GERRARD INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

REGISTERED NUMBER: 2752982

GERRARD INVESTMENT MANAGEMENT LIMITED

Directors' Report And Financial Statements
For The Year Ended 31 December 2011

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REGISTERED NUMBER: 2752982

GERRARD INVESTMENT MANAGEMENT LIMITED

Directors' Report
For The Year Ended 31 December 2011

The Directors present their annual report together with the audited financial statements of Gerrard Investment Management Limited, a company domiciled in the UK with Registered Number 2752982, for the year ended 31 December 2011

Business 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 taxation of £14,387,000 (2010 £7,758,000) for the year and total comprehensive income of £10,573,000 (2010 £5,669,000) The Company has net debt of £nil (2010 £nil) Net cash outflow from operating activities for 2011 was £9,410,000 (2010 inflow £5,328,000)

Future outlook

We remain confident that the Company will remain profitable after taxation in the future

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks 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 the 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 of the Company The development, performance and position of Barclays Wealth, the relevant 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 taxation of £10,573,000 (2010 £5,669,000) An initial interim dividend of £4,000,000, 17 92p per share, was paid on 29 July 2011 (2010 £6,500,000, 29 12p per share) and a second interim dividend of £2,000,000, 8 96p per share was paid on 23 December 2011 (2010 £Nil) The Directors do not recommend the payment of a final dividend (2010 £nil)

Directors

The Directors of the Company, who served during the year and up to the date of signing the financial statements, together with their dates of appointment and resignation, where appropriate, are as shown below

D M Currie
I A Henderson
D J Semaya

Directors' Report (continued)
For The Year Ended 31 December 2011

Statement of Directors' responsibilities

The following statement, which should be read in conjunction with the Independent Auditors' Report set out on page 4, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the financial statements

The Directors are required by the Companies Act 2006 and applicable regulations 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 published by the International Accounting Standards Board They are also in accordance with IFRSs as adopted by the European Union

The Directors consider that in preparing the financial statements on pages 5 to 23

- 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, and

- that the financial statements have been prepared on a going concern basis

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Creditors' payment policy

The payment of suppliers is controlled centrally by another Group company with any costs relating to the Company being recharged accordingly The Company values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, promptly Normal policy is to pay all small business purchases within 30 days It is the Company's practice to agree terms with suppliers when entering into contracts We negotiate with suppliers on an individual basis and meet our obligations accordingly The Company does not follow any specific published code or standard on payment practice

The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (the "Regulations") require disclosure of trade creditor payment days The components for the trade creditor calculation are not easily identified However, by identifying as closely as possible the components that would be required if Schedule 7, part 5, of the Regulations applied, the trade creditor payment days for the Company for 2011 were 53 days (2010 45 days) This is an arithmetical calculation and does not necessarily reflect our practice, which is described above, nor the experience of any individual creditor

Financial instruments

Barclays financial risk management objectives and policies, which are followed by the Company, and the exposure to market risk, credit risk and liquidity risk are set out in the note "Financial Risks" on page 19

Directors' third party indemnity provisions

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2011 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 or office

Directors' Report (continued)
For The Year Ended 31 December 2011

Pillar 3 disclosures

In accordance with the rules of the Financial Services Authority, the Company's Parent, Barclays Bank PLC has published information on its remuneration, risk management objectives and policies and on its regulatory capital requirements and resources This information is available at http //group Barclays com/Investor-Relations/Financial-results-and-publications/Annual-Reports

Statement of disclosure of information to auditors

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

Steven Kilday
For and on behalf of Barcosec Limited
Company Secretary
23 April 2012

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 2011 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Gerrard Investment Management Limited Directors' Report for the year ended 31 December 2011 to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Natasha McMillan

Natasha McMillan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, London
Dated 24 April 2012

GERRARD INVESTMENT MANAGEMENT LIMITED

Statement of Comprehensive Income
For The Year Ended 31 December 2011

	Note	2011 £000	2010 £000
Continuing operations			
Revenue	4	82,382	78,484
Gross profit		82,382	78,484
Administrative expenses		(68,222)	(71,013)
Operating profit		14,160	7,471
Interest income and similar income	5	231	292
Interest expense and similar expense	5	(4)	(5)
		227	287
Profit and total comprehensive income before taxation	6	14,387	7,758
Taxation	8	(3,814)	(2,089)
Profit and total comprehensive income for the year		10,573	5,669

The accompanying notes on pages 9 to 23 form an integral part of these financial statements

Profit after tax and total comprehensive income for the year was £10,573,000 (2010 £5,669,000) There were no items of other comprehensive income

GERRARD INVESTMENT MANAGEMENT LIMITED

Statement of Financial Position
As At 31 December 2011

	Note	2011 £000	2010 £000
ASSETS			
Non-current assets			
Investment in subsidiaries	10	4	4
Deferred tax assets	14	28	38
Total non-current assets		32	42
Current assets			
Loans and other receivables	11	67,417	56,284
Cash and cash equivalents		4,062	19,245
Total current assets		71,479	75,529
TOTAL ASSETS		71,511	75,571
LIABILITIES			
Current liabilities			
Trade and other payables	12	17,646	26,831
Current tax liabilities	13	3,073	2,653
Provisions	15	195	63
Total current liabilities		20,914	29,547
Net current assets		50,565	45,982
TOTAL LIABILITIES		20,914	29,547
SHAREHOLDER'S EQUITY			
Share capital	16	22,325	22,325
Share premium account	16	7,425	7,425
Retained earnings	17	20,847	16,274
TOTAL SHAREHOLDER'S EQUITY		50,597	46,024
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		71,511	75,571

The accompanying notes on pages 9 to 23 form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 23 April 2012 and were signed on its behalf by

David Semaya
Director
23 April 2012

REGISTERED NUMBER 2752982

GERRARD INVESTMENT MANAGEMENT LIMITED

Statement of Changes In Equity
For The Year Ended 31 December 2011

	Share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2011	22,325	7,425	16,274	46,024
Profit and total comprehensive income for the year	-	-	10,573	10,573
Dividends paid	-	-	(6,000)	(6,000)
At 31 December 2011	22,325	7,425	20,847	50,597

	Share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2010	22,325	7,425	17,105	46,855
Profit and total comprehensive income for the year	-	-	5,669	5,669
Dividends paid	-	-	(6,500)	(6,500)
At 31 December 2010	22,325	7,425	16,274	46,024

The accompanying notes on pages 9 to 23 form an integral part of these financial statements

GERRARD INVESTMENT MANAGEMENT LIMITED

Statement of Cash Flow
For The Year Ended 31 December 2011

	2011	2010
	£000	£000
Continuing operations		
Reconciliation of profit before tax to net cash flows from operating activities		
Profit before taxation	14,387	7,758
Adjustment for finance costs - interest paid	4	5
Adjustment for finance income - interest received	(231)	(292)
Other provisions for liabilities and charges	132	(290)
Net decrease /(increase) in loans and other receivables	4,195	(1,347)
Net (decrease)/increase in trade and other payables	(9,401)	47
Net (decrease)/increase in balances due to group undertakings	(15,112)	20
Cash (used in)/from operating activities	(6,026)	5,901
Tax paid	(3,384)	(573)
Net cash (used in)/from operating activities	(9,410)	5,328
Cash flows from investing activities		
Interest received	231	292
Interest paid	(4)	(5)
Net cash from investing activities	227	287
Cash flows from financing activities		
Dividends paid	(6,000)	(6,500)
Net cash used in financing activities	(6,000)	(6,500)
Net decrease in cash and cash equivalents	(15,183)	(885)
Cash and cash equivalents at 1 January	19,245	20,130
Cash and cash equivalents at 31 December	4,062	19,245
Cash and cash equivalents comprise		
Cash and balances with banks	4,062	19,245
	4,062	19,245

The accompanying notes on pages 9 to 23 form an integral part of these 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 International Financial Reporting Standards (IFRSs)

The Company is a private limited company, domiciled and incorporated in the United Kingdom 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 IFRSs, adopted by the European Union, International Financial Reporting Interpretations Committee (IFRIC) interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRSs

Future accounting developments

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Company

Standards, amendments and interpretations effective on 1 January 2010 but not relevant

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2011 but are not relevant to the Company's operations

- IAS 24, (revised), 'Related party disclosure' (effective 1 January 2011)
- Annual improvements 2010 (effective 1 January 2011)
- IAS 32, (amendment), 'Financial instruments – Presentation on classification of rights issues' (effective 1 February 2010)
- IFRS 1, (amendment), 'First time adoption on financial instrument disclosures' (effective 1 July 2010)
- IFRIC 14, (amendment), 'Prepayments of a minimum funding requirement' (effective 1 January 2011)
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010)

Standards and amendments to existing standards that are relevant to the Company, not yet effective and have not been early adopted by the Company

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 2012 or later periods, but the Company has not early adopted them

- IAS 19 (amendment), 'Employee benefits' (effective June 2011)
- IFRS 9, 'Financial instruments' (effective from 1 July 2013 but not EU endorsed)
- IFRS 10, 'Consolidated Financial Statements' (effective from 1 January 2013 but not EU endorsed)
- IFRS 11, 'Joint arrangements' (effective from 1 January 2013 but not EU endorsed)
- IFRS 12, 'Disclosure of interest in other entities' (effective from 1 January 2013 but not EU endorsed)
- IFRS 13, 'Fair value measurement' (effective from 1 January 2013 but not EU endorsed)

If early adopted, these are not expected to have a material impact on the Company's financial statements, and have therefore not been analysed in detail

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 presented 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 IFRSs requires the use of certain critical accounting estimates It also requires management to exercise judgement in the process of applying the Group's accounting policies The notes to the financial statements set out those areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the financial statements

a) Foreign currency translation

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

Items included in the financial statements of the Company are measured using their functional currency, being the currency of the primary economic environment in which the entity operates

Foreign currency transactions are translated into sterling using the exchange rates prevailing at the dates of the transactions Monetary assets and liabilities 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 statement of comprehensive income

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss Translation differences on equities classified as available for sale financial assets and non-monetary items are included directly in equity

b) 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

c) Interest

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

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

3 Summary of significant accounting policies (continued)

d) Current and deferred income tax

Income tax payable on taxable profits ('current tax') 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 year or prior year taxable profits

Deferred income 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 income tax is determined using tax rates and legislation enacted or substantively enacted by the Statement of Financial Position date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled

Deferred tax assets are recognised on deductible temporary differences, carry forward of unused tax losses and unused tax credits to the extent that it is regarded as probable that sufficient taxable profits will be available against which the deductible temporary difference, unused tax losses and unused tax credits can be utilised

Deferred and current tax assets and liabilities are only offset 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 with the same tax authority

e) 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 are included in current assets, except for maturities greater than 12 months after the Statement of Financial Position date 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 They are derecognised when the rights to receive cash flows have expired or the Company has transferred substantially all the risks and rewards of ownership

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 Financial liabilities are derecognised when extinguished The Company's financial liabilities comprise trade and other payables and borrowings in the Statement of Financial Position

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

3 Summary of significant accounting policies (continued)

e) Financial assets and liabilities (continued)

Impairment of financial assets

The Company assesses at each Statement of Financial Position date whether there is objective evidence that loans and receivables are impaired The factors that the Company uses include significant financial difficulties of the debtor or the issuer, a breach of contract or default in payments, the granting by the Company of a concession to the debtor because of a deterioration in its financial condition, the probability that the debtor will enter into bankruptcy or other financial reorganisation, or, in the disappearance of an active market for a security because of the issuer's financial difficulties

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

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

In the case of available for sale equity securities, a significant or prolonged decline in the fair value of the security below its cost is also considered in determining whether impairment exists Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the statement of comprehensive income In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial assets Reversals of impairment of debt instruments are recognised in the statement of comprehensive income Reversals of impairment of equity shares are not recognised in the statement of comprehensive income, increases in the fair value of equity shares after impairment are recognised directly in equity

Netting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position 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

f) Investments in subsidiaries

Investments in subsidiaries are stated at cost less impairment, if any

g) Issued equity securities

Equity securities
Equity instruments, including share capital, are initially recognised at net proceeds, after deducting transaction costs and any related income tax Dividend and other payments to equity holders are deducted from equity, net of any related tax

h) 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 shareholders

3 Summary of significant accounting policies (continued)

i) 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

j) Cash and cash equivalents

For the purposes of the statement of cash flows, 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

k) 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

l) 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 amounts due to the clients is not shown on the face of the Statement of Financial Position as the Company is not beneficially entitled thereto The amount held on behalf of clients at the financial year is stated in note 18

4 Revenue

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

5 Interest income and interest expense

Interest income comprises the following

	2011	2010
	£000	£000
Interest income		
Loans and other receivables	231	292
Total interest income	231	292
Interest expense		
Other loans payable	(4)	(5)
Total interest expense	(4)	(5)
Interest income	227	287

Notes To The Financial Statements (continued)
For The Year Ended 31 December 2011

6 Profit before taxation

The following items have been charged in arriving at profit before taxation

	2011 £000	2010 £000
Management service charges	67,539	67,467
Provision for client compensation	540	843
Auditors' remuneration		
- Audit of the Company's annual financial statements	89	94
- Audit of the Company's annual regulatory returns	43	41

7 Employees and key management, including Directors

There were no employees employed by the Company during 2011 and 2010 At the year end all staff were employed by Barclays Bank PLC The Directors are considered to be key management personnel

Directors' remuneration

Disclosures of the Directors' remuneration as required by the Companies Act 2006 are as follows

	2011 £000	2010 £000
Aggregate remuneration in respect of qualifying services	23	4
Aggregate amounts receivable under long-term incentive schemes	-	-
Aggregate contributions due to Barclays Group Pension Schemes	2	-
	25	4

One Director is accruing benefits under a defined contribution pension scheme operated by other Barclays Group Companies (2010 One)

No Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during the year (2010 Nil)

8 Taxation

The analysis of the charge for the year is as follows

	2011	2010
	£000	£000
Current tax		
Current year	3,804	2,078
Deferred tax		
Current year	10	11
Total charge	3,814	2,089

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

	2011	2010
	£000	£000
Profit before taxation	14,387	7,758
Tax charge at standard UK corporation tax rate of 26 5% (2010 28%)	3,812	2,172
Adjustments for prior years	-	(84)
Change to standard UK corporation tax rate	2	1
Overall tax charge	3,814	2,089
Effective tax rate %	26 51%	26 93%

9 Dividends on ordinary shares

An analysis of dividends paid is as follows

	2011	2010
	£000	£000
Interim paid 29 July 17 92p per share	4,000	-
Interim paid 30 July 29 12 per share	-	6,500
Interim paid 23 December 8 96p (2010 £Nil) per share	2,000	-
	6,000	6,500

10 Investments in subsidiaries

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

	2011 £000	2010 £000
At 1 January and 31 December	4	4

Particulars of the Company's subsidiaries on 31 December 2011 were as follows

Country of registration or incorporation	Company name	Percentage of equity capital held	Nature of Business	Aggregate capital and reserves
England and Wales	Gerrard Nominees Limited	100%	Nominee Company	£3,106
England and Wales	Greig Middleton Nominees Limited	100%	Nominee Company	(£73)
Scotland	R C Greig Nominees Limited	100%	Nominee Company	£384
England and Wales	Barclays Wealth Nominees Limited	100%	Nominee Company	£100

Gerrard Limited, a wholly owned subsidiary of the Company, was dissolved on 19 November 2011

The Company's subsidiaries have not traded during the year or the previous year and have made neither a profit nor a loss during the 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 Statement of Financial Position at £4,000 (2010 £4,000)

11 Loans and other receivables

An analysis of trade and other receivables is as follows

	2011 £000	2010 £000
Trade receivables	20,980	27,694
Due from related parties (Note 21)	28,458	13,130
Other receivables	2,787	915
Accrued income	15,192	14,545
	67,417	56,284

The Directors consider that the carrying value of the Company's loans and other receivables from the market, customers and related parties approximates to their fair value

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 19 Financial risks

12 Trade and other payables

An analysis of trade and other payables is as follows

	2011 £000	2010 £000
Trade payables	14,872	20,999
Due to related parties (Note 21)	229	13
Accrued expenses	272	3,437
Other payables	2,273	2,382
	17,646	26,831

The Directors consider that the carrying value of the Company's trade and other payables approximates to their fair value

The specific risks to which the Company is exposed in relation to these balances are discussed further in Note 19 Financial risks

13 Current tax liabilities

Current tax liabilities are as follows

	2011 £000	2010 £000
United Kingdom corporation tax payable	3,073	2,653

14 Deferred tax assets

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

	1 January 2011	Charged to statement of comprehensive income	31 December 2011
	£000	£000	£000
Assets			
Accelerated tax depreciation	38	(10)	28

	1 January 2010	Charged to statement of comprehensive income	31 December 2010
	£000	£000	£000
Assets			
Accelerated tax depreciation	49	(11)	38

Deferred tax is recognised only to the extent that realisation of the related tax benefit is probable Deferred tax is anticipated to be realised after one year

Deferred taxes are provided in full on temporary differences using the liability method using a principal tax rate of 25% (2010 27%)

A number of changes to the UK Corporation tax system were announced in the March 2011 and March 2012 Budget Statements The Finance Act 2011, which was substantively enacted on 5 July 2011, includes legislation reducing the main rate of corporation tax from 28 per cent to 26 per cent from 1 April 2011 and to 25 per cent from 1 April 2012 As this further change in rate to 25 per cent was substantively enacted prior to 31 December 2011, it has been reflected in the deferred tax asset at 31 December 2011

The main rate of corporation tax has subsequently been reduced to 24 per cent from 1 April 2012 and the reduction was substantively enacted on 26 March 2012 Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 22 per cent from 1 April 2014 These subsequent and proposed changes to the main rate had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements The estimated financial effect of these changes is insignificant

15 Provisions

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

	2011	2010
	£000	£000
At 1 January	63	353
Cash paid	(408)	(1,036)
Amounts charged to statement of comprehensive income	540	843
Insurance grossings	-	(97)
At 31 December	195	63

The provision for client compensation represents the estimated liability against specific events or transactions at the Statement of Financial Position date, in respect of claims and losses arising in the ordinary course of the Company's operations It is stated gross of anticipated insurance recoveries of £nil (2010 £97,000)

All provisions are expected to be utilised within twelve months after the Statement of Financial Position date

16 Share capital

Particulars of the Company's share capital are as follows

	Number of shares '000	Ordinary shares £000	Share premium £000	Total £000
At 1 January and 31 December 2011 and 2010	22,325	22,325	7,425	29,750

At the year end, the issued share capital of the Company is £22 3m (2010 £22 3m) comprising ordinary shares of 100p each All issued shares are fully paid

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights, they do not confer any rights of redemption

17 Retained earnings

Movements in retained earnings are as follows

	2011 £000	2010 £000
At 1 January	16,274	17,105
Total comprehensive income for the year	10,573	5,669
Dividends paid	(6,000)	(6,500)
At 31 December	20,847	16,274

18 Segregated funds

As required by the FSA Client Money Rules, the Company maintains certain balances on behalf of clients in segregated accounts totalling £432 million (2010 £433 million) These amounts and the related liabilities are not included in the Company's Statement of Financial Position

19 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

19 Financial risks (continued)

(a) Credit risk (continued)

Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk at 31 December 2011 and 2010

	2011	2010
	£000	£000
Cash and cash equivalents	4,062	19,245
Trade and other receivables (and payables)	6,108	6,835
Other receivables	2,787	915
	12,957	26,995

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 held with banks outside the Barclays Group total £658,000 (2010 £657,000)

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

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 Statement of Financial Position value, with no account being taking of any offsetting assets controlled by the Company through its Nominee and Safe Custody activities

(b) Liquidity risk

This is the risk that the Company may not have sufficient funds to meet its debts as they fall due The Company has the financial support of the parent undertaking Barclays Bank PLC, it also maintains banking facilities with Barclays Bank PLC These facilities are designed to ensure the Company has sufficient available funds for operations

The 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

19 Financial risks (continued)

(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

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 statement of comprehensive income or equity

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 statement of comprehensive income or equity

Price risk

Due to the nature of the Company's activities it has no significant exposure to price risk

20 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 Financial Services Compensation Scheme The contingent liabilities arising therefrom cannot be quantified

The Company has provided in full for the Financial Services Compensation Scheme (FSCS) levy for the 2011/12 scheme year, based on eligible income earned in the year to 31 December 2010 The Company is potentially liable to pay an FSCS levy based on eligible income earned in the year to 31 December 2011 however no provision has been made as it is not currently possible to reliably estimate the amount payable

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 other party in making financial or operation decisions, or one other party controls both

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 2011	Parent company £000	Fellow subsidiaries £000	Total £000
Transactions			
Revenue	-	850	850
Administrative expenses	(67,539)	-	(67,539)
Finance income	7	181	188
Total	(67,532)	1,031	(66,501)
Balances outstanding at 31 December 2011			
Assets	28,458	3,408	31,866
Liabilities	(225)	(4)	(229)
Total	28,233	3,404	31,637

For the year ended 31 December 2010	Parent company £000	Fellow subsidiaries £000	Total £000
Transactions			
Revenue	1,350	-	1,350
Administrative expenses	(67,467)	-	(67,467)
Finance income	57	215	272
Total	(66,060)	215	(65,845)
Balances outstanding at 31 December 2010			
Assets	19,559	12,524	32,083
Liabilities	-	(4)	(4)
Total	19,559	12,520	32,079

There were no transactions with key management personnel in either year

22 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 Statement of Financial Position The balances in capital are in line with the disclosures provided in the regulatory reporting returns submitted by the Company to the FSA

Total capital is as follows

	2011 £000	2010 £000
Share capital	22,325	22,325
Share premium	7,425	7,425
Retained earnings	20,847	16,274
Total capital resources	50,597	46,024

The Company's capital is independently monitored by the Barclays Wealth Assets and Liabilities Committee on behalf of the Directors

23 Parent undertaking and ultimate holding company

The immediate parent undertaking is Gerrard Management Services Limited The ultimate parent undertaking and controlling party is Barclays PLC, a company incorporated in the United Kingdom Barclays PLC is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 December 2011 The consolidated financial statements of Barclays PLC are available from the Barclays Corporate Secretariat, 1 Churchill Place, London, E14 5HP