

LONG ISLAND ASSETS LIMITED

**Report and Financial Statements
For the period ended 31 December 2010**

FRIDAY



A0SYKV90

A43

24/06/2011

202

COMPANIES HOUSE

REGISTERED NUMBER IN ENGLAND AND WALES: 7450219

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

INDEX

	Page
Directors' report	1-3
Independent auditors' report	4
Income statement	5
Statement of financial position	6
Statement of comprehensive income	7
Statement of changes in equity	8
Statement of cash flow	9
Notes to the financial statements	10-20

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

DIRECTORS' REPORT

For the period ended 31 December 2010

The Directors present their report together with the audited financial statements for the period 24 November 2010 to 31 December 2010

Review of business and future outlook

The Company was incorporated on 24 November 2010 and commenced activities on 21 December 2010. The principal activity of the Company is to invest for its own account. No significant change in this activity is envisaged in the foreseeable future.

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

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

Results and dividends

During the period ended 31 December 2010 the Company made a profit after tax for the year of \$15,059,402. The directors do not recommend the payment of a dividend in relation to 31 December 2010 period end. The Company has net assets of \$5,321,373,722.

Going Concern

After reviewing the Company's performance and taking into account the support from Barclays Bank PLC, the directors are satisfied that the Company has adequate access to resources to enable them to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the directors have adopted the going concern basis in preparing these financial statements.

Directors

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

Name	Appointed
Carmina Cortes	24/11/2010
Harriet Sterling	24/11/2010

Directors' third party indemnity provisions

Qualifying third party indemnity provisions were in force during the course of the financial period ended 31 December 2010 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which may occur (or have occurred) in connection with their duties, powers or office.

Post balance sheet events

There were no post balance sheet events to report.

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

DIRECTORS' REPORT

For the period ended 31 December 2010 (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In accordance with Section 418, each Director in office at the date the Directors' report is approved, confirms that

(a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a Director in order to make himself 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.

Financial instruments

The Company operates within the Barclays financial risk management objectives and policies. These include a policy for hedging each major type of forecasted transaction for which hedge accounting is used. The exposures to price risk, credit risk and liquidity risk are set out in note 16 'Financial Risks'.

Auditors

PricewaterhouseCoopers LLP will continue to hold office in accordance with section 487 of the Companies Act 2006.

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

DIRECTORS' REPORT

For the period ended 31 December 2010 (continued)

BY ORDER OF THE BOARD

Director

Name

Date

J. Hanbuth
Jasper Hanbuth
7 June 2011

For and on behalf of

Long Island Assets Limited

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF LONG ISLAND ASSETS LIMITED

We have audited the financial statements of Long Island Assets Limited for the period 24 November 2010 to 31 December 2010 which comprise of the Income statement, the Statement of Financial Position, the Statement of Cash Flow, the Statement of Changes in Equity, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit and cash flows for the period 24 November 2010 to 31 December 2010,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Antony Eldridge (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom,
10 June 2011

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

INCOME STATEMENT

PERIOD FROM 24 NOVEMBER 2010 TO 31 DECEMBER 2010

	Notes	2010
Continuing operations:		\$
Interest income	7	288,746
Interest expense		-
Net interest income		<u>288,746</u>
Fee and commission expense		-
Net trading income	8	<u>23,121,615</u>
Net operating income		<u>23,410,361</u>
Profit on ordinary activities before taxation		23,410,361
Taxation	10	<u>(8,350,959)</u>
Net profit for the period		<u>15,059,402</u>

The accompanying notes form an integral part of these financial statements

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010**

	Notes	2010 \$
ASSETS		
Non-current assets		
Investment in subsidiary	11	<u>256,460,906</u>
Total non-current assets		<u>256,460,906</u>
Current assets		
Loans and advances to banks	12	26,921,721
Loans and advances to customers	12	<u>5,046,342,054</u>
Total current assets		<u>5,073,263,775</u>
TOTAL ASSETS		<u><u>5,329,724,681</u></u>
LIABILITIES		
Current liabilities		
Current taxation	13	<u>8,350,959</u>
Total current liabilities		<u>8,350,959</u>
TOTAL LIABILITIES		<u><u>8,350,959</u></u>
NET ASSETS		<u><u>5,321,373,722</u></u>
SHAREHOLDERS' EQUITY		
Share capital	15	5,328,001
Share premium	15	5,300,986,319
Retained earnings		<u>15,059,402</u>
TOTAL SHAREHOLDERS' EQUITY		<u><u>5,321,373,722</u></u>

The accompanying notes form an integral part of these financial statements

The financial statements were approved by the Board of Directors on 27 May 2011

Director
Name
Date

J. Hanebuth
Jasper Hanebuth
7 June 2011

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

STATEMENT OF COMPREHENSIVE INCOME

PERIOD FROM 24 NOVEMBER 2010 TO 31 DECEMBER 2010

	2010 \$
Net profit for the period	15,059,402
Other comprehensive income	-
Other comprehensive income for the period net of tax	-
Total comprehensive income for the year	15,059,402

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

**STATEMENT OF CHANGES IN EQUITY
PERIOD FROM 24 NOVEMBER 2010 TO 31 DECEMBER 2010**

	Share capital	Share Premium Account	Retained earnings	Total equity
	\$	\$	\$	\$
Net profit for the period	-	-	15,059,402	15,059,402
Total comprehensive income for the period	-	-	15,059,402	15,059,402
Issuance of shares	5,328,001	5,300,986,319	-	5,306,314,320
Balance at 31 December 2010	5,328,001	5,300,986,319	15,059,402	5,321,373,722

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

**STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED 31 DECEMBER 2010**

	Note	2010 \$
NET CASH FROM OPERATING ACTIVITIES	9	5,118,263,775
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in subsidiary	11	(45,000,000)
NET CASH USED IN INVESTING ACTIVITIES		<u>(45,000,000)</u>
NET INCREASE IN CASH EQUIVALENTS		5,073,263,775
Cash equivalents at beginning of period		-
CASH EQUIVALENTS AT 31 DECEMBER		<u>5,073,263,775</u>
CASH EQUIVALENTS COMPRISE.		
Cash held at bank		26,921,721
Loans and advances to customers		5,046,342,054

The accompanying notes form an integral part of these financial statements

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

The financial statements are prepared for Long Island Assets Limited (the Company), the principal activity of the Company is to invest for its own account. The Company is a wholly owned subsidiary of Barclays Long Island Limited (BLIL) and its ultimate parent Company is Barclays PLC (Group). Barclays PLC prepares consolidated financial statements in accordance with IFRS as adopted by the European Union, and accordingly, consolidated financial statements have not been prepared for Long Island Assets Limited.

Long Island Assets Limited is a limited company incorporated and domiciled in England and Wales. The Company's 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") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB"). They are also in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The notes to the financial statements set out areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to financial statements such as Current Taxation (Note 10) and Financial Risk (Note 16).

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

Going concern

After reviewing the Company's performance and taking into account the support from Barclays Bank Plc, the Directors are satisfied that the Company has adequate access to resources to enable them to meet its obligations and to continue in operational existence for the foreseeable future. For this reason, the Directors have adopted the going concern basis in preparing these financial statements.

Revenue recognition

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

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Net trading income

Net trading income represents changes in the fair value of instruments held for trading purposes, including derivative financial instruments. Gains and losses from the movements in fair value caused by the movements in the market variables are included in the income statement, as well as any associated amount of interest income, interest expense or dividends.

Interest

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

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

Foreign exchange

Foreign currency transactions are translated into USD using the spot exchange rates prevailing at the dates of the transactions.

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

Fees and commissions

Fees and commissions are recognised in the income statement on an accruals basis as the service is provided.

Investments in subsidiaries

Investments in subsidiaries are recorded in the balance sheet at cost less impairment, where there is objective evidence of impairment. Any impairment in the value of the investment is recognised in the income statement.

Taxation

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

Loans and advances

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

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative financial instruments

The Company is party to financial instruments that reduce exposure to fluctuations in foreign currency exchange and interest rates. These instruments comprise cross currency swap contracts and interest rate swap agreements. The purpose of these instruments is to reduce interest rate and exchange risk.

Derivatives are measured at fair value on initial recognition and subsequently and the resulting gains and losses are taken to the income statement. The fair value of derivatives is generally determined by reference to open market prices or by calculating the expected cash flows under the terms of each specific contract, discounted back to their present value using an appropriate market based pricing model.

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.

For loans and receivables, the Company first assesses whether objective evidence of impairment exists individually for individually significant loans and receivables, and then collectively assesses remaining loans and receivables that are not individually significant. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as all other financial assets. Reversals of impairment of debt instruments are recognised in the income statement. Reversals of impairment of equity shares are not recognised in the income statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand, demand deposits and cash equivalents. Cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months. Trading balances are not considered to be part of cash equivalents.

Determining fair value

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

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Determining fair value (continued)

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

Level 1

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

Level 2

Financial instruments valued using inputs other than quoted prices as described above for level 1 but which are observable for the asset or liability, either directly or indirectly, such as

- using recent arm's length market transactions or with reference to the current fair value of similar instruments,
- linear financial instruments such as swaps and forwards which are valued using market standard pricing techniques,
- options that are commonly traded in markets whereby all the inputs to the market-standard pricing models are deemed observable

Valuations based on unobservable inputs

Level 3

Financial instruments, the valuation of which incorporate significant inputs for the asset or liability that are not based on observable market data (unobservable inputs) Unobservable inputs are those not readily available in an active market due to market illiquidity or complexity of the product These inputs are generally determined based on observable inputs of a similar nature, historic observations on the level of the input or analytical techniques

This category includes certain corporate debt securities, some CDOs (cash and synthetic underlyings), certain asset backed securities, certain issued notes, and certain collateralized loan obligations (CLOs)

Share capital

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

Future accounting developments

The following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 31 January 2010 or later periods, but have not been adopted They are not expected to result in significant changes to the Company's accounting policies

- Amendments to IFRS 7 Disclosures - Transfers of Financial Assets
- The Conceptual Framework for Financial Reporting
- Amendment to IFRS 1 'Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters'*
- Amendment to IAS 32 Classification of rights issues*
- IAS 24 Related Party *
- IFRIC 19 – Extinguishing financial liabilities with equity instruments
- Improvements to IFRS 2010

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Future accounting developments (continued)

*EU endorsed

IFRS 9 'Financial Instruments' was published on 12 November 2009. It is the first phase of a project to replace IAS 39 and will ultimately result in fundamental changes in the way that the Company accounts for financial instruments. Adoption of the standard is not mandatory until accounting periods beginning on or after 1st January 2013 but early adoption is permitted. However, it is not available for adoption in the EU until it has been endorsed.

The main differences from IAS 39 are as follows:

- All financial assets, except for certain equity investments, would be classified into two categories: amortised cost, where they generate solely payments of interest and principal and the business model is to collect contractual cash flows that represent principal and interest, or fair value through profit or loss.
- Certain non-trading equity investments would be classified at fair value through profit or loss or fair value through other comprehensive income with dividends recognised in net income.
- Embedded derivatives are no longer considered for bifurcation but are included in the assessment of the cash flows for the classification of the financial asset as a whole.
- Financial assets which meet the requirements for classification at amortised cost are optionally permitted to be measured at fair value if that eliminates or significantly reduces an accounting mismatch.
- Reclassifications are required, if and only if, there is a change in the business model.

Aspects of financial instrument accounting which will be addressed in future phases of the project include the accounting for financial liabilities, impairment of amortised cost financial assets and hedge accounting. The entity is assessing the impacts of the first phase in the project, as well as following developments in the future phases.

Consolidated Financial Statements

The financial statements contain information about Long Island Asset Limited as an individual company and do not contain consolidated financial information as the parent of a group. International Accounting Standard 27 Consolidated and Separate Financial Statements, provides an exemption in paragraph 41 from the requirement to prepare consolidated financial statements which the Company has elected to apply. Long Island Asset Limited is a wholly owned subsidiary of Barclays Group Holdings Limited and its ultimate parent company is Barclays PLC. Long Island Asset Limited's results, including those of its subsidiaries, are consolidated in the financial statements of its parent. Barclays PLC is a Company registered in England and Wales.

4 SEGMENTAL REPORTING

The Company has elected not to comply with the voluntary disclosure requirements of IFRS 8 'Operating Segments' and does not disclose segmental information.

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. AUDIT FEE FOR GROUP AND PARTNERSHIP

The audit fee is borne by another group Partnership. This fee is not recognised as an expense in the financial statements.

6. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the period.

7. INTEREST INCOME

	Period ended
	2010
	\$
Interest income	288,746
	<u>288,746</u>

The interest income is borne from the loan to parent company Barclays Long Island Limited entered into on 23 December 2010. The loan had a principal amount of \$5,046,053,308 with interest accruing for the 8 remaining days of the period at a rate of 0.2575%.

8. NET TRADING INCOME

	2010
	\$
Net trading income	23,121,615
	<u>23,121,615</u>

The Company entered into a forward foreign exchange transaction whereby it sold USD \$4.541bn and bought GBP £2.934bn from Long Island International Limited. The transaction was entered into on 20 December 2010 for settlement on 23 December 2011 and resulted in an FX gain of \$22.8m.

9. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

The net cash inflow from operating activities for the Company is as follows:

	2010
	\$
Profit on ordinary activities before taxation	23,410,361
Other non-cash movements	
Net investment in subsidiary	(211,460,906)
Issuance of shares to parent entity	5,306,314,320
	<u>5,118,263,775</u>

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. TAXATION

	2010 \$
Profit before tax	23,410,361
Tax charge at standard UK corporation tax rate of 28%	6,554,901
Chargeable gain	1,796,058
Overall tax charge	<u>8,350,959</u>
Effective tax rate %	36%

The UK corporation tax charge is based on the 2010 UK corporation tax rate of 28%

11. INVESTMENT IN SUBSIDIARIES

	2010 \$
Investment in Long Island International Limited	256,460,906
Balance as at 31 December	<u>256,460,906</u>

The Company acquired a 99% stake in Long Island International Limited (LIIL) with a fair market value of \$4,495,601,243 on 23 December 2010 from Long Island Holdings A (LLC A) for no consideration paid to LLC A. LIIL repurchased its own shares on 23 December 2010 up to a fair market value of \$4,285,140,338, thereby reducing the Company's investment in subsidiary to \$211,460,906. The Company acquired the remained outstanding shares in LIIL from Patria Investments Limited on 30 December 2010 for a fair market value of \$45,000,000 for cash. At the end of the period, the investment in LIIL had a fair market value of \$256,460,906.

Name of subsidiary	Country of incorporation or residence	Nature of business	Proportion of ownership held (%)	Proportion of voting power held (%)
Long Island International Limited (LIIL)	England and Wales	Invest for its own account	100%	100%

12. LOANS AND ADVANCES

	2010 \$
Loans and advances to banks	26,921,721
Loans and advances to customers	5,046,342,054
	<u>5,073,263,775</u>

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. LOANS AND ADVANCES (continued)

Loans and advances to customers balance represents a loan to parent company Barclays Long Island Limited entered into on 23 December 2010, and maturing on 1 February 2011 with a principal amount of \$5,046,053,308. The carrying value of the loan is approximately its fair value at the end of the period with an interest rate of 0.2575%.

The remaining \$26,921,721 balance on the account represents cash on deposit with Barclays Bank PLC London Branch.

13. CURRENT TAXATION

	2010 \$
UK corporation payable	8,350,959
	<u>8,350,959</u>

14. ULTIMATE HOLDING COMPANY

Barclays Long Island Limited (BLIL) is the parent undertaking and controlling party. 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 accounts are available for public use from the Group Corporate Secretariat, 1 Churchill Place, London E14 5HP.

15. SHARE CAPITAL

	Share capital \$	Share premium \$	Total \$
As at 1 January 2010	-	-	-
Shares issued to parent	5,328,001	5,300,986,319	5,306,314,320
As at 31 December 2010	<u>5,328,001</u>	<u>5,300,986,319</u>	<u>5,306,314,320</u>

16. FINANCIAL RISKS

The Company's activities expose it to a variety of financial risks. These are liquidity risk, credit risk and market risk, which includes foreign currency risk, interest rate risk and price risk.

The Company's Directors are required to operate within the requirements of the Barclays Group risk management policies. These policies include specific guidelines on the management of foreign exchange, interest rate and credit risks, and advise on the use of financial instruments to manage them and comply with the requirements. The risks are managed on a portfolio basis and are identified on an exceptions basis.

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales. 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 FINANCIAL RISKS (continued)

Liquidity risk

This is the risk that the Company's cash and committed facilities may be insufficient to meet its debts as they fall due. The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC. These facilities are designed to ensure the Company has sufficient available funds for operations.

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

	2010	
	Current tax settlements	Total
	\$	\$
Financial liabilities repayable:		
On demand	8,350,959	8,350,959
Total	8,350,959	8,350,959

Credit Risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company. The Company assesses all counterparties on a portfolio basis to ensure the credit risk is maintained within Barclays Group risk management policy guidelines. The Company's assets are neither past due or impaired. The company's assets are of investment grade.

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

31 December 2010	Loans and advances
	\$
Loans and advances to banks	26,921,721
Loans and advances to customers	5,046,342,054
Total	5,073,263,775

The loans and advances to customers and banks balances are detailed in Note 12. The loan to parent company Barclays Long Island Limited and cash held at Barclays Bank PLC London Branch have industry and geographic distribution of Financial Institutions in the United Kingdom. The credit quality of the balance is Strong.

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

Market Risk

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

Loans and advances to banks earn interest based on variable rates, accordingly, interest income on these assets is exposed to interest rate risk. A change in 10 basis points in applicable interest rates would result in approximately \$5.05m change in interest income related to loans and advances to banks

Foreign currency risk

The Company is not exposed to foreign currency risk from future foreign currency transactions or recognised assets and liabilities. All investments on the Company's Balance Sheet are in USD

17. RELATED PARTY TRANSACTIONS

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

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

Barclays Long Island Limited (BLIL) is the parent undertaking and controlling party and Long Island International Limited (LIIL) is a wholly-owned subsidiary of the Company. During the period, there have been no other transactions with related parties other than transactions disclosed in Notes 8, 9, 11, 12, and 18

18. CAPITAL MANAGEMENT

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

The board of Directors is responsible for capital management and ensure that the Company operates within the Barclays Group risk framework

The Company regards as capital its equity reported on balance sheet

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern

Total capital of the Company is as follows

	Period Ended 2010 \$
Share capital	5,328,001
Share premium	5,300,986,319
Retained Earnings	15,059,402
Total Equity	<u>5,321,373,722</u>

LONG ISLAND ASSETS LIMITED

Registered Number in England & Wales 7450219

NOTES TO THE FINANCIAL STATEMENTS (continued)

18 CAPITAL MANAGEMENT (continued)

The Company issued shares to parent Barclays Long Island Limited (BLIL) on 23 December 2010 for consideration of net asset transfer from Long Island Holdings A (LLC A)

19. STAFF COSTS

There were no employees employed by the Company during 2010

20. COMPARATIVE

No comparative information as this is the first year of incorporation of the Company

21. POST BALANCE SHEET EVENTS

There were no post Balance Sheet events for the period ending 31 December 2010