

ASPET NOUVEAU INVESTMENTS LIMITED

Report and Financial Statements
For the period 1 September 2008 to 31 December 2009



REGISTERED NUMBER (CAYMAN ISLANDS): WK-216443
REGISTERED NUMBER (ENGLAND AND WALES): FC-028606

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

DIRECTORS' REPORT

For the period 1 September 2008 to 31 December 2009

The directors present their report together with the audited financial statements for the period from 1 September 2008 (the date of incorporation) to 31 December 2009

Review of business and future outlook

The Company was incorporated in the Cayman Islands on 1 September 2008 and established as a branch in the United Kingdom on 2 September 2008

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 future performance to be in line with the current period.

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 is not necessary for an understanding of the development, performance or position of the business.

Results and Dividends

During the period to 31 December 2009, the Company made a profit after tax of £308,623,513. The directors declared and paid ordinary dividends totalling £287,611,332 and preference dividends totalling £316,106,701 during the period. The company has net assets of £7,051,019,831.

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:

P Benson	(appointed 2 September 2008)	
E Edis	(appointed 4 March 2009)	
S Filippi	(appointed 4 March 2009)	
E Khairov	(appointed 2 September 2008)	
O Nunn	(appointed 2 September 2008)	(resigned 3 March 2009)
A Shah	(appointed 2 September 2008)	(resigned 27 February 2009)

Since year end, E Edis resigned as a Director of the Company on 7 May 2010. H Watson was appointed as a Director of the Company on 17 June 2010.

Directors' Indemnities

Qualifying third party indemnity provisions were in force during the course of the period ended 31 December 2009 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.

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

DIRECTORS' REPORT (continued)

For the period 1 September 2008 to 31 December 2009

Financial instruments

Barclays financial risk management objectives and policies, which are followed by the Company, including the policy for hedging each major type of forecasted transaction for which hedge accounting is used, and the exposure to market risk, credit risk and liquidity risk are set out in note 20 'Financial Risks'

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 1985, 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 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, 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
- 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

ASPET NOUVEAU INVESTMENTS LIMITED

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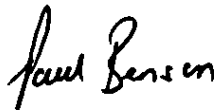
DIRECTORS' REPORT (continued)

For the period 1 September 2008 to 31 December 2009

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 ~~SAUL KILMER~~ PAUL BENSON

Date 1 October 2010

For and on behalf of

Aspet Nouveau Investments Limited

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF ASPET NOUVEAU INVESTMENTS LIMITED

We have audited the financial statements of Aspet Nouveau Investments Limited for the period ended 31 December 2009 which comprise the Income Statement, Balance Sheet, the Statement of Recognised Income and expense, the Statement of Cash Flow, the Accounting Policies 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 financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the directors to meet their obligations under the Companies Act 1985 applicable to overseas companies 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.

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 Companies Act 1985, as applicable to overseas companies. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS OF ASPET NOUVEAU 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 2009 and of its profit and cash flows for the period then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985, as applicable to overseas companies, and
- the information given in the Directors' Report is consistent with the financial statements



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom

Date 1 October 2010

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

INCOME STATEMENT**FOR THE PERIOD FROM 1 SEPTEMBER 2008 TO 31 DECEMBER 2009**

	Notes	For the period from 1 September 2008 to 31 December 2009
Continuing operations:		£
Interest receivable and similar income	5	309,330,422
Interest payable and similar charges		(16)
Net interest income		309,330,406
Other income	6	134,834
Profit on ordinary activities before taxation	7	309,465,240
Taxation	10	(832,727)
Profit for the period		308,632,513

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

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE PERIOD FROM 1 SEPTEMBER 2008 TO 31 DECEMBER 2009

	For the period from 1 September 2008 to 31 December 2009
Available for sale reserve	£
Losses from changes in fair value of available-for-sale investments	(1,877)
Taxation	526
Profit for the period	308,632,513
Total recognised income and expense for the period	<hr/> 308,631,162 <hr/>

ASPET NOUVEAU INVESTMENTS LIMITED

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BALANCE SHEET AS AT 31 DECEMBER 2009

	Notes	As at 31 December 2009 £
Non-current assets		
Investment in group undertaking	12	7,029,000,000
		<hr/> 7,029,000,000 <hr/>
Current assets		
Available-for-sale investments	13	968,516
Loans and advances	14	118,058,660
Other receivables	15	18,879,859
Cash at hand		39
		<hr/>
Total current assets		137,907,074
		<hr/>
TOTAL ASSETS		7,166,907,074
		<hr/>
Current liabilities		
Tax payable		(113,977)
Borrowings	16	(115,773,266)
		<hr/>
TOTAL LIABILITIES		(115,887,243)
		<hr/>
NET ASSETS		7,051,019,831
		<hr/>
SHAREHOLDERS' EQUITY		
Called up share capital	17	6,801
Share premium account	17	6,799,993,200
Capital contribution	18	-
Other distributable reserves	18	230,000,000
Retained earnings	18	21,021,181
Available-for-sale reserve	18	(1,351)
		<hr/>
TOTAL SHAREHOLDERS' EQUITY		7,051,019,831
		<hr/>

The notes 1 to 23 form an integral part of these financial statements. The financial statements were approved by the Board of Directors on 1 October 2010.

Director

Name ~~PAUL BENSON~~ PAUL BENSON

Date 1 October 2010

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 £
NET CASH FROM OPERATING ACTIVITIES	19	-
Cash from operating activities		
Interest received		290,282,530
Interest paid		(3)
Tax paid		(718,226)
NET CASH FROM OPERATING ACTIVITIES		289,564,301
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in preference shares in group undertaking		(7,029,000,000)
Loan to parent undertaking		(117,890,097)
Purchase of securities		(1,940,934)
Proceeds from the sale of securities		970,000
NET CASH USED IN INVESTING ACTIVITIES		(7,147,861,031)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from the issuance of ordinary share capital		6,800,000,001
Net proceeds from the issuance of preference share capital		513,532,005
Preference dividends paid		(316,106,701)
Preference shares redeemed		(93,095,675)
Effect of exchange rates on Euro denominated preference shares		11,318,707
Net proceeds from the capital contribution by parent		230,000,000
Ordinary dividends paid		(287,611,332)
Loan from Group undertaking		124,931
NET CASH FROM FINANCING ACTIVITIES		6,858,161,936
Effect of exchange rate changes on cash and cash equivalents		134,833
NET INCREASE IN CASH AND CASH EQUIVALENTS		39
Cash and cash equivalents brought forward		-
CASH AND CASH EQUIVALENTS CARRIED FORWARD		39
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash in hand		39
Amount due from parent undertakings		-
		39

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

NOTES TO THE FINANCIAL STATEMENTS

1 REPORTING ENTITY

The financial statements are prepared for Aspet Nouveau Investments Limited (the "Company"), the principal activity of which is to act as an investment company. The Company is a wholly owned subsidiary of Barclays Bank PLC which prepares consolidated financial statements in accordance with IFRS as adopted by the European Union and, accordingly, consolidated financial statements have not been prepared for Aspet Investments Limited

Aspet Nouveau Investments Limited is a limited company incorporated in the Cayman Islands. The Company's registered office is

Walker House
87 Mary Street
George Town
Grand Cayman
KY1 9005
Cayman Islands

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 Company is an overseas company and as such has prepared its financial statements in accordance with the Companies Act as applicable to overseas companies.

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.

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.

ASPET NOUVEAU INVESTMENTS LIMITED

Registered number in England and Wales FC028606

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign exchange

Foreign currency transactions are translated into Euros 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 income statement.

Non-monetary items recognised at historical cost are not re-translated at subsequent dates. Non-monetary items that are measured at fair value are re-translated using the exchange rate at the date when the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit and loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items whose fair value gains or loss are recognised in equity are included directly in equity.

Interest

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

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

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.

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 income statement. 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 advances

Loans and advances are recorded on balance sheet according to the substance of the contractual arrangement entered into. Loans and receivables are initially recorded at fair value, 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.

ASPET NOUVEAU INVESTMENTS LIMITED

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3. SIGNIFICANT ACCOUNTING POLICIES (continued)

NOTES TO THE FINANCIAL STATEMENTS (continued)

Determining fair value

The fair value of financial instruments is generally determined by reference to open market prices wherever possible. Where no such active market exists, the Company uses valuation techniques to arrive at fair value. These involve the use of market prices, calculating the expected cash flows under the terms of each specific contract, and discounting these back to their present value using an appropriate market based pricing model.

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.

Borrowings

Borrowings refer to Preference Shares issued and amounts borrowed by the Company. They 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. They are initially recognized at fair value including direct and incremental transaction costs and are subsequently measured at amortised cost. They are derecognised when the liability is extinguished.

The redeemable preference shares issued by the Company have been classified as a compound financial instrument in accordance with IAS 32 and are being split into their debt and equity components.

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.

Capital contribution

The capital contribution received from the company's parent undertaking has been recorded in 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 Money Market instruments 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 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.

Changes in the fair value of Money Market instruments that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Hedge accounting

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 income statement.

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 1 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

For Accounting period beginning on or after 1 January 2009

– IFRS 7

– IFRS 8

For Accounting period beginning on or after 1 January 2010

– Embedded derivatives Amendments to IFRIC 9 and IAS 39

– Eligible Hedged Items (an amendment to IAS 39)

– IAS 24 Related Party Disclosures

– IFRIC 19 – Extinguishing financial liabilities with equity instruments

– Improvements to IFRS 2008

– Improvements to IFRS 2009

– IAS 1 (revised)

IFRS 9 "Financial Instruments Classification and Measurement" 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's 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 Company is assessing the impacts of the first phase in the project, as well as following developments in the future phases.

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SEGMENTAL REPORTING

The Company has elected not to comply with the voluntary disclosure requirements of International Accounting Standard 14 and does not disclose segmental information, as such information is disclosed in the accounts of the parent company (see note 22)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	For the period from 1 September 2008 to 31 December 2009 £
Interest receivable from group undertakings	2,783,973
Dividends receivable on preference shares in group undertaking	306,491,216
Interest on available-for-sale investments	55,233
	<hr/>
	309,330,422
	<hr/>

6. OTHER INCOME AND EXPENSES

	For the period from 1 September 2008 to 31 December 2009 £
Foreign exchange gain not designated in a fair value hedge	134,834
Foreign exchange loss on preference shares issued (see note 20)	11,318,707
Foreign exchange (gain) on loan designated as a fair value hedge (see note 20)	(11,318,707)
	<hr/>
	134,834
	<hr/>

See Note 20 for more detail regarding the hedging of foreign exchange rate risk. The Company has designated money market instruments as a fair value hedge of the FX exposure on the preference shares it has issued.

7. PROFIT BEFORE TAXATION

There were no employees employed by the Company during the period. Auditors' remuneration during the period was borne by another group entity. The fee that would otherwise have been charged to the Company amounts to £6,000. This amount has not been included as an expense in the financial statements.

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)

8. DIRECTORS' EMOLUMENTS

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

9. STAFF COSTS

There were no employees employed by the Company during the period ended 31 December 2009

10. TAXATION

	For the period from 1 September 2008 to 31 December 2009 £
UK corporation tax	832,727
Tax on profit on ordinary activities	<u>832,727</u>

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

Taxation charged to Equity

Fair value movements on available for sale assets are recognised in equity and the current tax recognised on these fair value movements is also recognised in equity. An analysis of the tax (charge)/credit on items charged directly to equity is as follows -

	For the period from 1 September 2008 to 31 December 2009 £
Available for sale investments	(526)
Total credit to equity	<u>(526)</u>

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**10. TAXATION (continued)**

The tax effects relating to each component of other comprehensive income were as follows

	For the period from 1 September 2008 to 31 December 2009		
	Before Tax Amount	Tax credit	Net of tax amount
	£	£	£
Available for sale assets	(1,877)	526	(1,351)
Tax on components of other comprehensive income	(1,877)	526	(1,351)

The overall tax charge is explained in the following table

	For the period from 1 September 2008 to 31 December 2009 £
Profit on ordinary activities before taxation	309,465,240
Profit on ordinary activities multiplied by rate of corporation tax of 28%	86,650,267
Effect of	
Non taxable dividend income	(85,817,540)
Non taxable foreign exchange loss on preference shares	(3,169,238)
Non taxable foreign exchange gains on loan designated as fair value hedge	3,169,238
Current tax charge	832,727

11. DIVIDENDS

An analysis of dividends paid is as follows

	2009 £
Ordinary dividends paid: £42,290 per share	287,611,332

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)

12. INVESTMENT IN GROUP UNDERTAKING

	2009 £
Preference shares in group undertaking	7,029,000,000
	<hr/>
	7,029,000,000
	<hr/>

On 10 September 2008, the Company purchased 4,242 fixed rate Class A preference shares respectively in Larrau Nouveau Investments Limited ("Larrau") for a subscription price of £4,242,000,000. This amount represents 100% of the Class A preference share capital issued by Larrau.

On 29 October 2009, the Company purchased 2,787 fixed rate Class B preference shares in Larrau Nouveau Investments Limited ("Larrau") for a subscription price of £1,000,000 each. This amount represented 100% of the class B preference share capital issued by Larrau.

The preference shares in Larrau do not attract any voting rights and are not redeemable.

12. INVESTMENT IN GROUP UNDERTAKING (continued)

Additional details of the fixed rate pertaining to these shares are provided in Note 20, Financial Risks.

Larrau is a Cayman Islands incorporated company and its principal activity is to act as an investment company. The reporting date is 31 December. The fair value of the investment at 31 December 2009 is £7,328,861,887.

13. AVAILABLE-FOR-SALE INVESTMENTS

	2009 £
At start of the period	-
Additions	1,944,512
Revaluation deficit transferred to equity	(1,877)
Amortisation of discount	(16,617)
Interest receivable on available-for-sale investments	12,498
Disposals	(970,000)
	<hr/>
Balance carried forward	968,516
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The investments above represent investments in UK debt securities. The interest rate risk inherent in these debt securities is disclosed in Note 20.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**14. LOANS AND ADVANCES**

	2009 £
Amounts due from parent	117,890,097
Accrued interest on loan to parent	168,563
	<hr/> 118,058,660 <hr/>

The fair value of the Companies loans and advances as at 31 December 2009 approximate the carrying value. On 18 January 2010, the parent loan was repaid in its entirety (see note 16)

15. OTHER RECEIVABLES

	2009 £
Preference dividends receivable [†]	18,879,859
	<hr/> 18,879,859 <hr/>

Preference dividends are receivable from Larrau Nouveau Investments Limited, see Note 12

16. BORROWINGS

	2009 £
Preference shares	115,648,336
Loan from Group Undertaking	124,930
	<hr/> 115,773,266 <hr/>

The preference share liability detailed above consists of

	2009
Authorised.	€
350 Redeemable preference shares of a par value of €1 each	350
	<hr/> 350 <hr/>
Allotted and fully paid:	£
350 Redeemable preference shares of a par value of €1 each	115,648,336
	<hr/> 115,648,336 <hr/>

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**16. BORROWINGS**

The Directors consider that the carrying value of the Company's loan payable/preference shares approximates their fair values

	Euro	£
At start of the period	-	-
Issue of 250 Redeemable preference shares of €1,000,000 each	250,000,000	200,318,886
Dividends on preference shares	(146,555,810)	(115,768,248)
Share redemption	(103,444,190)	(93,095,675)
Foreign exchange losses / (gain) (note 20)	-	8,545,037
Issue of 350 Redeemable preference shares of €1,000,000 each	350,000,000	313,213,119
Dividends on preference shares	(220,103,845)	(200,338,453)
Foreign exchange losses / (gain) (note 20)	-	2,773,670
Carried forward	<u>129,896,155</u>	<u>115,648,336</u>

On 10 September 2008, the Company issued 250 redeemable preference shares at a subscription price of €1,000,000 per share

On 10 October 2008, the Company paid a contractual dividend of €146,555,810 on the preference shares. In accordance with the terms of the preference shares, when the contractual dividends are paid, the payment is treated as a repayment of capital, with no expense being reported in the income statement. On 7 April 2009, these preference shares were redeemed by the Company in full equal to the residual balance.

On 29 October 2009, the Company issued 350 redeemable preference shares at a subscription price of €1,000,000 per share.

On 26 November 2009, the Company paid a contractual dividend of €220,103,845 on the preference shares. In accordance with the terms of the preference shares, when the contractual dividends are paid, the payment is treated as a repayment of capital, with no expense being reported in the income statement. On 17 December 2009, these preference shares were purchased by Moselle Nouveau Investments Limited ('Moselle') and subsequent to year end, on 18 January 2010, Aspet Nouveau redeemed the preference shares in full. The associated loan to Moselle designated to hedge the foreign exchange exposure on the preference shares, was also repaid in full.

After all contractual dividends are paid, the preference shares pay a dividend determined by the unanimous consent of the Directors in their absolute discretion by reference to the funds of the Company lawfully available for distribution.

The preference shares may be redeemed by either the Company or the holder at any time upon the serving of a redemption notice. On redemption, the holder will receive the initial par value of the preference shares, less dividends paid. If a fellow subsidiary fails to meet certain commitments to the holder, which is considered to be highly unlikely, the Company will also have to pay a Euribor return.

On a return of capital or a liquidation or otherwise, the holders of the preference shares rank senior to the holders of the ordinary shares. The preference shares are held by the Company's parent.

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NOTES TO THE FINANCIAL STATEMENTS (continued)**17. SHARE CAPITAL**

	2009 £
Authorised 6,801 Ordinary shares of £1 each	6,801
	<hr/>
Allotted, called-up and fully paid 6,801 Ordinary shares of £1 each	6,801
Share premium 6,801 ordinary shares of €999,999 each	6,799,993,200
	<hr/>
	6,800,000,001
	<hr/>

The holders of the ordinary shares are entitled to vote at the general meetings of the Company and are entitled to receive such dividends as directors may declare

The ordinary shares are not redeemable and on a return of capital or liquidation or otherwise the holders of the preference shares rank senior to the holders of the ordinary shares. The holders of the ordinary shares are entitled to participate in the distribution of any surplus assets of the Company

18. RETAINED EARNINGS AND OTHER RESERVES

The Capital Contribution Reserve represents capital received by the Company's parent undertaking in order to fund the payment of dividends accruing on the preference share capital issued

The Other Distributable reserve represents payments made by the Company in respect of these preference shares

The available-for-sale reserve records the gains and losses arising from the changes in 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

	Available- for-sale reserve £	Capital contribution reserve £	Other distributable reserves £	Retained earnings £	Total £
At 1 September 2008	-	-	-	-	-
Net profit for the year	-	-	-	308,632,513	308,632,513
Fair value gain on available for sale investments	(1,877)	-	-	-	(1,877)
Tax on fair value gain on available for sale investments	526	-	-	-	526
Capital contributed by Parent	-	230,000,000	-	-	230,000,000
Transfer to other distributable reserve	-	(230,000,000)	230,000,000	-	-
Ordinary dividend paid	-	-	-	(287,611,332)	(287,611,332)
At 31 December 2009	(1,351)	-	230,000,000	21,021,181	251,019,830

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NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RECONCILIATION OF OPERATING PROFIT BEFORE TAX TO NET CASH USED IN OPERATING ACTIVITIES

	For the period from 1 September 2008 to 31 December 2009 £
Profit before tax	309,465,240
Amortisation	16,617
Interest received	(290,282,530)
Interest paid	3
Foreign Exchange	(134,834)
Net increase in accrued interest	(19,060,918)
Purchased accrued interest	(3,578)
Net cash used in operating activities	-

20. 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.

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 maintains a mixture of long term and short term committed facilities, including financial support from the parent, Barclays PLC. The Company seeks to match the cash flow profile of its assets and liabilities to ensure that it has sufficient funds to make payments when they fall due. These are designed to ensure the Company has sufficient available funds for operations and planned expansion.

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

Financial liabilities repayable:	£
- on demand	115,773,266

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)**20. FINANCIAL RISKS (continued)****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 manages its credit risk by contracting with entities within the Barclays Group and purchases gilts. 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 amounts and not the fair value. The exposure is reported gross and does not include any collateral or other credit risk mitigates which reduce the Company's exposure.

	Preference shares in group undertaking	Available for sale investments £	Loans and advances £	Total £
Carrying value	7,029,000,000	968,516	136,951,017	7,166,919,533
Total	7,029,000,000	968,516	136,951,017	7,166,919,533

The Company does not hold any collateral as security.

The table below describes the Company's credit exposure by industry type.

	Preference shares in group undertaking	Available for sale investments £	Loans and advances £	Total £
Other financial intermediaries	7,029,000,000	-	136,951,017	7,165,951,017
UK Government	7,029,000,000	968,516	-	968,516

There were no significant concentrations of credit risk.

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.

ASPET NOUVEAU INVESTMENTS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS (continued)

20. FINANCIAL RISKS (continued)

Interest rate risk

Interest rate risk is 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. The Company's interest rate risk arises from long term borrowings.

Interest rate sensitivity analysis

The sensitivity of the income statement is the effect of assumed changes in interest rates on the net interest income for one year, based on the floating rate non-trading financial assets and financial liabilities held at 31 December 2009, including the effect of hedging instruments. The company has floating rate non-trading financial assets at 31 December 2009 of £118,015,027.

Impact on net interest income

The Company has considered the effect on interest of a 100 basis points change. This analysis has been performed by applying a 100 basis point change to the outstanding principal of the positions which bear floating rate interest and as such, the fixed rate issued preference shares are not included in the analysis. The impact would be as follows:

	+100 basis points 2009	-100 basis points 2009
Total	1,180,150	-1,180,150
As a percentage of net interest income	0.49%	-0.49%

Foreign currency risk

At 31 December 2009, the Company had net EURO assets of €130,084,993 and net euro liabilities of €129,896,155. The Euro liability consists of preference shares currently held by Moselle Nouveau Investments Limited. The Company has designated a fair value hedge using a Euro denominated loan to mitigate the exposure that movements in the Euro exchange rate have on the value of their liability.

During the period, foreign exchange gains on the loan designated as hedging instruments totalled £9,726,751. The foreign exchange loss on the hedged item, being the preference shares held by Moselle Nouveau Investments Limited totalled £9,726,751 (see note 6).

No sensitivity risk analysis is presented as the net euro assets and net euro liabilities almost net off hence the impact is negligible.

Fair values of financial instruments

The fair values of financial instruments are disclosed in the respective notes to the accounts.

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NOTES TO THE FINANCIAL STATEMENTS (continued)

21. 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

Moselle Nouveau Investments 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 5, 11, 12, 14, 15, 16 and 17

22. ULTIMATE HOLDING COMPANY

The Company's immediate parent undertaking is Moselle Nouveau Investments Limited, a company incorporated in the Cayman Islands. 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 presents consolidated financial statements is Barclays PLC. Barclays Bank Plc and Barclays Plc are incorporated in Great Britain and registered in England. The statutory financial statements of all three companies are available from the Barclays Corporate Secretariat, 1 Churchill Place London E14 5HP

23. CAPITAL MANAGEMENT

The Company is required to follow the risk management policies of Barclays PLC, its ultimate parent, which include guidelines covering capital management. The capital management objectives and policies for Barclays PLC can be found in its financial statements (see note 24)

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 share capital, share premium, capital contribution from the parent, other distributable reserves, retained earnings and borrowings (being preference shares issued). Although the preference shares in issue are redeemable on demand, the directors expect that these funds will remain available to the company in support of its continuing activities and they are therefore managed as part of the capital of the company

Total capital of the Company is as follows

	2009
	£
Called up share capital	6,801
Share Premium	6,799,993,200
Capital contribution	-
Other Distributable reserves	230,000,000
Retained Earnings	21,021,181
Preference shares issued	115,773,280
Total capital resources	<u>7,166,794,462</u>