

GERRARD INVESTMENT MANAGEMENT LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008**

REGISTERED NUMBER: 2752982

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GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Directors' report and financial statements

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GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 December 2008.

Review and principal activities

The principal activity of Gerrard Investment Management Limited ('the Company') is to manage investments and provide dealing facilities for private clients, pension funds and charities on an agency basis. The Company will continue to be engaged in these activities for the foreseeable future. The Company is regulated by the Financial Services Authority.

Business performance

The results of the Company show a profit before tax of £3,517,000 (2007: £23,601,000) for the year and total recognised income of £2,515,000 (2007: £16,514,000). The Company has net debt of £nil (2007: £nil). Net cash outflow from operating activities for 2008 was £19,964,000 (2007: inflow of £7,880,000).

Future outlook

We remain confident that we will maintain our current level of performance in the future.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks and uncertainties of the Barclays PLC group and are not managed separately. Accordingly, the principal risks and uncertainties of the Barclays PLC group, which include those of the Company, are discussed in Barclays PLC annual report which does not form part of this report.

Key performance indicators

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business cluster for the Company, is discussed in the Barclays PLC annual report which does not form part of this report.

Results and dividends

During the year the Company made a profit after tax of £2,515,000 (2007: £16,514,000). An interim dividend of £3,500,000 was paid on 27 June 2008 (2007: £30,000,000). The Directors do not recommend the payment of a final dividend (2007: £nil).

Directors

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

M A Kibblewhite
S J Weld
F Riza

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Directors' report (continued)

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 have prepared the financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union.

The Directors consider that in preparing the financial statements on pages 4 to 22:

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates;
- that all the accounting standards, which they consider to be applicable have been followed;
- that the financial statements comply with IFRSs as adopted by the European Union; and
- that the financial statements have been prepared on a going concern basis.

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

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

Financial risk management

The main financial risks that the Company is exposed to, and its risk management policies and objectives in relation to those risks, are set out in note 21 to the financial statements.

Directors' indemnities

Qualifying third-party indemnity provisions (as defined by section 236 of the Companies Act 2006) were in force during the course of the financial year ended 31 December 2008 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.

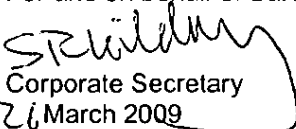
Auditors and disclosure of information to auditors

On 20 December 2004, 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.

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) 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.

BY ORDER OF THE BOARD

For and on behalf of Barcosec Limited


Corporate Secretary
26 March 2009

GERRARD INVESTMENT MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GERRARD INVESTMENT MANAGEMENT LIMITED

We have audited the financial statements of Gerrard Investment Management Limited for the year ended 31 December 2008 which comprise the Income Statement, the Statement of Recognised Income and Expense, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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 into 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 whether the financial statements have been properly prepared in accordance with the Companies Act 1985. 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Company's affairs as at 31 December 2008 and of its profit and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

30 March 2009

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Income statement

	Notes	2008 £000	2007 £000
Continuing operations			
Revenue	4	85,334	116,909
Gross profit		85,334	116,909
Administrative expenses		(86,237)	(100,729)
Operating (loss)/profit		(903)	16,180
Finance income – net	5	4,420	7,421
Profit before taxation	6	3,517	23,601
Taxation	8	(1,002)	(7,087)
Profit for the year		2,515	16,514

Year ended 31 December 2008

Statement of recognised income and expense

	2008 £000	2007 £000
Profit for the year	2,515	16,514
Total recognised income for the year	2,515	16,514

The accompanying notes on pages 7 to 22 form an integral part of the accounts.

GERRARD INVESTMENT MANAGEMENT LIMITED

At 31 December 2008
Balance sheet

	Notes	2008 £000	2007 £000
ASSETS			
Non-current assets			
Investment in subsidiaries	10	4	4
Deferred tax assets	14	61	85
Total non-current assets		<u>65</u>	<u>89</u>
Current assets			
Trade and other receivables	11	47,545	50,785
Cash and cash equivalents		30,096	53,560
Total current assets		<u>77,641</u>	<u>104,345</u>
Total assets		<u>77,706</u>	<u>104,434</u>
LIABILITIES			
Current liabilities			
Trade and other payables	12	(29,514)	(55,031)
Current tax liabilities	13	(975)	(144)
Provisions	15	(191)	(1,248)
Total current liabilities		<u>(30,680)</u>	<u>(56,423)</u>
Net current assets		<u>46,961</u>	<u>47,922</u>
Net assets		<u>47,026</u>	<u>48,011</u>
SHAREHOLDERS' EQUITY			
Called up share capital	16	22,325	22,325
Share premium account	16	7,425	7,425
Retained earnings	18	17,276	18,261
Total shareholders' equity		<u>47,026</u>	<u>48,011</u>

The accompanying notes on pages 7 to 22 form an integral part of the accounts.

The financial statements were approved by the Board of Directors and authorised for issue on 26 March 2009 and were signed on its behalf by:

M A Kibblewhite

M A Kibblewhite
Director
26 March 2009

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Cash flow statement

	2008 £000	2007 £000
Continuing operations		
Profit before taxation	3,517	23,601
Adjustment for finance costs - interest paid	106	30
Adjustment for finance income - interest received	(4,526)	(7,451)
Other provisions for liabilities and charges	(211)	(1,267)
Net decrease in trade and other receivables	4,716	5,626
Net decrease in trade and other payables	(8,795)	(7,171)
Net increase/(decrease) in balances due to group undertakings	(19,490)	4,700
Cash from/(used in) operating activities	(24,683)	18,068
 Interest received	4,972	7,414
Interest paid	(106)	(30)
Tax paid	(147)	(17,572)
Net cash from/(used in) operating activities	(19,964)	7,880
 Cash flows from financing activities		
Dividends paid	(3,500)	(30,000)
Net cash used in financing activities	(3,500)	(30,000)
 Net decrease in cash and cash equivalents	(23,464)	(22,120)
Cash and cash equivalents at 1 January	53,560	75,680
Cash and cash equivalents at 31 December	30,096	53,560
 Cash and cash equivalents comprise:		
Cash and balances with banks	30,096	53,560
	30,096	53,560

The accompanying notes on pages 7 to 22 form an integral part of the accounts.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008
Notes to the financial statements

1 Reporting entity

These financial statements are prepared for the Company, the principal activity of which is to manage investments and provide dealing facilities for private clients, pension funds and charities on an agency basis. The financial statements are prepared for the Company only. The Company is a wholly owned subsidiary of Barclays Bank PLC and its ultimate parent company is Barclays PLC, both of which prepare consolidated financial statements in accordance with IFRS.

The Company is a private limited company, incorporated in Great Britain. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP.

2 Compliance with International Financial Reporting Standards

The financial statements have been prepared in accordance with IFRS, adopted by the European Union, International Financial Reporting Interpretations Committee ("IFRIC") interpretations and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS.

Standards, amendments and interpretations effective in 2008 but not relevant

IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'
IFRIC 11, 'IFRS 2 – Group and treasury share transactions'
IFRIC 12, 'Service concession arrangements'
IFRIC 13, 'Customer loyalty programmes'

Standards, amendments and interpretations to existing standards not yet effective

IFRS 8, Operating segments – Effective 1 January 2009
IAS 23, Borrowing costs - Effective 1 January 2009
IAS 1 (revised), Presentation of financial statements - Effective 1 January 2009
IFRS 2 (amendment), Share based payment - Effective 1 January 2009
IAS 32 (amendment), Financial instruments: Presentation - Effective 1 January 2009
IAS 27 (revised), Consolidated and separate financial statements - Effective 1 January 2009
IFRS 3 (revised), Business combinations - Effective 1 January 2009
IFRS 5 (amendment), Business combinations - Effective 1 January 2009
IAS 23 (amendment), Borrowing costs - Effective 1 January 2009
IAS 28 (amendment), Investments in associates - Effective 1 January 2009
IAS 36 (amendment), Impairment of assets - Effective 1 January 2009
IAS 38 (amendment), Intangible assets - Effective 1 January 2009
IAS 19 (amendment), Employee benefits - Effective 1 January 2009
IAS 39 (amendment), Financial instruments: Recognition and measurement - Effective 1 January 2009
IAS 1 (amendment), Presentation of financial statements - Effective 1 January 2009

The Directors do not anticipate that the adoption of any of the above standards, amendments or interpretations will have a material impact on the Company's financial statements in the period of initial application.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting 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 thousands of pounds sterling, £000, the currency of the country in which the Company is incorporated.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the accounting policies. The notes to the financial statements set out those areas involving a higher degree of judgement or complexity where relevant, or areas where assumptions are significant to the financial statements.

a) Investments in subsidiaries

A subsidiary is an entity in which the Company controls the operating and financial policies, by holding directly or indirectly more than 50% of the equity shares, or by other means.

Unless they are considered to be permanently impaired, investments in subsidiary undertakings are stated at historic cost. Investments in subsidiary undertakings which are considered to be permanently impaired are written down to their underlying net asset value.

b) Foreign currency translation

The financial statements are presented in sterling, which is the functional currency of the Company.

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions. Monetary items denominated in foreign currencies are retranslated at the rate prevailing at the year end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

c) Fees and commissions and other income arising from customer deposits

Fees, commission and other income arising from customer deposits are recognised on an earned basis.

d) 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.

e) Taxation

Corporation tax payable on taxable profits ('current tax'), is recognised as an expense in the period in which the profits arise. Corporation 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.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

Deferred tax is provided in full, using the liability method, on temporary timing differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

f) Financial assets and liabilities

The Company recognises financial instruments from the contract/trade date, and continues to recognise them until, in the case of assets, the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership, or in the case of liabilities, until the liability has been settled, extinguished or has expired.

Financial assets are initially recognised at fair value and then classified in the following categories and dealt with in the financial statements as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They include trade receivables. Loans and receivables are stated at amortised cost using the effective interest method. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised costs, using the effective interest method.

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities and liabilities designated at fair value, which are held at fair value through profit or loss.

Determining fair value

Where the classification of a financial instrument requires it to be stated at fair value, this is determined by reference to the quoted bid 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.

Impairment of financial assets

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

The Company also considers observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, arising from adverse changes in the payment status of borrowers in the portfolio and national or local economic conditions that correlate with defaults on assets in the portfolio.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

The Company first assesses whether objective evidence of impairment exists individually for individually significant financial assets and then collectively assesses remaining financial assets that are not individually significant. In addition, portfolios of financial assets with similar credit risk characteristics are also collectively assessed.

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 discounted at the original effective interest rate for the asset.

Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously.

g) Dividends

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

h) Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

i) Cash and cash equivalents

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

j) Balances with market counterparties and clients

In accordance with market practice certain balances with clients, Stock Exchange member firms and settlement offices are included in trade and other receivables and payables gross for their unsettled bought and sold transactions respectively.

k) Segregated funds

Segregated funds held by the Company on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority and the corresponding liability to the clients is not shown on the face of the balance sheet as the Company is not beneficially entitled thereto. The amount held on behalf of clients at the financial year is stated in note 20.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

4 Revenue

All of the Company's revenue is derived from the provision of services.

5 Finance income - net

Finance income - net comprise the following:

	2008 £000	2007 £000
Interest income		
Loans and advances to banks - income	4,526	7,451
Total interest income	<u>4,526</u>	<u>7,451</u>
Interest expense		
Other interest payable	(106)	(30)
Total interest expense	<u>(106)</u>	<u>(30)</u>
Finance income - net	<u>4,420</u>	<u>7,421</u>

6 Profit before taxation

The following items have been charged/(credited) in arriving at profit before taxation:

	Notes	2008 £000	2007 £000
Management service charges		84,159	97,357
Other management service charges		2,020	4,320
Provision for client compensation	15	(212)	(1,267)

The audit fees for 2008 and 2007 have been met by a group undertaking.

Other management service charges relate to restructuring and strategic investment activities undertaken on behalf of the Company.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

7 Employees and key management, including Directors

There were no employees employed by the Company during 2008 and 2007. At the year end all staff were employed by Barclays Bank PLC.

Directors' remuneration

The aggregate emoluments of the Directors of the Company disclosed in accordance with Schedule 6 of the Companies Act 1985 are as follows:

	2008 £000	2007 £000
Aggregate emoluments	472	2,035
Aggregate amounts receivable under long-term incentive schemes	-	443
	<u>472</u>	<u>2,478</u>

One Director of the Company is accruing retirement benefits under a defined benefit scheme in relation to qualifying services (2007: One). One Director is accruing benefits under a defined contribution pension scheme operated by another Barclays Group Company (2007: One). During the year, no additional contributions were made to these pension schemes (2007: £nil).

No Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during the year (2007: One).

Highest paid Director

The aggregate emoluments of the highest paid director were as follows:

	2008 £000	2007 £000
Aggregate emoluments and benefits under long term incentive schemes	<u>342</u>	<u>2,060</u>

Directors' and Officers' Loans

As at 31 December 2008, there were no amounts outstanding under transactions, arrangements and agreements made by the Company with parties who are, or were during the year, directors of the Company and persons connected with them and for Officers, within the meaning of the Financial Services and Markets Act 2000.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

8 Taxation

The analysis of the charge for the year is as follows:

	Notes	2008 £000	2007 £000
Current tax:			
United Kingdom corporation tax		978	6,894
Deferred tax:			
United Kingdom corporation tax	14	24	193
Total charge		<u>1,002</u>	<u>7,087</u>

A numerical reconciliation of the applicable tax rate and the effective tax rate is as follows:

	2008 £000	2007 £000
Profit before taxation	<u>3,517</u>	<u>23,601</u>
Tax charge at average UK corporation tax rate of 28.5% (2007: 30%)	1,003	7,080
Prior year adjustments	(1)	1
Change to standard UK corporation tax rate	-	6
Overall tax charge	<u>1,002</u>	<u>7,087</u>
Effective tax rate %	<u>28.46%</u>	<u>30.03%</u>

9 Dividends

An analysis of dividends paid is as follows:

	2008 £000	2007 £000
Interim paid 15.68p (2007: 134.38p) per share	<u>3,500</u>	<u>30,000</u>

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

10 Investments in subsidiaries

Movements in, and details of, the Company's long-term investments in subsidiaries are as follows:

	2008 £000	2007 £000
At 1 January and 31 December	<u>4</u>	<u>4</u>

Particulars of the Company's principal subsidiaries on 31 December 2008 were as follows:

Country of registration or incorporation	Company name	Nature of business	Percentage of equity capital held
England	Albert E Sharp Limited (In Liquidation 12/02/2008)	Nominee company	100%
England and Wales	Gerrard Nominees Limited	Nominee company	100%
England	Gerrard Vivian Gray Limited (In Liquidation 21/12/2007)	Security broking and fund management	100%
England	Greig Middleton Nominees Limited	Nominee company	100%
England	Gerrard Limited (In Liquidation 21/12/2007)	Nominee company	100%
Scotland	R.C. Greig Nominees Limited	Nominee company	100%
England	Vivian Gray Nominees Limited	Nominee company	100%

None of the Company's subsidiaries traded or had a significant impact on its net assets in either year.

In the opinion of the Directors, the value of the Company's investment in its subsidiary undertakings is not less than the amount at which it is included in the balance sheet £4,000 (2007: £4,000).

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

11 Trade and other receivables

An analysis of trade and other receivables is as follows:

	2008	2007
	Gross	Gross
	£000	£000
Trade receivables	30,473	28,537
Due from related parties	1,927	5
Other receivables	3,867	5,915
Accrued income	11,278	16,328
	<u>47,545</u>	<u>50,785</u>

The Directors consider that the carrying value of the Company's trade receivables approximates to their fair value.

No impairment has been recognised. The specific financial risks to which the Company is exposed in relation to these balances are discussed further in Note 21: Financial risks.

12 Trade and other payables

An analysis of trade and other payables is as follows:

	2008	2007
	£000	£000
Trade payables	23,094	30,213
Due to related parties	3,635	21,203
Accrued expenses	326	141
Other payables	2,459	3,474
	<u>29,514</u>	<u>55,031</u>

The Directors consider that the carrying amount of trade payables approximates their fair value.

13 Current tax liabilities

Current tax liabilities are as follows:

	2008	2007
	£000	£000
United Kingdom corporation tax payable	<u>975</u>	<u>144</u>

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

14 Deferred tax

The components of and the movement on the deferred income tax account during the year was as follows:

	2008 £000	2007 £000
At 1 January	85	278
Income statement charge	(24)	(159)
Adjustment in respect of prior year	-	(28)
Change to standard UK corporation tax rate	-	(6)
At 31 December	61	85

Deferred taxes are provided in full on temporary differences under the liability method using a principal tax rate of 28% (2007: 28%).

The deferred tax asset is attributable to temporary differences arising in respect of the following items:

	2008 £000	2007 £000
Accelerated tax depreciation	61	78
Other temporary differences	-	7
Deferred tax assets	61	85

The deferred tax charge in the income statement comprises the following temporary differences:

	2008 £000	2007 £000
Accelerated tax depreciation	(17)	(28)
Provisions	(7)	(131)
Prior year adjustments	-	(28)
Change to standard UK corporation tax rate	-	(6)
Net deferred tax charge	(24)	(193)

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

15 Provisions

Movements on the Company's provisions for client compensation in the year are as follows:

	2008 £000	2007 £000
At 1 January	1,248	3,368
Cash received/(paid)	508	(868)
Income statement credit	(212)	(1,267)
Insurance grossings	(1,353)	15
At 31 December	191	1,248

The provision for client compensation, which encompasses split capital investment trusts, has been determined by reference to industry averages, the number and type of reviewable cases, specific amendments of the expected outcomes of individual claims and actual payments made by the Company. It is stated gross of insurance recoveries of £nil (2007: £412,000).

16 Share capital

Particulars of the Company's share capital are as follows:

	2008 £000	2007 £000
Authorised:		
30,000,000 ordinary shares of £1 each	30,000	30,000
Allotted and fully paid:		
22,325,000 ordinary shares of £1 each	22,325	22,325

17 Share premium

Movements in share premium are as follows:

	2008 £000	2007 £000
At 1 January and 31 December	7,425	7,425

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

18 Retained earnings

Movements in retained earnings are as follows:

	Retained Earnings £000
At 1 January 2008	18,261
Profit for the year	2,515
Dividends paid	(3,500)
At 31 December 2008	17,276
At 1 January 2007	31,747
Profit for the year	16,514
Dividends paid	(30,000)
At 31 December 2007	18,261

19 Statement of changes in shareholders' equity

Movements in shareholders' equity are as follows:

	Called up share capital £000	Share premium account £000	Retained earnings £000	Total £000
At 1 January 2008	22,325	7,425	18,261	48,011
Profit for the year	-	-	2,515	2,515
Dividends paid	-	-	(3,500)	(3,500)
At 31 December 2008	22,325	7,425	17,276	47,026
At 1 January 2007	22,325	7,425	31,747	61,497
Profit for the year	-	-	16,514	16,514
Dividends paid	-	-	(30,000)	(30,000)
At 31 December 2007	22,325	7,425	18,261	48,011

20 Segregated funds

As required by the United Kingdom's Financial Services Act, the Company maintains certain balances on behalf of clients in segregated accounts totalling £761 million (2007: £800 million). These amounts and the related liabilities are not included in the Company's balance sheet.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

21 Financial risks

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

The Board of Directors has ultimate responsibility for ensuring effective risk management and control (including mandatory adherence to the Barclays PLC Group risk management policies). In exercising this responsibility on day to day basis, it relies on the independent oversight provided by the Barclays Wealth risk function.

(a) 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, including its customers, for credit risk before contracting with them and there were no significant concentrations of credit risk at either year end.

Maximum exposure to credit risk

The following table shows the Company's assessment of its maximum exposure to credit risk at 31 December 2008 and 2007:

	2008	2007
	£000	£000
Cash and cash equivalents	661	382
Trade and other receivables (and payables)	3,220	4,204
Other receivables	3,867	5,915
	<u>7,748</u>	<u>10,501</u>

Cash and cash equivalents

The majority of the Company's cash and cash equivalents are held with its parent Company, Barclays Bank PLC, and are, therefore, considered low risk.

Cash and cash equivalents above are those balances held with banks outside the Barclays Group.

Trade receivables (and payables)

All of the Company's stockbroking activity is conducted on a matched agency basis except where the Company has made a free delivery or payment. This means that its credit exposure to any particular trade is limited to its commission and any adverse price movement in the value of the underlying security that it would need to bear in order to rectify the trade in the market in the event of a default by the loss making counterparty. A free delivery or payment arises where the Company either delivers stock to a counterparty without receiving payment or makes a payment to a counterparty without receiving stock. For a free delivery, the Company's credit exposure is the full contract value of the trade. For a free payment, it is the current market value of the stock not received.

No account has been taken of any offsetting assets of the counterparty that the Company may control through its Nominee and Safe Custody activities.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

21 Financial risks (continued)

Other receivables

Other receivables mainly comprise of unpaid fees and timing differences between the payment and receipt of funds for corporate actions. These have been included above at their full balances sheet value, with no account being taken of any offsetting assets controlled by the Company through its Nominee and Safe Custody activities.

(b) Liquidity risk

Liquidity risk is the risk that the Company's cash and committed facilities may be insufficient to meet its payment obligations as they fall due.

The Company maintains a mixture of long term and short term committed facilities, including financial support from the parent company, Barclays Bank PLC, that are designed to ensure the Company has sufficient available funds for operations and planned expansion.

The intended settlement dates of all agency bargains are matched and, by offering competitive interest returns, the Company encourages private customers to deposit funds in segregated bank accounts under its control to facilitate settlement.

(c) 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, foreign exchange rates and equity prices.

(d) 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.

As the Company's exposure to interest rate risk is limited to the finance income earned on its cash and cash equivalents, no interest rate assumptions requiring sensitivity analysis have been employed in the income statement or equity.

(e) Foreign currency risk

As the Company's has no forward exposures to foreign currency transactions, no foreign currency exchange rate assumptions requiring sensitivity analysis have been employed in the income statement or equity.

(f) Price risk

The Company has no exposure to price risk.

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

22 Fair values of financial instruments

Financial instruments include both financial assets and financial liabilities. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

The Directors consider that fair value of financial instruments to be the carrying value stated on the balance sheet.

Fair value information is not provided for items that do not meet the definitions of a financial instrument. These items include short-term debtors and creditors and shareholders' equity. These items are material and accordingly the fair value information presented does not purport to represent, nor should it be construed to represent, the underlying value of the Company as a going concern at 31 December 2008.

23 Contingencies and commitments

In the ordinary course of business the Company has been party to letters of indemnity in respect of lost certified stock transfers and share certificates. As a member of the Financial Services Authority, the Company is potentially liable to make contributions to the Investors' Compensation Scheme. The contingent liabilities arising there from cannot be quantified.

24 Related party transactions

The definition of related parties includes parent company, ultimate parent company, subsidiary, associated and joint venture companies, as well as the Company's key management which includes its Directors.

Particulars of transactions with group companies, and the balances outstanding at the year end, are disclosed in the tables below:

For the year ended 31 December 2008

	Parent company £000	Fellow subsidiaries £000	Total £000
Transactions			
Revenue	6,484	-	6,484
Administrative expenses	(85,903)	(276)	(86,179)
Finance income – net	3,955	-	3,955
Total	(75,464)	(276)	(75,740)

Balances outstanding at 31 December 2008

Assets	32,670	619	33,289
Liabilities	(3,391)	(244)	(3,635)
Total	29,279	375	29,654

GERRARD INVESTMENT MANAGEMENT LIMITED

Year ended 31 December 2008

Notes to the financial statements (continued)

24 Related party transactions (continued)

For the year ended 31 December 2007	Parent company £000	Fellow subsidiaries £000	Total £000
Transactions			
Revenue	6,637	-	6,637
Administrative expenses	(101,678)	-	(101,678)
Finance income – net	7,114	-	7,114
Total	(87,927)	-	(87,927)
Balances outstanding at 31 December 2007			
Assets	43,521	8	43,529
Liabilities	(21,194)	(9)	(21,203)
Total	22,327	(1)	22,326

There were no transactions with key management personnel in either year.

The Directors are considered to be key management personnel.

25 Capital management

The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern
- To maintain sufficient capital to support asset growth
- To maintain a level of capital required to meet FSA requirements

The Board of Directors is responsible for capital management and has approved minimum control requirements for capital and liquidity risk management.

The Company regards as capital its equity, as shown in the balance sheet.

Total capital is as follows:

	2008 £000	2007 £000
Total equity	47,026	48,011

The Company's capital is independently monitored by the Barclays Wealth Assets and Liabilities Committee.

26 Ultimate holding company

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's and Barclays PLC's statutory financial statements are available from the Barclays Corporate Secretariat, 1 Churchill Place, London E14 5HP. Both companies are incorporated in Great Britain and registered in England.