

**BARCLAYS CAPITAL PRINCIPAL INVESTMENTS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006**



REGISTERED NUMBER 2958400

Barclays Capital Principal Investments Limited
Year ended 31 December 2006

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Directors' Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2006

Business review and principal activities

The principal activity of the Company is to hold investments in Private Equity funds. The directors consider that the performance of the Company has been satisfactory during the year.

Results and Dividends

During the year the Company made a profit after taxation of £19,538,916 (2005: £17,366,605)

Future Outlook

No significant change in the activity of the Company is envisaged in the foreseeable future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of Barclays PLC, which include those of the Company, are discussed in section 1 of the group's annual report which does not form part of this report. See note 17 for further details on exposure to financial risks.

Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company.

Post balance sheet events

On 23 March 2007, the Company paid a dividend of £32.5m.

On 14 September 2007, the Company paid a dividend of £35m.

Directors

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

C J Coles	(resigned 30 September 2006)
M J Keegan	
L M King	
S W D M Leathes	(resigned 30 December 2006)
A T K Westenberg	
J Kelting	(appointed 30 September 2006)

Since the year end, M Blackburn and K Ho were appointed on 8 February 2007 and A T K Westenberg resigned on 7 February 2007.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditor's Report set out on page 4, 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.

Directors' Report (continued)

The Directors consider that in preparing the financial statements on pages 6 to 21

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

Each of the directors in office as at the date of this report confirms that

- there is no relevant audit information of which the company's auditors are unaware, and
- that 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

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 31st December 2006 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

Financial Instruments

Barclays financial risk management objectives and policies, including the exposure to price risk, credit risk, liquidity risk and foreign exchange risk are set out in note 17

Creditors' payment policy

Payment performance indicators are disclosed in the financial statements of Barclays Bank PLC, the Company's parent undertaking, which settles all amounts due to suppliers on the Company's behalf

Auditors

On 22nd August 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



BY ORDER OF THE BOARD
For and on behalf of Barcosec Limited

Company Secretary
| October 2007

Barclays Capital Principal Investments Limited
Year ended 31 December 2006

Auditors Report

Independent auditors' report to the members of Barclays Capital Principal Investments Limited

We have audited the financial statements of Barclays Capital Principal Investments Limited for the year ended 31 December 2006 which comprise the Income Statement, Balance Sheet, Cashflow Statement, Statement of Recognised Income and Expenses 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 Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in 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 judgements 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.

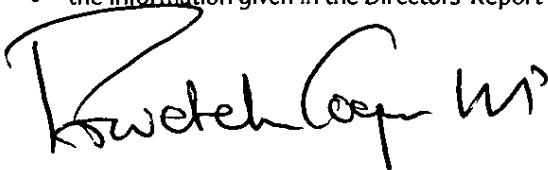
Barclays Capital Principal Investments Limited
Year ended 31 December 2006

Independent auditors' report to the members of Barclays Capital Principal 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 2006 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

A handwritten signature in black ink, appearing to read 'PwC' or similar, written over the printed name of the firm.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

Dated 2 October 2007

Barclays Capital Principal Investments Limited
Year ended 31 December 2006

Income Statement

	Notes	2006	2005
		£	£
Continuing Operations			
Revenue	4	25,301,924	18,298,516
Administrative expenses	5	(656,067)	(2,828)
Operating Profit		<u>24,645,857</u>	<u>18,295,688</u>
Finance Income	6	5,550,917	267,093
Finance Expense	6	(2,744,865)	(2,394,399)
Profit before taxation		<u>27,451,909</u>	<u>16,168,382</u>
Taxation	8	(7,912,993)	1,198,223
Profit after taxation		<u>19,538,916</u>	<u>17,366,605</u>

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

Barclays Capital Principal Investments Limited
Year ended 31 December 2006
Balance Sheet as at 31 December 2006

	Notes	2006 £	2005 £
ASSETS			
Non-current assets			
Available-for-sale investments	9	153,204,576	143,494,218
Total non-current assets		153,204,576	143,494,218
Current assets			
Cash and cash equivalents		45,509,136	1,205,779
Trade and other receivables	10	1,311,120	1,088,442
Total current assets		46,820,256	2,294,221
Total Assets		200,024,832	145,788,439
LIABILITIES			
Current liabilities			
Current tax liability	11	(460,936)	(663,293)
Deferred tax liability	12	(19,657,607)	(8,954,759)
Accruals & other payables		(5,139,263)	(2,394,399)
Total current liabilities		(25,257,806)	(12,012,451)
Net current assets/(liabilities)		21,562,450	(9,718,230)
Non-current liabilities			
Long-term borrowings	13	(86,863,342)	(89,526,454)
Total non-current liabilities		(86,863,342)	(89,526,454)
Total Liabilities		(112,121,148)	(101,538,905)
Net Assets		87,903,684	44,249,534

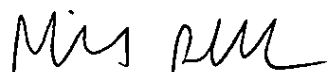
Barclays Capital Principal Investments Limited
Year ended 31 December 2006

Balance Sheet as at 31 December 2006 (continued)

	Notes	2006 £	2005 £
SHAREHOLDER'S EQUITY			
Called up share capital	14	810,002	810,002
Available-for-sale reserve	15	42,373,350	18,258,116
Retained earnings	15	44,720,332	25,181,416
Total shareholder's equity		<u>87,903,684</u>	<u>44,249,534</u>

The accompanying notes form an integral part of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 1st October 2007
They were signed on its behalf by



Michael Blackburn
Director
1st October 2007

Barclays Capital Principal Investments Limited
Year ended 31 December 2006

Statement of Recognised Income and Expense

	Notes	2006 £	2005 £
Available for sale reserve			
- Net gains from changes in fair value	15	65,367,199	16,276,173
- Net (gains) transferred to net profit on disposal	15	(24,375,636)	(2,305,128)
- Foreign exchange movement	15	(6,541,228)	-
- Taxation	12	(10,335,101)	(4,191,314)
Total Items included directly in equity		<u>24,115,234</u>	<u>9,779,731</u>
Profit for the year		19,538,916	17,366,605
Total recognised income for the year		<u>43,654,150</u>	<u>27,146,336</u>

The accompanying notes form an integral part of the financial statements

Barclays Capital Principal Investments Limited
Year ended 31 December 2006

CASHFLOW STATEMENT

	Note	2006 £	2005 £
CONTINUING OPERATIONS			
NET CASH FROM/(USED IN) OPERATING ACTIVITIES			
Cash from operating activities	16	432,375	(1,091,270)
Purchase of securities		(37,483,785)	(58,893,423)
Proceeds from the sale of securities		86,452,124	43,014,765
Income from AFS securities		926,287	2,757,855
Tax (paid)/received		(7,747,603)	265,814
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		42,579,398	(13,946,259)
Proceeds from borrowed funds		38,463,442	47,210,786
Repayments of borrowed funds		(33,634,277)	(33,001,484)
NET CASHFLOWS FROM FINANCING ACTIVITIES		4,829,165	14,209,302
Effect of exchange rate on cash and cash equivalents		(3,105,206)	0
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,303,357	263,043
Cash and cash equivalents at 1 January		1,205,779	942,736
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		45,509,136	1,205,779
CASH AND CASH EQUIVALENTS COMPRISE			
Cash in hand or at bank		45,509,136	1,205,779
		45,509,136	1,205,779

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

1 Reporting Entity

These financial statements are prepared for Barclays Capital Principal Investments Limited (the 'Company'), the principal activity of which is to hold investments in Private Equity Funds. The financial statements are prepared for the Company only. The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent Company is Barclays PLC, both of which prepare consolidated financial statements in accordance with IFRS, and accordingly consolidated financial statements have not been prepared.

The Company is a limited company incorporated in Great Britain. The address of the registered office is 1 Churchill Place, London E14 5HP, England.

2 Compliance with International Financial Reporting Standards

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

3 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 UK sterling, the currency of the country in which the Company is incorporated.

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

(a) Foreign currency translation

The financial statements are presented in sterling, which is the functional currency of the company.

Foreign currency transactions are translated into sterling at average rates of exchange during the year. Balances denominated in foreign currencies are retranslated at the rate prevailing at the period end. All other exchange profits and losses, which arise from normal activities, are included in the profit and loss account.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets and non-monetary items are included directly in equity.

(b) Fees and commissions

Fees and commissions are recognised when the service is provided.

(c) 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 receivables, and on financial liabilities, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

(d) Borrowing costs

The Company does not capitalise borrowing costs

(e) Income taxes, including deferred income taxes

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 offsetting 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 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) 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:

Loans and receivables

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

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. Gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement.

Impairment losses, investment income, and translation differences on monetary items are recognised in the income statement.

Financial liabilities

Financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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 bid value in an active market wherever possible. Where no such active market exists for the particular asset, this is determined by reference to individual Private Equity Fund reports provided on quarterly basis. Investments may be valued at cost where this is considered to be a reasonable approximation of fair value.

Investments where there is no readily available market valuation are recorded in the balance sheet at historical cost less any amounts that have been provided for to reflect diminutions in the value of the investment that are considered permanent, and recognised in the income statement.

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.

The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on assets in the portfolio.

The Company first assesses whether objective evidence of impairment exists individually for individually significant financial assets and then collectively assesses remaining financial assets that are not individually significant. In addition, portfolios of financial assets with similar credit risk characteristics are also collectively assessed.

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.

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.

(g) Cash and cash equivalents

For the purpose 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 3 months. Trading balances are not considered to be part of cash equivalents.

(h) Share capital and dividends

Share issue costs

Share capital issued is shown in equity, and incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Revenue

An analysis of revenue is as follows

	2006 £	2005 £
Income from available-for-sale investments		
- Distributions received from Private Equity Funds	926,288	2,757,855
Net profit on disposal of available-for-sale investments		
- Realised gains on available-for-sale investments	24,380,884	15,617,645
- Realised losses on available-for-sale investments	(5,248)	(76,984)
Total	25,301,924	18,298,516

5 Administrative Expenses

	2006 £	2005 £
Bank charges	(3,929)	(2,828)
Transaction fees	(652,138)	-
Total	(656,067)	(2,828)

The audit fee has been borne by a group undertaking and will not be recharged to the Company. The fee that would have been charged to the Company amounts to £4,000. This fee is not recognised as an expense in the financial statements.

6 Finance Income or Expense

Finance transactions comprise interest received from or paid to the immediate parent undertaking and foreign exchange gains for the year ended 31 December 2006 amounted to £4,239,798 (2005 £267,093).

7 Directors' Remuneration

The Directors did not receive any remuneration in respect of their services to the Company during the year ended 31 December 2006 (2005 Nil). The Company had no employees other than its Directors at any time during the year.

8 Income Tax Expense

The analysis of the charge / (credit) for the year is as follows

	2006 £	2005 £
Current tax charge/(credit)		
United Kingdom corporation tax	7,545,246	(1,510,422)
Deferred tax (credit)/charge (Note 12)		
United Kingdom corporation tax	367,747	312,199
Total taxation charge/(credit)	7,912,993	(1,198,223)

The charge for tax is based upon a UK corporation tax rate of 30% for the calendar year 2006 (2005 30%).

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

	2006 £	2005 £
Available for sale investments	10,335,101	4,191,314
Total charge to equity	10,335,101	4,191,314

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	2006 £	2005 £
Profit before tax	27,451,909	16,168,382
Tax charge at average UK corporation tax rate of 30% (2005 30%)	8,235,573	4,850,515
Prior year adjustments	(10,571)	(1,793,951)
Deferred tax movements	368,025	358,196
Capital losses surrendered by Group	-	(5,281,236)
Adjustments to partnership profits to tax basis	(680,034)	668,253
Overall tax charge/(credit)	<u>7,912,993</u>	<u>(1,198,223)</u>
Effective tax rate %	28.82%	-7.41%

9 Available for Sale Investments

Available for sale investments comprise investments in private equity funds and investments in unlisted equity securities

	2006 £	2005 £
As at 1 January	143,494,218	84,896,377
Additions	37,520,780	58,893,423
Disposals	(62,260,743)	(27,207,011)
Exchange differences	(6,541,228)	828,406
Revaluation surplus transferred to equity	40,991,549	26,083,023
At 31 December	<u>153,204,576</u>	<u>143,494,218</u>

At 31 December 2006, investments in unlisted equity securities held at cost amounted to £9,673,214
Post year end, investments in unlisted equity securities with cost of £1,620,859 were sold for £9,929,741

10 Trade and Other receivables

Trade and other receivables comprise the following

	2006 £	2005 £
Interest receivable	1,311,120	-
Other receivables	-	1,088,442
	<u>1,311,120</u>	<u>1,088,442</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

11 Current Taxation

Current tax Asset/(Liability) is calculated as follows

	2006 £	2005 £
Opening Balance	(663,293)	(428,026)
Tax charge for year	(7,545,246)	(235,267)
Tax Paid	7,747,603	-
Current Tax Liability	<u>(460,936)</u>	<u>(663,293)</u>

12. Deferred Tax Liability

The deferred tax liability is calculated as follows

	2006 £	2005 £
As at 1 January	8,954,759	4,451,246
Income statement charge	368,025	358,196
Items charged to equity	10,335,101	4,191,314
Adjustment in respect of prior year	(278)	(45,997)
As at 31 December	<u>19,657,607</u>	<u>8,954,759</u>

The deferred tax liability is attributable to temporary differences arising in respect of the following items

	2006 £	2005 £
Deferred tax liability in relation to capitalised management expenses	1,497,599	1,129,852
Deferred tax liability on revaluation of AFS reserve	18,160,008	7,824,907
Net deferred tax liability	<u>19,657,607</u>	<u>8,954,759</u>

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

	2006 £	2005 £
Deferred tax liability in relation to capitalised management expenses	368,025	358,196
Prior year adjustment	(278)	(45,997)
Total deferred tax charge	<u>367,747</u>	<u>312,199</u>

Deferred income taxes are provided in full on temporary differences under the liability method using a principal tax rate of 30% (2005 30%)

NOTES TO THE FINANCIAL STATEMENTS (continued)

13 Borrowings

An analysis of the Company's borrowings is as follows

	2006 £	2005 £
Amount due to group undertakings	<u>86,863,342</u>	<u>89,526,454</u>

The amount due to group undertakings is unsecured. Interest is charged according to the 3 month interbank rate of the underlying loan currency.

14 Share Capital

Particulars of the Company's share capital were as follows

	2006	2005
Authorised Ordinary shares of £1 each	<u>4,000,000</u>	<u>4,000,000</u>
Allotted, called-up and fully paid Ordinary shares of £1 each	<u>810,002</u>	<u>810,002</u>

15 Retained Earnings and Reserves

Movements in retained earnings and other equity reserves were as follows

	Available for sale reserve £	Retained earnings £	Share capital £	Total £
As at 1 January 2005 (Restated)		7,814,811	810,002	8,624,813
Gross	12,111,978			
Taxation	<u>(3,633,593)</u>			
Transfer to equity	<u>8,478,385</u>	-		8,478,385
Net profit	-	17,366,605		17,366,605
Net gains taken to equity	16,276,173	-		16,276,173
Net gains transferred to profit on disposal	(2,305,128)	-		(2,305,128)
Taxation	(4,191,314)	-		(4,191,314)
As at 31 December 2005	<u>18,258,116</u>	<u>25,181,416</u>	<u>810,002</u>	<u>44,249,534</u>
Net profit		19,538,916		19,538,916
Net gains taken to equity	65,367,199	-		65,367,199
Net gains transferred to profit on disposal	(24,375,636)	-		(24,375,636)
Tax on items taken directly to or transferred from equity	(10,335,101)	-		(10,335,101)
Foreign exchange loss	(6,541,228)			(6,541,228)
As at 31 December 2006	<u>42,373,350</u>	<u>44,720,332</u>	<u>810,002</u>	<u>87,903,684</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

The available-for-sale reserve records the gains and losses arising from changes in the fair value of the available-for-sale investments on the balance sheet. These gains and losses are included as a separate component of equity before they are transferred to the income statement on the disposal or maturity of the investment.

16 Reconciliation of operating profit to net cash flow from operating activities

	2006 £	2005 £
Profit before Taxation	27,451,909	16,168,382
Net profit on the disposal of investments	(24,375,636)	(15,540,661)
Foreign exchange movement	(4,239,798)	(267,093)
Income from AFS securities	(926,287)	(2,757,855)
Net (increase)/decrease in trade and other receivables	(222,677)	(1,088,442)
Net increase/(decrease) in interest payable	2,744,864	2,394,399
Net cash inflow from operating activities	<u>432,375</u>	<u>(1,091,270)</u>

17 Financial Risks

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

- Foreign exchange risk, due to the extent of its foreign currency assets not matched by foreign currency borrowings in the same currency

The Company makes a number of foreign currency investments in Limited Partnerships which give rise to foreign currency exposure. This exposure is hedged within the Company by entering into foreign currency borrowing transactions with its parent. Any realised foreign currency retained profit or loss on sale of underlying investments is exchanged into sterling once management deems exposure to be material.

- Interest rate risk, 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

It is expected that any interest rate risk will be offset via potential capital gains – capital gains being the mainstay of investment returns, albeit that other forms of income (including interest coupons) will be optimised wherever possible.

- Credit risk, the risk that counterparties to the company's financial assets may default

The Company assesses all counterparties, including its customers, for credit risk before contracting with them. There were no significant concentrations of credit risk.

- Liquidity risk, the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due

The Company maintains a mixture of long term and short term committed facilities, including financial support from the parent, Barclays PLC. These are designed to ensure the Company has sufficient available funds for operations and planned expansion.

- Price risk, the risk that market prices for the Company's investment securities measured at fair value may fall

The Company's Directors are required to follow the requirements of the Barclays Group risk management policies, which 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Maturity of financial instruments

Assets

2006 Financial Assets	Cash at bank	Trade and Other Receivables	Other Financial Assets	Total
	£	£	£	£
In one year or less	45,509,136	1,311,120	-	46,820,256
After 5 years	-	-	153,204,576	153,204,576
Total	45,509,136	1,311,120	153,204,576	200,024,832

2005 Financial Assets	Cash at bank	Trade and Other Receivables	Other Financial Assets	Total
	£	£	£	£
In one year or less	1,205,779	1,088,442	-	2,294,221
After 5 years	-	-	143,494,218	143,494,218
Total	1,205,779	1,088,442	143,494,218	145,788,439

Liabilities

2006 Financial Liabilities	Long Term Borrowings	Total
	£	£
After 5 years	86,863,342	86,863,342
Total	86,863,342	86,863,342

2005 Financial Liabilities	Long Term Borrowings	Total
	£	£
After 5 years	89,526,454	89,526,454
Total	89,526,454	89,526,454

Foreign exchange risk

At 31 December the Company had the following foreign currency exposure

	Currency	2006 £	2005 £
Assets	EUR	133,822,447	71,745,730
Liabilities	EUR	(74,952,979)	(46,099,037)
Net exposure	EUR	58,869,468	25,646,694
Assets	USD	25,318,468	66,378,211
Liabilities	USD	(16,812,420)	(45,483,845)
Net exposure	USD	8,506,048	20,894,367

NOTES TO THE FINANCIAL STATEMENTS (continued)

Interest rate risk on financial assets

The effective interest rates as at 31 December were as follows

	2006	2005
	%	%
Deposits	4.04	2.35

Interest rate risk on financial liabilities

The effective interest rates as at 31 December were as follows

	2006	2005
	%	%
Borrowings	4.46	3.97

18 Contingencies and Commitments

At 31 December 2006 the Company had undrawn investment commitments totaling £109,410,741 (2005 £57,944,295). These commitments will be financed by intercompany borrowings.

Capital expenditure contracted for at the balance sheet date but not recognised in the financial statements is as follows

	EUR	USD	GBP equivalent (1)
Third Cinven Fund	6,726,175	-	4,511,426
Candover 2001 Fund	2,149,987	-	1,442,054
PAI Europe III	1,935,850	-	1,298,426
Lindsay Goldberg Bessemer	-	9,703,478	4,942,508
Candover 2005	24,419,747	-	16,378,979
Carlyle	5,663,002	-	3,798,327
Blackstone	15,946,345	-	10,695,641
Terra Firma Capital Partners III	48,912,671	-	32,807,040
Fourth Cinven	50,000,000	-	33,536,340
	155,753,777	9,703,478	109,410,741

(1) Translated using year end exchange rates

19. Events after the Balance Sheet date

On 23 March 2007, the Company paid a dividend of £32.5m

On 14 September 2007, the Company paid a dividend of £35m

20 Related party Transactions

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

The Company bank accounts are held by Barclays Bank PLC, the parent, as disclosed in the Balance Sheet. All funding transactions are held with Barclays Bank PLC. There have been no other transactions with related parties requiring disclosure in 2006 (2005 nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

Particulars of balances outstanding at the year end are set out below

	2006 Parent Undertaking £'s	2005 Parent Undertaking £'s
Transactions		
Interest receivable from parent undertaking	1,311,120	-
Interest payable to parent undertaking	(2,744,865)	(2,394,399)
Balances		
Amounts receivable from parent undertaking	46,820,256	1,205,779
Amounts payable to parent undertaking	(92,002,605)	(91,923,853)

21. Ultimate Holding Company

Barclays Group Holdings Limited is the immediate parent undertaking. 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. Both companies are incorporated in Great Britain and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP.