

**GERRARD INVESTMENT MANAGEMENT LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012**

**REGISTERED NUMBER: 2752982**

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# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report And Financial Statements For The Year Ended 31 December 2012**

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# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report**

**For The Year Ended 31 December 2012**

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 2012

### **Principal activities and business review**

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 authorised and regulated by the Financial Conduct Authority (which replaced the Financial Services Authority with effect from 1 April 2013).

### **Business performance**

The results of the Company show a profit before taxation of £19,495,000 (2011 £14,387,000) for the year and total comprehensive income of £14,717,000 (2011 £10,573,000). The Company has net debt of £nil (2011 £nil). Net cash inflow from operating activities for 2012 was £38,808,000 (2011 outflow £9,410,000).

### **Future outlook**

We are 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 and Investment Management, the relevant business cluster for the Company, is discussed in the Barclays PLC annual report which does not form part of this report.

### **Profit and dividends**

During the year the Company made a profit for the year of £14,717,000 (2011 £10,573,000). An initial interim dividend of £6,000,000, 26.88p per share, was paid on 28 August 2012 (29 July 2011 £4,000,000, 17.92p per share) and a second interim dividend of £6,000,000, 26.88p per share was paid on 21 December 2012 (23 December 2011 £2,000,000, 8.96p per share). The Directors do not recommend the payment of a final dividend (2011 £nil).

### **Directors**

The Directors of the Company, who served during the year, together with their dates of appointment and resignation, where appropriate, are as shown below:

D M Currie	
I A Henderson	(resigned 30 November 2012)
D J Semaya	

Since the year end, Philip Byle and Peter Emery were appointed as Directors on 10 January 2013 and 14 March 2013, respectively, and David Semaya resigned as a Director on 11 January 2013.

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report (continued) For The Year Ended 31 December 2012**

### **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 the 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 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, 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 1, part 5, of the Regulations applied, the trade creditor payment days for the Company for 2012 were 55 days (2011: 53 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 2012 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.

## **GERRARD INVESTMENT MANAGEMENT LIMITED**

### **Directors' Report (continued) For The Year Ended 31 December 2012**

#### **Pillar 3 disclosures**

In accordance with the rules of the Financial Conduct Authority (previously 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>

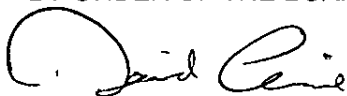
#### **Independent auditors**

PricewaterhouseCoopers LLP will continue to hold office in accordance with section 487 of the Companies Act 2006

#### **Statement of disclosure of information to auditors**

So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps that they ought to have taken as Directors 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



David Currie  
**Director**  
18 April 2013

# **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 2012 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flow 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 Statement of Directors' Responsibilities 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 2012 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 2012 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 (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

Date 19 April 2013

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Comprehensive Income For The Year Ended 31 December 2012

	Note	2012 £000	2011 £000
<b>Continuing operations</b>			
Revenue	4	87,765	82,382
<b>Gross profit</b>		<b>87,765</b>	<b>82,382</b>
Administrative expenses		(68,349)	(68,222)
<b>Operating profit</b>		<b>19,416</b>	<b>14,160</b>
Interest income and similar income	5	79	231
Interest expense and similar expense	5	-	(4)
		79	227
<b>Profit and total comprehensive income before taxation</b>	6	<b>19,495</b>	<b>14,387</b>
Taxation	8	(4,778)	(3,814)
<b>Profit and total comprehensive income for the year</b>		<b>14,717</b>	<b>10,573</b>

The accompanying notes on pages 9 to 22 form an integral part of these financial statements

Profit after tax and total comprehensive income for the year was £14,717,000 (2011 £10,573,000) There were no items of other comprehensive income

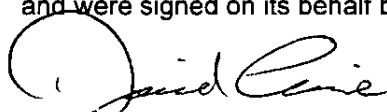
# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Financial Position As At 31 December 2012

	Note	2012 £000	2011 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	10	4	4
Deferred tax assets	11	21	28
<b>Total non-current assets</b>		<u>25</u>	<u>32</u>
<b>Current assets</b>			
Loans and other receivables	12	54,955	67,417
Cash and cash equivalents		<u>30,949</u>	<u>4,062</u>
<b>Total current assets</b>		<u>85,904</u>	<u>71,479</u>
<b>TOTAL ASSETS</b>		<u>85,929</u>	<u>71,511</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	26,600	17,646
Current taxation	14	4,800	3,073
Provisions	15	<u>1,215</u>	<u>195</u>
<b>Total current liabilities</b>		<u>32,615</u>	<u>20,914</u>
<b>Net current assets</b>		<u>53,289</u>	<u>50,565</u>
<b>TOTAL LIABILITIES</b>		<u>32,615</u>	<u>20,914</u>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	16	22,325	22,325
Share premium account	16	7,425	7,425
Retained earnings	17	<u>23,564</u>	<u>20,847</u>
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<u>53,314</u>	<u>50,597</u>
<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>		<u>85,929</u>	<u>71,511</u>

The accompanying notes on pages 9 to 22 form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 18 April 2013 and were signed on its behalf by



David Currie  
Director  
18 April 2013



# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Changes In Equity For The Year Ended 31 December 2012

	Share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2012	22,325	7,425	20,847	50,597
Profit and total comprehensive income for the year	-	-	14,717	14,717
Dividends paid	-	-	(12,000)	(12,000)
<b>At 31 December 2012</b>	<b>22,325</b>	<b>7,425</b>	<b>23,564</b>	<b>53,314</b>

	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)
<b>At 31 December 2011</b>	<b>22,325</b>	<b>7,425</b>	<b>20,847</b>	<b>50,597</b>

The accompanying notes on pages 9 to 22 form an integral part of these financial statements

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Cash Flow For The Year Ended 31 December 2012

	2012 £000	2011 £000
<b>Continuing operations</b>		
<b>Reconciliation of profit before tax to net cash flows from operating activities</b>		
<b>Profit before taxation</b>	19,495	14,387
Adjustment for finance costs - interest paid	-	4
Adjustment for finance income - interest received	(79)	(231)
Other provisions for liabilities and charges	1,020	132
Net (increase)/decrease in loans and other receivables	(13,458)	4,195
Net increase/(decrease) in trade and other payables	9,124	(9,401)
Net increase/(decrease) in balances due to group undertakings	25,750	(15,112)
<b>Cash from/(used in) operating activities</b>	<b>41,852</b>	<b>(6,026)</b>
 Tax paid	 (3,044)	 (3,384)
<b>Net cash from/(used in) operating activities</b>	<b>38,808</b>	<b>(9,410)</b>
 <b>Cash flows from investing activities</b>		
Interest received	79	231
Interest paid	-	(4)
<b>Net cash from investing activities</b>	<b>79</b>	<b>227</b>
 <b>Cash flows from financing activities</b>		
Dividends paid	(12,000)	(6,000)
<b>Net cash used in financing activities</b>	<b>(12,000)</b>	<b>(6,000)</b>
 <b>Net decrease in cash and cash equivalents</b>	<b>26,887</b>	<b>(15,183)</b>
Cash and cash equivalents at 1 January	4,062	19,245
<b>Cash and cash equivalents at 31 December</b>	<b>30,949</b>	<b>4,062</b>
 <b>Cash and cash equivalents comprise:</b>		
Cash and balances with banks	30,949	4,062
	<b>30,949</b>	<b>4,062</b>

The accompanying notes on pages 9 to 22 form an integral part of these financial statements

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements For The Year Ended 31 December 2012

### 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 IFRS, 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 IFRS.

#### Future accounting developments

##### *New and amended standards adopted by the Company*

There are no IFRSs or IFRIC interpretations that are mandatory for 31 December 2012 year end (or which have been early adopted by the Company) that have had a material impact on the financial statements.

##### *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 2013 or later periods, but the Company has not early adopted them:

- IAS 1, 'Presentation of financial statements' (Amendment) – 'Presentation of items of other comprehensive income' (June 2013)
- IFRS 13, 'Fair value measurement'
- IAS 19 (Amendment), 'Employee benefits'
- IFRS 7, 'Financial instruments: Disclosures' (Amendment) – 'Offsetting financial assets and financial liabilities'
- Annual improvements (2011) (subject to EU endorsement)

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 2014 (all subject to EU endorsement) or later periods, but the Company has not early adopted them:

- IFRS 10, 'Consolidated Financial Statements'
- IFRS 11, 'Joint arrangements'
- IFRS 12, 'Disclosure of interest in other entities'
- IAS 27 (Revised), 'Separate financial statements'
- IAS 28 (Revised), 'Associates and joint ventures'
- IAS 32, 'Financial instruments: Presentation' (Amendment) – 'Offsetting financial assets and financial liabilities'

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.

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Notes To The Financial Statements (continued) For The Year Ended 31 December 2012**

### **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**

Items included in the financial statements of the Company are measured using their functional currency, being, Pounds Sterling, 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, commissions 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.

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Notes To The Financial Statements (continued) For The Year Ended 31 December 2012**

### **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.

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Notes To The Financial Statements (continued) For The Year Ended 31 December 2012**

### **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 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.

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 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 Conduct Authority (previously the Financial Services Authority) are not shown on the face of the Statement of Financial Position as the Company has no beneficial entitlement to them but are disclosed in note 18

### 4 Revenue

All of the Company's revenue is derived from the provision of investment management and agency dealing services

### 5 Finance income

Finance income (net) comprises the following

	2012 £000	2011 £000
<b>Interest income</b>		
Interest receivable from related parties	79	223
Other bank interest	-	8
<b>Total interest income</b>	<u>79</u>	<u>231</u>
<b>Interest expense</b>		
Bank borrowings	-	(4)
<b>Total interest expense</b>	<u>-</u>	<u>(4)</u>
<b>Finance income</b>	<u>79</u>	<u>227</u>

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 6 Profit before taxation

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

	2012 £000	2011 £000
Management service charges	66,638	67,539
Provision for client compensation	1,425	540
Auditors' remuneration		
- Audit of the Company's annual financial statements	99	89
- Other services pursuant to legislation	53	43

### 7 Employees and key management, including Directors

There were no employees employed by the Company during 2012 and 2011. 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

	2012 £000	2011 £000
Aggregate remuneration in respect of qualifying services	-	23
Aggregate amounts receivable under long-term incentive schemes	-	-
Aggregate contributions due to Barclays Group Pension Schemes	-	2
	<u>-</u>	<u>25</u>

No Director is accruing benefits under a defined contribution pension scheme operated by other Barclays Group Companies (2011: One).

No Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during the year (2011: Nil).



# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 8 Taxation

The analysis of the charge for the year is as follows

	2012 £000	2011 £000
<b>Current tax:</b>		
Current year	4,771	3,804
<b>Deferred tax:</b>		
Current year	7	10
<b>Total charge</b>	<b>4,778</b>	<b>3,814</b>

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

	2012 £000	2011 £000
Profit before taxation	19,495	14,387
Tax charge at standard UK corporation tax rate of 24.5% (2011 26.5%)	4,776	3,812
Change to standard UK corporation tax rate	2	2
Overall tax charge	4,778	3,814
Effective tax rate %	24.51%	26.51%

### 9 Dividends on ordinary shares

An analysis of dividends paid is as follows

	2012 £000	2011 £000
Interim paid 29 July £nil (2011 17.92p) per share	-	4,000
Interim paid 28 August 26.88p (2011 £nil) per share	6,000	-
Interim paid 21 December 26.88p (2011 £nil) per share	6,000	-
Interim paid 23 December £nil (2011 8.96p) per share	-	2,000
	<b>12,000</b>	<b>6,000</b>

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 10 Investments in subsidiaries

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

	2012 £000	2011 £000
At 1 January and 31 December	4	4

Particulars of the Company's subsidiaries at 31 December 2012 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

The Company's subsidiaries do not trade and, consequently, 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

The financial statements contain information about Gerrard Investment Management Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its parent Barclays PLC, a company incorporated in the United Kingdom

### 11 Deferred tax assets

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

	1 January 2012 £000	Charged to statement of comprehensive income £000	31 December 2012 £000
<b>Assets</b>			
Accelerated tax depreciation	28	(7)	21
	<hr/>	<hr/>	<hr/>
	1 January 2011 £000	Charged to statement of comprehensive income £000	31 December 2011 £000
<b>Assets</b>			
Accelerated tax depreciation	38	(10)	28
	<hr/>	<hr/>	<hr/>

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 11 Deferred tax assets (continued)

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 and a principal tax rate of 23% (2011: 25%). As this further change in rate to 23 percent was substantively enacted prior to 31 December 2012, it has been reflected in the deferred tax asset as at 31 December 2012.

### 12 Loans and other receivables

An analysis of trade and other receivables is as follows:

	2012 £000	2011 £000
Trade receivables	28,874	20,980
Due from related parties (Note 21)	2,538	28,458
Other receivables	3,310	2,787
Accrued income and prepayments	20,233	15,192
	<u>54,955</u>	<u>67,417</u>

The Directors consider that the carrying value of the Company's loans and other receivables 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 Trade and other payables

An analysis of trade and other payables is as follows:

	2012 £000	2011 £000
Trade payables	23,892	14,872
Due to related parties (Note 21)	59	229
Accrued expenses	249	272
Other payables	2,400	2,273
	<u>26,600</u>	<u>17,646</u>

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.

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 14 Current taxation

Current tax liabilities are as follows

	2012 £000	2011 £000
United Kingdom corporation tax payable	<u>4,800</u>	<u>3,073</u>

### 15 Provisions

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

	2012 £000	2011 £000
At 1 January	195	63
Cash paid	(405)	(408)
Amounts charged to statement of comprehensive income	<u>1,425</u>	<u>540</u>
At 31 December	<u>1,215</u>	<u>195</u>

### 16 Share capital

Particulars of the Company's share capital are as follows

	Number of shares '000	Ordinary shares £000	Share Premium account £000	Total £000
At 1 January and 31 December 2012 and 2011	<u>22,325</u>	<u>22,325</u>	<u>7,425</u>	<u>29,750</u>

At the year end, the issued share capital of the Company is £22.3m (2011 £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.

## GERRARD INVESTMENT MANAGEMENT LIMITED

### Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

#### 17 Retained earnings

Movements in retained earnings are as follows

	2012 £000	2011 £000
At 1 January	20,847	16,274
Total comprehensive income for the year	14,717	10,573
Dividends paid	(12,000)	(6,000)
<b>At 31 December</b>	<b>23,564</b>	<b>20,847</b>

#### 18 Segregated funds

As required by the Financial Conduct Authority (previously Financial Services Authority) Client Money Rules, the Company maintains certain balances on behalf of clients in segregated accounts totalling £473 million (2011 £432 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 and Investment Management 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 maximum exposure to credit risk at 31 December 2012 and 2011.

	2012 £000	2011 £000
Cash and cash equivalents	30,949	4,062
Trade receivables	28,874	20,980
Due from related parties	2,538	28,458
Other receivables	3,310	2,787
Accrued income and prepayments	20,233	15,192
	<b>85,904</b>	<b>71,479</b>

The amounts above have been shown at their full Statement of Financial Position value, with no account being taken of credit risk mitigation actions available to the Company in the event of any default.

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Notes To The Financial Statements (continued) For The Year Ended 31 December 2012**

### **19 Financial risks (continued)**

#### **(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 a general letter of support from the parent Company, Barclays Bank PLC, and maintains banking facilities with Barclays Bank PLC and other Group undertakings that are designed to ensure the Company has sufficient available funds for operations

All of the Company's financial assets and liabilities at 31 December 2012 and 2011 were effectively due on demand

#### **(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

The Company has no direct exposure to price risk and only limited exposure to interest rate risk and foreign currency risk

The Company's interest rate risk is limited to the finance income earned on its cash and cash equivalents and no sensitivity analysis has been presented as this is not considered material

The policy of the Company is not to hold unmatched currency positions and it uses forward foreign exchange contracts to manage those that do arise in the course of its normal settlement activities to zero

Any residual foreign currency risk is considered immaterial and no sensitivity analysis has, therefore, been presented

### **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 Financial Conduct Authority (previously the Financial Services Authority) regulated firm, the Company is potentially liable to make back-dated contributions to the Financial Services Compensation Scheme (FSCS). The contingent liabilities arising there from cannot be quantified.

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 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 2012	Parent company £000	Fellow subsidiaries £000	Total £000
<b>Transactions</b>			
Administrative expenses	(66,638)	-	(66,638)
Finance income	17	62	79
Dividends paid	(12,000)	-	(12,000)
<b>Total</b>	<b>(78,621)</b>	<b>62</b>	<b>(78,559)</b>

### Balances outstanding at 31 December 2012

Assets	4,144	29,347	33,491
Liabilities	-	(59)	(59)
<b>Total</b>	<b>4,144</b>	<b>29,288</b>	<b>33,432</b>

### For the year ended 31 December 2011

	Parent company £000	Fellow subsidiaries £000	Total £000
<b>Transactions</b>			
Revenue	-	850	850
Administrative expenses	(67,539)	-	(67,539)
Finance income	21	202	223
Dividends paid	(6,000)	-	(6,000)
<b>Total</b>	<b>(73,518)</b>	<b>1,052</b>	<b>(72,466)</b>

### Balances outstanding at 31 December 2011

Assets	28,458	3,408	31,866
Liabilities	(225)	(4)	(229)
<b>Total</b>	<b>28,233</b>	<b>3,404</b>	<b>31,637</b>

There were no transactions with key management personnel in either year

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2012

### 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 Financial Conduct Authority (previously Financial Services Authority) 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 Financial Conduct Authority (previously Financial Services Authority)

Total capital is as follows

	2012 £000	2011 £000
Share capital	22,325	22,325
Share premium account	7,425	7,425
Retained earnings	23,564	20,847
<b>Total capital resources</b>	<b>53,314</b>	<b>50,597</b>

The Company's capital is independently monitored by the Barclays Wealth and Investment Management 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 2012. The consolidated financial statements of Barclays PLC are available from the Barclays Corporate Secretariat, 1 Churchill Place, London, E14 5HP.