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**GALIBIER INVESTMENTS LIMITED**

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

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COMPANIES HOUSE

**REGISTERED NUMBER (ENGLAND AND WALES): FC027216**  
**REGISTERED NUMBER (CAYMAN ISLANDS): WK177139**

## **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

### **DIRECTORS' REPORT**

**For the year ended 31 December 2009**

The directors present their report together with the audited financial statements of Galibier Investments Limited ("the Company") for the year ended 31 December 2009

#### **Review of business and future outlook**

The principal activity of the Company is to act as an investment company. No significant change in this activity is envisaged in the foreseeable future and the directors expect the Company's future performance to be in line with the current year.

The directors have reviewed the Company's business and performance and consider it to be satisfactory for the year. The directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business.

Given the nature of the business, the Company's directors are of the opinion that analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

#### **Results and dividends**

During the year ended 31 December 2009, the Company made a profit after tax of €83,067,336 (2008 € 86,027,642). The directors declared and paid ordinary dividends of €82,606,888 (2008 €82,381,801) during the year and preference share dividends out of distributable reserves of €nil (2008 €52,826,202). The Company had net assets of €2,096,455,498 as at 31 December 2009 (31 December 2008 €2,096,010,066).

#### **Financial instruments**

Barclays financial risk management objectives and policies, which are followed by the Company and the exposure to market risk, credit risk and liquidity risk are set out in note 19 'Financial Risks'.

#### **Directors**

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

R Isman	
R Craine	
E Edis	
R Chandra	(appointed 27 August 2009)
A Shah	(resigned 27 February 2009)

Since the year end, E Edis has resigned as director on 7 May 2010. R Isman, R Craine and R Chandra resigned as Directors on 23 June 2010. G Brawn, J Corswarem, M Treharne and N Abhat were appointed as Directors on 23 June 2010.

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

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2009 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties/powers of office.

**GALIBIER INVESTMENTS LIMITED**  
Registered Number (England and Wales) FC027216

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

**Statement of Directors' Responsibilities**

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

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

The directors consider that in preparing the financial statements

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

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

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

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

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

**Auditors**

The directors have appointed PricewaterhouseCoopers LLP as auditors to the Company. PricewaterhouseCoopers LLP have indicated their willingness to continue in office

BY ORDER OF THE BOARD

Director

Name *J. CORSHAM*

Date 29 October 2010

For and on behalf of Galibier Investments Limited



## **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF GALIBIER INVESTMENTS LIMITED**

We have audited the financial statements of Galibier Investments Limited for the year ended 31 December 2009 which comprises the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out in the notes to the financial statements.

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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the directors to meet their obligations under the Companies Act 1985 applicable to overseas companies and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the Company, save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, as applicable to overseas companies. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

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

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

## **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

### **INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF GALIBIER INVESTMENTS LIMITED (continued)**

#### **Opinion**

##### **In our opinion**

- the financial statements give a true and fair view, in accordance with IFRSs as adopted for use in the European Union, of the state of the Company's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, as applicable to overseas companies, and
- the information given in the Directors' Report is consistent with the financial statements

A large, stylized handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

Date **3 November 2010**

**GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

**INCOME STATEMENT****FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	For the year ended 31 December 2009	For the year ended 31 December 2008
<b>Continuing operations:</b>		€	€
Interest receivable and similar income	4	83,470,183	86,889,729
Interest payable and similar expenses		(69)	308,576
Net interest income		<u>83,470,114</u>	<u>87,198,305</u>
Other income/(expense)		8,892	(35)
Profit on ordinary activities before taxation	5	<u>83,479,006</u>	<u>87,198,270</u>
Taxation	8	(411,670)	(1,170,628)
Profit for the year		<u>83,067,336</u>	<u>86,027,642</u>

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

**GALIBIER INVESTMENTS LIMITED**  
Registered Number (England and Wales) FC027216  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009 €	2008 €
Net profit for the year	83,067,336	86,027,642
Other comprehensive (expense)/income:		
Fair value (losses)/gains on available for sale investments	(20,854)	21,292
Tax relating to components of other comprehensive income	5,838	(6,068)
Other comprehensive (expense)/income for the year net of tax	(15,016)	15,224
Total comprehensive income for the year	83,052,320	86,042,866

**GALIBIER INVESTMENTS LIMITED**  
Registered Number (England and Wales) FC027216  
**BALANCE SHEET AS AT 31 DECEMBER 2009**

	Notes	2009 €	2008 €
<b>Non-current assets</b>			
Investment in group undertaking	10	2,083,000,000	2,083,000,000
<b>Total non-current assets</b>		<b>2,083,000,000</b>	<b>2,083,000,000</b>
<b>Current assets</b>			
Available-for-sale investments	11	2,003,129	2,019,800
Loans and advances	12	80,047,750	79,413,641
Other receivables	13	5,627,172	6,077,345
Cash at hand	14	382,475	94,769
<b>Total current assets</b>		<b>88,060,526</b>	<b>87,605,555</b>
<b>TOTAL ASSETS</b>		<b>2,171,060,526</b>	<b>2,170,605,555</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Taxation		540,052	530,513
Borrowings	15	74,064,976	74,064,976
<b>Total current liabilities</b>		<b>74,605,028</b>	<b>74,595,489</b>
<b>NET ASSETS</b>		<b>2,096,455,498</b>	<b>2,096,010,066</b>
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	16	2,001	2,001
Share premium account	16	1,999,998,000	1,999,998,000
Other distributable reserves		85,000,000	85,000,000
Retained earnings		11,455,207	10,994,759
Available-for-sale reserve		290	15,306
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,096,455,498</b>	<b>2,096,010,066</b>

Notes 1 to 21 form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 29 October 2010

Director

Name

Date 29 October 2010

  
**J. CORNWALL**



# **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

## **STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2009**

	Called up share capital €	Share premium account €	Other distributable reserves €	Available for sale reserve €	Retained earnings €	Total equity €
At 1 January 2009	2,001	1,999,998,000	85,000,000	15,306	10,994,759	2,096,010,066
Profit for the year	-	-	-	-	83,067,336	83,067,336
Fair value loss on available for sale financial assets	-	-	-	(20,854)	-	(20,854)
Tax on fair value loss on available for sale financial assets	-	-	-	5,838	-	5,838
Dividends paid	-	-	-	-	(82,606,888)	(82,606,888)
At 31 December 2009	2,001	1,999,998,000	85,000,000	290	11,455,207	2,096,455,498

# **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

## **STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 DECEMBER 2008**

	Called up share capital €	Share premium account €	Capital contribution €	Other distributable reserves €	Available for sale reserve €	Retained earnings €	Total equity €
At 1 January 2008	2,001	1,999,998,000	26,891,179	58,108,821	82	7,348,918	2,092,349,001
Transfer to other distributable reserves	-	-	(26,891,179)	26,891,179	-	-	-
Profit for the year	-	-	-	-	-	86,027,642	86,027,642
Fair value gain on available for sale financial assets	-	-	-	-	21,292	-	21,292
Tax on fair value loss on available for sale financial assets	-	-	-	-	(6,068)	-	(6,068)
Dividends paid	-	-	-	-	-	(82,381,801)	-(82,381,801)
At 31 December 2008	2,001	1,999,998,000	-	85,000,000	15,306	10,994,759	2,096,010,066

**GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

**CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009**

	Notes	2009 €	2008 €
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>	17	1,376,298	4,703,326
Preference dividends received		82,606,887	82,381,801
Interest paid		(69)	-
Tax paid		(396,291)	(978,307)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>83,586,825</b>	<b>86,106,820</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loan to parent undertaking		(663,371)	(41,978,086)
Repayment of loan to parent undertaking		-	91,162,785
Purchase of available-for-sale securities		(2,002,860)	(2,001,496)
Maturity of available-for-sale securities		1,974,000	2,000,000
<b>NET CASH (USED IN)/FROM INVESTING ACTIVITIES</b>		<b>(692,231)</b>	<b>49,183,203</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Preference dividends paid		-	(52,826,202)
Ordinary dividends paid		(82,606,888)	(82,381,801)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(82,606,888)</b>	<b>(135,208,003)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>287,706</b>	<b>82,020</b>
Cash and cash equivalents at beginning of the year		94,769	12,749
<b>CASH AND CASH EQUIVALENTS END OF THE YEAR</b>		<b>382,475</b>	<b>94,769</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE:</b>			
Cash in hand	14	382,475	94,769
		<b>382,475</b>	<b>94,769</b>

## **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

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

#### **1 REPORTING ENTITY**

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

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

Walkers SPV Limited  
Mary Street  
George Town  
Grand Cayman  
Cayman Islands

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

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as published by the International Accounting Standards Board (IASB). They are also in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

The Company is an overseas company and as such has prepared its financial statements in accordance with the Companies Act as applicable to overseas companies.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The adoption of IAS 1 (revised) has resulted in the reformatting of the statement of recognised gains and losses into a statement of comprehensive income and the addition of a statement of changes in equity. The adoption of IAS 1 (revised) does not change the recognition, measurement or disclosure of specific transactions and events required by other standards.

The adoption of amendment to IFRS 7 – Financial Instruments: Disclosures, has resulted in additional disclosures being made regarding liquidity risk and the fair value of financial instruments.

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

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied.

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

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments: recognition, and measurement' as set out in the relevant accounting policies. They are stated in Euros, which is the Company's functional and presentation currency.

##### **Revenue Recognition**

Revenue is recognised in the income statement when it is probable that the economic benefits associated with the transaction will be received by the Company. Revenue is reported at the fair value of the consideration received or receivable.

## **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

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

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

##### **Foreign exchange**

Foreign currency transactions are translated into Euros using the average rates prevailing during the year

Monetary items denominated in foreign currencies are translated into functional currency at the spot rate prevailing on the balance sheet date. All exchange gains and losses are recognised in the income statement except for items that are designated as hedging instruments in qualifying cash flow hedges or hedges of net investments, translation differences for which are recognised in equity

##### **Interest**

Interest income or expense is recognised on all interest bearing financial instruments classified as held to maturity, available for sale or other loans and advances, and on interest bearing financial liabilities, using the effective interest method.

The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

##### **Taxation**

Taxation payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as probable that it is recoverable by offset against current or future taxable profits.

Current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Loans and advances**

Loans and advances are recorded on balance sheet according to the substance of the contractual arrangement entered into. Loans and advances are initially recorded at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, less any amounts that have been provided for to reflect impairment in the value of the investment where there is objective evidence of impairment. Income is recognised in the income statement using the effective interest rate which discounts estimated future cash flows through the life of the financial asset to that asset's net carrying value.

##### **Available-for-sale investments**

Available-for-sale investments are non-derivative financial investments. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value, and gains and losses arising from changes in fair value are included as a separate component of equity until sale or impairment when the cumulative gain or loss is transferred to the income statement. The assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

## **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

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

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

##### **Investments in preference shares of group undertakings**

Investments in preference shares of group undertakings are initially recorded at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, less any amounts that have been provided for to reflect diminutions in the value of the investment, where there is objective evidence of impairment.

##### **Borrowings**

Borrowings entered into and debt securities issued by the Company are recognised as a liability when a contractual agreement results in the Company having a present obligation to deliver cash or another financial asset to the holder. The liability is initially recognised at fair value and amortised to the redemption value using the effective rate of interest over the life of the instrument.

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

The Class A and Class B redeemable preference shares issued by the Company have been classified as compound financial instruments in accordance with IAS 32 and are being split into its debt and equity components.

##### **Cash and cash equivalents**

For the purposes of the cash flow statement, cash comprises cash on hand, demand deposits, and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

##### **Share capital**

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

##### **Capital contribution**

The capital contribution received from the Company's parent undertaking has been recorded in equity.

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

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

##### **Determining fair value**

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted market value in an active market wherever possible. Where no such active market exists for the particular asset, the Company uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

The following fair value classifications are used when determining the fair value of assets and liabilities in the financial risks note.

##### **Level 1**

Financial instruments for which their valuations are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available and the price represents actual and regularly occurring market transactions on an arm's length basis,

## **GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

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

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

##### **Impairment of financial assets**

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including trade receivables, is impaired. The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties.

Impairment allowances are calculated, based on the difference between the carrying amount of the asset and its estimated recoverable amount, calculated by reference to the expected cash flows from it discounted at the original effective interest rate for the asset.

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

	2009 €	2008 €
Interest receivable from parent undertakings	1,260,584	4,432,256
Dividends receivable on preference shares in group undertaking	82,156,714	82,381,801
Interest on available-for-sale investments	52,885	75,672
	<hr/>	<hr/>
	83,470,183	86,889,729
	<hr/>	<hr/>

#### **5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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 €4,492 (2008: €4,171) for the year. This fee is not recognised as an expense in the financial statements.

#### **6. DIRECTORS' EMOLUMENTS**

The directors did not receive any emoluments in respect of their services to the Company during the year (2008: £nil).

#### **7. STAFF COSTS**

There were no employees employed by the Company during 2009 or 2008.

**GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

**NOTES TO THE FINANCIAL STATEMENTS (continued)****8. TAXATION**

	2009 €	2008 €
UK corporation tax	370,241	1,284,750
Foreign exchange on tax	41,429	(114,122)
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	411,670	1,170,628
	<hr/>	<hr/>

The UK corporation tax charge is based on the UK corporation tax rate of 28% (2008 28.5% blended rate). The reduction 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 and foreign exchange.

The overall tax charge is explained in the following table

	1 Jan 2009 to 31 Dec 2009 €	1 Jan 2008 to 31 Dec 2008 €
Profit on ordinary activities before taxation	83,479,006	87,198,270
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 28% (2008 28.5%)	23,374,122	24,851,507
Effect of		
Non deductible dividend income	(23,003,880)	(23,478,813)
Foreign exchange	41,429	(114,122)
Non-taxable movement on redemption value of preference shares	-	(87,944)
	<hr/>	<hr/>
Current tax charged to income statement	411,670	1,170,628
	<hr/>	<hr/>

An analysis of the tax charge/ (credit) on items charged directly to equity is as follows -

	For the year ended 31 December 2009 €	For the year ended 31 December 2008 €
Available for sale investments	(5,838)	6,068
	<hr/>	<hr/>



**GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

**NOTES TO THE FINANCIAL STATEMENTS (continued)****8. TAXATION (continued)**

The tax effects relating to each component of other comprehensive income were as follows

	2009			2008		
	Before Tax Amount €	Tax credit €	Net of tax amount €	Before Tax Amount €	Tax charge €	Net of tax amount €
Available for sale investments	(20,854)	5,838	15,016	21,292	(6,068)	15,224
	<u>(20,854)</u>	<u>5,838</u>	<u>15,016</u>	<u>21,292</u>	<u>(6,068)</u>	<u>15,224</u>

**9. DIVIDENDS**

An analysis of dividends paid is as follows

	2009 €	2008 €
Ordinary shares		
- €41,283 (2008 €41,170) per ordinary share	82,606,888	82,381,801
	<u>82,606,888</u>	<u>82,381,801</u>

**10. INVESTMENT IN GROUP UNDERTAKING**

	2009 €	2008 €
Class A preference shares in group undertaking	1,785,000,000	1,785,000,000
Class B preference shares in group undertaking	298,000,000	298,000,000
	<u>2,083,000,000</u>	<u>2,083,000,000</u>

The Company holds an investment of 1,785 class A and 298 class B fixed rate preference shares in Peyresourde Investments Limited ("Peyresourde") for a subscription price of €1,000,000 each, being a par value of €1 and share premium of €999,999 per share. This amount represents 100% of the preference share capital issued by Peyresourde.

Peyresourde is a Cayman Islands registered company and its principal activity is to act as an investment company.

The fair value of the non-redeemable preferences shares at 31 December 2009 was €2,231,313,121.

**GALIBIER INVESTMENTS LIMITED**

Registered Number (England and Wales) FC027216

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. AVAILABLE-FOR-SALE INVESTMENTS**

	2009	2008
	€	€
Balance at beginning of year	2,019,800	2,006,954
Acquisitions	2,002,860	2,001,496
Redemption	(1,974,000)	(2,000,000)
Revaluation (deficit)/surplus transferred to equity	(20,854)	21,292
Amortisation of discount/premium	(24,088)	1,309
(Decrease)/increase in interest receivable on securities	(589)	(11,251)
Fair value of available-for-sale investments	<u>2,003,129</u>	<u>2,019,800</u>

The investments above represent investments in overseas debt securities. The interest rate risk inherent in these debt securities is disclosed in note 19.

**12. LOANS AND ADVANCES**

	2009	2008
	€	€
Amounts due from parent undertakings	<u>80,047,750</u>	<u>79,413,641</u>

The fair value of the Company's loans and advances approximates the carrying value.

**13. OTHER RECEIVABLES**

	2009	2008
	€	€
Preference share dividends receivable	<u>5,627,172</u>	<u>6,077,345</u>
	<u>5,627,172</u>	<u>6,077,345</u>

Preference dividends are receivable from a group undertaking.

**14. CASH AT HAND**

	2009	2008
	€	€
Cash in bank with parent company	<u>382,475</u>	<u>94,769</u>
	<u>382,475</u>	<u>94,769</u>

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. BORROWINGS**

	2009	2008
	€	€
Class A preference shares	32,173,798	32,173,798
Class B preference shares	41,891,178	41,891,178
	<u>74,064,976</u>	<u>74,064,976</u>

The preference share liability detailed above consists of

	2009	2008
	€	€
<b>Authorised:</b>		
85 class A redeemable preference shares of €1 each	85	85
100 class B redeemable preference shares of €1 each	100	100
	<u>185</u>	<u>185</u>
<b>Allotted and fully paid:</b>		
85 class A redeemable preference shares of €1 each	85	85
100 class B redeemable preference shares of €1 each	100	100
	<u>185</u>	<u>185</u>
<b>Share premium:</b>		
85 class A redeemable preference shares of €999,999 each	84,999,915	84,999,915
100 class B redeemable preference shares of €999,999 each	99,999,900	99,999,900
<b>Preference dividends paid:</b>		
Dividends on class A preference shares	-	(52,826,202)
Dividends on class B preference shares	-	(58,108,822)

The Company initially issued 85 and 100 Class A and Class B redeemable preference shares respectively to Credit Agricole Luxembourg S A at a subscription price of €1,000,000 per share. These shares are now held by Barclays Darnay Euro Investments Limited.

The holders of the class A and class B preference shares are not entitled to vote at the general meetings of the Company. On 19 February 2008 and 19 September 2008, the Company paid contractual dividends of €36,978,341 and €15,847,861 respectively on the class A preference shares. In accordance with the terms of the preference shares, the contractual dividends when they are paid are treated as repayments of capital with no associated expense being reported in the income statement or equity. As all contractual dividends had been paid by 31 December 2008, the class A and class B preference shares will in the future only pay a dividend determined by the unanimous consent of the Directors in their absolute discretion by reference to the funds of the Company lawfully available for distribution. Any such dividends are recognised in equity in the period in which a contractual obligation to make a payment arises.

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. BORROWINGS (continued)**

The class A and class B preference shares may be redeemed by either the Company or the holder at any time upon the serving of a redemption notice. On redemption, the holder will receive the initial par value of the preference shares, less dividends. The fair value of the Companies borrowings as at 31 December 2009 and 31 December 2008 approximates carrying value.

On a return of capital or liquidation or otherwise, the holders of the class A and class B preference shares rank senior to the holders of the ordinary shares. The holders of the class A and class B preference shares are not entitled to participate in the distribution of any surplus assets.

**16. CALLED UP SHARE CAPITAL**

	2009 €	2008 €
<b>Authorised:</b>		
2,001 Ordinary shares of €1 each	2,001	2,001
<b>Allotted, called-up and fully paid:</b>		
2,001 Ordinary shares of €1 each	2,001	2,001
<b>Share premium:</b>		
2,000 Ordinary shares of €999,999 each	1,999,998,000	1,999,998,000
	<u>2,000,000,001</u>	<u>2,000,000,001</u>

The Company has issued 2,001 ordinary shares at a subscription price of €1,000,000 per share and one ordinary share at €1 per share. The holders of the ordinary shares are entitled to vote at the general meetings of the Company and are entitled to receive such dividends as directors may declare. The ordinary shares are not redeemable and on a return of capital or liquidation or otherwise, the holders of the class A and class B preference shares rank senior to the holders of the ordinary shares. The holders of the ordinary shares are entitled to participate in the distribution of any surplus assets of the Company.

**17. RECONCILIATION OF PROFIT BEFORE TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2009 €	2008 €
Profit before tax	83,479,006	87,198,270
Interest expense	69	-
Amortisation of discount	24,088	(1,309)
Preference dividends receivable	(82,156,714)	(82,381,801)
Net decrease/(increase) in accrued interest	29,849	(111,834)
Net cash from operating activities	<u>1,376,298</u>	<u>4,703,326</u>

## **GALIBIER INVESTMENTS LIMITED**

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

#### **18. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions, or one other party controls both

The definition of related parties includes parent company, ultimate parent company, subsidiary, as well as the Company's key management which includes its Directors

Barclays Bank Plc is the parent undertaking and controlling party. During the year there have been no other transactions with related parties other than transactions disclosed in notes 4,5,10,12,13,14 and 15

#### **19. 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 operate within the requirements of the Barclays Group risk management policies. This policy includes specific guidelines on the management of foreign exchange, interest rate and credit risks, and advises on the use of financial instruments to manage them. The Company seeks to minimize its exposure to liquidity, credit and market risk by applying these policies, and monitors exposures on a portfolio 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 maintains financial support from the parent, Barclays Bank PLC. The Company seeks to manage the cash flow profile of its assets and liabilities to ensure that it has sufficient funds to make payments when they fall due. These are designed to ensure the Company has sufficient available funds for operations and planned expansion.

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

	31 December 2009	
	Borrowings €	Total €
Financial liabilities repayable: - not more than three months	74,064,976	74,064,976
Total	74,064,976	74,064,976
<hr/>		
	31 December 2008	
	Borrowings €	Borrowings €
Financial liabilities repayable: - not more than three months	74,064,976	74,064,976
Total	74,064,976	74,064,976
<hr/>		

**GALIBIER INVESTMENTS LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS (continued)****19. FINANCIAL RISKS (continued)****Credit risk**

This is the risk that counterparties to the Company's financial assets may default. The Company assesses all counterparties for credit risk before contracting with them. The Company monitors its exposures and seeks to minimize its credit exposures by monitoring the credit rating of its counterparties in accordance with Barclays Group risk management policies. The Company's assets are neither past due or impaired.

The Company's maximum exposure to credit risk is detailed in the table below. The exposure reported in the table represents the gross receivable amounts. The exposure is reported gross and does not include any collateral or other credit risk mitigants which reduce the Company's exposure.

	Available for sale investments €	Preference shares €	Loans and advances €	Other receivables €	Total €
Carrying value	2,003,129	2,083,000,000	80,047,750	5,627,172	2,170,678,051
<b>Total</b>	<b>2,003,129</b>	<b>2,083,000,000</b>	<b>80,047,750</b>	<b>5,627,172</b>	<b>2,170,678,051</b>

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

	Available for sale investments €	Preference shares €	Loans and advances €	Other receivables €	Total €
Other financial intermediaries	-	2,083,000,000	80,047,750	5,627,172	2,168,674,922
Financial institutions	2,003,129	-	-	-	2,003,129
<b>Total</b>	<b>2,003,129</b>	<b>2,083,000,000</b>	<b>80,047,750</b>	<b>5,627,172</b>	<b>2,170,678,051</b>

**Market Risk**

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, equity prices and foreign exchange rates.

## **GALIBIER INVESTMENTS LIMITED**

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

#### **19. 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 income from the Company's interest bearing financial assets and liabilities. The Company's interest rate risk arises from its loans and advances and its long term borrowings.

As at 31 December 2009, the Company's loans and advances of €80,047,750 (2008: €79,413,641) carry floating rate interest. The Company's investments in debt securities of €2,003,129 (2008: €2,019,800) carry fixed rate interest.

##### **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 year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2009. As at 31 December 2009, the Company has floating rate non-trading financial assets of €80,047,750 (2008: €79,413,641).

##### **Impact on net interest income**

The Company has considered the effect on interest of a 100 basis points change. This analysis has been performed by applying a 100 basis point change to the outstanding floating rate interest bearing positions. The impact would be as follows:

	+100 basis points 2009	+100 basis points 2008	-100 basis points 2009	-100 basis points 2008
Total	€ 800,477	€ 794,136	(€ 800,477)	(€ 794,136)
As a percentage of net interest income	0.959%	0.917%	(0.959%)	(0.917%)

##### **Fair values**

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

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

**19. FINANCIAL RISKS**

**Valuation methodology**

The table below shows the Company's financial assets and liabilities that are recognised and measured at fair value analysed by valuation technique. The classification of instruments is based on the lowest level input that is significant to the fair value measurement in its entirety. A description of the nature of the techniques used to calculate valuations based on observable inputs and valuations based on unobservable inputs can be found in note 3.

	Level 1	Total
	€	€
Financial assets		
Available for sale investments		
- Debt securities	2,003,129	2,003,129
Total	<u>2,003,129</u>	<u>2,003,129</u>

**20. ULTIMATE HOLDING COMPANY**

The Company's immediate parent undertaking is Barclays Darnay Euro Investments Limited. The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group presents consolidated financial statements is Barclays PLC. All three companies are incorporated in Great Britain and registered in England and their statutory financial statements are available from the Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.

**21. CAPITAL MANAGEMENT**

The Company is required to operate within the risk management policies of Barclays Bank PLC, its ultimate parent, which include guidelines covering capital management. The capital management objectives and policies for Barclays Bank PLC can be found in its financial statements (see Note 20).

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern
- To maintain an optimal capital structure in order to reduce the cost of capital

The board of directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management. The Company regards as capital its equity reported on balance sheet and its redeemable preference shares in issue of £74,064,976. Although the preference shares in issue are redeemable, the directors expect that these funds will remain available to the company in support of its continuing activities and they are therefore managed as part of the capital of the company.



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

**21. CAPITAL MANAGEMENT (continued)**

	2009 €	2008 €
Ordinary share capital	2,001	2,001
Share premium	1,999,998,000	1,999,998,000
Capital distribution	-	26,891,179
Other distributable reserves	85,000,000	85,000,000
Retained earnings	11,455,207	10,994,759
Total Equity	2,096,455,208	2,122,885,939
Redeemable preference shares	74,064,976	74,064,976
Total capital resources	2,170,520,184	2,196,950,915