

Please note this is a section from the full Annual Report, the contents of which are below.

Barclays PLC
Annual report 2000
Barclays PLC and Barclays Bank PLC
Annual report on Form 20-F 2000

Contents

Presentation of information	2	Consolidated accounts	
Financial data	3	Barclays PLC	76
Business description	6	Accounting policies	76
Financial review	12	Accounting presentation	79
Analysis of results by business	15	Consolidated profit and loss account	80
Results by nature of income and expense	21	Statement of total recognised gains and losses	81
Yields, spreads and margins	22	Consolidated balance sheet	82
Average balance sheet	28	Consolidated statement of changes in reserves	84
Capital resources	32	Consolidated cash flow statement	85
Deposits	33	Parent company accounts	86
Short-term borrowings	34	Notes to the accounts	87
Securities	35	SEC Form 20-F cross reference	
Risk management – Overview	36	and other information	153
Credit Risk Management	38	Glossary	155
Analysis of loans and advances	39	Barclays Bank PLC data	156
Provisions for bad and doubtful debts	44	US GAAP financial data	167
Potential credit risk lendings	48	Shareholder information	168
Cross border outstandings	50	Dividends	168
Market Risk management	51	Trading market for ordinary shares of Barclays PLC	169
Derivatives	53	Trading market for preference shares	170
Treasury asset and liability management	54	Shareholdings at 31st December 2000	171
Management of operational and other risks	57	Memorandum and Articles of Association	172
Other information	58	Taxation	173
Economic and monetary environment	58	Exchange controls and other limitations	
Supervision and regulation	58	affecting security holders	174
Risk factors	59	Group senior management	
Directors and officers	60	and principal offices	176
Directors' report	62		
Corporate governance	65		
Auditors' reports	75		

Registered No. 48839

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act 1995 with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including UK domestic and global economic and business conditions, market related risks such as interest rate and exchange rate risks, the policies and actions of regulatory authorities and the impact of competition, a number of which are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals and expectations set forth in the Group's forward-looking statements. For a discussion of some of the factors that may cause actual future results and developments to differ materially from these forward-looking statements, see Risk factors on page 59.

Consolidated profit and loss account For the year ended 31st December 2000

	Note	2000 £m	1999 £m	1998 £m
Interest receivable:				
Interest receivable and similar income arising from debt securities		2,339	1,397	1,419
Other interest receivable and similar income		9,449	7,923	8,493
		11,788	9,320	9,912
Interest payable		6,635	4,696	5,604
Profit on redemption/repurchase of loan capital	1	2	3	3
Net interest income		5,155	4,627	4,311
Fees and commissions receivable		3,689	3,207	3,008
Less: fees and commissions payable		(320)	(275)	(229)
Dealing profits	2	677	556	(42)
Other operating income	3	397	258	298
Operating income		9,598	8,373	7,346
Administrative expenses – staff costs	4	3,219	3,057	2,811
Administrative expenses – other	6	1,967	1,807	1,829
Depreciation and amortisation	7	306	280	275
Operating expenses		5,492	5,144	4,915
Operating profit before provisions		4,106	3,229	2,431
Provisions for bad and doubtful debts	18	817	621	492
Provisions for contingent liabilities and commitments	8	(1)	1	76
Provisions		816	622	568
Operating profit		3,290	2,607	1,863
Loss from joint ventures		(1)	(1)	–
(Loss)/income from associated undertakings		(7)	(13)	22
Loss on sale or restructuring of BZW	9	–	(30)	(3)
Profit/(loss) profit on disposal of other Group undertakings	10	214	(108)	4
Write-down of fixed asset investments		–	–	(4)
Profit on ordinary activities before tax		3,496	2,455	1,882
Tax on profit on ordinary activities	11	944	644	520
Profit on ordinary activities after tax		2,552	1,811	1,362
Minority interests – equity		(22)	(24)	(20)
Profit for the financial year attributable to the members of Barclays Bank PLC (Net income)		2,530	1,787	1,342
Dividends payable to Barclays PLC	d	(1,352)	(1,404)	(1,214)
Dividends payable to preference shareholders	d	(24)	(28)	(25)
Payments to RCI holders		(33)	–	–
Profit retained for the financial year		1,121	355	103

The note numbers refer to the notes on pages 87 to 152, whereas the note letters refer to those on pages 162 to 165.

For each of the years reported above, there was no material difference between profit before tax and profit retained, and historical cost profits.

Statement of total recognised gains and losses For the year ended 31st December 2000

	2000 £m	1999 £m	1998 £m
Profit for the financial year attributable to the members of Barclays Bank PLC	2,530	1,787	1,342
Exchange rate translation differences	36	(65)	29
Other items	8	25	–
Joint ventures and associated undertakings	6	(19)	31
Total recognised gains relating to the period	2,580	1,728	1,402
Prior period adjustment*	–	(81)	–
Total gains and losses recognised including prior period adjustment	2,580	1,647	1,402

* The prior period adjustment relates to the adoption of FRS 12 in 1999 which resulted in the net charge to shareholders' funds with respect to provisions made for vacant leasehold properties.

Consolidated balance sheet As at 31st December 2000

	Note	2000		1999	
		£m	£m	£m	£m
Assets					
Cash and balances at central banks			1,243		1,166
Items in course of collection from other banks			2,509		2,492
Treasury bills and other eligible bills	15		5,564		7,176
Loans and advances to banks – banking		9,570		13,071	
– trading		26,856		26,555	
	16		36,426		39,626
Loans and advances to customers – banking		138,423		95,006	
– trading		23,687		21,562	
	17		162,110		116,568
Debt securities	19		70,770		53,919
Equity shares	20		4,062		5,604
Interests in joint ventures – share of gross assets		180		121	
– share of gross liabilities		(118)		(71)	
	21		62		50
Interests in associated undertakings	21		60		56
Intangible fixed assets	22		4,269		183
Tangible fixed assets	23		2,059		1,800
Other assets	25		15,518		15,910
Prepayments and accrued income	27		2,827		2,203

Retail life-fund assets attributable to policyholders	26	307,479	246,753
		8,711	8,040
Total assets		316,190	254,793

The note numbers refer to the notes on pages 87 to 152.

Consolidated balance sheet As at 31st December 2000

	Note	2000		1999	
		£m	£m	£m	£m
Liabilities					
Deposits by banks – banking – trading		32,445 17,311		26,915 17,571	
	28		49,756		44,486
Customer accounts – banking – trading		140,352 18,616		105,027 18,939	
	29		158,968		123,966
Debt securities in issue	30		31,883		23,329
Items in course of collection due to other banks			1,176		1,400
Other liabilities	31		38,184		35,119
Balances due to Barclays PLC			632		484
Accruals and deferred income	32		4,457		3,290
Provisions for liabilities and charges – deferred tax	33		631		596
Provisions for liabilities and charges – other	34		635		651
Subordinated liabilities:					
Undated loan capital – convertible to preference shares	35		335		309
Undated loan capital – non-convertible	35		2,337		1,440
Dated loan capital – non-convertible	36		3,698		2,848
			292,692		237,918
Minority interests and shareholders' funds					
Minority interests – equity			108		82
Called up share capital	a	2,275		2,088	
Share premium account		5,269		1,881	
Revaluation reserve		35		37	
Other shareholders' funds	b	1,350		–	
Profit and loss account		5,750		4,747	
Shareholders' funds – equity and non-equity	c		14,679		8,753
			14,787		8,835
Retail life-fund liabilities to policyholders	26		307,479		246,753
			8,711		8,040
Total liabilities and shareholders' funds			316,190		254,793
Memorandum items					
Contingent liabilities:	45				
Acceptances and endorsements			1,170		1,530
Guarantees and assets pledged as collateral security			15,180		12,044
Other contingent liabilities			6,503		5,360
			22,853		18,934
Commitments – standby facilities, credit lines and other			87,971		82,479

The note numbers refer to the notes on pages 87 to 152, whereas the note letters refer to those on pages 162 to 165.

Consolidated statement of changes in reserves As at 31st December 2000

	2000 £m	1999 £m	1998 £m
Share premium account			
At beginning of year	1,881	1,672	1,574
Premium arising on shares issued	3,367	202	100
Exchange rate translation differences	21	7	(2)
At end of year	5,269	1,881	1,672
Revaluation reserve			
At beginning of year	37	36	35
Exchange rate translation differences	(2)	(3)	1
Revaluation of interest in associated undertaking	–	5	–
Other items	–	(1)	–
At end of year	35	37	36
Other shareholders' funds			
At beginning of year	–	–	–
Issued (net of discount)	1,350	–	–
At end of year	1,350	–	–
Profit and loss account			
At beginning of year	4,747	4,321	4,147
Profit retained	1,121	355	103
Redemption of preference shares	(149)	–	–
Exchange rate translation differences	19	(67)	31
Goodwill written back on disposals	–	138	10
Other items	12	–	30
At end of year	5,750	4,747	4,321
Total reserves	12,404	6,665	6,029

The Group operates in a number of countries subject to regulations under which a local subsidiary undertaking has to maintain a minimum level of capital. The current policy of the Group is that local capital requirements are met, as far as possible, by the retention of profit. Certain countries operate exchange control regulations which limit the amount of dividends that can be remitted to non-resident shareholders. It is not possible to determine the amount of profit retained and other reserves that is restricted by these regulations, but the net profit retained of overseas subsidiaries, associated undertakings and joint ventures at 31st December 2000 totalled £953m (1999 £789m, 1998 £732m). If such overseas reserves were to be remitted, other tax liabilities, which have not been provided for in the accounts, might arise.

Accumulated exchange rate translation differences are £440m debit (1999 £478m debit, 1998 £415m debit).

Goodwill amounting to £215m (1999 £215m, 1998 £353m) has been charged directly against reserves in the current and prior years in respect of acquisitions. This amount is net of any goodwill attributable to subsidiary undertakings disposed of prior to the balance sheet date.

Consolidated cash flow statement For the year ended 31st December 2000

Note	2000		1999		1998	
	£m	£m	£m	£m	£m	£m
Net cash inflow/(outflow) from operating activities e		8,499		8,917		(1,674)
Dividends received from associated undertakings		1		5		3
Returns on investments and servicing of finance:						
Interest paid on loan capital and other subordinated liabilities		(346)		(253)		(220)
Preference dividends paid		(24)		(28)		(25)
Payment to Reserve Capital Instrument holders		(24)		-		-
Dividends paid to minority shareholders		(10)		(9)		(7)
Net cash outflows from returns on investment and servicing of finance		(404)		(290)		(252)
Tax paid		(636)		(636)		(547)
Capital expenditure and financial investment:						
Capital expenditure		(365)		(224)		(305)
Sale of property and equipment		112		58		107
Purchase of investment securities		(14,490)		(13,094)		(10,866)
Redemption of investment securities		5,666		2,476		3,874
Sale of investment securities		4,115		2,894		9,523
Net cash (outflow)/inflow from capital expenditure and financial investment		(4,962)		(7,890)		2,333
Acquisitions and disposals:						
Acquisition of subsidiary undertakings	54	(2,421)		60		(70)
Acquisition of associated undertakings and joint ventures		-		-		(43)
Sale of associated undertakings		13		8		7
Sale of other group undertakings	51	307		174		690
Net cash (outflow)/inflow from acquisitions and disposals		(2,101)		242		584
Equity dividend paid:		(1,217)		(1,328)		(822)
Net cash (outflow) before financing		(820)		(980)		(375)
Financing: f						
Issue of Reserve Capital Instruments (net of expenses)		1,350		-		-
Issue of loan capital and other subordinated liabilities (net of expenses)		861		859		962
Redemption/repurchase of loan capital and other subordinated liabilities		(212)		(15)		(240)
Issue of ordinary shares		195		214		110
Redemption of preference shares		(149)		-		-
Net cash inflow from financing		2,045		1,058		832
Increase in cash	53	1,225		78		457

The note numbers refer to the notes on pages 87 to 152, whereas the note letters refer to those on pages 162 to 165.

a Called up share capital

Ordinary shares

The authorised ordinary share capital of the Bank, at 31st December 2000, was 2,500m (1999 2,500m) ordinary shares of £1 each.

	2000 £m	1999 £m
Called up share capital, allotted and fully paid		
At beginning of year	2,088	2,076
Issued to acquire The Woolwich	177	–
Issued for cash	10	12
At end of year	2,275	2,088

Preference shares

The authorised preference share capital of the Bank is 150m (1999 150m) shares of \$0.01 each. At 31st December 2000, 17m (1999 34.92m) preference shares were outstanding and had been issued for a consideration of \$212.5m which the nominal value was \$170,000 and the balance was share premium.

	Number of shares issued	Nominal value per share \$	Premium per share \$	Liquidation value per share \$	Earliest redemption date
Series D1	8,500,000	0.01	19.99	20.00	29th March 2001
Series D2	8,500,000	0.01	4.99	5.00	29th March 2001

The Series D1 and D2 Preference Shares are redeemable, at the option of the Bank, as a whole at their liquidation values, together with accrued and unpaid dividends for the current quarterly dividend period to the date of redemption.

In the event of a winding up, the holders of preference shares will be entitled to receive, before any distribution of assets is made to holders of ordinary shares of Barclays Bank PLC, liquidating distributions in the amounts of Series D1, \$20; and Series D2, \$5 per share plus an amount equal to accrued and unpaid dividends for the current quarterly dividend period to the date of commencement of the winding up.

The holders of preference shares are not entitled to receive notice of, or to attend or vote at, any general meeting of Barclays Bank PLC, except where there has been a failure to pay the equivalent of six consecutive quarterly dividends (in which case they may appoint two additional Directors), or where a resolution is proposed for adoption by shareholders providing for the winding up of the Bank. However, Series D1 Preference shareholders may receive notice of and attend the general meeting called for the purpose and vote on that resolution.

During the year 17,920,000 series C1 and C2 preference shares were redeemed.

In the event of the conversion of the Series E Notes (see page 105), the rights of the Series E1 and E2 Preference Shares are the same as those for Series D1 and D2 respectively. The Series E Preference Shares issued on conversion are redeemable, at the option of the Bank, in full on or after 30th April 2003.

b Other shareholders' funds

Other shareholders' funds are represented by Reserve Capital Instruments (RCIs) of €850m (1999 €nil) and US\$1,250m (1999 US\$nil). RCIs are perpetual securities and have no maturity date. However, the RCIs are redeemable in whole, but not in part, at the option of the Bank subject to the prior approval of the FSA and the Auditors of the Bank having reported to the Trustee within the previous six months that a solvency condition is met, at their principal amount together with any outstanding payments on 15th December 2010, in respect of the euro RCIs, and 15th June 2011, in respect of the US dollar RCIs, or any respective coupon payment date thereafter.

The euro RCIs bear coupons at a rate of 7.50% per annum from (and including) 3rd May 2000 to (but excluding) 15th December 2010 and thereafter at a rate, reset quarterly, of 2.95%, per annum above the euro-zone interbank offered rate for three month euro deposits. The US dollar RCIs bear coupons at a rate of 8.55% per annum from (and including) 19th September 2000 to (but excluding) 15th June 2011 and thereafter at a rate, reset quarterly, of 3.00% per annum above the London interbank offered rate for three month US dollar deposits.

The rights and claims of the RCI holders are subordinated to the claims of unsubordinated creditors and subordinated creditors which hold any of the Bank's loan capital. Upon any winding up of the Bank, the holder of each RCI will rank *pari passu* with the holders of the most senior class or classes of preference shares (if any) of the Bank then in issue and in priority to all other Bank shareholders.

c Shareholders' funds

Shareholders' funds at 31st December 2000 include £142m (1999 £270m) of non-equity share premium (see Preference shares in note a above) and £1,350m (1999 £nil) of other shareholders' funds (see note b above). All other shareholders' funds represent equity interests.

d Dividends

	2000 £m	1999 £m	1998 £m
On ordinary shares			
Interim dividends	733	918	804
Final interim dividend	619	486	410
	1,352	1,404	1,214

These dividends are paid to enable Barclays PLC to fund its dividends to its shareholders and, in 2000, to fund the repurchase by Barclays PLC of 19.6m of its ordinary shares at a total cost of £310.5m (1999 27.8m at a total cost of £504m), and to fund contributions of £114m (1999 £154m) made by Barclays PLC to the QUEST (see page 84) to enable the purchase of new Barclays PLC ordinary shares on the exercise of options under the SAYE Share Option Scheme.

Dividends on the preference shares are paid quarterly at such rates as will, including the UK associated tax credit and before deduction of UK withholding tax (see Taxation), result in annual dividends to holders, expressed as percentages of the liquidation values of the relevant preference shares, of 11.25% on Series C1 and Series C2 Preference Shares (prior to their redemption on 30th June 2000) and 11.5% on Series D1 and Series D2 Preference Shares. Preference dividends paid totalled \$35m (£24m) in 2000, \$40m (£28m) in 1999 and \$40m (£25m) in 1998.

In the event of the conversion of the Series E Notes, the annual dividends, expressed as a percentage of the liquidation values, on the Series E1 and E2 Preference Shares would be 9.25%.

e Reconciliation of operating profit to net cash flow from operating activities

	2000 £m	1999 £m	1998 £m
Net cash inflow/(outflow) from operating activities of Barclays PLC (see note 50)	8,486	8,923	(1,337)
Increase/(decrease) in balance due by Barclays Bank PLC to Barclays PLC	13	(6)	(337)
Net cash inflow/(outflow) from operating activities of Barclays Bank PLC	8,499	8,917	(1,674)

f Changes in financing during the year

	Undated loan capital £m	Dated loan capital £m	Ordinary shares £m	Share premium £m	Reserve Capital Instruments £m
Barclays Bank PLC					
At beginning of year	1,749	2,848	2,088	1,881	–
Exchange rate and other movements	73	96	–	21	–
Profit on redemption/repurchase of loan capital	(2)	–	–	–	–
Acquisition of The Woolwich	187	770	177	3,182	–
Net cash inflow/(outflow) from financing	665	(16)	10	185	1,350
At end of year	2,672	3,698	2,275	5,269	1,350

Series C1 and C2 preference shares were redeemed in the year. The redemption cost was charged to the profit and loss reserve and has not been included in the table above.

g Segmental analysis

	2000 £m	2000 %	1999 £m	1999 %	1998 £m	1998 %
By geographical segments (a)						
Attributable profit						
UK	2,136	84	1,207	67	1,107	82
Foreign UK-based	(36)	(1)	184	10	(46)	(3)
Other European Union	271	11	262	15	213	16
United States	25	1	71	4	21	2
Rest of the World	134	5	63	4	47	3
	2,530	100	1,787	100	1,342	100

Note

(a) For the basis of the geographical analysis, see Analyses by geographical segments and classes of business on page 134.

h Differences between UK and US accounting principles – Barclays Bank PLC

The following table summarises the significant adjustments to consolidated attributable profit (net income under US GAAP) and shareholders' funds (shareholders' equity under US GAAP) which would result from the application of US GAAP instead of UK GAAP.

	2000 £m	1999 £m	1998 £m
Approximate net income (US GAAP) of Barclays PLC Group (from page 140)	2,195	1,695	1,370
Preference share dividends and other appropriations of Barclays Bank PLC	57	28	25
Approximate net income (US GAAP) of Barclays Bank PLC Group	2,252	1,723	1,395

	Note	2000 £m	1999 £m
Shareholders' funds (UK GAAP) of Barclays Bank PLC Group		14,679	8,753
Goodwill	(a)	66	78
Core deposit intangible	(b)	(12)	–
Pension cost	(c)	(259)	(66)
Post-retirement benefits	(c)	(15)	–
Leasing – lessor	(d)	(168)	(154)
Leasing – lessee	(e)	13	10
Deferred tax	(g)	–	162
Property depreciation		(41)	(44)
Share compensation schemes	(h)	(110)	(66)
Shareholders' interest in the long-term assurance fund		(751)	(674)
Revaluation of property	(k)	(273)	(278)
Net unrealised gain on investment securities	(i)	322	68
Dividend payable		619	484
Restructuring of business provisions		15	–
Internal use software	(p)	218	95
Internal hedging	(q)	54	(94)
Mortgage incentives	(r)	17	–
Fair value amortisation charge	(q)	1	–
Non-qualifying special purpose vehicles	(s)	(72)	–
Tax effect on the above UK/US GAAP reconciling items		210	263
Approximate shareholders' equity (US GAAP) of Barclays Bank PLC Group		14,513	8,537

The note numbers refer to the notes on pages 141 to 149.

h Differences between UK and US accounting principles – Barclays Bank PLC (continued)

SFAS 130 – Comprehensive income

The following table details the approximate comprehensive income and accumulated other income under US GAAP.

	2000 £m	1999 £m	1998 £m
Barclays Bank PLC – Approximate net income (US GAAP)	2,252	1,723	1,395
Net exchange translation differences *	7	(19)	38
Net unrealised gains on investment securities**	177	(111)	7
Barclays Bank PLC – Approximate comprehensive income (US GAAP)	2,436	1,593	1,440
Net exchange translation differences	(286)	(293)	(274)
Net unrealised gains on investment securities**	225	48	159
Accumulated other comprehensive income	(61)	(245)	(115)

* including reclassification to net income on disposal of investments.

** net of tax effect of £77m (1999 £(51m), 1998 £2m).

Selected financial statistics	2000 %	1999 %	1998 %	1997 %	1996 %
Attributable profit as a percentage of: average total assets (note (a))	0.83	0.73	0.55	0.54	0.91
average shareholders' funds	23.75	20.88	16.67	14.98	22.37
Average shareholders' funds as a percentage of average total assets (note (a))	3.49	3.50	3.31	3.60	4.07

Selected profit and loss account data	£m	£m	£m	£m	£m
Interest receivable	11,788	9,320	9,912	9,127	8,730
Interest payable	6,635	4,696	5,604	5,095	4,825
Profit on redemption/repurchase of loan capital	2	3	3	2	32
Non interest income	4,443	3,746	3,035	3,515	3,526
Operating expenses	5,492	5,144	4,915	5,193	5,097
Provisions – bad and doubtful debts	817	621	492	227	215
– contingent liabilities and commitments	(1)	1	76	4	9
Loss from joint ventures	(1)	(1)	–	–	–
(Loss)/income from associated undertakings	(7)	(13)	22	16	23
Loss on sale or termination of BZW businesses	–	(30)	(3)	(469)	–
Profit/(loss) on disposal of other Group undertakings	214	(108)	4	44	70
Write-down of fixed asset investments	–	–	(4)	(19)	–
Profit before tax	3,496	2,455	1,882	1,697	2,235
Attributable profit	2,530	1,787	1,342	1,157	1,655

Selected balance sheet data	£m	£m	£m	£m	£m
Shareholders' funds	14,679	8,753	8,105	7,822	7,456
Dated and undated loan capital	6,370	4,597	3,734	2,868	3,031
Deposits by banks, customer accounts and debt securities in issue	240,607	191,781	161,049	173,283	142,554
Loans and advances to banks and customers	198,536	156,194	132,722	136,706	118,441
Total assets	316,190	254,793	219,494	232,429	185,161

Note

(a) For the purposes of this summary, the retail life-fund assets attributable to policyholders have been excluded from average total assets.