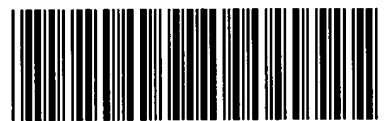


**GERRARD INVESTMENT MANAGEMENT LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**REGISTERED NUMBER: 2752982**

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# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report and Financial Statements For the year ended 31 December 2015**

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# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report**

**For the year ended 31 December 2015**

The Directors present their annual report together with the audited financial statements of Gerrard Investment Management Limited (the "Company") for the year ended 31 December 2015.

### **Profit and dividends**

During the year the Company made a profit after tax of £14,744,000 (2014: £11,531,000). An interim dividend of £nil was paid in 2015 (2014: £12,000,000). The Directors do not recommend the payment of a final dividend (2014: £Nil).

### **Directors**

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

P A F Byle  
D M Currie  
A B Houston (appointed 10 September 2015)  
M A Richards

Since the year end D M Currie resigned as a Director on 15 February 2016.

### **Statement of Directors' responsibilities**

The following statement, which should be read in conjunction with the Auditors' report set out on pages 4 to 5, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

The Directors are required by the Companies Act 2006 to prepare accounts for each financial year. The Directors have prepared the accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, to present fairly the financial position of the Company and the performance for that period. The Companies Act 2006 provides, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation.

The Directors consider that in preparing the financial statements on pages 6 to 22:

- the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates; and
- that all the accounting standards which they consider to be applicable have been followed; and
- that the financial statements have been appropriately 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.

### **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 pages 19 - 20.

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Directors' Report (continued)**

**For the year ended 31 December 2015**

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

Qualifying third-party indemnity provisions were in force during the course of the financial year ended 31 December 2015 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 may occur (or have occurred) in connection with their duties, powers or office.

### **Pillar 3 disclosures**

In accordance with the rules of the Financial Conduct Authority (FCA), 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 <https://www.home.barclays/barclays-investor-relations/results-and-reports/annual-reports.html>

### **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**



**M A Richards**  
**Director**  
20 April 2016

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Strategic Report**

**For the year ended 31 December 2015**

### **Business review and principal activities**

The principal activities of Gerrard Investment Management Limited (the "Company") are asset management and the provision of stockbroking services. The Company is authorised and regulated by the FCA.

### **Business performance**

The Company's results for the year show a profit before taxation of £18,488,000 (2014: £14,689,000) and total comprehensive income of £14,744,000 (2014: £11,531,000). The Company has net assets of £62,343,000 (2014: £47,599,000). Net cash flow generated from operating activities was £21,054,000 (2014: £18,571,000).

### **Future outlook**

In the 2014 financial statements, the Directors noted that an agreement had been made in principle to transfer the business of the Company to Barclays Bank Plc as a going concern in 2016. During 2015, this plan changed and the Directors have agreed that the business would be best suited to remain in Gerrard Investment Management Ltd and the company will continue to provide asset management and provision of stockbroking services.

### **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 Personal and Corporate Banking, the relevant business cluster for the Company, is discussed in the Barclays PLC annual report which does not form part of this report.

BY ORDER OF THE BOARD



M A Richards  
Director  
20 April 2016

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

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

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, Gerrard Investment Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

---

#### **What we have audited**

The financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), comprise:

- Statement of Financial Position as at 31 December 2015;
- Statement of Comprehensive Income for the year then ended;
- Statement of Cash Flows for the year then ended;
- Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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#### **Other matters on which we are required to report by exception**

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

## **GERRARD INVESTMENT MANAGEMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GERRARD INVESTMENT MANAGEMENT LIMITED (continued)**

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#### **Responsibilities for the financial statements and the audit**

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##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 1, 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) ("ISAs (UK & 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 parent 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.

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##### **What an audit of financial statements involves**

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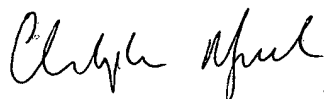
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Christopher Meyrick (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Glasgow  
20 April 2016

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Comprehensive Income For the year ended 31 December 2015

	Note	2015 £'000	2014 £'000
<b>Continuing operations</b>			
Revenue	4	60,889	71,203
<b>Gross profit</b>		<u>60,889</u>	<u>71,203</u>
Administrative expenses		<u>(42,480)</u>	<u>(56,632)</u>
<b>Operating profit</b>		18,409	14,571
Interest income	5	86	121
Interest expense	5	<u>(7)</u>	<u>(3)</u>
		79	118
<b>Profit before taxation</b>	6	<u>18,488</u>	<u>14,689</u>
Taxation	8	<u>(3,744)</u>	<u>(3,158)</u>
<b>Profit and total comprehensive income for the year</b>		<u><u>14,744</u></u>	<u><u>11,531</u></u>

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

Profit after tax and total comprehensive income for the year was £14,744,000 (2014: £11,531,000). There were no items of other comprehensive income.



# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Financial Position As at 31 December 2015

	Note	2015 £'000	2014 £'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary undertakings	10	4	4
Deferred tax assets	11	9	12
<b>Total non-current assets</b>		<b>13</b>	<b>16</b>
<b>Current assets</b>			
Loans and other receivables	12	36,567	62,124
Cash and cash equivalents		49,897	28,764
<b>Total current assets</b>		<b>86,464</b>	<b>90,888</b>
<b>TOTAL ASSETS</b>		<b>86,477</b>	<b>90,904</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	19,559	39,561
Current taxation	14	4,490	3,248
Provisions	15	85	496
<b>Total current liabilities</b>		<b>24,134</b>	<b>43,305</b>
<b>Net current assets</b>		<b>62,330</b>	<b>47,583</b>
<b>TOTAL LIABILITIES</b>		<b>24,134</b>	<b>43,305</b>
<b>SHAREHOLDER'S EQUITY</b>			
Share capital	16	22,325	22,325
Share premium account	16	7,425	7,425
Retained earnings	17	32,593	17,849
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>62,343</b>	<b>47,599</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>86,477</b>	<b>90,904</b>

The accompanying notes on pages 10 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 20 April 2016 and were signed on its behalf by:

  
M A Richards  
Director  
20 April 2016

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Changes in Equity For the year ended 31 December 2015

	Note	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2015		22,325	7,425	17,849	47,599
Profit and total comprehensive income for the year		-	-	14,744	14,744
<b>At 31 December 2015</b>		<u>22,325</u>	<u>7,425</u>	<u>32,593</u>	<u>62,343</u>

		Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity £'000
At 1 January 2014		22,325	7,425	18,318	48,068
Profit and total comprehensive income for the year		-	-	11,531	11,531
Dividends paid	9	-	-	(12,000)	(12,000)
<b>At 31 December 2014</b>		<u>22,325</u>	<u>7,425</u>	<u>17,849</u>	<u>47,599</u>

The accompanying notes on pages 10 to 22 form an integral part of these financial statements.

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Statement of Cash Flow For the year ended 31 December 2015

	2015 £'000	2014 £'000
<b>Continuing operations</b>		
<b>Reconciliation of profit before tax to net cash flows from operating activities</b>		
<b>Profit before taxation</b>	18,488	14,689
Interest expense	7	3
Interest income	(86)	(121)
Other provisions for liabilities and charges	(411)	99
Net decrease/(increase) in loans and other receivables	22,602	(17,965)
Net (decrease)/increase in trade and other payables	(19,557)	20,011
Net decrease in balances due from group undertakings	2,510	3,736
<b>Cash from operating activities</b>	<u>23,553</u>	<u>20,452</u>
 Tax paid	 (2,499)	 (1,881)
<b>Net cash from operating activities</b>	<u>21,054</u>	<u>18,571</u>
 <b>Cash flows from investing activities</b>		
Interest received	86	121
Interest paid	(7)	(3)
<b>Net cash from investing activities</b>	<u>79</u>	<u>118</u>
 <b>Cash flows from financing activities</b>		
Dividends paid	-	(12,000)
<b>Net cash used in financing activities</b>	<u>-</u>	<u>(12,000)</u>
 <b>Net increase in cash and cash equivalents</b>	21,133	6,689
Cash and cash equivalents at 1 January	28,764	22,075
<b>Cash and cash equivalents at 31 December</b>	<u>49,897</u>	<u>28,764</u>
 <b>Cash and cash equivalents comprise:</b>		
Cash and balances with banks	<u>49,897</u>	<u>28,764</u>

The accompanying notes on pages 10 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 2015**

### **1 Reporting entity**

These financial statements are prepared for Gerrard Investment Management Limited (the "Company"), the principal activities of which are asset management and the provision of stockbroking services. The financial statements are prepared for the Company only. The parent undertaking of the smallest group that presents consolidated financial statements is 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) as adopted by the European Union.

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 International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the Interpretations Committee, as published by the International Accounting Standards Board (IASB). They are also in accordance with IFRS and IFRIC interpretations endorsed by the European Union. The principal accounting policies applied in the preparation of the financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied.

#### **Changes to accounting policies**

##### **New and amended standards**

The accounting policies adopted are consistent with those of the previous financial year, except where new standards and amendments to IFRSs effective as of 1 January 2015 have resulted in changes in accounting policy. There are no new amended standards that have had a material impact on the Company's accounting policies.

##### **Future accounting developments**

There are expected to be a number of significant changes to the Company's financial reporting after 2015 as a result of amended or new accounting standards that have been or will be issued by the IASB. The most significant of these are as follows:

In 2014, the IASB issued IFRS 9 Financial Instruments ("IFRS 9") which will replace IAS 39 Financial Instruments: Recognition and Measurement. It will lead to significant changes in the accounting for financial instruments. The key changes relate to:

- **Financial assets:** Financial assets will be measured at either fair value through profit or loss or amortised cost, except for debt instruments meeting specific criteria, which are required to be measured at fair value through other comprehensive income, or equity investments not held for trading, which may be measured at fair value through other comprehensive income;
- **Financial liabilities:** The accounting for financial liabilities is largely unchanged, except for non-derivative financial liabilities designated at fair value through profit or loss. Gains and losses on such financial liabilities arising from changes in Barclays own credit risk will be presented in other comprehensive income rather than in profit or loss;
- **Impairment:** Credit losses expected at the balance sheet date (rather than only losses incurred in the year) on loans, debt securities, loan commitments and financial guarantees not held at fair value through profit or loss will be reflected in impairment allowances and is expected to result in the earlier recognition of losses that are dependent on the economic forecast; and
- **Hedge accounting:** Hedge accounting will be more closely aligned with financial risk management.

IFRS 9 is not required to be applied until periods beginning on or after 1 January 2018. EU endorsement is expected during 2016. A joint Risk and Finance programme was inceptioned by Barclays Group in 2014 to implement the requirements.

# **GERRARD INVESTMENT MANAGEMENT LIMITED**

## **Notes to the financial statements (continued) For the year ended 31 December 2015**

### **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 as adopted by the European Union, 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.

Notwithstanding the intention of the Directors to place the Company in to voluntary liquidation in the near future, the financial statements have been prepared on a going concern basis. This is considered to best reflect the fact that, as a precursor to liquidation, the Company's existing business is intended to be transferred to Barclays Bank PLC as a going concern.

Had a basis other than going concern been adopted, it is not considered that there would have been any material change to the carrying value of assets and liabilities in 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 2015**

#### **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 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 2015

### 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) Investment 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.

#### 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.

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes to the financial statements (continued)

For the year ended 31 December 2015

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

#### 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 FCA, and the income arising thereon, are excluded from the financial statements as they are not assets of the Company.

### 4 Revenue

All of the Company's revenue is derived from asset management and the provision of stockbroking services.

### 5 Net interest income

Net interest income comprises the following:

	2015 £'000	2014 £'000
<b>Interest income</b>		
Interest receivable from related parties	86	121
<b>Total interest income</b>	<u>86</u>	<u>121</u>
<b>Interest expense</b>		
Bank borrowings	(7)	(3)
<b>Total interest expense</b>	<u>(7)</u>	<u>(3)</u>
<b>Net interest income</b>	<u>79</u>	<u>118</u>

### 6 Profit before taxation

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

	Note	2015 £'000	2014 £'000
Management service charges		41,992	55,447
Provision for client compensation	15	222	909
Auditors' remuneration			
- Audit of the Company's annual financial statements		110	110
- Other services pursuant to legislation		89	68



# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes to the financial statements (continued)

For the year ended 31 December 2015

### 7 Employees and key management, including Directors

The Company had no direct employees during 2015 or 2014. All staff employed in the business were either contracted to Barclays Bank PLC or Gerrard Management Services Limited and their costs are included in the management service charges above. The Directors are considered to be the key management personnel.

#### Directors' remuneration

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

	2015 £'000	2014 £'000
Aggregate remuneration in respect of qualifying services	142	96
Aggregate amounts receivable under long-term incentive schemes	11	7
Aggregate contributions due to Barclays Group Pension Schemes	16	12
	<u>169</u>	<u>115</u>

One Director is accruing retirement benefits under a defined benefit scheme and a defined contribution scheme (2014: One).

No Director exercised options under the Barclays PLC Sharesave Scheme and Long Term Incentive Schemes during 2015 (2014: Nil).

One Director is entitled to benefits under the Share Value Plan (2014: One).

### 8 Taxation

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

	2015 £'000	2014 £'000
<b>Current tax:</b>		
Current year	3,741	3,155
<b>Deferred tax:</b>		
Current year	2	3
Effect of changes in tax rates	1	-
<b>Total charge</b>	<u>3,744</u>	<u>3,158</u>

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

	2015 £'000	2014 £'000
Profit before taxation	<u>18,488</u>	<u>14,689</u>
Tax charge at blended UK corporation tax rate of 20.25% (2014: 21.50%)	3,743	3,158
Change to standard UK corporation tax rate	<u>1</u>	<u>-</u>
Overall tax change	<u>3,744</u>	<u>3,158</u>
Effective tax rate %	<u>20.25%</u>	<u>21.50%</u>

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 9 Dividends paid

An analysis of dividends paid is as follows:

	2015 £'000	2014 £'000
Interim paid at £nil per share in 2015	-	-
Interim paid in 2014 at 53.75p per share	-	12,000
	<u>-</u>	<u>12,000</u>

### 10 Investment in subsidiary undertakings

Movements in the Company's investment in subsidiary undertakings are as follows:

	2015 £'000	2014 £'000
At 1 January and 31 December	<u>4</u>	<u>4</u>

Details of the Company's subsidiaries at 31 December 2015 are as follows:

Name of Subsidiary	Registered Office Address	Country of Incorporation	Class of Shares / Units	Name of immediate parent	Total proportion of nominal value held by immediate parent (%)	Total proportion of beneficial ownership held by the Company (%)
Gerrard Nominees Limited	1 Churchill Place London E14 5HP	United Kingdom	Ordinary	Gerrard Investment Management Limited	100%	0%
Greig Middleton Nominees Limited	1 Churchill Place London E14 5HP	United Kingdom	Ordinary	Gerrard Investment Management Limited	100%	0%
R.C. Greig Nominees Limited	1 Churchill Place London E14 5HP	United Kingdom	Ordinary	Gerrard Investment Management Limited	100%	0%
Barclays Wealth Nominees Limited	1 Churchill Place London E14 5HP	United Kingdom	Ordinary	Gerrard Investment Management Limited	100%	0%

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.

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes to the financial statements (continued) For the year ended 31 December 2015

### 11 Deferred tax assets

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

	1 January 2015	Charged to statement of comprehensive income	31 December 2015
	£'000	£'000	£'000
<b>Assets</b>			
Accelerated tax depreciation	<u>12</u>	<u>(3)</u>	<u>9</u>

	1 January 2014	Charged to statement of comprehensive income	31 December 2014
	£'000	£'000	£'000
<b>Assets</b>			
Accelerated tax depreciation	<u>15</u>	<u>(3)</u>	<u>12</u>

During the year, for companies subject to the main rate of corporate tax, the tax rate from 1 April 2015 has reduced from 21% to 20%. During October 2015 substantive enactments reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and 18% from 1 April 2020 and as a result the relevant deferred tax balances have been re-measured. Deferred tax expected to reverse in the year to 31 December 2015 has been measured using the effective rate that will apply for the period (20.25%).

Deferred taxes are provided in full on temporary differences using the liability method and a principal tax rate of 20% (2014: 20%).

### 12 Loans and other receivables

An analysis of loans and other receivables is as follows:

	2015 £'000	2014 £'000
Due from related parties	6,443	9,398
Trade receivables	17,760	37,763
Other receivables	7	806
Accrued income and prepayments	<u>12,357</u>	<u>14,157</u>
	<u>36,567</u>	<u>62,124</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.

## GERRARD INVESTMENT MANAGEMENT LIMITED

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 13 Trade and other payables

An analysis of trade and other payables is as follows:

	2015 £'000	2014 £'000
Due to related parties	80	525
Trade payables	17,273	36,488
Accrued expenses	13	160
Other payables	2,193	2,388
	<u>19,559</u>	<u>39,561</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.

#### 14 Current taxation

Current tax liabilities are as follows:

	2015 £'000	2014 £'000
United Kingdom corporation tax payable	<u>4,490</u>	<u>3,248</u>

#### 15 Provisions

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

	2015 £'000	2014 £'000
At 1 January	496	397
Cash paid	(633)	(810)
Charged to statement of comprehensive income	222	909
At 31 December	<u>85</u>	<u>496</u>

## GERRARD INVESTMENT MANAGEMENT LIMITED

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 16 Share capital

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

	Number of shares	Ordinary shares £'000	Share premium account £'000	Total £'000
At 1 January and 31 December 2015 and 2014	22,325,000	22,325	7,425	29,750

The par value of the ordinary shares is £1 each. All issued shares are fully paid.

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

#### 17 Retained earnings

Movements in retained earnings are as follows:

	2015 £'000	2014 £'000
At 1 January	17,849	18,318
Profit and total comprehensive income for the year	14,744	11,531
Dividends paid	-	(12,000)
At 31 December	32,593	17,849

#### 18 Segregated funds

Segregated funds held on behalf of clients in accordance with the Client Money Rules of the FCA totalled £295 million at 31 December 2015 (2014 : £367 million). These amounts, and the income arising thereon, are not assets of the Company and are, therefore, excluded from the financial statements.

#### 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 Personal and Corporate Banking, the relevant business cluster for the Company, 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 fulfill their contractual obligations to the Company.

## GERRARD INVESTMENT MANAGEMENT LIMITED

### Notes to the financial statements (continued) For the year ended 31 December 2015

#### 19 Financial risks (continued)

##### a) Credit risk (continued)

###### Maximum exposure to credit risk

The following table shows the maximum exposure to credit risk at 31 December 2015 and 2014:

	2015 £'000	2014 £'000
Cash and cash equivalents with related parties	49,897	28,764
Trade receivables	17,760	37,763
Due from related parties	6,443	9,398
Other receivables	7	806
Accrued income	12,357	14,157
	<u>86,464</u>	<u>90,888</u>

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.

##### 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 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 2015 and 2014 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 FCA regulated firm, the Company is also potentially liable to make back-dated contributions to the Financial Services Compensation Scheme (FSCS). The contingent liabilities arising from these circumstances cannot be quantified.

# GERRARD INVESTMENT MANAGEMENT LIMITED

## Notes to the financial statements (continued)

For the year ended 31 December 2015

### 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 2015	Parent company £'000	Fellow subsidiaries £'000	Total £'000
<b>Transactions</b>			
Administrative expenses	(41,992)	-	(41,992)
Finance income	5	81	86
Dividends paid	-	-	-
<b>Total</b>	<b>(41,987)</b>	<b>81</b>	<b>(41,906)</b>
<b>Balances outstanding at 31 December 2015</b>			
Assets	7,198	49,145	56,343
Liabilities	-	(80)	(80)
<b>Total</b>	<b>7,198</b>	<b>49,065</b>	<b>56,264</b>
<b>For the year ended 31 December 2014</b>			
<b>Transactions</b>			
Administrative expenses	(55,447)	-	(55,447)
Finance income	10	111	121
Dividends paid	(12,000)	-	(12,000)
<b>Total</b>	<b>(67,437)</b>	<b>111</b>	<b>(67,326)</b>
<b>Balances outstanding at 31 December 2014</b>			
Assets	12,785	25,381	38,166
Liabilities	-	(525)	(525)
<b>Total</b>	<b>12,785</b>	<b>24,856</b>	<b>37,641</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 2015

### 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 FCA 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. This is in line with the disclosures provided in the regulatory reporting returns submitted by the Company to the FCA.

Total capital is as follows:

	2015 £'000	2014 £'000
Share capital	22,325	22,325
Share premium account	7,425	7,425
Retained earnings	32,593	17,849
<b>Total capital resources</b>	<b>62,343</b>	<b>47,599</b>

The Company's capital is independently monitored by the Personal and Corporate Banking Treasurer on behalf of the Directors.

### 23 Parent undertaking and ultimate holding company

The parent of the Company is Gerrard Management Services Limited. 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 financial statements is Barclays PLC. Both companies are incorporated in the United Kingdom and registered in England. Barclays Bank PLC's and Barclays PLC's statutory financial statements are available from Barclays Corporate Secretariat, 1 Churchill Place, London, E14 5HP.