

**Hawkins Funding Limited**

**Report and Financial Statements  
For the year ended 31 December 2010**

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**REGISTERED NUMBER IN ENGLAND AND WALES: 4559179**

## **HAWKINS FUNDING LIMITED**

Registered Number in England & Wales 4559179

### **DIRECTORS' REPORT**

**For the year ended 31 December 2010**

The directors present their report together with the audited financial statements for the year ended 31 December 2010

#### **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 tax of \$11,295,279 (2009: \$37,714,577). During the year there were no dividends declared and paid by the directors (2009: \$17,000,000). The directors consider that the performance of the Company has been satisfactory during the year.

#### **Post Balance Sheet Event**

On 14 February 2011, the Company purchased 5 ordinary shares of USD\$1 par value each and 334 Class B Senior Preference Shares of USD\$1 par value each in Cohort Investments Limited.

On 14 April 2011, the Company purchased all of the ordinary shares of Taurus Investments LLC.

#### **Derivatives and financial instruments**

The Company's directors are required to 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 for the year ended 31 December 2010 (see note 15).

#### **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 Millett (appointed 13 July 2010)

G Cuccio

G Brawn

D Lui (resigned 25 June 2010)

Since the year end, B Hill was appointed as a director on 4 April 2011, and R Millett resigned as a director of the company on 6 April 2011.

## **HAWKINS FUNDING LIMITED**

Registered Number in England & Wales 4559179

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

For the year ended 31 December 2010

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

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31st December 2010 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 directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that 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.

In accordance with Section 418, each director in office at the date the directors' report is approved confirms that

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) 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

**HAWKINS FUNDING LIMITED**

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**Independent 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

Date 22 July 2011

For and on behalf of

Hawkins Funding Limited

*Gerald Brawn.*

A handwritten signature in black ink, appearing to be 'Gerald Brawn', written over a horizontal line.

## **HAWKINS FUNDING LIMITED**

Registered Number in England & Wales. 4559179

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAWKINS FUNDING LIMITED**

We have audited the financial statements of Hawkins Funding Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet 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 page 2, 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). 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. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **HAWKINS FUNDING LIMITED**

Registered Number in England & Wales: 4559179

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HAWKINS FUNDING LIMITED (continued)**

#### **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 2010 and of its profit 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
- 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.

1 August 2011

**HAWKINS FUNDING LIMITED**

Registered Number in England &amp; Wales 4559179

**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
Administrative expenses		(3,459)	(10,402)
Operating loss		(3,459)	(10,402)
Income from fixed asset investments		14,228,361	45,601,600
Interest receivable and similar income	4	661,581	5,372
Interest payable and similar charges	5	(4,512,735)	(11,250,698)
Profit on ordinary activities before taxation	6	10,373,748	34,345,872
Tax on profit on ordinary activities	7	921,531	3,368,705
Profit on ordinary activities after taxation		11,295,279	37,714,577

All recognised gains and losses are included in the profit and loss account. The Operating loss 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 15 form an integral part of these financial statements.

**HAWKINS FUNDING LIMITED**

Registered Number in England &amp; Wales 4559179

**BALANCE SHEET AS AT 31 DECEMBER 2010**

	Notes	2010 \$	2009 \$
FIXED ASSET INVESTMENTS	9	1,963,926,631	2,793,081,627
CURRENT ASSETS			
DEBTORS Amounts falling due within one year	10	197,245,451	3,261,256
CREDITORS Amounts falling due within one year	11	(1,875,380,831)	(2,521,846,911)
NET CURRENT LIABILITIES		(1,678,135,380)	(2,518,585,655)
TOTAL ASSETS LESS CURRENT LIABILITIES		285,791,251	274,495,972
NET ASSETS		285,791,251	274,495,972
CAPITAL AND RESERVES			
Called up share capital	12	273,484,003	273,484,003
Profit and loss account		12,307,248	1,011,969
TOTAL SHAREHOLDERS' FUNDS	13	285,791,251	274,495,972

A reconciliation of movement in shareholders' funds is given in note 13

The notes 1 to <sup>15</sup>~~13~~ form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 22 July 2011

Director  
Name

Date 22 July 2011

*Gerald Brawn.*



## **HAWKINS FUNDING LIMITED**

Registered Number in England & Wales 4559179

### **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 of the parent to enable them to meet it's 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 from subsidiaries**

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

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

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

##### **Foreign exchange**

Monetary assets and liabilities in foreign currencies are translated into US dollars 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 US dollar at average rates of exchange during the year unless a contracted rate applied. All exchange differences are included in the profit and loss account

##### **Taxation**

The charge for taxation is based on the results for the period and takes into account taxation deferred. Deferred taxation is recognized on timing differences arising between the treatment of certain items for taxation and accounting purposes

## **HAWKINS FUNDING LIMITED**

Registered Number in England & Wales 4559179

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

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

##### **Fixed asset investments**

Investments in subsidiaries are recorded in the balance sheet at historical cost less any amounts that have been provided for to reflect diminutions in the value of the investment, where there is objective evidence of impairment. Any diminution in the value of the investment is recognised in the income statement.

##### **Borrowings**

Borrowings refer to loans and advances entered into by the Company. They are recognised as a liability when a contractual agreement results in the Company having a present obligation to deliver cash or another financial asset to the holder. The liability is recognised at initial cost and amortised cost using the effective rate of interest. Borrowing costs are charged as an expense to the profit and loss account in the period in which they are incurred.

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

The financial statements contain information about Hawkins Funding Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 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's ultimate holding company, Barclays Bank PLC, prepares consolidated financial statements which are publically available. 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. DIRECTORS' EMOLUMENTS**

The Directors did not receive any emoluments in respect of their services to the Company during 2010 or 2009.

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

	2010 \$	2009 \$
Amounts receivable from group undertakings	661,581	5,372
	<u>661,581</u>	<u>5,372</u>

**HAWKINS FUNDING LIMITED**

Registered Number in England &amp; Wales 4559179

**NOTES TO THE FINANCIAL STATEMENTS (continued)****5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2010 \$	2009 \$
Amounts payable to group undertakings	4,512,735	11,250,698
	<u>4,512,735</u>	<u>11,250,698</u>

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

There were no employees employed by the Company during the year (2009 nil) 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 \$6,592 (2009 \$5,832) for the year This fee is not recognised as an expense in the financial statements

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2010 \$	2009 \$
UK corporation tax	1,079,292	3,151,604
Foreign exchange	(157,761)	217,101
Tax credit on profit on ordinary activities	<u>921,531</u>	<u>3,368,705</u>

The UK corporation tax charge is based on a UK corporation tax rate of 28% (2009 28%)

A numerical reconciliation of the applicable tax rate and the average effective tax rate is as follows

Profit on ordinary activities before taxation	10,373,749	34,345,872
Profit on ordinary activities multiplied by blended rate of corporation tax in the UK of 28%	<u>(2,904,650)</u>	<u>(9,616,844)</u>
Effects of		
Non-taxable UK dividend income	3,983,941	12,768,448
Foreign exchange	(157,760)	217,101
Current tax credit	<u>921,531</u>	<u>3,368,705</u>

# HAWKINS FUNDING LIMITED

Registered Number in England & Wales: 4559179

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 8. DIVIDENDS PAID ON ORDINARY SHARES

	2010 \$	2009 \$
Dividends paid (2009 \$0.0622 per ordinary share)	-	17,000,000
	-	17,000,000

### 9. FIXED ASSETS

	Investments in subsidiaries 2010 \$	Investments in subsidiaries 2009 \$
Opening balance	2,793,081,627	2,793,081,627
Disposals	(829,155,000)	-
Additions	4	-
Closing balance	1,963,926,631	2,793,081,627

	As at 31 December 2010 No of shares	As at 31 December 2010 Total Equivalent	As at 31 December 2009 No of shares	As at 31 December 2009 Total Equivalent
<b>Akela Finance Limited</b>				
\$1 Ordinary shares	2	2	2	2
<b>Grenville Funding Limited</b>				
£1 Ordinary shares	2	3	2	3
\$1 Ordinary shares	812,684,000	812,684,000	812,684,000	812,684,000
<b>Sixtus Funding Limited</b>				
£1 Ordinary shares	2	3	2	3
\$1 Ordinary shares	-	-	829,120,000	829,120,000
<b>Titus Investments Limited</b>				
\$1 Ordinary shares	-	-	35,000	35,000
<b>Hoardburst Limited</b>				
\$1 Ordinary shares	35,600,000	1,151,242,618	35,600,000	1,151,242,618
£1 Ordinary shares	1	15	1	15
<b>DC&amp;O Investments Ltd</b>				
£ 1 Ordinary shares	1	15	-	-
<b>Iris Investments 3 Limited</b>				
\$1 Ordinary shares	200,000	1	-	-
<b>Iris Investments 4 Limited</b>				
\$1 Ordinary shares	100,000	1	-	-
		1,963,926,631		2,793,081,627

## HAWKINS FUNDING LIMITED

Registered Number in England & Wales 4559179

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 9. FIXED ASSETS (continued)

Details of the Company's investments in subsidiaries are given below

Name of subsidiary	Country of incorporation	Nature of business	Proportion of voting power held (%)	Proportion of ownership held (%)
Akela Finance Limited	British Virgin Islands	Investment company	100	100
DC&O Investments Ltd	England and Wales	Investment company	100	100
Grenville Funding Limited	England and Wales	Investment company	100	100
Hoardburst Limited	England and Wales	Investment company	100	100
Iris Investments 3 Limited	England and Wales	Investment company	100	100
Iris Investments 4 Limited	England and Wales	Investment company	100	100
Sixtus Funding Limited	England and Wales	Investment company	100	100

In the opinion of the directors, the value of the Company's investments in Akela Finance Limited, and other loans made is not less than the amounts stated in the balance sheet

The Net Asset Values of Iris Investments 3 Limited and Hoardburst Limited as at 31 December 2010 are below the value stated in the balance sheet. In the opinion of the Directors, the impairment in value of both investments is temporary

On 23 March 2010, the Company purchased 1 ordinary share of par value \$1 in Grus Investments Limited. Grus Investments Limited was dissolved on 20 August 2010

On 30 April 2010, the Company purchased 196,739 ordinary shares of par value \$1 each comprising the entire issued share capital of Draco Investments Limited. Draco Investments Limited was dissolved on 27 September 2010

On 4 September 2010, Titus Investments Limited was dissolved

#### 10 DEBTORS: Amounts falling due within one year

	2010 \$	2009 \$
Cash at hand	57,730	6,371
Amounts owed by group undertakings	197,187,721	3,254,885
	<u>197,245,451</u>	<u>3,261,256</u>

Amounts owed by group undertakings represent deposits and group tax relief receivable

**HAWKINS FUNDING LIMITED**

Registered Number in England &amp; Wales 4559179

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. CREDITORS: Amounts falling due within one year**

	2010 \$	2009 \$
Amounts owed to group undertakings	1,875,380,831	2,521,846,911
	<u>1,875,380,831</u>	<u>2,521,846,911</u>

Amounts due to group undertakings represent loans taken out with fellow group undertakings

**12. CALLED UP SHARE CAPITAL**

	2010 \$	2009 \$
Authorised		
Attributable to equity interests		
500,000,000 Ordinary Shares of \$1 each	500,000,000	500,000,000
1,000 Ordinary Shares of £1 each	3,000	3,000
	<u>500,000,003</u>	<u>500,000,003</u>
Allotted and fully paid		
Attributable to equity interests		
273,484,000 Ordinary Shares of \$1 each	273,484,000	273,484,000
2 Ordinary Shares of £1 each	3	3
	<u>273,484,003</u>	<u>273,484,003</u>

The Sterling and Dollar shares shall rank pari passu in all respects except that the holders of the Sterling shares are not entitled to receive any dividends or attend and vote at any general meetings of the Company. On a distribution of assets on a winding-up or other return of capital the holders of the Sterling shares shall only be entitled to receive the amount paid up on their shares.

## HAWKINS FUNDING LIMITED

Registered Number in England & Wales 4559179

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 \$	2009 \$
Profit for the year	11,295,279	37,714,577
Dividends paid	-	(17,000,000)
Increase in shareholders' funds	11,295,279	20,714,577
Opening shareholders' funds	274,495,972	253,781,395
Closing shareholders' funds	285,791,251	274,495,972

#### 14. 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 (2009: none).

#### 15. PARENT UNDERTAKING AND ULTIMATE PARENT 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.

#### 16. POST BALANCE SHEET EVENTS

On 12 February 2011, Sixtus Funding Limited a wholly owned subsidiary was dissolved.

On 14 February 2011, the Company purchased 5 ordinary shares of USD\$1 par value each and 334 Class B Senior Preference Shares of USD\$1 par value each in Cohort Investments Limited.

On 8 March 2011, DC&O Investments Limited a wholly owned subsidiary was dissolved.

On 10 March 2011, Akela Finance Limited a wholly owned subsidiary was dissolved.

On 24 March 2011, Iris Investments 4 Limited a wholly owned subsidiary was dissolved.

On 11 April 2011, Iris Investments 3 Limited a wholly owned subsidiary was dissolved.

On 14 April 2011, the Company purchased all of the ordinary shares of Taurus Investments LLC.

On 27 May 2011, the Company approved the payment of a dividend of \$35,000,000.

On 29 June 2011, the Company approved the purchase of all the ordinary shares of Demeter (Cayman) Limited.