

BMBF (No. 21) LIMITED

Report and Financial Statements
For the Year ended 30 September 2007

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COMPANIES HOUSE

REGISTERED NUMBER: 2260145

BMBF (No. 21) LIMITED

**YEAR ENDED 30 SEPTEMBER 2007
DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

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DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

The Directors present their report together with the audited financial statements for the year ended 30 September 2007.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

During the year the principal activity of the Company was the leasing of equipment and vehicles, and this is likely to continue for the foreseeable future

The results of the Company show a profit before tax of £5,000 (2006: £107,000) for the year. The Company has net debt of £135,000 (2006: net funds of £37,000). Net cash inflow from operating activities for 2007 was £255,000 (2006: £263,000).

Business environment

The leasing industry is highly competitive and is expected to remain so for the foreseeable future. There has been a change in the tax legislation governing entitlement for claiming capital allowances. However, to date this has not affected the Company as no new business has been written since it came into effect.

Strategy

The main objective of the Company is the continued provision of existing and potential new financing arrangements.

Future outlook

We remain confident that we will maintain our current level of performance in the future

Principal risks and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. These risks are more fully explained in note 11 of the financial statements.

Key Performance Indicators

The Company has made significant progress during the year on its objectives and business strategy. The board of directors monitors progress on the overall strategy by reference to the following principal key performance indicator ('KPI'). The principal KPI for the Company is ensuring that margins are delivered that are consistent with the underlying lease cash flows.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

RESULTS AND DIVIDENDS

During the year the Company made a profit after taxation of £26,000 (2006 £80,000).
An interim dividend of £427,000 was declared and paid on 23 August 2007 (2006: £nil)

DIRECTORS

The Directors of the Company who served during the year are as shown below

C H Evans (appointed 10 April 2007)
J T Leather
R J McMillan
M G Miles (resigned 24 May 2007)
S G Rose (resigned 31 January 2007)
D J Rowberry
H A M Watson (appointed 31 May 2007)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Auditors' Report set out on page 5, 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 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 on pages 6 to 22,

- 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.

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.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES (continued)

Directors' Indemnities

Qualifying third-party indemnity provisions (as defined by section 309B of the Companies Act 1985) were in force during the course of the financial year ended 30 September 2007 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.

CREDITORS' PAYMENT POLICY

Payment performance indicators are disclosed in the financial statements of Barclays Mercantile Business Finance Limited, the Company's parent undertaking, which settles all amounts due to suppliers on the Company's behalf.

FINANCIAL INSTRUMENTS

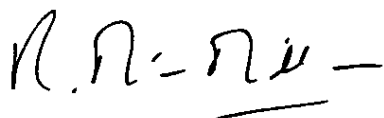
Barclays financial risk management objectives and policies and the exposure to credit risk, liquidity risk and cash flow risk are set out in note 11 'Financial Risks'

AUDITORS

On 11 February 1994 an Elective Resolution was passed by the Shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually PricewaterhouseCoopers LLP have indicated their willingness to continue in office

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

By Order of the Board



R J McMillan
Director

Date. 10 March 2008

BMBF (No. 21) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BMBF (No. 21) LIMITED

We have audited the financial statements of BMBF (No. 21) Limited for the year ended 30 September 2007 which comprise the Income Statement, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity and the related notes on pages 6 to 22. These financial statements have been prepared under the accounting policies set out on pages 9 to 13.

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 Company's members as a body in accordance with Section 235 of the Companies Act 1985 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 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 30 September 2007 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, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Date 11 March 2008

BMBF (No. 21) LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	Notes	2007 £'000	2006 £'000
LEASE REVENUE	3	15	100
FINANCE (EXPENSE)/INCOME	5	(10)	7
		-----	-----
NET INCOME FROM LEASING ACTIVITIES BEFORE TAX	3	5	107
INCOME TAX	6	21	(27)
		-----	-----
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION TRANSFERRED TO RESERVES		26	80
		=====	=====

Profits for the financial years relate exclusively to continuing operations.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2007

	2007			2006		
	Called up share capital £'000	Retained earnings £'000	Total £'000	Called up share capital £'000	Retained earnings £'000	Total £'000
Balance at 1 October as previously stated	-	927	927	-	847	847
Profit for the year	-	26	26	-	80	80
Dividends paid	-	(427)	(427)	-	-	-
	-----	-----	-----	-----	-----	-----
Balance as at 30 September	-	526	526	-	927	927
	=====	=====	=====	=====	=====	=====

The accompanying notes form an integral part of the Accounts.

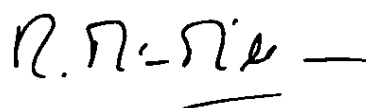
BMBF (No. 21) LIMITED

BALANCE SHEET AT 30 SEPTEMBER 2007

	Notes	2007 £'000	2006 £'000
ASSETS			
NON-CURRENT ASSETS			
Finance lease receivables	8	723	1,071
CURRENT ASSETS			
Finance lease receivables	8	326	400
Amounts due from immediate parent undertaking	10	-	37
Other receivables		66	22
		-----	-----
		392	459
		-----	-----
TOTAL ASSETS		1,115	1,530
		=====	=====
SHAREHOLDERS' EQUITY			
Called up share capital	13	-	-
Retained earnings		(526)	(927)
		-----	-----
TOTAL SHAREHOLDERS' EQUITY		(526)	(927)
		=====	=====
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred tax liabilities	9	(292)	(448)
CURRENT LIABILITIES			
Group relief payable		(134)	(125)
Amounts due to immediate parent undertaking	10	(135)	-
Other payables		(28)	(30)
		-----	-----
		(297)	(155)
		-----	-----
TOTAL LIABILITIES		(589)	(603)
		=====	=====
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		(1,115)	(1,530)
		=====	=====

The accompanying notes form an integral part of the Accounts

The financial statements were approved by the board of directors and authorised for issue on 10 March 2008 and were signed on its behalf by:



R J McMillan
DIRECTOR

CASHFLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2007

	Notes	2007 £'000	2006 £'000
CASH INFLOW FROM OPERATING ACTIVITIES	15	313	403
Proceeds from termination of finance leases		66	1
Group relief paid		(124)	(141)
		-----	-----
NET CASH FROM OPERATING ACTIVITIES		255	263
		-----	-----
CASH FLOWS USED IN FINANCING ACTIVITIES			
Dividend paid		(427)	-
		-----	-----
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(172)	263
Cash and cash equivalents at beginning of year		37	(226)
		-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR		(135)	37
		-----	-----
Cash and cash equivalents comprise:			
Amounts due from immediate parent undertaking		-	37
Amounts due to immediate parent undertaking		(135)	-
		=====	=====

The accompanying notes form an integral part of the Accounts

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

1. REPORTING ENTITY

These financial statements are prepared for BMBF (No 21) Limited ('the Company'), the principal activity of which is provision of leasing to business customers. The financial statements are prepared for the Company only. The Company is a wholly owned subsidiary of Barclays Mercantile Business Finance Limited and its ultimate parent company is Barclays PLC. Barclays PLC prepares consolidated financial statements in accordance with IFRS, and accordingly consolidated financial statements have not been prepared.

The Company is a private limited company, incorporated in the United Kingdom. The registered office is Churchill Plaza, Churchill Way, Basingstoke, Hampshire RG21 7GP.

2. ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards (together, 'IFRS'), adopted for use in the European Union. In all material respects, this is also in accordance with full IFRS, including the interpretations issued by the International Financial Reporting Interpretations Committee.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied. The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the accounting policies.

The financial statements have been prepared under the historical cost convention and they are stated in thousands of pounds sterling, (£'000), the currency of the country in which the Company is incorporated.

(b) LEASES

Lessor

Assets leased to customers under agreements, which transfer substantially all the risks, and rewards of ownership, with or without ultimate legal title, are classified as finance leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

2. ACCOUNTING POLICIES (continued)

(b) LEASES (continued)

When assets are leased to customers under a finance lease or similar hire purchase contract, the fair value of lease assets, or, if lower, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. Initial direct costs, such as legal fees, are included in the initial measurement of this receivable. Minimum lease payments, including any fees relating to the overall return from the lease, are apportioned between finance income and repayment of principal so as to allocate finance income to achieve a constant periodic return on investment in the lease. The difference between the total payments receivable under the lease and the present value of the receivable is deferred as unearned finance income, and is recognised over the remaining term of the agreement on a basis which produces a constant periodic rate of return on the net investment in the lease.

(c) FINANCIAL ASSETS AND LIABILITIES

The Company recognises financial instruments from the contract date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. Receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method. (See note (b) and (h)).

Financial liabilities

Financial liabilities are measured at amortised cost.

Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

2. ACCOUNTING POLICIES (continued)

(d) IDENTIFIED CREDIT IMPAIRMENT

The Company assesses, on a monthly basis, whether there is objective evidence that a financial asset or a portfolio of assets is impaired. The factors that the Company takes into account in determining whether a loss event which indicates objective evidence and impairment has arisen include significant financial difficulties of the debtor/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, and an increase in the probability that the debtor will enter bankruptcy or other financial reorganisation.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are significant, and individually or collectively for financial assets that are not individually significant. If the Company determines no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in the collective assessment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Identified impairment provisions are raised when the Company considers that there is objective evidence of impairment as a result one or more loss events have occurred since the original recognition of the asset and prior to the balance sheet date which affect the estimated future cashflows predicted with the asset. The provision is based on the difference between the carrying amount of the asset and its latest expectation of future recoverable amount, calculated by reference to the future cash flows from it discounted at the original effective interest rate for the asset.

The movement in identifiable impairments, net of any recoveries of amounts previously written off, is charged in the income statement. Total impairments at the balance sheet date are deducted from lease receivables. Bad debts are written off against identified impairments in part, or in whole, when the extent of the loss incurred has been confirmed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

2. ACCOUNTING POLICIES (continued)

(e) INCOME TAX

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

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the 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.

(f) GROUP ACCOUNTS

The financial statements of BMBF (No. 21) Limited are consolidated in the financial statements of Barclays PLC, a company registered in England and Wales and these financial statements are publicly available (see note 14). The Company has elected to utilise the exemption provided in IAS 14, and does not disclose segmental information, as such information is disclosed in the accounts of the parent company.

(g) CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash equivalents comprise amounts due from the immediate parent undertaking as these amounts are receivable on demand.

(h) INTEREST

Interest income or expense is recognised on all interest bearing financial assets classified as held to maturity, available for sale or other loans and advances, and on 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)**

2. ACCOUNTING POLICIES (continued)

(h) INTEREST (continued)

In calculating effective interest, the Company estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding future credit losses. Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cashflows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, effective interest is calculated by reference to the payments or receipts specified in the contract, and the full contractual term.

(i) BORROWING COSTS

The Company does not capitalise borrowing costs

3. NET INCOME FROM LEASING ACTIVITIES

Lease revenue represents income from agreements entered into relating to leased assets. Income is calculated in accordance with note 2 (b). The sole market supplied was the United Kingdom.

The net income from leasing activities (excluding finance income/(costs) detailed below in note 5) is arrived at after taking into account:

	2007 £'000	2006 £'000
Profit on termination of finance lease receivables	-	1
	=====	=====

4. ADMINISTRATIVE EXPENSES

The Company has no full time employees. Administrative expenses of the Company, including audit fees, are borne by Barclays Mercantile Business Finance Limited, this Company's parent undertaking and relevant employee remuneration is disclosed in that company's financial statements.

Mr S G Rose's directors' emoluments, in relation to his services to Barclays Mercantile Business Finance group, are disclosed in the aggregate directors' emoluments in the financial statements of Barclays Mercantile Business Finance Limited, the immediate parent undertaking, which makes no recharge to this Company. Mr S G Rose was a director of Barclays Mercantile Business Finance Limited and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of his emoluments in respect of each of the individual subsidiaries, which are considered to be insignificant in relation to his overall management responsibilities for the Barclays Mercantile Business Finance group. Accordingly, these accounts include no emoluments in respect of this director.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

4. ADMINISTRATIVE EXPENSES (continued)

The other directors did not receive any remuneration from the Company and no contributions were made, by the Company, under defined benefit or defined contribution pension schemes, on their behalf. The services of the other directors are considered to be insignificant in relation to their overall management responsibility relating to the Barclays Mercantile Business Finance group.

5. FINANCE INCOME

Finance income comprise the following -

	2007 £'000	2006 £'000
Interest income		
Immediate parent undertaking	-	7
Interest expense		
Immediate parent undertaking	(10)	-
	-----	-----
	(10)	7
	=====	=====

Finance income included in net income from leasing activities is that specifically associated with the funding of leased assets.

6. INCOME TAX

The credit/(charge) in the income statement is based on a UK corporation tax rate of 30% (2006 30%) which is the rate at which group relief is surrendered and comprises -

	2007 £'000	2006 £'000
Current tax charge:		
Group relief receivable	(135)	(125)
Adjustments for prior years	-	3
	-----	-----
	(135)	(122)
Deferred tax credit		
Origination and reversal of temporary differences (see note 8)	156	95
	-----	-----
Total credit/(charge)	21	(27)
	=====	=====

The tax credit/(charge) relates wholly to the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

6. INCOME TAX (continued)

	2007 £'000	2006 £'000
Deferred tax liability due within one year	(93)	127
Deferred tax liability due after more than one year	(199)	(575)

The effective tax rate is higher (2006: lower) than the standard rate of corporation tax of 30% for the year ended 30 September 2007 (2006: 30%). The differences are set out below

	2007 £'000	2006 £'000
Profit before tax	5	107
	-----	-----
Tax charge at average UK corporation tax rate of 30% (2006: 30%)	(2)	(32)
Prior year adjustments	-	3
Transfer pricing	2	2
Change in rate at which deferred tax reverses	21	-
	-----	-----
Overall tax credit/(charge)	21	(27)
	=====	=====
Effective tax rate	(420)%	25 %

7. DIVIDENDS

A dividend of £427,000 was declared and paid on 23 August 2007 (2006: £nil), this equates to £4,270 per share (2006: £nil per share)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

8. FINANCE LEASE RECEIVABLES

	2007 £'000	2006 £'000
Gross investment in finance lease receivables		
Not later than one year	397	444
Later than one year and not later than five years	744	1,134
	-----	-----
	1,141	1,578
Less. unearned future finance income	(92)	(107)
	-----	-----
	1,049	1,471
	=====	=====
Net investment in finance lease receivables		
Not later than one year	326	400
Later than one year and not later than five years	723	1,071
	-----	-----
	1,049	1,471
	=====	=====

During the year finance leases with a net book value of £66,000 (2006 £nil) were terminated

The average interest rate risk inherent in these leases is detailed in note 11

9. DEFERRED TAX

Deferred income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 28% (2006 30%) The movement on the deferred income tax account is as follows

	2007 £'000	2006 £'000
At beginning of year as previously stated	(448)	(543)
Income statement credit	156	95
	-----	-----
At end of year	(292)	(448)
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

9. DEFERRED TAX (continued)

Deferred income tax liabilities are attributable to the following items.

	2007 £'000	2006 £'000
Deferred income tax liabilities		
Accelerated tax depreciation	(285)	(439)
Rental apportionment	(7)	(9)
	-----	-----
Net Deferred Tax Liability	(292)	(448)
	=====	=====

The deferred tax credit in the income statement comprises the following temporary differences

	2007 £'000	2006 £'000
Accelerated tax depreciation	154	88
Rental apportionment	2	7
	-----	-----
	156	95
	=====	=====

In March 2007 the Government announced that, with effect from 1 April 2008, the headline rate of corporation tax would decrease from 30% to 28%. The bill was substantively enacted on 26 June 2007 and the financial effect of this change is reflected in the closing deferred tax balances.

10. AMOUNTS DUE (TO)/FROM IMMEDIATE PARENT UNDERTAKING

The amounts due from the immediate parent company have no fixed maturity date and are unsecured, bearing interest at rates varying throughout the year based on prevailing market interest rates

11. FINANCIAL RISKS

Financial Risks

The Company's Directors are required to follow the requirements of the Barclays Group risk management policies, which include specific guidelines on the management of credit, foreign exchange and interest rate risk and advise on the use of financial instruments to manage them. Similarly the Group policies are followed in relation to liquidity, operational and business risks.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

11. FINANCIAL RISKS (continued)

The main financial risks that the Company is exposed to and its management policy with respect to those risks are as follows:

- Credit risk; the risk that the Company's customers or counterparties will not be able or willing to pay interest, repay capital or otherwise to fulfil their contractual obligations in relation to the Company's financial assets

The Company uses statistical modelling techniques in its credit rating system. These systems assist the Company in credit decisions on new commitments and in managing the portfolio of existing exposures. They enable the application of consistent risk measurement across all credit exposures. The key building blocks in the measurement system are the probability of customer default (PD) (expressed through an internal risk rating), exposure at default (EAD) and severity of loss-given-default (LGD).

The Company assesses the credit quality and assigns an internal risk rating to all borrowers and other counterparties. Each internal rating corresponds to the statistical probability of a customer in that rating class defaulting within the next 12-month period. Exposure at default represents the expected level of utilisation of the credit facility when default occurs. At default the customer may not have drawn the loan fully or may have already paid some of the principal, so that exposure is typically less than the approved loan limit. When a customer defaults, much of the outstanding loan is usually recovered. The part that is not recovered, the actual loss, is the loss-given-default. The three components above, PD, EAD, and LGD, are used to calculate the expected loss, known as risk tendency (RT). RT provides insight into the credit quality of an asset portfolio and to track changes in risk.

Credit exposures are actively managed, where weaknesses are detected action is taken to mitigate the risks. These include steps to reduce the amounts outstanding or the sale of assets. In addition, to mitigate the risk, security may be taken for funds advanced.

The Company's principal financial assets are finance lease receivables, which represent the Company's maximum exposure to credit risk in relation to financial assets.

The amounts presented in the balance sheet are net of allowances for impairments. It is the Company's policy to establish, through charges against profit, an impairment allowance in respect of the incurred loss inherent in the lending book.

Under IFRS, impairment allowances are recognised where there is objective evidence of impairment as a result of one or more loss events that have occurred after the initial recognition, and where these events have had the impact on the estimated future cash flows of the financial asset or portfolio of financial assets.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

11. FINANCIAL RISKS (continued)

Impairment is measured individually, for assets that are individually significant, and collectively where a portfolio comprises homogenous assets and where appropriate statistical techniques are available.

In terms of individual assessment, the trigger point for the impairment calculation is formal classification of an account as exhibiting serious financial problems and where any further deterioration is likely to lead to failure

For collective assessment, the trigger point for impairment is the missing of a contractual payment. The impairment calculation is based upon a roll rate approach, where the percentage of assets that move from the trigger point to default are derived from statistical probabilities based on experience

When an advance has been identified as impaired and is subject to an impairment allowance, the stage may be reached whereby it is concluded that there is no realistic prospect of recovery. Write-off will occur, therefore, when, and to the extent that, the whole or part of a debt is considered irrecoverable

The Company has a significant concentration of credit risk external to the Barclays Group, with exposure concentrated in a small number of customers

- Interest rate risk, the risk 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 primarily lends at a variable rate and finances it with floating rate debt with the parent company
- Liquidity risk; the risk that the Company's cash balances may be insufficient to meet its debts as they fall due

The Company has the financial support of its parent, Barclays Mercantile Business Finance Limited, which is designed to ensure the Company has sufficient available funds for operations

- Operational risk, the risk of direct or indirect losses resulting from inadequate or failed internal processes or systems, human factors, or from external agents
- Business risk, the risk of adverse outcomes resulting from a weak competitive position or from poor choice of strategy, markets, products, activities or structures.

The Company is committed to the advanced management of operational and business risks, consistent with the ultimate parent, Barclays PLC.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

11. FINANCIAL RISKS (continued)

Fair value of financial instruments

Financial instruments include both financial assets and financial liabilities and also derivatives. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties. The carrying value of financial assets and liabilities in the accounts is not materially different to their fair value.

Financial instrument disclosures

Numerical financial instruments disclosures are set out below.

Interest rate risk on financial assets

The effective interest rates at 30 September were as follows -

	2007	2006
Finance lease receivables	6.27%	6.32%
Amounts due from immediate parent	-	4.75%
Other receivables	5.75%	4.75%

Interest rate risk on financial liabilities

The effective interest rates at 30 September were as follows:-

	2007	2006
Amounts due to immediate parent	5.75%	-
Other payables	5.75%	4.75%

The tables above do not include those financial instruments that are specifically excluded in IAS 32 or are dealt with in other standards being current tax balances and deferred tax balances.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

11. FINANCIAL RISKS (continued)

The table below summarises the repricing profiles of the Company's financial instruments as at 30 September 2007. Items are allocated to time periods by reference to the earlier of the next contractual interest rate repricing date and the maturity date.

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Other/ non- interest bearing	2007 Total	2006 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Assets									
Finance lease receivables	1,049	-	-	-	-	-	-	1,049	1,471
Amounts due from immediate parent	-	-	-	-	-	-	-	-	37
Other receivables	66	-	-	-	-	-	-	66	22
Total	1,115	-	-	-	-	-	-	1,115	1,530
Liabilities									
Called up share capital	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	(526)	(526)	(927)
Deferred tax liabilities	-	-	-	-	-	-	(292)	(292)	(448)
Group relief payable	-	-	-	-	-	-	(134)	(134)	(125)
Amounts due to immediate parent	(135)	-	-	-	-	-	-	(135)	-
Other payables	(13)	-	-	-	-	-	(15)	(28)	(30)
Total	(148)	-	-	-	-	-	(967)	(1,115)	(1,530)
Interest rate repricing gap	967	-	-	-	-	-	-	-	-
Cumulative interest rate repricing gap	967	967	967	967	967	967	-	967	1,507

12. RELATED PARTY TRANSACTIONS

The definition of related parties includes parent company, ultimate parent company, and fellow subsidiary undertakings, as well as the Company's key management which includes its Directors. The Company, which is a wholly owned subsidiary and is consolidated within the financial statements of Barclays PLC, has disclosed transactions with related parties which are members of the Barclays Group in note 4, 5, 6 and 10.

13. SHARE CAPITAL

	2007 £	2006 £
Authorised, allotted and fully paid 100 Ordinary shares of £1 each	100	100
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007 (continued)

14. PARENT UNDERTAKINGS AND ULTIMATE PARENT COMPANY

Barclays Mercantile Business Finance Limited is the immediate parent undertaking of the Company

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from the Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 £'000	2006 £'000
Profit from operations	5	107
Non-cash movements on finance leases	354	303
Loss on termination of finance lease receivables	-	(1)
Net decrease in payables	(2)	(11)
Net (increase)/decrease in receivables	(44)	5
	-----	-----
Cash inflow from operating activities	313	403
	=====	=====