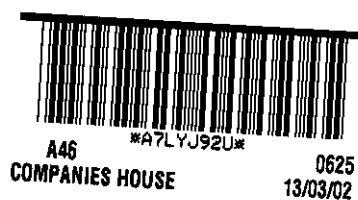


# **MENLO INVESTMENTS LIMITED**

## **Report and Financial Statements For the year ended 31 December 2001**

**REGISTERED NUMBER: 3479178**



# **MENLO INVESTMENTS LIMITED**

## **DIRECTORS' REPORT**

**For the year ended 31 December 2001**

The directors present their report together with the audited financial statements for the year ended 31 December 2001.

### **Review of business**

The principal activity of the Company is to act as an investment holding company. In the opinion of the directors the state of the Company's affairs is satisfactory.

### **Results and Dividends**

During the year the Company made a profit after taxation of £2,648,046 (2000: £413,976). The directors do not recommend the payment of a dividend (2000: £nil).

### **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:

Barcosec Limited  
Barometers Limited  
MJ Bailey (resigned 15 March 2001)  
J Caetano (appointed 17 July 2001)  
D Fail  
BJ Hurrell  
LJ Kenworthy  
PR Robinson (appointed 15 March 2001)

### **Directors' Interests in Shares (as defined by section 325 the Companies Act 1985)**

The directors of the Company are also directors of Barclays Directors Limited and their interests are disclosed in the accounts of that company.

# MENLO INVESTMENTS LIMITED

## DIRECTORS' REPORT (continued)

For the year ended 31 December 2001

### Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on page 3, 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 4 to 9,

- 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.

### Holding Companies

The parent company of the smallest group that presents group financial statements is Barclays Bank PLC. The ultimate holding company is Barclays PLC and copies of the group financial statements of Barclays PLC and Barclays Bank PLC may be obtained from Group Corporate Secretariat, Barclays PLC, 54 Lombard Street, London EC3P 3AH. Both companies are incorporated in Great Britain and registered in England and Wales.

### Auditors

On the 14th October 1998 an elective resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligations to appoint the Auditors annually. PricewaterhouseCoopers have indicated their willingness to continue in office.

BY ORDER OF THE BOARD

  
Director

Date 22 February 2002

# **MENLO INVESTMENTS LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MENLO INVESTMENTS LIMITED**

We have audited the financial statements on pages 4 to 9.

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

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards 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.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
London

Date 22 February 2002.

# MENLO INVESTMENTS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
Operating income	3	75	-
Administrative expenses		(1,508)	(756)
Operating loss		<u>(1,433)</u>	<u>(756)</u>
Income from shares in subsidiary undertakings		14,459,454	517,886
Interest receivable from group undertakings		18,222,152	989,973
Interest payable and similar charges	4	(35,782,704)	(1,156,569)
(Loss) / profit on ordinary activities before tax	5	<u>(3,102,531)</u>	<u>350,534</u>
Tax credit on (loss) / profit on ordinary activities	7	5,750,577	63,442
Profit on ordinary activities after taxation		<u>2,648,046</u>	<u>413,976</u>
Deficit brought forward		(770,930)	(1,184,906)
Surplus / (Deficit) carried forward		<u><u>1,877,116</u></u>	<u><u>(770,930)</u></u>

All recognised gains and losses are included in the profit and loss account. Operating loss is derived from continuing activities. There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis. The notes on pages 6 to 9 form an integral part of these financial statements.

# MENLO INVESTMENTS LIMITED

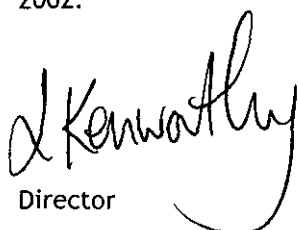
## BALANCE SHEET AS AT 31 DECEMBER 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Investments	8	364,524,424	364,524,424
CURRENT ASSETS			
Debtors falling due within one year	9	13,148,292	10,533,493
Debtors falling due after more than one year	10	304,500,000	304,500,000
CREDITORS: Amounts falling due within one year	11	(1,245,598)	(1,278,845)
NET CURRENT ASSETS		316,402,694	313,754,648
TOTAL ASSETS LESS CURRENT LIABILITIES		680,927,118	678,279,072
CREDITORS: Amounts falling due after more than one year	12	(669,000,000)	(669,000,000)
NET ASSETS		11,927,118	9,279,072
CAPITAL AND RESERVES			
Called up share capital	13	10,050,002	10,050,002
Profit and loss account		1,877,116	(770,930)
TOTAL EQUITY SHAREHOLDERS' FUNDS	14	11,927,118	9,279,072

A statement of movement in shareholders' funds is given in note 14.

The notes on pages 6 to 9 form an integral part of these financial statements.

The financial statements on pages 4 to 9 were approved by the Board of Directors on 22 February 2002.

  
Director

# MENLO INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards of the Accounting Standards Board and pronouncements of the Urgent Issues Task Force.

#### Foreign currency

Trading results denominated in foreign currencies are translated into sterling at average rates of exchange during the year. Assets and liabilities are translated at the exchange rate ruling at the year end except where rates of exchange are fixed under contractual arrangements. Exchange differences are taken to the profit and loss account as they arise.

#### Consolidated financial statements

The financial statements contain information about Menlo Investments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Barclays Bank PLC, a company registered in England and Wales.

#### Adoption of new accounting standards

There have been no significant changes in the accounting policies following the adoption in 2001 of FRS 18 'Accounting Policies'.

### 2. CASH FLOW STATEMENT

The Company's ultimate holding company has adopted the provisions of Financial Reporting Standard 1 ("FRS 1") revised 1996, Cash Flow Statements. Accordingly the Company, which is a wholly owned subsidiary of Barclays Bank PLC, has elected to utilise the exemption provided in FRS 1 not to produce a cash flow statement.

### 3. OPERATING INCOME

	2001 £	2000 £
Interest receivable from Partnership	75	-

Interest receivable in the year represents the profit from the final distribution from Verdant Investments Limited partnership which was acquired and dissolved during the year (see note 8).

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Interest payable to subsidiary undertakings	21,323,250	759,458
Interest payable under sale and put option agreement	14,459,454	397,101
Bank charges payable to group undertakings	-	10
	<u>35,782,704</u>	<u>1,156,569</u>

# MENLO INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 5. (LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
Profit on ordinary activities before taxation is stated after charging: -		
Auditors' remuneration	1,500	756

There were no employees employed by the Company during 2001 or 2000.

### 6. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the company during the year (2000: £nil).

### 7. TAX CREDIT ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
United Kingdom:		
Current taxation credit	5,750,577	63,442

The tax credit is based on an effective UK corporation tax rate of 30% (2000: 30%). Any differences between the actual and the assumed corporation tax rate of 30% relate to non-deductible and non-taxable items.

### 8. INVESTMENT IN FIXED ASSETS

	£
Cost at 1 January	364,524,424
Additions	10,526
Disposals	(10,526)
Cost at 31 December	364,524,424

On 4 December 2000, the Company subscribed for 10 ordinary shares in Romintco Investments BV ("Romintco") at their nominal value of Euro 20,000 (Euro 2,000 per share).

On 19 December 2000, Romintco issued to the Company a further 5 ordinary shares by way of a rights issue at their nominal value of Euro 10,000 (Euro 2,000 per share) and a total premium of £60,000,000 (£12,000,000 per share) and issued 5 cumulative fixed rate preference shares (the "Preference Shares") at their nominal value of Euro 10,000 (Euro 2,000 per share) and a total premium of £304,500,000 (£60,900,000 per share). The Preference Shares pay a total fixed monthly dividend of £1,207,850 (£241,570 per share).

On 19 December 2000, the Company sold the Preference Shares to a third party investor.



## MENLO INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### Investment in fixed assets (continued)

On the same date, the Company entered into a put option agreement with the third party investor over the Preference Shares. Since it is anticipated that the third party investor will exercise the put option in due course, the Preference Shares have not been de-recognised and continue to be shown as an investment while recognising the amount payable under the put option as a creditor (see notes 10 & 11).

The terms of the put option allow the third party investor to sell the Preference Shares to the Company at any time up to 19 December 2005 and in certain circumstances after 19 December 2005 until 19 December 2007. The strike price of the put option is £304,500,000 plus accrued but unpaid dividends.

In the opinion of the directors, the value of the Company's investment in its subsidiary undertaking is not less than the amount stated in the balance sheet.

On the 12 July 2001 the Company invested in Verdant Investments Limited Partnership, which was dissolved and the capital and profit distributed to its investors on 19 November 2001 (see note 3).

#### 9. DEBTORS: Amounts falling due within one year

	2001 £	2000 £
Amounts owed by group undertakings	6,914,115	9,952,159
Group relief receivable	5,751,037	63,448
Amounts owed by subsidiary undertakings	483,140	517,886
	<u>13,148,292</u>	<u>10,533,493</u>

#### 10. DEBTORS: Amounts falling due after more than one year

	2001 £	2000 £
Amounts owed by group undertakings	<u>304,500,000</u>	<u>304,500,000</u>

Barclays Bank PLC assumed joint and several liability for the payment obligations of the Company under the put option agreement with the third party investor and the Company. The Company has agreed to counter indemnify Barclays Bank PLC for such obligations.

In December 2000, the Company placed £304,500,000 into a deposit account which is charged to Barclays in support of the counter indemnity obligations.

#### 11. CREDITORS: Amounts falling due within one year

	2001 £	2000 £
Amounts due to subsidiary undertakings	759,458	759,458
Amounts due under sale and put option agreement	483,140	517,887
Auditors' remuneration	3,000	1,500
	<u>1,245,598</u>	<u>1,278,845</u>

# MENLO INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. CREDITORS: Amounts falling due after one year

	2001 £	2000 £
Sale and put option agreement	304,500,000	304,500,000
Amounts due to subsidiary undertakings	364,500,000	364,500,000
	<u>669,000,000</u>	<u>669,000,000</u>

### 13. CALLED UP SHARE CAPITAL

	2001 £	2000 £
Authorised: 28,000,000 ordinary shares of £1 each	28,000,000	28,000,000
Allotted and fully paid: 10,050,002 ordinary shares of £1 each	<u>10,050,002</u>	<u>10,050,002</u>

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

	2001 £	2000 £
At 1 January 2001	9,279,072	8,865,096
Profit for the year	2,648,046	413,976
At 31 December 2001	<u>11,927,118</u>	<u>9,279,072</u>

### 15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of Barclays Bank PLC, the consolidated financial statements of which are publicly available. During the year there have been no transactions with related parties other than group companies.

### 16. ULTIMATE HOLDING 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 Secretary, 54 Lombard Street, London EC3P 3AH.