used for hedging purposes are measured on an accruals basis consistent with the assets, liabilities, positions or future cash flows being hedged. The gains and losses on these instruments are not recognised in the profit and loss account immediately as they arise. When the hedged transaction occurs, the gain or loss is recognised in the profit and loss account at the same time as the hedged item.	<p>IAS 39 requires derivatives to be recorded at fair value. Provided all of the hedging criteria has been met, the derivative maybe designated as a fair value, cashflow, or net investment hedge. The change in the fair value of the fair value hedge is recorded in income along with the change in value of the hedged item. The change in the fair value of a cashflow hedge is recorded in equity and transferred to income as the hedged cashflow occurs. The change in the fair value of a net investment hedge is recorded in the translation reserve to the extent the hedge is effective and only released to the income statement when the underlying investment is sold.</p> <p>Where a derivative instrument does not meet the hedging criteria, it is reported on the balance sheet at fair value and any movement in the fair value of the position is reported in the income statement.</p>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)****Balance Sheet**

A reconciliation of amounts presented under UK GAAP and their equivalents under IFRS at 1 January 2014 and 31 December 2014 are presented below:-

The following table explains the transition adjustments for each balance sheet line item in the table on the following pages, with narrative notes provided for only those transition adjustments, which are of a material nature.

	Note	1 January 2014			31 December 2014		
		UK GAAP	Effect of transition to IFRSs	IFRS	UK GAAP	Effect of transition to IFRSs	IFRS
		£	£	£	£	£	£
<b>ASSETS</b>							
<b>Non-current assets</b>							
Investment in subsidiaries	14	501,507	-	501,507	250,000	-	250,000
<b>Total non-current assets</b>		<b>501,507</b>	<b>-</b>	<b>501,507</b>	<b>250,000</b>		<b>250,000</b>
<b>Current assets</b>							
Cash and cash equivalents		- 8,941	-	8,941	-	-	-
Loans and advances	15	-	-	-	4,066,488,970	58,819,732	4,125,308,702
Preference share asset	16	393,060,751	-	393,060,751	-	-	-
Derivative financial assets	17	-	-	-		93,002	93,002
<b>Total current assets</b>		<b>393,069,693</b>	<b>-</b>	<b>393,069,693</b>	<b>4,066,488,970</b>	<b>58,912,734</b>	<b>4,125,401,704</b>
<b>TOTAL ASSETS</b>		<b>393,571,199</b>	<b>-</b>	<b>393,571,199</b>	<b>4,066,738,970</b>	<b>58,912,734</b>	<b>4,125,651,704</b>
<b>LIABILITIES</b>							
<b>Current liabilities</b>							
Bank overdraft		-	-	-	(4,672,697)	-	(4,672,697)
Current tax liability		(465)	-	(465)	(3,396,100)	-	(3,396,100)
Derivative financial Liabilities	17				(546,995,636)	(180,746,837)	(727,742,473)
Borrowings	18	(393,680,547)	-	(393,680,547)	(3,299,168,687)		(3,299,168,687)
<b>Total current liabilities</b>		<b>(393,681,012)</b>	<b>-</b>	<b>(393,681,012)</b>	<b>(3,854,233,120)</b>	<b>(180,746,837)</b>	<b>(4,034,979,957)</b>
<b>Net current assets</b>		<b>(611,319)</b>	<b>-</b>	<b>(611,319)</b>	<b>212,255,850</b>	<b>(121,834,103)</b>	<b>90,421,747</b>
<b>NET ASSETS/(LIABILITIES)</b>		<b>(109,813)</b>	<b>-</b>	<b>(109,813)</b>	<b>212,505,850</b>	<b>(121,834,103)</b>	<b>90,671,747</b>
<b>SHAREHOLDER'S EQUITY</b>							
Called up share capital	19	100,000	-	100,000	100,000		100,000
Retained earnings		(209,813)	-	(209,813)	212,155,850	(121,584,103)	90,571,747
Retained earnings prior year adjustment					250,000	(250,000)*	-
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>(109,813)</b>	<b>-</b>	<b>(109,813)</b>	<b>212,505,850</b>	<b>(121,834,103)</b>	<b>90,671,747</b>

The Company recognised a net fair value movement of £121,584,103 on derivative financial assets and derivative financial liabilities.

\* In prior year UK GAAP accounts an amount of £250,000 was wrongly classified as prior year adjustment, the same has been corrected for IFRS accounts.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****26. FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) (continued)****Income Statement**

A reconciliation of the net profit stated in accordance with UK GAAP and its equivalent under IFRS for the year ended 31 December 2014 is presented below:

	Note	31 December 2014		
		UK GAAP	Effect of transition to IFRSs	IFRS
		£	£	£
Fees	5	24,587	-	24,587
Interest receivable and similar income	6	1,044,108	8,116,371**	9,160,479
Interest payable and similar charges	7	(2,861,419)	-	(2,861,419)
Dividend Income from received	9	51,339,724	-	51,339,724
Profit on sale of investment	10	148,625,923	(160,745)***	148,465,178
Fair value gains / (losses) from assets and liabilities reported at fair value through profit and loss	11	17,588,923	(129,539,729)	(111,950,806)
Profit / (Loss) before tax		215,761,846	(121,584,103)	94,177,743
Taxation		(3,396,183)	-	(3,396,183)
Profit for the year		212,365,663	(121,584,103)	90,781,560

The Company recognised a net fair value movement of £121,584,103 on derivative financial assets and derivative financial liabilities.

\*\* In the 2014 UK GAAP accounts, interest income on loans for £8,116,371 was classified as interest on derivatives. The amount has been corrected and classified as interest income in the IFRS accounts.

\*\*\* In the 2014 UK GAAP accounts, an amount of £160,745 related to the redemption of preference shares was classified as income from other fixed asset investments. The amount has been corrected and classified as profit on sale of investment in the IFRS accounts.