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For the year ended 31 December 2013 continued

Note 43: Related party transactions and Directors' remuneration continued

Directors' and Officers' shareholdings and options

The beneficial ownership of ordinary share capital of Barclays PLC by all Directors and Officers of Barclays PLC (involving 28 persons) amounted 6,932,951 (2012: 19,620,252) ordinary shares of 25p each (0.04% of the ordinary share capital outstanding).

At 31 December 2013 executive Directors and officers of Barclays PLC (involving 16 persons) held options to purchase a total of 345,943 Barclays PLC ordinary shares (2012: 1,128,437) of 25p each at prices ranging from 133.01p to 228.16p under Sharesave and 431.38p under the Incentive Share Option Plan, respectively.

Advances and credit to Directors and guarantees on behalf of Directors

In accordance with Section 413 of the Companies Act 2006, the total amount of advances and credits made available in 2013 to persons who served as directors during the year was £0.2m (2012: £0.3m). No guarantees were entered into on behalf of Directors during 2013 (2012: £nil).

Note 44: Auditors' remuneration

Auditors' remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	Audit £m	Audit related £m	Taxation services £m	Other services £m	Total £m
2013					
Audit of the Group's annual accounts	**10**	**–**	**–**	**–**	**10**
Other services:					
Fees payable for the Company's associates[a]	**25**	**–**	**–**	**–**	**25**
Other services supplied[b]	**–**	**3**	**–**	**–**	**3**
Other services relating to taxation					
– compliance services	**–**	**–**	**2**	**–**	**2**
– advisory services[c]	**–**	**–**	**–**	**–**	**–**
Other	**–**	**3**	**–**	**2**	**5**
Total auditors' remuneration	**35**	**6**	**2**	**2**	**45**
2012					
Audit of the Group's annual accounts	10	–	–	–	10
Other services:					
Fees payable for the Company's associates[a]	25	–	–	–	25
Other services supplied[b]	–	4	–	–	4
Other services relating to taxation					
– compliance services	–	–	2	–	2
– advisory services[c]	–	–	–	–	–
Other	–	2	–	1	3
Total auditors' remuneration	35	6	2	1	44
2011					
Audit of the Group's annual accounts	13	–	–	–	13
Other services:					
Fees payable for the Company's associates[a]	26	–	–	–	26
Other services supplied[b]	–	3	–	–	3
Other services relating to taxation					
– compliance services	–	–	5	–	5
– advisory services[c]	–	–	1	–	1
Services relating to corporate finance transactions entered into or proposed to beentered into by or on behalf of the Company or any of its associates[d]	–	–	–	2	2
Other	–	3	–	1	4
Total auditors' remuneration	39	6	6	3	54

The figures shown in the above table relate to fees paid to PricewaterhouseCoopers LLP and its associates for continuing operations of business. Fees paid to other auditors not associated with PricewaterhouseCoopers LLP in respect of the audit of the Company's subsidiaries were £5m (2012: £7m, 2011: £6m).

Notes

a Comprises the fees for the statutory audit of the subsidiaries and associated pension schemes both inside and outside Great Britain and fees for the work performed by associates of PricewaterhouseCoopers LLP in respect of the consolidated financial statements of the Company. Fees relating to the audit of the associated pension schemes were £0.2 (2012: £0.2m, 2011: £0.2m).

b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

c Includes consultation on tax matters, tax advice relating to transactions and other tax planning and advice.

d Comprises due diligence related to transactions and other work in connection with such transactions.

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Note 45: Financial risks, liquidity and capital management

To improve transparency and ease of reference, by concentrating related information in one place, and to reduce duplication, disclosures required under IFRS relating to financial risks and capital resources have been included within the Risk management and governance section as follows:

¡ credit risk, on pages 142 to 189;

¡ market risk, on pages 190 to 198;

¡ capital resources, on pages 199 to 207; and

¡ liquidity risk, on pages 208 to 224.

Note 46: Transition Notes – Changes in accounting policies, comparability and other adjustments

IAS 19 (revised) Employee Benefits

In June 2011, the IASB issued revisions to IAS 19 Employee Benefits (IAS 19R or the revised standard). During 2013, Barclays adopted IAS 19R retrospectively in accordance with the transitional provisions set out in the standard. The revised standard introduces changes to the recognition, measurement, presentation and disclosure of post-employment benefits. IAS 19R eliminates the “corridor method”, under which the recognition of actuarial gains and losses was deferred. Instead, the full defined benefit obligation net of plan assets is now recorded on the balance sheet, with changes resulting from remeasurements recognised immediately in other comprehensive income. The measurement of the defined benefit obligation takes into account risk sharing features, such as those within our Swiss pension plan. In addition, IAS 19R requires net interest expense / income to be calculated as the product of the net defined benefit liability / asset and the discount rate as determined at the beginning of the year. The effect of this is to remove the previous concept of recognising an expected return on plan assets.

IFRS 10 Consolidation of Financial Statements

In May 2011, the IASB issued IFRS 10 Consolidation of Financial Statements. IFRS 10 establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.

The implementation of IFRS 10 resulted in the Group consolidating some entities that were previously not consolidated and deconsolidating some entities that were previously consolidated, principally impacting the consolidation of entities in the Investment Bank with credit market exposures. 142 entities were impacted by IFRS10 and were largely within Investment Bank and Wealth divisions. 79 entities were consolidated while 63 entities were deconsolidated.

Movement between the published and restated income statements for 31 December 2011

In the income statement for the year ending 2011, the adoption of the IAS 19 revised standard resulted in staff costs increasing by £109m, tax decreasing by £26m and the profit before tax reducing by £83m. The movement in the staff cost relates to the replacement of expected return on assets with net interest income/expense using the scheme discount rate resulting in further expense of £164m. This is partially offset by amortisation of unrecognised losses £55m no longer being recognised due to the removal of the corridor approach, with all actuarial losses recognised immediately on the balance sheet.

In addition, the adoption of the IAS 19 revised standard resulted in the basic earnings per share decreasing 0.6p from 23.5p to 22.9p and the diluted earnings per share decreasing 0.7p from 22.6p to 21.9p.

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Notes to the financial statements >
For the year ended 31 December 2013 continued

Note 46: Transition Notes – Changes in accounting policies, comparability and other adjustments continued

Consolidated income statement – movement between published and restated

For the year ended 31 December 2011	Published £m	IFRS 10 £m	IAS 19 revised £m	Other[a] £m	Restated £m
Continuing operations					
Interest income	20,589	–	–	–	20,589
Interest expense	(8,388)	–	–	–	(8,388)
Net interest income	12,201	–	–	–	12,201
Fee and commission income	10,208	–	–	–	10,208
Fee and commission expense	(1,586)	–	–	–	(1,586)
Net fee and commission income	8,622	–	–	–	8,622
Net trading income	7,660	–	–	–	7,660
Net investment income	2,305	–	–	–	2,305
Net premiums from insurance contracts	1,076	–	–	–	1,076
Gains on debt buy-backs and extinguishments	1,130	–	–	–	1,130
Other income	39	–	–	–	39
Total income	33,033	–	–	–	33,033
Net claims and benefits incurred on insurance contracts	(741)	–	–	–	(741)
Total income net of insurance claims	32,292	–	–	–	32,292
Credit impairment charges and other provisions	(3,802)	–	–	–	(3,802)
Impairment of investment in BlackRock, Inc.	(1,800)	–	–	–	(1,800)
Net operating income	26,690	–	–	–	26,690
Staff costs	(11,407)	–	(109)	(837)	(12,353)
Administration and general expenses	(6,681)	–	–	837	(5,844)
Depreciation of property, plant and equipment	(673)	–	–	–	(673)
Amortisation of intangible assets	(419)	–	–	–	(419)
Goodwill impairment	(597)	–	–	–	(597)
Provision for PPI redress	(1,000)	–	–	–	(1,000)
Operating expenses	(20,777)	–	(109)	–	(20,886)
Share of post-tax results of associates and joint ventures	60	–	–	–	60
Loss on disposal of subsidiaries, associates and joint ventures	(94)	–	–	–	(94)
Profit before tax	5,879	–	(109)	–	5,770
Taxation	(1,928)	–	26	–	(1,902)
Profit after tax	3,951	–	(83)	–	3,868
Attributable to:					
Equity holders of the Parent	3,007	–	(83)	–	2,924
Non-controlling interests	944	–	–	–	944
Profit after tax	3,951	–	(83)	–	3,868

Movement between the published and restated income statements for 31 December 2012

In the income statement for the year ending 2012, the adoption of the IFRS 10 and IAS 19 revised standards resulted in net operating income increasing by £574m, operating expenses increasing by £23m, tax increasing by £134m and the profit before tax increasing by £551m. The movement in the staff cost relates to the replacement of expected return on assets with net interest income/expense using the scheme discount rate resulting in further expense of £53m. This is partially offset by amortisation of unrecognised losses £31m no longer being recognised due to the removal of the corridor approach, with all actuarial losses recognised immediately on the balance sheet.

In addition, the adoption of the IAS 19 revised and IFRS 10 standards resulted in the basic loss per share decreasing by 3.2p from (8.0)p to (4.8)p and the diluted loss per share also decreasing by 3.2p from (8.0)p to (4.8)p.

Note

a The Group has also realigned outsourcing costs from administration and general expenses to staff costs in order to more appropriately reflect the nature and internal management of these costs. The net effect of these movements is to reduce administration and general expenses and increase staff costs by £837m.

Note 46: Transition Notes – Changes in accounting policies, comparability and other adjustments continued

Consolidated income statement – movement between published and restated

For the year ended 31 December 2012	Published £m	IFRS 10 £m	IAS 19 revised £m	Other[a] £m	Restated £m
Continuing operations					
Interest income	**19,199**	12	–	–	**19,211**
Interest expense	**(7,560)**	3	–	–	**(7,557)**
Net interest income	**11,639**	15	–	–	**11,654**
Fee and commission income	**10,216**	(3)	–	–	**10,213**
Fee and commission expense	**(1,634)**	(43)	–	–	**(1,677)**
Net fee and commission income	**8,582**	(46)	–	–	**8,536**
Net trading income	**3,025**	322	–	–	**3,347**
Net investment income	**817**	27	–	–	**844**
Net premiums from insurance contracts	**896**	–	–	–	**896**
Other income	**332**	–	–	–	**332**
Total income	**25,291**	318	–	–	**25,609**
Net claims and benefits incurred on insurance contracts	**(600)**	–	–	–	**(600)**
Total income net of insurance claims	**24,691**	318	–	–	**25,009**
Credit impairment charges and other provisions	**(3,596)**	256	–	–	**(3,340)**
Net operating income	**21,095**	574	–	–	**21,669**
Staff costs	**(10,447)**	(1)	(22)	(997)	**(11,467)**
Administration and general expenses	**(6,988)**	–	–	997	**(5,991)**
Depreciation of property, plant and equipment	**(669)**	–	–	–	**(669)**
Amortisation of intangible assets	**(435)**	–	–	–	**(435)**
Provision for PPI redress	**(1,600)**	–	–	–	**(1,600)**
Provision for interest rate hedging products redress	**(850)**	–	–	–	**(850)**
Operating expenses	**(20,989)**	(1)	(22)	–	**(21,012)**
Share of post-tax results of associates and joint ventures	**110**	–	–	–	**110**
Profit on disposal of subsidiaries, associates and joint ventures	**28**	–	–	–	**28**
Gain on acquisitions	**2**	–	–	–	**2**
Profit before tax	**246**	573	(22)	–	**797**
Taxation	**(482)**	(134)	–	–	**(616)**
(Loss)/profit after tax	**(236)**	439	(22)	–	**181**
Attributable to:					
Equity holders of the Parent	**(1,041)**	439	(22)	–	**(624)**
Non-controlling interests	**805**	–	–	–	**805**
(Loss)/profit after tax	**(236)**	439	(22)	–	**181**

Impact of IAS 19 revised standard on the income statement for the year ending 31 December 2013
The impact of the IAS 19 revised standard is an increase in staff costs of £22m and a decrease in tax of £1m. The movement in the staff cost relates to the replacement of expected return on assets with net interest income/expense using the scheme discount rate resulting in a further expense of £113m. This is partially offset by amortisation of unrecognised losses £91m no longer being recognised due to the removal of the corridor approach, with all actuarial losses recognised immediately on the balance sheet.

In addition, the adoption of the IAS 19 revised standard resulted in the basic earnings per share decreasing 0.1p to 3.8p from 3.9p and the diluted earnings per share decreasing 0.1p to 3.7p from 3.8p.

Movement between the published and restated statement of comprehensive income for 31 December 2011
In the statement of comprehensive income for the year ending 2012, the adoption of the IAS 19 revised standard resulted in the other comprehensive income increasing by £748m. This is mainly attributable to the movement which relates to actuarial losses on scheme assets and liabilities no longer being deferred.

Movement between the published and restated statement of comprehensive income for 31 December 2012
In the statement of comprehensive income for the year ending 2012, the adoption of the IAS 19 revised and IFRS 10 standards resulted in the other comprehensive loss increasing by £787m.

A major part of the reduction of £1,235m can be attributed to the IAS 19 revised standard which impacted the retirement benefit remeasurements. The movement is as a result of actuarial losses on scheme assets and liabilities no longer being deferred.

Note
a The Group has also realigned outsourcing costs from administration and general expenses to staff costs in order to more appropriately reflect the nature and internal management of these costs. The net effect of these movements is to reduce administration and general expenses and increase staff costs by £997m.

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Note 46: Transition Notes – Changes in accounting policies, comparability and other adjustments continued

Consolidated statement of comprehensive income – movement between published and restated

For the year ended 31 December 2012	Published £m	IFRS 10 £m	IAS 19 revised £m	Restated £m
(Loss)/profit after tax	**(236)**	439	(22)	**181**
Other comprehensive income from continuing operations:				
Currency translation reserve				
– Currency translation differences	**(1,578)**	30	–	**(1,548)**
Available for sale reserve				
– Net gains from changes in fair value	**1,237**	–	–	**1,237**
– Net gains transferred to net profit on disposal	**(703)**	–	–	**(703)**
– Net losses transferred to net profit due to impairment	**40**	–	–	**40**
– Net losses transferred to net profit due to fair value hedging	**474**	–	–	**474**
– Changes in insurance liabilities	**(150)**	–	–	**(150)**
– Tax	**(352)**	–	–	**(352)**
Cash flow hedging reserve				
– Net gains from changes in fair value	**1,499**	–	–	**1,499**
– Net gains transferred to net profit	**(695)**	–	–	**(695)**
– Tax	**(142)**	–	–	**(142)**
Other	**95**	1	–	**96**
Total comprehensive loss that may be recycled to profit or loss	**(275)**	31	–	**(244)**
Other comprehensive loss not recycled to profit or loss:				
Retirement benefit remeasurements	**–**	–	(1,553)	**(1,553)**
Deferred tax	**–**	–	318	**318**
Other comprehensive loss for the period	**(275)**	31	(1,235)	**(1,479)**
Total comprehensive loss for the year	**(511)**	470	(1,257)	**(1,298)**
Attributable to:				
Equity holders of the Parent	**(1,107)**	470	(1,257)	**(1,894)**
Non-controlling interests	**596**	–	–	**596**
	(511)	470	(1,257)	**(1,298)**

Note 46: Transition Notes – Changes in accounting policies, comparability and other adjustments continued

Impact of IAS 19 revised standard on the statement of comprehensive income for 31 December 2013

The adoption of the IAS 19 revised standard resulted in the other comprehensive loss increasing by £3,846m. This movement is attributable to the actuarial losses on scheme assets and liabilities no longer being deferred.

Movement between the published 31 December 2011 and restated 1 January 2012 numbers on the balance sheet

The opening balance sheet as of 1 January 2012 and the comparative figures have been presented as if IAS 19R and IFRS 10 had always been applied. The effect of adoption on prior periods is shown in the table below. The adoption of IAS 19R and IFRS 10 has resulted in, total assets decreasing by £1,877m, total liabilities increasing by £305m and total equity decreasing by £2,182m as at 1 January 2012.

The movement on the retirement benefit assets principally relate to recognised losses whilst the movement on the retirement benefit liabilities relates to netting adjustments made to reclassify balances between assets and liabilities where the overall scheme is in a net deficit position. Movements on the assets, liabilities and equities balances are shown in the table below:

As at December 2011	Published £m	IFRS 10 £m	IAS 19 revised £m	Restated £m
Assets				
Cash and balances at central banks	**106,894**	96	–	**106,990**
Items in the course of collection from other banks	**1,812**	–	–	**1,812**
Trading portfolio assets	**152,183**	1,325	–	**153,508**
Financial assets designated at fair value	**36,949**	818	–	**37,767**
Derivative financial instruments	**538,964**	13	–	**538,977**
Available for sale investments	**68,491**	4	–	**68,495**
Loans and advances to banks	**47,446**	(24)	–	**47,422**
Loans and advances to customers	**431,934**	(2,375)	–	**429,559**
Reverse repurchase agreements and other similar secured lending	**153,665**	(635)	–	**153,030**
Prepayments, accrued income and other assets	**4,563**	2	–	**4,565**
Investments in associates and joint ventures	**427**	60	–	**487**
Property, plant and equipment	**7,166**	–	–	**7,166**
Goodwill and intangible assets	**7,846**	–	–	**7,846**
Current and deferred tax assets	**3,384**	283	318	**3,985**
Retirement benefit assets	**1,803**	–	(1,762)	**41**
Total assets	**1,563,527**	(433)	(1,444)	**1,561,650**
Liabilities				
Deposits from banks	**91,116**	7	–	**91,123**
Items in the course of collection due to other banks	**969**	–	–	**969**
Customer accounts	**366,032**	(505)	–	**365,527**
Repurchase agreements and other similar secured borrowing	**207,292**	–	–	**207,292**
Trading portfolio liabilities	**45,887**	–	–	**45,887**
Financial liabilities designated at fair value	**87,997**	456	–	**88,453**
Derivative financial instruments	**527,910**	339	–	**528,249**
Debt securities in issue	**129,736**	(58)	–	**129,678**
Subordinated liabilities	**24,870**	–	–	**24,870**
Accruals, deferred income and other liabilities	**12,580**	274	–	**12,854**
Provisions	**1,529**	–	–	**1,529**
Current and deferred tax liabilities	**2,092**	(1)	(129)	**1,962**
Retirement benefit liabilities	**321**	–	(78)	**243**
Total liabilities	**1,498,331**	512	(207)	**1,498,636**
Total equity				
Shareholders’ equity excluding non-controlling interests	**55,589**	(945)	(1,237)	**53,407**
Non-controlling interests	**9,607**			**9,607**
Total equity	**65,196**	(945)	(1,237)	**63,014**
Total liabilities and equity	**1,563,527**	(433)	(1,444)	**1,561,650**

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Note 46: Transition Notes – Changes in accounting policies, comparability and other adjustments continued

Movement between the published and restated balance sheet as at 31 December 2012

The adoption of the IAS 19 revised and IFRS 10 standards resulted in a decrease of £1,986m in the total assets, an increase of £985m in total liabilities and a reduction of the shareholders equity by £2,971m.

The movement on the retirement benefit assets principally relate to recognised losses, netting adjustments made to reclassify balances from assets to liabilities where the overall scheme is in a net deficit position and changes to asset values due to the removal of the expected return on assets. The movement on the retirement benefit liabilities relates to netting adjustments. Movements on the assets, liabilities and equities balances are shown in the table below:

Consolidated balance sheet – movement between published and restated

As at 31 December 2012	Published £m	IFRS 10 £m	IAS 19 revised £m	Restated £m
Assets				
Cash and balances at central banks	86,175	16	–	86,191
Items in the course of collection from other banks	1,456	17	–	1,473
Trading portfolio assets	145,030	1,322	–	146,352
Financial assets designated at fair value	46,061	568	–	46,629
Derivative financial instruments	469,146	10	–	469,156
Available for sale investments	75,109	–	–	75,109
Loans and advances to banks	40,489	(27)	–	40,462
Loans and advances to customers	425,729	(1,823)	–	423,906
Reverse repurchase agreements and other similar secured lending	176,956	(434)	–	176,522
Prepayments, accrued income and other assets	4,360	5	–	4,365
Investments in associates and joint ventures	570	63	–	633
Property, plant and equipment	5,754	–	–	5,754
Goodwill and intangible assets	7,915	–	–	7,915
Current tax assets	252	–	–	252
Deferred tax assets	3,016	139	408	3,563
Retirement benefit assets	2,303	–	(2,250)	53
Total assets	1,490,321	(144)	(1,842)	1,488,335
Liabilities				
Deposits from banks	77,010	2	–	77,012
Items in the course of collection due to other banks	1,573	14	–	1,587
Customer accounts	385,707	(296)	–	385,411
Repurchase agreements and other similar secured borrowing	217,342	(164)	–	217,178
Trading portfolio liabilities	44,794	–	–	44,794
Financial liabilities designated at fair value	78,280	281	–	78,561
Derivative financial instruments	462,468	253	–	462,721
Debt securities in issue	119,581	(56)	–	119,525
Subordinated liabilities	24,018	–	–	24,018
Accruals, deferred income and other liabilities	12,232	300	–	12,532
Provisions	2,766	–	–	2,766
Current tax liabilities	621	(1)	–	620
Deferred tax liabilities	719	–	(377)	342
Retirement benefit liabilities	253	–	1,029	1,282
Total liabilities	1,427,364	333	652	1,428,349
Total equity				
Shareholders' equity excluding non-controlling interests	53,586	(477)	(2,494)	50,615
Non-controlling interests	9,371	–	–	9,371
Total equity	62,957	(477)	(2,494)	59,986
Total liabilities and equity	1,490,321	(144)	(1,842)	1,488,335

Impact of IAS 19 revised standard on the balance sheet as at 31 December 2013

The adoption of the IAS 19 revised standard resulted in a change from a defined benefit asset of £2,066m to a defined benefit liability of £1,780m. This movement is due to actuarial losses of £3,846m being recognised on the balance sheet.