INVESTORS IN INFRASTRUCTURE LIMITED

Report and Financial Statements
For the year ended 31 December 2002



REGISTERED NUMBER: 2052321

INVESTORS IN INFRASTRUCTURE LIMITED

DIRECTORS' REPORT
For the year ended 31 December 2002

The directors present their report together with the audited financial statements for the year ended 31 December 2002.

Review of business

The principal activities of the Company were as a limited partner investor in the Barclays UK Infrastructure Fund and the Barclays European Infrastructure Fund, investment funds established to invest in public and private infrastructure projects.

Results and Dividends

During the year the Company made a profit after taxation of £210,386 (2001: £22,132,030). The directors did not recommend the payment of a dividend (2001: £20,000,000).

Directors

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

Barometers Limited
Barcosec Limited
T S Lamb
G R White

Directors' Interests in Shares

The directors have no beneficial interest in the shares of the Company. The directors are also directors of Barclays Directors Limited and their interests in the holding company are disclosed in the accounts of that company.

Statement of Directors' Responsibilities

The following statement, which should be read in conjunction with the Auditors' Report set out on page 3, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the Auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 10,

- 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.

DIRECTORS' REPORT (continued)
For the year ended 31 December 2002

Statement of Directors' Responsibilities (continued)

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 1985.

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

Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 11 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

On 3 January 1991 an Elective Resolution was passed by the shareholders of the Company pursuant to Section 386 of the Companies Act 1985 to dispense with the obligation to appoint Auditors annually. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

BY ORDER OF THE BOARD



G R White
Director

Registered Office
54 Lombard Street
London EC3P 3AH
24 March 2003

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INVESTORS IN INFRASTRUCTURE LIMITED

We have audited the financial statements on pages 4 to 10, which comprise the profit and loss account, the balance sheet and the related notes, which have been prepared under the historical cost convention, and accounting policies set out on page 6.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on pages 1 and 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London, United Kingdom 24 March 2003

INVESTORS IN INFRASTRUCTURE LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Note	2002 £'000	2001 £'000
Gains on Sale of Investments		-	21,710
Administrative expenses		(3)	(3)
Operating Profit		(3)	21,707
Other Interest receivable and similar income	5	303	505
Profit on ordinary activities before taxation		300	22,212
Tax on profit on ordinary activities	6	(90)	(80)
Profit on ordinary activities after taxation		210	22,132
Dividends payable	7	-	(20,000)
Retained profit for the financial year	12	210	2,132

All recognised gains and losses are included in the profit and loss account.

Operating profit are derived from continuing activities.

There is no difference between the results disclosed in the profit and loss account and the results on a modified historical cost basis.

The notes on pages 6 to 10 form an integral part of these financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2002

	Note	2002 £'000	2001 £'000
FIXED ASSETS			
Investments	8	6,097	3,281
CURRENT ASSETS			
Debtors falling due within one year	9	7,937	10,533
CREDITORS: Amounts falling due within one year	10	(90)	(80)
NET CURRENT ASSETS		7,847	10,453
NET ASSETS		13,944	13,734
CAPITAL AND RESERVES			
Called up share capital	11	11,597	11,597
Profit and loss account	12	2,347	2,137
Total shareholders' funds	13	13,944	13,734

A reconciliation of movement in shareholders' funds is given in note 13.

The notes on pages 6 to 10 form an integral part of these financial statements.

The financial statements on pages 4 to 10 were approved by the Board of Directors on 24 March 2003.

G R White
Director

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting

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

In the opinion of the directors, disclosure of turnover is most appropriately represented for the Company by Gains on Sale of Investments.

Investments

Investments are held at cost less any provisions for permanent diminution in value.

Investment Income

Investment income is recognised when received.

Deferred Tax

Deferred tax is provided in full in respect of timing differences that have originated but not reversed at the balance sheet date, except where the likelihood of a deferred tax liability crystallising in the foreseeable future is remote. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not provided on permanent differences. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recoverable. Deferred tax is not discounted.

Adoption of new accounting standards

A change in accounting policy has arisen from the adoption in 2002 of Financial Reporting Standard 19 'Deferred tax' (FRS 19). The adoption of FRS 19 has not resulted in the restatement of prior years profit and loss account or balance sheet.

There have been no other significant changes to the accounting policies as described in the 2002 Financial statements.

2. CASH FLOW STATEMENT

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after taking account of auditors' remuneration of £2,937 (2001: £2,937).

There were no employees employed by the Company during 2002 or 2001.

4. DIRECTORS' EMOLUMENTS

The Directors did not receive any emoluments in respect of their services to the Company during the year (2001: nil).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2002 £'000	2001 £'000
Interest receivable from group undertakings	301	505
Other interest receivable	2	-
	303	505

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £'000	2001 £'000
Current tax:		
United Kingdom taxation on income for the period	90	151
Adjustment in respect of prior years	-	(71)
Tax on profit on ordinary activities	90	80

The tax charge is based on an effective UK corporation tax rate of 30% (2001: 30%).

The overall tax charge is explained in the following table:	2002 £'000	2001 £'000
Tax charge at average UK corporation tax rate of 30%	90	6,664
Prior year adjustments	-	(71)
Gains covered by capital losses brought forward	-	(6,513)
Overall tax charge	90	80
Effective rate %	30%	0.36%

The market values of Investment securities are disclosed in note 8. If the Investment securities were sold at the valuation amount, it is expected that tax of £nil would arise (2001: Nil). The amount of tax payable would be dependent upon the allocation of the substantial capital losses available within the Group to reduce any capital gains that may arise.

7. DIVIDENDS

	2002 £'000	2001 £'000
Dividends on ordinary shares:		
Interim Dividend Paid (2001:£1.724p)	-	20,000
	-	20,000

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. FIXED ASSET INVESTMENTS

	2002 £'000
Cost	
At 1 January	3,281
Additions	3,609
Disposals	(793)
At 31 December	6,097
Net Book Value	
At 31 December 2002	6,097
At 31 December 2001	3,281

In the opinion of the Directors the estimated market value of investments is the same as the Net Book Value. All investments are unlisted.

9. DEBTORS

	2002 £'000	2001 £'000
Amounts owed by group undertakings	7,937	10,533

10. CREDITORS: Amounts falling due within one year

	2002 £'000	2001 £'000
Taxation payable	90	80

11. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
Authorised:		
25,000,000 ordinary shares of £1 each	25,000	25,000
Allotted and fully paid:		
11,597,077 ordinary shares of £1 each	11,597	11,597

12. RESERVES

	Profit & Loss Account 2002 £'000
At 1 January	2,137
Retained profit for the financial year	210
At 31 December	2,347

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Profit for the financial year	210	22,132
Dividends	-	(20,000)
Net proceeds of issue of ordinary share capital	-	1,379
Net addition to shareholders' funds	210	3,511
Opening shareholders' funds	13,734	10,223
Closing shareholders' funds	13,944	13,734

14. CAPITAL AND OTHER COMMITMENTS

The Company has undertaken to make further investment through the Barclays European Infrastructure Fund amounting to £20,610,275.

As at 31 December 2002 there were no called amounts unpaid.

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption under the provisions of Financial Reporting Standard 8 ("FRS 8"), Related Party Disclosures not to disclose transactions with other group companies since the Company is a wholly owned subsidiary of Barclays Bank PLC, the consolidated financial statements of which are publicly available.

The Company is a Limited Partner in the Barclays UK Infrastructure Fund and the Barclays European European Infrastructure Fund. All transactions with these entities are disclosed as Gains on Sale of Investments in the Profit and Loss Account and Fixed Asset Investments on the Balance Sheet. There are no outstanding balances at the year end.

Barclays Private Equity Limited, a fellow group company, is the Manager of the Barclays UK Infrastructure Fund.

Barclays Private Equity Limited, a fellow group company, is the Manager of the Barclays European Infrastructure Fund in which the Company has made a capital contribution of £6,096,822.

Barclays Infrastructure Limited, a fellow group company, is the General Partner of the Barclays UK Infrastructure Fund.

Barclays European Infrastructure Limited, a fellow group company, is the General Partner of the Barclays European Infrastructure Fund.

BUKIF Management Limited, a fellow group company, is a Limited Partner of the Barclays UK Infrastructure Fund.

BEIF Management Limited, a fellow group company, is a Limited Partner of the Barclays European Infrastructure Fund.

The Directors are not aware of any other transactions undertaken by the Company with a related party other than with group companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. ULTIMATE HOLDING COMPANY

The parent undertaking of the smallest group that presents group accounts is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Both companies are incorporated in Great Britain and registered in England and Wales. Barclays Bank PLC's and Barclays PLC's statutory accounts are available from the Group Corporate Secretariat, 54 Lombard Street, London EC3P 3AH.