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OTAGO INVESTMENTS NO.2 LIMITED

Report and Financial Statements
For the year ended 31 December 2010



REGISTERED NUMBER IN ENGLAND AND WALES: FC026463
REGISTERED NUMBER IN CAYMEN ISLANDS: MC15986

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463

DIRECTORS' REPORT

For the year ended 31 December 2010

The directors present their report together with the audited financial statements for the year ended 31 December 2010

Change in accounting framework

The financial statements have been prepared in accordance with the Overseas Companies Regulations 2009 (SI 2009/1801) made under section 1049 of the Companies Act 2006 (the "Regulations") Otago Investments No 2 Ltd (the "Company") has applied Section 396 of the Companies Act 2006, as modified by the Regulations, in producing overseas companies individual accounts

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

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

Review of business and future outlook

The principal activity of the Company is to act as an investment company No significant change in this activity is envisaged in the foreseeable future and the directors expect the Company's performance to be in line with the current year.

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

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

Results and dividends

During the year to 31 December 2010 the Company made a loss after tax of £4,489,727 (2009 profit after tax of £2,220,615) The directors did not declare or pay any dividends for the year (2009 nil) The directors consider that the performance of the Company has been satisfactory during the year The net assets of the Company at 31 December 2010 were £203,150,748 (2009 £207,640,615)

Directors

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

GMF Brawn
MPL Brown
P Shah

Since year end, GMF Brawn was removed as a director, H Watson and M Treharne were appointed as directors effective 08 September 2011

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463

DIRECTORS' REPORT (continued)

For the year ended 31 December 2010

Directors' third party indemnity provisions

Qualifying third-party indemnity provisions were in force during the course of the financial year 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 they may incur (or have incurred) in connection with their duties/powers of office

Statement of Directors' responsibilities

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

The directors are required by the Companies Act 2006 as applicable to overseas companies to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year

The directors consider that in preparing the financial statements

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and
- that the financial statements have been prepared on a going concern basis

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 2006, as applicable to overseas companies

The directors in office as at the date of this report confirm that

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

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

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

OTAGO INVESTMENTS NO.2 LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES FC026463

DIRECTORS' REPORT (continued)

For the year ended 31 December 2010

Independent Auditors

The directors have appointed PricewaterhouseCoopers LLP as Auditors to the Company
PricewaterhouseCoopers LLP have indicated their willingness to continue in office

BY ORDER OF THE BOARD



Director

Name H Watson

Date 14 November 2011

For and on behalf of Otago Investments No 2 Limited

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF OTAGO INVESTMENTS NO.2 LIMITED

We have audited the financial statements of Otago Investments No 2 Limited for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet and the related notes. These financial statements have been prepared on the basis of preparation and accounting policies in notes 2 and 3 to the financial statements.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in notes 2 and 3 to the financial statements and the Companies Act 2006 as applicable to overseas companies. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the directors for management purposes and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come including without limitation under any contractual obligations of the company, save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

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

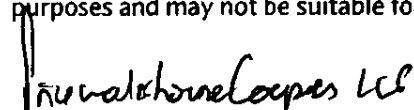
Opinion on financial statements

In our opinion the financial statements for the year ended 31 December 2010 have been properly prepared, in all material respects, in accordance with

- the basis of preparation and accounting policies in notes 2 and 3 to the financial statements, and
- the Companies Act 2006 as applicable to overseas companies

Basis of preparation

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



PricewaterhouseCoopers LLP

Chartered Accountants

London, United Kingdom

Date

18 November 2011

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Continuing operations:			
Interest receivable and similar income	4	8,076,092	10,925,078
Interest payable and similar charges	5	(9,862,613)	(13,161,166)
Net interest expense		<u>(1,786,521)</u>	<u>(2,236,088)</u>
Fair value (losses)/gains from assets and liabilities reported at fair value through profit and loss	6	(4,449,211)	5,319,967
Other income and expenses	7	-	309
(Loss)/profit before taxation	8	<u>(6,235,732)</u>	<u>3,084,188</u>
Tax credit/(charge) for the year	11	1,746,005	(863,573)
(Loss)/profit after tax		<u><u>(4,489,727)</u></u>	<u><u>2,220,615</u></u>

(Loss)/profit for the year is derived from continuing activities. The accompanying notes form an integral part of these financial statements.

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463

**STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010**

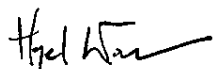
	2010 £	2009 £
(Loss)/profit for the year	(4,489,727)	2,220,615
Fair value (losses)/gains on available for sale assets	(195)	(44)
Current taxation credit / (charge)	55	12
Other comprehensive expense for the year net of tax	(140)	(32)
Total comprehensive (expense)/income for the year	(4,489,867)	2,220,583

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	2010 £	2009 £
ASSETS			
Non-current assets			
Investment in subsidiary	12	484,246,962	463,107,183
Available-for-sale investments	14	6,160	7,148
Called up share capital not paid		1	1
Total Non-current assets		484,253,123	463,114,332
Current assets			
Loans and advances	13	1,053,673,909	1,002,757,295
Cash and cash equivalents		15,343	12,737
Current tax recoverable		1,745,988	-
Total current assets		1,055,435,240	1,002,770,032
TOTAL ASSETS		1,539,688,363	1,465,884,364
LIABILITIES			
Current liabilities			
Borrowings	15	1,287,790,112	1,223,498,819
Current tax		-	863,640
Total current liabilities		1,287,790,112	1,224,362,459
Net current liabilities		(232,354,872)	(221,592,382)
Non-current liabilities			
Derivative financial instruments	16	48,747,503	33,881,290
Total Non-current liabilities		48,747,503	33,881,290
TOTAL LIABILITIES		1,336,537,615	1,258,243,749
NET ASSETS		203,150,748	207,640,615
SHAREHOLDERS' EQUITY			
Called up share capital	17	2,041,540	2,041,540
Share premium	17	202,112,449	202,112,449
Available-for-sale reserve	18	(1)	139
Retained earnings	18	(1,003,240)	3,486,487
TOTAL SHAREHOLDERS' EQUITY		203,150,748	207,640,615

The accompanying notes from an integral part of the financial statements

The financial statements were approved by the board of directors and authorised for issue on 14 November 2011 and were signed on its behalf by



Name of Director H Watson
Date 14 November 2011

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

The financial statements are prepared for Otago Investments No 2 Limited. The principal activity of the Company is to act as an investment Company. The Company is a wholly owned subsidiary of Otago Investments No 1 Limited and its ultimate parent Company is Barclays PLC. Barclays PLC prepares consolidated financial statements in accordance with IFRS, and accordingly consolidated financial statements have not been prepared for Otago Investments No 2 Limited. The Company's registered office is

PO Box 309,
Ugland House,
South Church Street,
George Town,
Grand Cayman,
KY1-1104
Cayman Islands

2. ACCOUNTING FRAMEWORK

The financial statements have been prepared in accordance with the Overseas Companies Regulations 2009 (SI 2009/1801) made under section 1049 of the Companies Act 2006 (the "Regulations"). The Company has applied Section 396 of the Companies Act 2006, as modified by the Regulations, in producing overseas companies individual accounts.

The Company applies the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"), as published by the International Accounting Standards Board ("IASB") and in accordance with the IFRSs and IFRIC interpretations as adopted by the European Union.

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

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

The preparation of these financial statements in conformity with the Regulations requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The Company has made full retrospective application of Section 396 as modified by SI 2009/1801 of Companies Act 2006 for presentation and disclosure purposes in its Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments. They are stated in Pound Sterling, which is the Company's functional and presentation currency.

Revenue Recognition

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

Foreign Exchange

Foreign currency transactions are translated into sterling using the average exchange rates during the year.

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 profit and loss account.

Interest

Interest income or expense is recognised on all interest bearing financial assets classified as available for sale, 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.

Fair value gains and losses from assets and liabilities reported at fair value through profit and loss

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

Taxation

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

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in subsidiary

Investments in subsidiaries 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, where there is objective evidence of impairment. Any impairment in the value of the investment is recognised in the profit and loss account.

Available for sale investments

Available for sale investments are non-derivative financial investments. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value, and gains and losses arising from changes in fair value are included as a separate component of equity until sale or impairment when the cumulative gain or loss is transferred to the profit and loss account except for the foreign exchange movements on monetary assets. The assets are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership.

Loans and receivables

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

Impairment of financial assets

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets, including trade receivables, is impaired. The factors that the Company takes into account include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties.

Impairment allowances are calculated, based on the difference between the carrying amount of the asset and its estimated recoverable amount, calculated by reference to the expected cash flows from it discounted at the original effective interest rate for the asset.

Derivative Financial Instruments

The Company is party to financial instruments that reduce exposure to price risk, interest rate risk and credit risk. These instruments comprise forward exchange contracts, a put option and a financial guarantee.

The Company uses derivatives to reduce its exposure to adverse movements in foreign currency exchange rates. Where the relationship between the hedge and the hedged item has been documented and is effective, hedge accounting is applied, depending on the risk being hedged.

OTAGO INVESTMENTS NO.2 LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES FC026463

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Determine 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.

Share Capital

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

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are paid or, if earlier, approved by the Company's shareholder.

Hedge accounting

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

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

Fair Value Hedge Accounting

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

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

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

Borrowings

Borrowings refer to debt securities issued by the Company and similar securities, and are recognised as a liability when a contractual agreement results in the Company having a present obligation to deliver cash or another financial asset to the holder. The liability is recognised at amortised cost using the effective rate of interest.

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

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
NOTES TO THE FINANCIAL STATEMENTS (continued)

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

Consolidated financial statements

The financial statements contain information about Otago Investments No 2 Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Companies Act 2006 provides an exemption in paragraph 402A from the requirement to prepare consolidated financial statements which the Company has elected to apply. Otago Investments No 2 Limited is a subsidiary of Barclays PLC and its results including those of its subsidiaries, are consolidated in the financial statements of its Barclays PLC. Barclays PLC is a Company registered in England and Wales.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Interest receivable from group undertakings	8,075,810	10,925,078
Interest receivable from available for sale investment	412	336
Amortisation of available-for-sale investment	(130)	(336)
	<u>8,076,092</u>	<u>10,925,078</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Interest payable to parent	6,118,665	8,266,308
Interest payable to group undertakings	3,743,948	4,894,858
	<u>9,862,613</u>	<u>13,161,166</u>

6. FAIR VALUE (LOSSES) / GAINS FROM ASSETS AND LIABILITIES REPORTED AT FAIR VALUE THROUGH PROFIT AND LOSS

	2010 £	2009 £
Fair value movements – derivatives with parent	(4,449,211)	5,319,967
	<u>(4,449,211)</u>	<u>5,319,967</u>

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
NOTES TO THE FINANCIAL STATEMENTS (continued)

7. OTHER INCOME AND EXPENSES

	2010 £	2009 £
Foreign exchange revaluation	-	309
Foreign exchange gain/(loss) on fixed asset investment	21,139,779	(51,257,302)
Foreign exchange (loss)/gain on instruments designated as fair value hedges	(21,139,779)	51,257,302
	-	309

8. (LOSS)/PROFIT BEFORE TAXATION

The audit fee is borne by another group company. Although the audit fee is borne by another group company, the fee that would have been charged to the Company amounts to £4,000 for the year (2009 £4,000). This fee is not recognised as an expense in the financial statements.

9. DIRECTORS' EMOLUMENTS

The directors did not receive any emoluments in respect of their services to the Company during the year (2009 £nil).

10. STAFF COSTS

There were no employees employed by the Company during the year (2009 none).

11. TAXATION

	2010 £	2009 £
UK corporation tax credit/(charge)	1,746,005	(863,573)
Tax credit/(charge) on (loss)/profit on ordinary activities	1,746,005	(863,573)

The UK corporation tax credit/(charge) is based on the UK corporation tax rate of 28% (2009 28%).

The overall tax credit/(charge) is explained in the following table:

	2010 £	2009 £
(Loss)/Profit on ordinary activities before tax	(6,235,732)	3,084,188
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28%	1,746,005	(863,573)
Tax credit/(charge) for the year	1,746,005	(863,573)

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
NOTES TO THE FINANCIAL STATEMENTS (continued)

12 INVESTMENT IN SUBSIDIARY

	2010 £	2009 £
Opening balance	463,107,183	514,364,485
Foreign exchange gains/(losses) on retranslation (note 7)	21,139,779	(51,257,302)
Closing balance	<u>484,246,962</u>	<u>463,107,183</u>

The Company holds 37,500 Class B stock and 37,500 Class C stock in Ostia Funding No 1 LLC. On 25 July 2007, Ostia Funding No 1 LLC reduced the par value of both stocks from \$10,000 to \$9,952. The Company still expects to recover its original investment in full. The Company revalues its investment in subsidiary as it has fair value hedges in place to minimize its exposure.

13. LOANS AND ADVANCES

	2010 £	2009 £
Loans and advances due from group undertakings	1,053,673,909	1,002,757,295

14. AVAILABLE FOR SALE INVESTMENTS

	2010 £ UK Gilts	2009 £ UK Gilts
Balance as at 1 January	7,148	7,483
Additions	6,164	-
Redemption on maturity	(7,000)	-
Revaluation deficit transferred to equity	(195)	(44)
Amortisation	75	(336)
Accrued interest	(32)	45
Balance as at 31 December	<u>6,160</u>	<u>7,148</u>

OTAGO INVESTMENTS NO.2 LIMITED
REGISTERED NUMBER IN ENGLAND AND WALES FC026463
NOTES TO THE FINANCIAL STATEMENTS (continued)

15 BORROWINGS

	2010 £	2009 £
Amounts due to parent undertaking	796,330,013	762,388,495
Amounts due to group undertakings	491,460,099	461,110,324
	<u>1,287,790,112</u>	<u>1,223,498,819</u>

Included within amounts due to parent undertakings is an amount of \$375,00,000 designated as a hedging instrument

16. DERIVATIVE FINANCIAL INSTRUMENTS

	31 December 2010 Fair value £	31 December 2009 Fair value £
Derivatives designated as fair value hedges		
Forward foreign exchange contract with parent	48,747,503	33,881,290
	<u>48,747,503</u>	<u>33,881,290</u>

The spot price of the forward foreign exchange contracts has been designated as a hedge of the investment in the Class C preference shares of Ostia Funding No 1 LLC (see note 12), and the equity investment in Ostia Funding No. 1 LLC Class C stock. The notional amount being hedged amounts to \$375,000,000

17. CALLED UP SHARE CAPITAL

	31 December 2010 £	31 December 2009 £
Authorised		
1,000,000,000 Ordinary shares of £0.01 each	10,000,000	10,000,000
Allotted and fully paid		
204,153,989 Ordinary shares of £0.01	2,041,540	2,041,540
Share premium		
204,153,989 Ordinary shares of £0.99	202,112,449	202,112,449

During 2006, the Company issued 204,153,989 Ordinary shares of £0.01 at a premium of £0.99. All shares have been paid in full with the exception of one subscriber share issued at a premium of £0.99 per share which was unpaid.

OTAGO INVESTMENTS NO.2 LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES FC026463

NOTES TO THE FINANCIAL STATEMENTS (continued)**18. RETAINED EARNINGS AND OTHER RESERVES**

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 profit and loss account on the disposal or maturity of the investment.

	Available for sale reserve	Retained earnings	Total
	£	£	£
Balance at 1 January 2010	139	3,486,487	3,486,626
Net profit for the year	-	(4,489,727)	(4,489,727)
Available for sale financial assets	(140)	-	(140)
Balance at 31 December 2010	(1)	(1,003,240)	(1,003,241)
	Available for sale reserve	Retained earnings	Total
	£	£	£
Balance at 1 January 2009	171	1,265,872	1,266,043
Net profit for the year	-	2,220,615	2,220,615
Available for sale financial assets	(32)	-	(32)
Balance at 31 December 2009	139	3,486,487	3,486,626

19. ULTIMATE HOLDING COMPANY

Otago Investments No 1 Limited 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. Barclays Bank PLC and Barclays PLC are incorporated in Great Britain and registered in England. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP.

OTAGO INVESTMENTS NO.2 LIMITED

REGISTERED NUMBER IN ENGLAND AND WALES FC026463

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. 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 plc is the parent undertaking and controlling party. During the period there have been no other transactions with related parties other than transactions disclosed in notes 4, 5, 6, 7, 12, 13, 15 and 16