


**GERRARD INVESTMENT MANAGEMENT LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2009**

**REGISTERED NUMBER: 2752982**

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# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report And Financial Statements For The Year Ended 31 December 2009**

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# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report For The Year Ended 31 December 2009**

The Directors present their 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 2009

### **Review and principal activities**

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

### **Business performance**

The results of the Company show a profit before tax of £6,080,000 (2008: £3,517,000) for the year and total comprehensive income of £4,379,000 (2008: £2,515,000). The Company has net debt of £nil (2008: £nil). Net cash outflow from operating activities for 2009 was £5,416,000 (2008 outflow: £19,964,000).

### **Future outlook**

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

### **Principal risks and uncertainties**

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

### **Key performance indicators**

The Directors of Barclays PLC manage the group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business 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 tax of £4,379,000 (2008: £2,515,000). An interim dividend of £4,550,000 was paid on 29 September 2009 (2008: £3,500,000). The Directors do not recommend the payment of a final dividend (2008: £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:

M A Kibblewhite  
S J Weld  
F Riza

## **GERRARD INVESTMENT MANAGEMENT LIMITED**

### **Directors' Report (continued) For The Year Ended 31 December 2009**

#### **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 24

- 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

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

#### **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 2009 were 56 days (2008: 56 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 credit risk, liquidity risk and market risk are set out in the note "Financial Risks" on page 20.

#### **Directors' third party indemnity provisions**

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2009 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which 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 2009

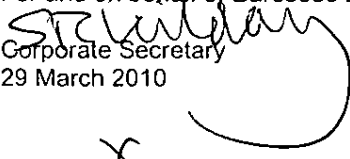
### Auditors and disclosure of information to auditors

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

Each Director, as at the date of this report, has confirmed that insofar as they are aware there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware, and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

### BY ORDER OF THE BOARD

For and on behalf of Barcosec Limited, S R KILDAY

  
Corporate Secretary  
29 March 2010

## **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 2009 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 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 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.

#### **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 2009 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

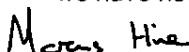
#### **Opinion on other matter prescribed by the Companies Act 2006**

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



Marcus Hine  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
29 March 2010

**REGISTERED NUMBER 2752982**

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Comprehensive Income For The Year Ended 31 December 2009

	Notes	2009 £000	2008 £000
<b>Continuing operations</b>			
Revenue	4	<u>71,217</u>	<u>85,334</u>
<b>Gross profit</b>		<u>71,217</u>	<u>85,334</u>
Administrative expenses		<u>(65,463)</u>	<u>(86,237)</u>
<b>Operating profit/(loss)</b>		<u>5,754</u>	<u>(903)</u>
Finance income		328	4,526
Finance costs		<u>(2)</u>	<u>(106)</u>
<b>Finance income</b>	5	<u>326</u>	<u>4,420</u>
<b>Profit and total comprehensive income before taxation</b>	6	<u>6,080</u>	<u>3,517</u>
Taxation	8	<u>(1,701)</u>	<u>(1,002)</u>
<b>Profit and total comprehensive income for the year</b>		<u><u>4,379</u></u>	<u><u>2,515</u></u>

The accompanying notes on pages 9 to 24 form an integral part of these financial statements

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Financial Position As At 31 December 2009

	Notes	2009 £000	2008 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	10	4	4
Deferred tax assets	14	49	61
<b>Total non-current assets</b>		<b>53</b>	<b>65</b>
<b>Current assets</b>			
Trade and other receivables	11	54,977	47,545
Cash and cash equivalents		20,130	30,096
<b>Total current assets</b>		<b>75,107</b>	<b>77,641</b>
<b>Total assets</b>		<b>75,160</b>	<b>77,706</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	26,804	29,514
Current tax liabilities	13	1,148	975
Provisions	15	353	191
<b>Total current liabilities</b>		<b>28,305</b>	<b>30,680</b>
<b>Net current assets</b>		<b>46,802</b>	<b>46,961</b>
<b>TOTAL LIABILITIES</b>		<b>28,305</b>	<b>30,680</b>
<b>EQUITY</b>			
Called up share capital	16	22,325	22,325
Share premium account	16	7,425	7,425
Retained earnings	17	17,105	17,276
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>46,855</b>	<b>47,026</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>75,160</b>	<b>77,706</b>

The accompanying notes on pages 9 to 24 form an integral part of these financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 29 March 2010 and were signed on its behalf by



S J Weld  
Director  
29 March 2010



# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Changes in Equity For The Year Ended 31 December 2009

	Share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2009	22,325	7,425	17,276	47,026
Total comprehensive income for the year	-	-	4,379	4,379
Dividends paid	-	-	(4,550)	(4,550)
<b>At 31 December 2009</b>	<b>22,325</b>	<b>7,425</b>	<b>17,105</b>	<b>46,855</b>

	Share capital	Share premium account	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 January 2008	22,325	7,425	18,261	48,011
Total comprehensive income for the year	-	-	2,515	2,515
Dividends paid	-	-	(3,500)	(3,500)
<b>At 31 December 2008</b>	<b>22,325</b>	<b>7,425</b>	<b>17,276</b>	<b>47,026</b>

The accompanying notes on pages 9 to 24 form an integral part of these financial statements

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Cash Flow For The Year Ended 31 December 2009

	2009 £000	2008 £000
<b>Continuing operations</b>		
<b>Profit before taxation</b>	6,080	3,517
Adjustment for finance costs - interest paid	2	106
Adjustment for finance income - interest received	(328)	(4,526)
Other provisions for liabilities and charges	162	(211)
Net decrease in trade and other receivables	3,811	4,716
Net increase/(decrease) in trade and other payables	892	(8,795)
Net decrease in balances due to group undertakings	(14,845)	(19,490)
<b>Cash flows used in operating activities</b>	<b>(4,226)</b>	<b>(24,683)</b>
Interest received	328	4,972
Interest paid	(2)	(106)
Tax paid	(1,516)	(147)
<b>Net cash flows used in operating activities</b>	<b>(5,416)</b>	<b>(19,964)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(4,550)	(3,500)
<b>Net cash used in financing activities</b>	<b>(4,550)</b>	<b>(3,500)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(9,966)</b>	<b>(23,464)</b>
Cash and cash equivalents at 1 January	30,096	53,560
<b>Cash and cash equivalents at 31 December</b>	<b>20,130</b>	<b>30,096</b>
<b>Cash and cash equivalents comprise.</b>		
Cash and balances with banks	20,130	30,096
	<b>20,130</b>	<b>30,096</b>

The accompanying notes on pages 9 to 24 form an integral part of these financial statements

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Notes To The Financial Statements For The Year Ended 31 December 2009**

### **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, incorporated in Great Britain. The address of the registered office of the Company is 1 Churchill Place, London, E14 5HP.

### **2 Compliance with International Financial Reporting Standards**

The financial statements have been prepared in accordance with 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.

#### **New standards and amendments to published standards that have been adopted by the Company**

##### **IFRS 8 "Operating Segments"**

IFRS 8 replaces IAS 14 "Segment reporting" and proposes that the 'management approach' is adopted for reporting the financial performance of operating segments. The standard has no financial impact and management has assessed that it has had no impact on the Company's disclosures.

##### **Amendment to IAS 1 "Presentation of financial statements"**

The revised standard includes an option to present one performance statement (the statement of comprehensive income) or two statements (the income statement and the statement of comprehensive income). The Company has elected to present one statement. Adoption of the revisions has not had any financial impact.

##### **IFRS 7 "Financial instruments: Disclosures"**

The amendments increase the disclosure requirements around fair value measurement, introducing a three-level hierarchy for fair value measurement disclosure and require some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendments clarify and enhance existing requirements for the disclosure of liquidity risk. Adoption has resulted in no significant change to the financial statements and has had no impact on the reported results of the Company.

In addition to the amendments above, the Company has adopted the following from 1 January 2009. In each case there has been no impact on the reported results of the Company.

##### **Amendment to IAS 23 "Borrowing costs"**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are required to be capitalised as part of the cost of that asset. The option of immediately expensing those borrowing costs has been removed.

##### **Amendment to IFRS 2 "Share Based Payments"**

The amendment addresses vesting conditions and cancellations, clarifying that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions.

## **GERRARD INVESTMENT MANAGEMENT LIMITED**

### **Notes To The Financial Statements (continued) For The Year Ended 31 December 2009**

#### **2 Compliance with International Financial Reporting Standards (continued)**

##### **IFRIC 16 "Hedges of a net investment in a foreign operation"**

The interpretation clarifies, in respect of net investment hedging that net investment hedging relates to differences in functional currency, that hedging instruments may be held anywhere in the group and that the requirements of IAS 21 "The effects of changes in foreign exchange rates" do apply to the hedged item

##### **Amendment to IFRS 1 "First time adoption of International Financial Reporting Standards" and IAS 27 "Consolidated and Separate Financial Statements"**

The amendments allows first-time adopters, in their separate financial statements, to use a deemed cost option for determining the cost of an investment in a subsidiary, jointly controlled entity or associate. The amendments to IAS 27 remove the definition of the 'cost method' from paragraph 4 of that standard

##### **New standards, interpretations and amendments to published standards that are not yet effective and have not been early adopted by the Company**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2010 or later periods. The Company has not early adopted the standards, amendments and interpretations described below

IFRS 9 Financial instruments on classification and measurement (effective from annual periods beginning on or after 1 January 2013)

IFRS 3 (Revised) "Business combinations" (applicable to business combinations occurring in accounting periods beginning on or after 1 July 2009)

IAS27 (Revised) "Consolidated and separate financial statements" (effective for periods beginning on or after 1 July 2009)

Amendment to IAS 39, "Financial Instruments: Recognition and Measurement on eligible hedged items" (effective from accounting periods beginning on or after 1 July 2009 – retrospective application)

Amendment to IFRS 2 "Share based payments group cash-settled transactions" (effective for accounting periods beginning on or after 1 January 2010)

"Improvements to IFRSs" (effective from 1 January 2010)

Amendment to IAS 32 "Financial Instruments: Presentation" (effective for accounting periods beginning on or after 1 February 2010)

Amendment to IAS 24 "Related party disclosures" (effective for accounting periods beginning on or after 1 January 2011)

IFRIC 17 "Distributions of non-cash assets to owners" (effective from accounting periods beginning on or after 1 July 2009)

IFRIC 19 "Extinguishing financial liabilities with equity instruments" (effective from the beginning of the earliest comparative period presented, for accounting periods beginning on or after 1 July 2010)

##### **Interpretations to existing standards that are not yet effective and are not deemed relevant for the Company's operations**

IFRIC 18 "Transfer of assets from customers" (effective for transfers of assets from customers received on or after 1 July 2009, although some limited retrospective application is permitted)

Amendment to IFRIC 14 "Prepayment of a minimum funding requirement" (effective for annual periods beginning on or after 1 January 2011)

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Notes To The Financial Statements (continued) For The Year Ended 31 December 2009**

### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the financial statements are set out below. These accounting policies have been consistently applied.

#### **Basis of preparation**

The financial statements have been prepared under the historical cost convention modified to include the fair valuation of certain financial instruments to the extent required or permitted under IAS 39, 'Financial Instruments, Recognition and Measurement', as set out in the relevant accounting policies. They are stated in thousands of pounds sterling, £000, the currency of the country in which the Company is incorporated.

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

#### **a) 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 items denominated in foreign currencies are retranslated at the rate prevailing at the year end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement.

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 other loans and advances, and on financial liabilities, using the effective interest method.

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

## **GERRARD INVESTMENT MANAGEMENT LIMITED**

### **Notes To The Financial Statements (continued) For The Year Ended 31 December 2009**

#### **3 Summary of significant accounting policies (continued)**

##### **d) Current and deferred 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 or future 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 substantially enacted by the balance sheet date and is expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

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

##### **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 balance sheet 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.

###### *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 2009**

#### **3 Summary of significant accounting policies (continued)**

##### **e) Financial assets and liabilities (continued)**

###### *Impairment of financial assets*

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

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

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

Impairment allowances are calculated, based on the difference between the carrying amount of the asset and its estimated recoverable amount, calculated by reference to the expected cash flows discounted at the original effective interest rate for the asset.

###### *Netting*

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

##### **f) Investments in subsidiaries**

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

##### **g) Dividends**

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

##### **h) Provisions**

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

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

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

### 3 Summary of significant accounting policies (continued)

#### i) Cash and cash equivalents

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

#### j) Balances with market counterparties and clients

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

#### k) Segregated funds

Segregated funds held by the Company on behalf of clients in accordance with the Client Money Rules of the Financial Services Authority and the corresponding liability to the clients is not shown on the face of the balance sheet as the Company is not beneficially entitled thereto. The amount held on behalf of clients at the financial year is stated in note 18.

### 4 Revenue

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

### 5 Finance income

Finance income comprises the following:

	2009 £000	2008 £000
<b>Interest income</b>		
Loans and advances to banks	328	4,526
<b>Total interest income</b>	<u>328</u>	<u>4,526</u>
<b>Interest expense</b>		
Other interest payable	(2)	(106)
<b>Total interest expense</b>	<u>(2)</u>	<u>(106)</u>
<b>Finance income</b>	<u>326</u>	<u>4,420</u>



## GERRARD INVESTMENT MANAGEMENT LIMITED

### Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

#### 6 Profit before taxation

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

	Notes	2009 £000	2008 £000
Management service charges		64,724	86,179
Provision for client compensation	15	569	(212)

The audit fees for 2009 and 2008 have been met by a group undertaking

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

#### 7 Employees and key management, including Directors

There were no employees employed by the Company during 2009 and 2008. 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

	2009 £000	2008 £000
Aggregate remuneration in respect of qualifying services	150	472
Aggregate amounts receivable under long-term incentive schemes	122	-
	<u>272</u>	<u>472</u>

One Director of the Company is accruing retirement benefits under a defined benefit scheme (2008: One). No Directors are accruing benefits under a defined contribution pension scheme operated by other Barclays Group Companies (2008: One).

No Directors exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during the year (2008: Nil).

##### Highest paid Director

The aggregate emoluments of the highest paid director were as follows

	2009 £000	2008 £000
Total remuneration and amounts (excluding shares) receivable under long term incentive schemes	<u>272</u>	<u>342</u>

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

### 8 Taxation

The analysis of the charge for the year is as follows

	Notes	2009 £000	2008 £000
<b>Current tax</b>			
United Kingdom corporation tax		1,689	978
<b>Deferred tax</b>			
United Kingdom corporation tax	14	12	24
<b>Total charge</b>		<u>1,701</u>	<u>1,002</u>

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

	2009 £000	2008 £000
Profit before taxation	<u>6,080</u>	<u>3,517</u>
Tax charge at average UK corporation tax rate of 28% (2008 28.5%)	1,702	1,003
Prior year adjustments	<u>(1)</u>	<u>(1)</u>
Overall tax charge	<u>1,701</u>	<u>1,002</u>
Effective tax rate %	<u>27.98%</u>	<u>28.46%</u>

### 9 Dividends

An analysis of dividends paid is as follows

	2009 £000	2008 £000
Interim paid 20.38p (2008 15.68p) per share	<u>4,550</u>	<u>3,500</u>

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

### 10 Investments in subsidiaries

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

	2009 £000	2008 £000
At 1 January and 31 December	4	4

Particulars of the Company's subsidiaries on 31 December 2009 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)
England	Gerrard Limited (In Liquidation 21/12/2007)	100%	Nominee Company	£100
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 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 (2008 £4)

## GERRARD INVESTMENT MANAGEMENT LIMITED

### Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

#### 11 Trade and other receivables

An analysis of trade and other receivables is as follows

	2009 £000	2008 £000
Trade receivables	25,700	30,473
Due from related parties	13,170	1,927
Other receivables	2,983	3,867
Accrued income	13,124	11,278
	<u>54,977</u>	<u>47,545</u>

The Directors consider that the carrying value of the Company's trade 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

	2009 £000	2008 £000
Trade payables	22,174	23,094
Due to related parties	33	3,635
Accrued expenses	800	326
Other payables	3,797	2,459
	<u>26,804</u>	<u>29,514</u>

The Directors consider that the carrying amount of trade and other payables approximates 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

	2009 £000	2008 £000
United Kingdom corporation tax payable	<u>1,148</u>	<u>975</u>

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

### 14 Deferred tax assets

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

	1 January 2009	Charged to statement of comprehensive income	31 December 2009
	£000	£000	£000
<b>Assets</b>			
Accelerated tax depreciation	61	(12)	49
	<u>61</u>	<u>(12)</u>	<u>49</u>
	1 January 2008	Charged to statement of comprehensive income	31 December 2008
	£000	£000	£000
<b>Assets</b>			
Accelerated tax depreciation	78	(17)	61
Other temporary differences	7	(7)	-
	<u>85</u>	<u>(24)</u>	<u>61</u>

Deferred taxes are calculated on all temporary differences under the liability method using an principal tax rate of 28% (2008 28%)

### 15 Provisions

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

	2009	2008
	£000	£000
At 1 January	191	1,248
Cash (paid)/received	(504)	508
Amounts charged/(credited) to statement of comprehensive income	569	(212)
Insurance grossings	97	(1,353)
<b>At 31 December</b>	<u>353</u>	<u>191</u>

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 £97,000 (2008 £nil)

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

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

### 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 2008 and 2009	22,325	22,325	7,425	29,750

Up to and including 30 September 2009 the authorised share capital of the Company was £30m. On 1 October 2009 the final provisions of the Companies Act 2006 came into force, abolishing the concept of authorised share capital subject to restrictions contained in the Company's articles. The Company adopted new articles on 14 October 2009, removing any restrictions. At the year end, the issued share capital of the Company is £22.3m (2008: £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

	2009 £000	2008 £000
At 1 January	17,276	18,261
Total comprehensive income for the year	4,379	2,515
Dividends paid	(4,550)	(3,500)
<b>At 31 December</b>	<b>17,105</b>	<b>17,276</b>

### 18 Segregated funds

As required by the United Kingdom's Financial Services Act, the Company maintains certain balances on behalf of clients in segregated accounts totalling £480 million (2008: £761 million). These amounts and the related liabilities are not included in the Company's balance sheet.

### 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.

## GERRARD INVESTMENT MANAGEMENT LIMITED

### Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

#### 19 Financial risks (continued)

##### (a) Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company's customers or market counterparties fail to fulfil their contractual obligations to the Company

The Company assesses all counterparties, including its customers, for credit risk before contracting with them and there were no significant concentrations of credit risk at either year end

##### Maximum exposure to credit risk

The following table shows the Company's assessment of its maximum exposure to credit risk at 31 December 2009 and 2008

	2009	2008
	£000	£000
Cash and cash equivalents	20,130	30,096
Trade and other receivables (and payables)	4,056	3,220
Other receivables	2,983	3,867
	<u>27,169</u>	<u>37,183</u>

##### *Cash and cash equivalents*

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

Cash and cash equivalents held with banks outside the Barclays Group total £657,000 (2008 £661,000)

##### *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 balances sheet value, with no account being taken of any offsetting assets controlled by the Company through its Nominee and Safe Custody activities

## **GERRARD INVESTMENT MANAGEMENT LIMITED**

### **Notes To The Financial Statements (continued) For The Year Ended 31 December 2009**

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

##### **(b) Liquidity risk**

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

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

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

##### **(c) Market Risk**

Market risk is the risk that the Company's earnings or capital, or its ability to meet business objectives will be adversely affected by changes in the level or volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices

##### **Interest rate risk**

Interest rate risk is the possibility that changes in interest rates will result in higher financing costs and/or reduced income from the Company's interest bearing financial assets and liabilities

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

##### **Foreign currency risk**

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

##### **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 Investors' Compensation Scheme. The contingent liabilities arising therefrom cannot be quantified



# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes To The Financial Statements (continued) For The Year Ended 31 December 2009

### 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 2009	Parent company £000	Fellow subsidiaries £000	Total £000
<b>Transactions</b>			
Revenue	1,562	-	1,562
Administrative expenses	(64,724)	-	(64,724)
Finance income – net	269	-	269
<b>Total</b>	<b>(62,893)</b>	<b>-</b>	<b>(62,893)</b>

### Balances outstanding at 31 December 2009

Assets	34,358	185	34,543
Liabilities	-	(4)	(4)
<b>Total</b>	<b>34,358</b>	<b>181</b>	<b>34,539</b>

### For the year ended 31 December 2008

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

### Balances outstanding at 31 December 2008

Assets	32,670	619	33,289
Liabilities	(3,391)	(244)	(3,635)
<b>Total</b>	<b>29,279</b>	<b>375</b>	<b>29,654</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 2009**

#### **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

Total capital is as follows

	2009 £000	2008 £000
Total equity	<u>46,855</u>	<u>47,026</u>

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

#### **23 Ultimate holding company**

The parent undertaking of the smallest group that presents consolidated financial statements is Barclays Bank PLC. The ultimate holding company and the parent company of the largest group that presents group accounts is Barclays PLC. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from the Barclays Corporate Secretariat, 1 Churchill Place, London, E14 5HP. Both companies are incorporated in Great Britain and registered in England.