

30

**SPATIAL INVESTMENTS LIMITED**

62/140.

**Report and Financial Statements  
For the year ended 30 June 2010**



**REGISTERED NUMBER IN CAYMAN ISLANDS: MC204543  
REGISTERED NUMBER IN ENGLAND AND WALES: FC028231**

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

### **DIRECTORS' REPORT**

For the year from 1 July 2009 to 30 June 2010

The directors present their report, together with the audited financial statements for Spatial Investments Limited (the Company), for the year ended 30 June 2010

#### **Change in accounting framework**

The financial statements have been prepared in accordance with Section 226A ("Companies Act Individual Accounts") of the Companies Act 1985, as applicable to overseas companies

This is the first set of financial statements prepared by the Company in under Section 226A of the Companies Act 1985

Previously the Company prepared its financial statements in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB") and in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union

The directors have changed the accounting framework following an internal assessment on preparing financial statements under IFRS. The directors concluded that preparation of financial statements under IFRSs entailed a disproportionate expense to the benefit arising. Following this, the directors elected to prepare accounts under the Regulations.

#### **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.

The directors have reviewed the Company's business and performance and consider it to be satisfactory for the period. The directors consider that the Company's position at the end of the period 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 ended 30 June 2010 the Company made a profit after tax of £95,647,510 (period ended 30 June 2009: profit after tax of £33,307,029). During the year ended 30 June 2010 the Company paid a dividend of £34,859,542 (2009: £11,485,109). The directors do not recommend the payment of a final dividend in relation to the year ended 30 June 2010 (period ended 30 June 2010: £nil). The Company has net assets of £55,142,778 (period ended 30 June 2009: £519,286,013).

#### **Post balance sheet events**

On 20 September 2010 the Company paid dividends of £66,911,712 on the preference shares and £23,726,614 on the Class 1 shares.

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

### **DIRECTORS' REPORT**

For the year ended 30 June 2010 (continued)

#### **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

A Janisch (resigned on 10 July 2009)  
P Pankhania  
M Ralph  
G Simpson (appointed on 22 July 2009)  
R Stokes

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

Qualifying third-party indemnity provisions were in force during the course of the financial period ended 30 June 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 or office

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

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

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

The directors consider that in preparing the financial statements

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, 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

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

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

For the year ended 30 June 2010

#### **Financial instruments**

The Company operates within the Barclays financial risk management objectives and policies. These include a policy for hedging each major type of forecasted transaction for which hedge accounting is used.

#### **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 *R. SORES*

Date 3 June 2011

For and on behalf of

Spatial Investments Limited

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

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

We have audited the financial statements of Spatial Investments Limited for the year ended 30 June 2010 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet and the related notes. These financial statements have been prepared on the basis of preparation and accounting policies in notes 2 and 3 to the financial statements.

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

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in notes 2 and 3 to the financial statements and the Companies Act 1985 as applicable to overseas companies. 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 opinion, has been prepared for and only for the directors for management purposes 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.

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

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

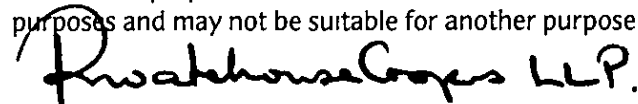
#### **Opinion on financial statements**

In our opinion the financial statements for the year ended 30 June 2010 have been properly prepared, in all material respects, in accordance with

- the basis of preparation and accounting policies in notes 2 and 3 to the financial statements, and
- the Companies Act 1985 as applicable to overseas companies

#### **Basis of preparation**

Without modifying our opinion, we draw attention to note 2 to the financial statements which discloses the basis of preparation. The financial statements have been prepared for the directors for management purposes and may not be suitable for another purpose.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
London, United Kingdom

Date 6 June 2011

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2010**

	Notes	Year ended 30 June 2010 £	Period from 31 December 2008 to 30 June 2009 £
<b>Continuing operations.</b>			
Interest receivable and similar income	4	216,673,469	76,909,703
Interest payable and similar charges	5	(205,289,388)	(121,053,310)
Net interest income/(charges)		11,384,081	(44,143,607)
Income from shares in group undertaking		98,723,307	68,060,466
Fair value losses from derivative financial instruments reported at fair value through profit and loss	6	(16,611,264)	(3,088,543)
Gain on disposal of shares in a group undertaking	7	77,650	-
Foreign exchange gains/(losses)	8	847,396	(1,036,512)
Profit on ordinary activities before taxation	9	94,421,170	19,791,804
Taxation	12	1,226,340	13,515,225
Profit for the year/period	20	95,647,510	33,307,029

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

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**STATEMENT OF COMPREHENSIVE INCOME****FOR THE PERIOD FROM 1 JULY 2009 TO 30 JUNE 2010**

		Year ended 30 June 2010	Period from 31 December 2008 to 30 June 2009
	Notes	£	£
Net profit for the year/period		95,647,510	33,307,029
Other comprehensive income/(expense):			
Gains/(losses) on available for sale assets		1,077	(2,730)
(Losses)/gains on cash flow hedges transferred to net profit	20	(165,911,855)	333,514,995
Tax relating to components of other comprehensive income/(expense)	12	46,455,018	(93,383,434)
Recycling of cash flow hedge on disposal of investment in group undertaking	20	(405,475,444)	-
Other comprehensive (expense)/income for the year net of tax		(524,931,204)	240,128,831
Total comprehensive (expense)/income for the year		<u>(429,283,694)</u>	<u>273,435,860</u>

# SPATIAL INVESTMENTS LIMITED

Registered number in England & Wales: FC028231

## BALANCE SHEET AS AT 30 JUNE 2010

	Notes	30 June 2010 £	30 June 2009 £
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in a group undertaking	13	-	4,000,000,000
<b>Total non-current assets</b>		-	4,000,000,000
<b>Current assets</b>			
Cash and cash equivalents		37,759	14,210
Available-for-sale investments	14	470,548	490,767
Current tax assets	16	7,323,080	13,458,866
Loans and advances	15	5,274,842,252	6,792,619,651
<b>Total current assets</b>		5,282,673,639	6,806,583,494
<b>TOTAL ASSETS</b>		5,282,673,639	10,806,583,494
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Deferred tax liabilities	16	-	(53,817,143)
Borrowings	17	(5,227,530,861)	(10,221,052,389)
Derivative financial instruments	18	-	(12,427,949)
<b>Total current liabilities</b>		(5,227,530,861)	(10,287,297,481)
<b>Net current assets/(liabilities)</b>		55,142,778	(3,480,713,987)
<b>TOTAL LIABILITIES</b>		(5,227,530,861)	(10,287,297,481)
<b>NET ASSETS</b>		55,142,778	519,286,013
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	19	10,000	10,000
Available-for-sale reserve	20	269	(507)
Cash flow hedging reserve	20	-	524,931,980
Retained earnings	20	55,132,509	(5,655,460)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		55,142,778	519,286,013

The accompanying notes form an integral part of the financial statements

The financial statements were approved by the Board of Directors on 3 June 2011

  
 Name L. Stokes  
 For and on behalf of Spatial Investments Limited  
 Date 3 June 2011



# **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 REPORTING ENTITY**

The financial statements are prepared for Spatial Investments Limited (the Company), the principal activity of the Company is to act as an investment Company. The Company is a wholly owned subsidiary of Spinturn Investments and its ultimate parent Company is Barclays PLC. Barclays PLC prepares consolidated financial statements in accordance with IFRS.

PO Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

### **2. ACCOUNTING FRAMEWORK**

The financial statements have been prepared in accordance with Section 226A ("Companies Act Individual Accounts") of the Companies Act 1985, as applicable to overseas companies.

The Company applies the measurement and recognition requirements of 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") and in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

However, for presentation and disclosure purposes, the directors have adopted the requirements under the Regulations and selected disclosures under IFRS which the directors deem to be relevant in understanding its state of affairs. As a result, the following items which are required under IFRS are not included in these financial statements:

- 1 Statement of Changes in Equity,
- 2 Statement of Cash flows,
- 3 Capital Management note,
- 4 IFRS 7 Financial Instruments. Disclosures to the extent they are not relevant in assessing the Company's state of affairs.

The preparation of these financial statements in conformity with the Regulations 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 Company has made full retrospective application of Section 226A for presentation and disclosure purposes in its financial statements.

### **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. They are stated in Pounds Sterling, which is the Company's functional and presentation currency.

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

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

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

##### **Revenue recognition**

Revenue is recognised in the profit and loss account 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.

##### **Fair value gains and (losses) from assets and liabilities reported at fair value through profit and loss**

Fair value gains and (losses) represent changes in the fair value of financial instruments. The balance includes fair value movements from assets and liabilities reported at fair value through the profit and loss account, as well as instruments held for trading purposes, and derivatives except for those in qualifying cash flow hedge or hedge of net investments relationships. Gains and losses from the movements in fair value caused by the movements in the market variables are included in the profit and loss account, as well as any amount of interest income, interest expense or dividends.

##### **Foreign exchange**

Foreign currency transactions are translated into GBP using the average rates of exchange during the period.

Monetary items denominated in foreign currencies are translated into GBP at the spot rate prevailing on the balance sheet date. All exchange gains and losses are recognised in the profit and loss account except for items that are designated as hedging instruments in qualifying cash flow hedges, where the translation differences are recognised in equity. (See hedge accounting policy note for further disclosures).

##### **Interest**

Interest income or expense is recognised on all interest bearing financial instruments classified as 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.

##### **Dividends from a group undertaking**

Dividend income is recognised in the profit and loss account when the right to receive payment is established, which is when the dividends are received or the dividends are appropriately authorised by the group undertaking.

##### **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.

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

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

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

##### **Taxation (continued)**

Deferred income tax is provided in full, using the liability method, on temporary differences that arise from 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 substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and 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.

##### **Equity investments**

Equity investments, for which there are no readily available market valuations, are recorded in the balance sheet at historical 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. Amounts provided for impairment in value are recognised in the profit and loss account.

##### **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 profit and loss account. 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.

##### **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 profit and loss account, 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.

##### **Borrowings/Debt securities in issue**

Borrowings refer to loans and advances entered into and debt securities (redeemable preference shares) issued 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 initially recognised at fair value and amortised to the redemption value using the effective rate of interest over the life of the instrument.

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

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

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

##### **Borrowings/Debt securities in issue (continued)**

Borrowing costs are charged as an expense to the Profit and loss account in the period in which they are incurred

The 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. The liability component of the preference shares have been amortised through the profit and loss account as an interest expense on an effective yield basis

##### **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

##### **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 arm's length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants

##### **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

##### **Derivative financial instruments**

The Company was party to financial instruments that reduced exposure to fluctuations in foreign currency exchange rates. These instruments comprised cross currency swaps. The purpose of these instruments was to reduce foreign exchange rate risk

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

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

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

##### **Derivative financial instruments (continued)**

The derivatives were measured at fair value on initial recognition and subsequently, and the resulting gains and losses were taken to the profit and loss account, except for derivatives held to hedge the Company's foreign currency exposures, 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.

##### **Hedge accounting**

The Company holds derivatives and foreign currency loans for risk management purposes that qualify as either fair value hedges or cash flow hedges. The Company formally documents the relationship between the hedging instrument and the hedged item as well as its risk management objectives and its strategy for undertaking the various hedging transactions. The Company assesses at inception, and on an on-going basis, whether the derivatives and foreign currency loans being used in the hedging transaction are highly effective in offsetting changes in the fair value or cash flows of the hedged item.

In certain circumstances the Company may decide to cease hedge accounting even though the hedge relationship continues to be highly effective by no longer designating the financial instrument as a hedging instrument.

##### *Fair value hedges*

Changes in the fair value of derivatives that qualify and are designated as fair value hedges are recorded in the profit and loss account, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, it is discontinued and the fair value adjustment, cumulatively made to the carrying value of the hedged item is, for items carried at amortised cost, amortised over the period to maturity of the previously designated hedge relationship using the effective interest method.

If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the profit and loss account.

##### *Cash flow hedges*

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in shareholders' equity, and recycled to the profit and loss account in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the profit and loss account immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the profit and loss account.

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**NOTES TO THE FINANCIAL STATEMENTS (continued)****4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	Year ended 30 June 2010 £	Period from 31 December 2008 to 30 June 2009 £
Interest receivable from group undertakings	213,686,057	74,163,392
Interest receivable from parent undertaking	2,985,267	2,743,477
Interest receivable - gilt income	2,145	2,834
	<hr/> 216,673,469	<hr/> 76,909,703

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 30 June 2010 £	Period from 31 December 2008 to 30 June 2009 £
Interest payable to parent undertaking	205,289,388	121,053,310
	<hr/>	<hr/>

**6. FAIR VALUE LOSSES FROM DERIVATIVE FINANCIAL INSTRUMENTS REPORTED AT FAIR VALUE THROUGH PROFIT AND LOSS**

	Year ended 30 June 2010 £	Period from 31 December 2008 to 30 June 2009 £
Derivative financial instruments not designated in hedging relationships		
- Cross currency swaps	16,611,264	3,088,543
	<hr/>	<hr/>

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**NOTES TO THE FINANCIAL STATEMENTS (continued)****7. GAIN ON DISPOSAL OF SHARES IN A GROUP UNDERTAKING**

	Year ended 30 June 2010	Period from 31 December 2008 to 30 June 2009
	£	£
Loss on disposal of investment in group undertaking	(405,397,794)	-
Transfer from cash flow hedge reserve	405,475,444	-
	<u>77,650</u>	<u>-</u>

On 11 March 2010, the equity investment in Spinturn Investments Limited was sold at fair value to a group undertaking. Amounts previously booked in the cash flow hedging reserve were recycled to the profit and loss on occurrence of the transaction.

**8. FOREIGN EXCHANGE (LOSSES) / GAINS**

	Year ended 30 June 2010	Period from 31 December 2008 to 30 June 2009
	£	£
Foreign exchange gains and (losses) on financial instruments designated in a fair value hedging relationship		
- Foreign currency loans (note 15) - hedged item	(60,397,706)	9,339,406
- Cross currency swaps (note 18) - hedging instrument	60,397,706	(9,339,406)
Foreign exchange losses on financial instruments not designated in a hedging relationship		
- Other foreign exchange gain/(losses)	847,396	(1,036,512)
	<u>847,396</u>	<u>(1,036,512)</u>

**9. 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 £7,519 (period ended 30 June 2009 £5,900) for the year. This fee is not recognised as an expense in the financial statements.

**10. DIRECTORS' EMOLUMENTS**

The directors did not receive any emoluments in respect of their services to the Company during the year (period ended 30 June 2009 £Nil).

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**NOTES TO THE FINANCIAL STATEMENTS (continued)****11. STAFF COSTS**

There were no employees employed by the Company during the current or prior period

**12. TAXATION**

	Year ended 30 June 2010	Period from 31 December 2008 to 30 June 2009
	£	£
<b>Taxation credited to the profit and loss account</b>		
Current tax credit	1,226,340	13,515,225
Tax credit on profit on ordinary activities	<u>1,226,340</u>	<u>13,515,225</u>

The UK corporation tax credit is based on the 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.

	Year ended 30 June 2010	Period from 31 December 2008 to 30 June 2009
	£	£
Profit on ordinary activities before tax	94,421,170	19,791,804
Profit on ordinary activities multiplied by corporation tax in the UK of 28%	(26,437,928)	(5,541,705)
Effects of		
Non-taxable UK dividend income	27,642,526	19,056,930
Non-taxable income from disposal of group undertaking	21,742	-
Current tax credit for the year/period	<u>1,226,340</u>	<u>13,515,225</u>

An analysis of the tax charge for the year/period on items charged directly to equity is as follows

	Year ended 30 June 2010	Period from 31 December 2008 to 30 June 2009
	£	£
<b>Current taxation (charge)/credit to equity</b>		
Available-for-sale reserve	(301)	764
Current tax charge	(7,361,824)	-
<b>Deferred taxation credit/(charge) to equity</b>		
Cash flow hedging reserve	<u>53,817,143</u>	<u>(93,384,198)</u>
Total credit/(charge) to equity	<u>46,455,018</u>	<u>(93,383,434)</u>



**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**NOTES TO THE FINANCIAL STATEMENTS (continued)****13. INVESTMENT IN A GROUP UNDERTAKING**

	30 June 2010	30 June 2009
	£	£
Opening balance	4,000,000,000	4,000,000,000
Disposals	(4,000,000,000)	-
	<u>-</u>	<u>4,000,000,000</u>

The investment in a group undertaking related to an equity holding in Spinturn Investments Limited  
On 11 March 2010, the equity investment in Spinturn Investments Limited was sold at fair value to a group undertaking

**14. AVAILABLE-FOR-SALE INVESTMENTS**

	30 June 2010	30 June 2009
	£	£
Opening balance	490,767	504,422
Additions	473,294	497,950
Disposals	(478,200)	(495,000)
Amortisation of premium	(19,642)	(9,335)
Interest accrual	3,252	(4,540)
Revaluation surplus/(deficit) transferred to equity	1,077	(2,730)
	<u>470,548</u>	<u>490,767</u>

**15. LOANS AND ADVANCES**

	30 June 2010	30 June 2009
	£	£
Loans and advances to parent undertaking	-	140,129,087
Loans and advances to a group undertaking	5,274,842,252	6,652,490,564
	<u>5,274,842,252</u>	<u>6,792,619,651</u>

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**NOTES TO THE FINANCIAL STATEMENTS (continued)****15. LOANS AND ADVANCES (continued)**

In the prior period, Loans and advances to a group undertaking were foreign currency loans of which £1,945,027,730 were designated as hedged items in fair value hedge relationships. The remaining £4,707,462,834 had been designated as hedging instruments in a cash flow hedge relationship.

During the current year, the foreign currency loans were terminated and settled and the fair value hedge and cash flow hedges de-designated.

The loans and advances to a group undertaking at 30 June 2010, are sterling denominated positions.

**16. CURRENT TAXATION AND DEFERRED TAXATION****Current Tax**

	30 June 2010 £	30 June 2009 £
Current tax - group relief receivable	7,323,080	13,458,866

**Deferred Tax**

Deferred taxation is calculated on all temporary differences under the liability method using a principal tax rate of 28%. The movement on the deferred taxation account is as follows:

	30 June 2010 £	30 June 2009 £
Opening balance	(53,817,143)	39,567,055
Credit/(Charge) to equity through cash flow hedging reserve	53,817,143	(93,384,198)
	-	(53,817,143)

**17. BORROWINGS**

	30 June 2010 £	30 June 2009 £
Amounts due to parent undertaking	-	9,620,562,389
Redeemable preference shares issued to parent undertaking	3,859,107,421	600,490,000
Class 1 preference shares issued to group undertaking	1,368,423,440	-
	5,227,530,861	10,221,052,389

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**NOTES TO THE FINANCIAL STATEMENTS (continued)****17. BORROWINGS (continued)**

The Company has issued redeemable preference shares as follows

	30 June 2010 £	30 June 2009 £
<b>Authorised:</b>		
5,600,490,000 Preference shares of £1 00 each (2009 4,000,000,000 Preference shares of £0 01 each)	5,600,490,000	40,000,000
5,000,000,000 (2009 Nil) Class 1 Preference shares of £0 01 each	50,000,000	-
<b>Allotted and fully paid:</b>		
3,859,107,421 Preference shares of £1 00 each (par)		
(2009 600,490,000 Preference shares of £0 01 (par) each)	3,859,107,421	6,004,900
600,490,000 Preference shares of £0 99 each (share premium)	-	594,485,100
1,368,423,440 Class 1 Preference shares of £0 01 each (par)	13,684,234	-
1,368,423,440 Class 1 Preference shares of £0 99 each (share premium)	1,354,739,206	-
	<u>5,227,530,861</u>	<u>600,490,000</u>
Opening balance	600,490,000	600,490,000
Additions	4,627,040,861	-
	<u>5,227,530,861</u>	<u>600,490,000</u>

On 15 March 2010, the Company consolidated preference share capital from 4,000,000,000 £0 01 shares to 40,000,000 £1 shares, and increased authorised preference share capital by the creation of 560,490,000 additional redeemable preference shares of £1 each, and undertook a bonus issue of shares on its redeemable preference shares. The bonus issue was paid up using the Company's entire share premium of 594,485,100.

On 18 March 2010, the Company increased the authorised share capital by the creation of additional 5,000,000,000 preference shares of a nominal value of £1 each and the creation of 5,000,000,000 Class 1 preference shares of a nominal value of £0 01 each. The Company issued 3,258,617,421 preference shares of a nominal value of £1 for an aggregate subscription price of £3,258,617,421, and 1,368,423,440 Class 1 preference shares of a nominal value of £0 01 at an aggregate subscription price of £1,368,423,440.

The preference shares can be redeemed in full at any time at the option of the Company and in full at the option of the majority of preference shareholders or by any individual preference shareholder subject to the prior approval of the Company provided not less than one business day's notice is given. The redeemable preference shares have no voting rights and the dividends on the redeemable preference shares are discretionary.

**SPATIAL INVESTMENTS LIMITED**

Registered number in England &amp; Wales: FC028231

**NOTES TO THE FINANCIAL STATEMENTS (continued)****18. DERIVATIVE FINANCIAL INSTRUMENTS**

In the prior period, the Company entered into derivative financial instruments with a group undertaking for fair value hedging purposes. The following foreign cross currency swaps were designated as the hedging instruments in a fair value hedge relationship to hedge the foreign exchange risk arising from part of the foreign currency loans to a group undertaking (see note 15)

The Company's derivative exposure as at the balance sheet date is as follows

	30 June 2010 Nominal	30 June 2009 Nominal	30 June 2010 Fair value	30 June 2009 Fair value
<b>Derivatives designated as fair value hedges</b>				
Cross currency swaps	-	(1,560,821,385)	-	(12,427,949)
	-	(1,560,821,385)	-	(12,427,949)

The cross currency swaps were terminated and settled and the fair value hedge de-designated during the year

**19. CALLED UP SHARE CAPITAL**

	Number of shares	Ordinary shares £
1 Ordinary share of \$1 00 each issued	1	1
9,999 Ordinary shares of £1 00 each issued	9,999	9,999
<b>As at 30 June 2009 and 30 June 2010</b>	<b>10,000</b>	<b>10,000</b>
	30 June 2010 £	30 June 2009 £
<b>Authorised:</b>		
1 Ordinary share of \$1 00 each	1	1
9,999 Ordinary shares of £1 00 each	9,999	9,999
<b>Allotted and fully paid:</b>		
1 Ordinary share of \$1 00 each at par	1	1
9,999 Ordinary shares of £1 00 each at par	9,999	9,999
	<b>10,000</b>	<b>10,000</b>

## SPATIAL INVESTMENTS LIMITED

Registered number in England & Wales: FC028231

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### 19. CALLED UP SHARE CAPITAL (continued)

The holders of the GBP and USD Ordinary shares carry 99.99% and 0.01% of the voting rights respectively

The Ordinary shares are not redeemable and are entitled to discretionary dividends out of funds of the Company legally available for distribution to the extent of available profits (including share premium) after dividends on the Preference shares have first been paid or provided for in full

Upon winding up, the liquidation entitlement to the holders of the Ordinary shares ranks below that of the Preference shareholders and is based on the residual net assets after paying all the amounts due to them

See note 17 for additional information on the rights and restrictions of the Preference shares

#### 20. RETAINED EARNINGS AND OTHER RESERVES

	Available-for-sale reserve	Cash flow hedging reserve	Retained earnings	Total
	£	£	£	£
As at 1 July 2009	(507)	524,931,980	(5,655,460)	519,276,013
Net profit	-	-	95,647,510	95,647,510
Dividends paid	-	-	(34,859,541)	(34,859,541)
Gains/(losses) taken to equity	1,077	(165,911,855)	-	(165,910,778)
Current taxation	(301)	(7,361,824)	-	(7,362,125)
Deferred taxation	-	53,817,143	-	53,817,143
Amount transferred to profit and loss account	-	(405,475,444)	-	(405,475,444)
As at 30 June 2010	269	-	55,132,509	55,132,778
As at 1 January 2009	1,459	284,801,183	(27,477,180)	257,325,462
Net profit	-	-	33,307,029	33,307,029
Dividends paid	-	-	(11,485,309)	(11,485,309)
Gains taken to equity	(2,730)	333,514,995	-	333,512,265
Current taxation	764	-	-	764
Deferred taxation	-	(93,384,198)	-	(93,384,198)
As at 30 June 2009	(507)	524,931,980	(5,655,460)	519,276,013

#### 21. ULTIMATE HOLDING COMPANY

As at 30 June 2010, Spinturn Investments Limited is the parent undertaking and controlling party. Spinturn Investments Limited ultimate parent company is Barclays PLC. 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 that presents group accounts is Barclays PLC. All three companies are incorporated in Great Britain and registered in England. Barclays Bank PLC's statutory accounts are available for public use from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

## **SPATIAL INVESTMENTS LIMITED**

Registered number in England & Wales: FC028231

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

#### **22. 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, and other group companies, as well as the Company's key management, which includes its directors.

During the period there have been no other transactions with related parties other than transactions disclosed in notes 4, 5, 6, 7, 8, 13, 15, 17 and 18

#### **23. POST BALANCE SHEET EVENTS**

On 20 September 2010 the Company paid dividends of £66,911,712 on the preference shares and £23,726,614 on the Class 1 shares