

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.

Directors' report

Profit attributable

The profit attributable to shareholders for the year amounted to £2,473m, compared with £1,759m in 1999.

Second interim dividends

Second interim dividends for the year ended 31st December 2000 of 38p per ordinary share and 10p per staff share have been approved by the Directors. The second interim dividends will be paid on 30th April 2001 in respect of the ordinary shares registered at the close of business on 23rd February 2001 and in respect of the staff shares so registered on 31st December 2000.

With the first interim dividends of 20p per ordinary share of £1 each and of 10p per staff share that were paid on 3rd October 2000, the total distribution for 2000 is 58p (1999 50p) per ordinary share and 20p (1999 20p) per staff share. The dividends for the year absorb a total of £927m (1999 £746m).

Dividend Reinvestment Plan

Shareholders may have their dividends reinvested in Barclays PLC ordinary shares by participating in the Dividend Reinvestment Plan. The Plan is available to all shareholders provided that they do not live in, or are subject to the jurisdiction of, any country where their participation in the Plan would require Barclays or The Plan Administrator to take action to comply with local government or regulatory procedures or any similar formalities. Any shareholder wishing to obtain details of the Plan and a mandate form should contact The Plan Administrator to Barclays at PO Box 82, The Pavilions, Bridgwater Road, Bristol BS99 7NH. Those wishing to participate for the first time in the Plan should send their completed mandate form to The Plan Administrator so as to be received by 5th April 2001 for it to be applicable to the payment of the second interim dividend on 30th April 2001. Existing participants should take no action unless they wish to alter their current mandate instructions, in which case they should contact The Plan Administrator.

Share capital

During the year, Barclays PLC purchased in the market for cancellation 19,562,682 of its ordinary shares of £1 each at a total cost of £311m as part of its programme of returning excess capital to shareholders. These transactions represented some 1% of the issued ordinary share capital at 31st December 2000. As at 7th February 2001, the Company has an unexpired authority to repurchase further shares up to a maximum of 204,437,318 ordinary shares.

Barclays PLC issued 176,405,111 ordinary shares of £1 each to shareholders of Woolwich plc as a result of the acquisition of The Woolwich. Under the basic terms of the offer, ordinary shareholders of The Woolwich were entitled to receive 0.1175 Barclays ordinary shares and £1.64 in cash for each Woolwich plc share held.

In addition, ordinary share capital was increased by 9,912,585 shares during the year as a result of the exercise of options under the SAYE and Executive Share Option Schemes, and at 31st December 2000 totalled 1,661,643,535 shares.

Barclays PLC acquired 186,860,515 new ordinary shares of £1 each in Barclays Bank PLC during 2000, of which 176,405,111 were issued in part consideration for the transfer of The Woolwich from Barclays PLC. The remaining 10,455,404 shares were acquired at a cost of £195m.

Group Share Schemes

The trustees of the Group's employees' benefit trusts may make purchases of Barclays PLC ordinary shares in the market at any time following the announcement of the Group's results in February 2001 for the purposes of the Group Share Schemes' current and future requirements. The total number of ordinary shares purchased would not be material in relation to the issued share capital of Barclays PLC.

Substantial shareholdings

At 7th February 2001 the Company has not been notified of any major interests in its shares as required by sections 198 to 208 of the Companies Act 1985.

Board membership

The membership of the Boards of Directors of Barclays PLC and Barclays Bank PLC is identical, and is set out on pages 60 and 61.

Sir Brian Jenkins, Stephen Russell and John Stewart were appointed as Directors on 25th October 2000. Sir Brian Jenkins was appointed a Deputy Chairman and John Stewart was appointed Deputy Group Chief Executive and Chief Executive, Retail Financial Services on the same date. David Allvey resigned from the Board on 9th November 2000 and John Varley was appointed Group Finance Director on the same date. Mary Baker retired from the Board on 31st December 2000.

Retirement and re-election of Directors

One-third (or the nearest whole number below one-third) of the Directors of Barclays PLC are required to retire by rotation at each annual general meeting, together with Directors appointed by the Board since the previous annual general meeting. The retiring Directors are eligible to stand for re-election. The Directors retiring at the 2001 annual general meeting and offering themselves for re-election are Sir Peter Middleton, Chris Lendrum and Peter Jarvis. In addition, Sir Brian Jenkins, Stephen Russell and John Stewart, who were appointed as Directors since the last annual general meeting, will be offering themselves for re-election at the 2001 annual general meeting in accordance with Article 103 of the Company's Articles of Association.

Directors' interests

Directors' interests in the shares of the Group on 31st December 2000, according to the register maintained under the Companies Act 1985, are shown on page 73. The register is available for inspection during business hours at the Group's Head Office and will be available for inspection at the 2001 annual general meeting. At no time during the year did any Director of the Company have an interest in a contract entered into by a Group company which was significant to the Group's business.

Directors' emoluments and options

Information on emoluments and options of Directors of Barclays PLC, in accordance with the Companies Act 1985 and the Listing Rules of the Financial Services Authority, is given in the report on Corporate governance by the Board on pages 65 to 72 and in note 57 to the accounts.

For US disclosure purposes, the aggregate emoluments of all Directors and officers of Barclays PLC who held office during the year (2000 26 persons, 1999 24 persons) for the year ended 31st December 2000 amounted to £28,476,000 (1999 £22,559,000). In addition, the aggregate amount set aside, for the year ended 31st December 2000, to provide pension benefits for the Directors and officers amounted to £1,127,000 (1999 £541,000). The aggregate emoluments of all Directors and officers of Barclays Bank PLC who held office during the year (2000 27 persons, 1999 25 persons) for the year ended 31st December 2000 amounted to £28,623,000 (1999 £22,214,000). In addition, the aggregate amount set aside by the Bank and its subsidiary undertakings, for the year ended 31st December 2000, to provide pension benefits for the Directors and officers amounted to £1,132,000 (1999 £553,000).

Activities

Barclays is a UK-based financial services group engaged primarily in banking, investment banking and asset management. The Group operates through branches and offices in the UK and overseas. The activities of the Group are described on pages 6 to 11 and developments in the Group's business during the year and an indication of future developments are analysed in the Financial review on pages 12 to 59. Both of those sections are incorporated as part of this report. Post balance sheet events are set out in note 49.

Community involvement

The Group's community support totalled £26.3m (1999 £20.9m). This includes £3.8m in respect of secondments to the community (1999 £5.7m). Of the total £26.3m, Barclays gave £24.9m in support of the community in the UK (1999 £18.5m) and £1.4m internationally (1999 £2.4m). UK community support includes £8.9m of charitable donations (1999 £5.8m). Barclays is a member of the PerCent Club – a group of companies that undertook to donate at least 0.5% of their UK pre-tax profits to the community in 2000. The Group made no political donations in the UK during 2000.

Employee involvement

Barclays is committed to ensuring that employees share in the success of the company and have the opportunity to share their views and provide feedback on issues which are important to them.

Employees share in the success of Barclays through the Save As You Earn share option scheme, which is very popular, with 80% of eligible employees participating. For the year 2000, a Profit Sharing Scheme was also a significant feature of sharing in success.

Barclays has begun to develop a new way of communicating with employees. This began with a series of Open Forums across the UK and abroad in which Matthew Barrett shared information and sought views on a wide range of issues. Face to face communication will continue to be the preferred way of communicating with employees but will be supported by the increasingly effective use of technology. Focus groups are also used to capture employees' opinions and views.

New ways of getting employees to buy into the spirit and culture of the organisation have been introduced. For example, the Release The Power programme is aimed at increasing employees' business awareness, improving leadership skills and ensuring all employees understand and live the Barclays brand values.

Barclays has a constructive relationship with UNIFI, its recognised trade union in the UK. This was further enhanced in April 2000 by the signing of agreed 'Partnership Principles' which govern that relationship.

Equality and diversity

Barclays is committed to supporting work/life balance for all staff and our flexible working practices, often supported by new technology, continue to evolve to meet the changing needs of the business and the individual. There is an emerging trend for full-time staff to work a pattern that matches their home requirements with business demands, whether this be over a different set of hours, compressed days or to incorporate weekends.

Our new maternity, parental and care leave policies were reviewed in 2000 to make them amongst the most progressive in the UK. Such changes demonstrate our commitment to being a leading employer, promoting flexible working for the mutual benefit of employees and the business.

Barclays is committed to giving full and fair consideration to applications for employment from people with disabilities and to continuing the employment of staff who become disabled and arranging any appropriate training to achieve this. The Group is a core sponsor and active member of the Employers' Forum for Disability which promotes, advises and shares information across industry and commerce on the best ways of providing equality of opportunity for people with disabilities. Against a backdrop of considerable structural change in our business, we have been working very hard to provide tailored support to staff with disabilities during 2000 and will continue to do so throughout 2001.

There is still more to be done to achieve a fully diverse workforce at all levels of the organisation and across all business functions. An executive Equality & Diversity Steering Group has been established to co-ordinate this effort and in 2000, a senior executive was appointed to lead a programme of activities under the heading of equality and diversity, relating both to customers and staff. We are working with senior diversity champions, internal taskforces and many external organisations in pursuit of equality and diversity objectives, not only in employment but across the whole business spectrum. These taskforces cover the areas of gender, sexual orientation, ethnic minorities, disability and age.

Valuing diversity is clearly understood as being a key element of fully harnessing the potential of our people and our business in a rapidly changing and highly competitive global market. In 2001, we expect to see a great deal of focus on activities in this area.

Creditors' payment policy

Barclays policy follows the DTI's Better Payment Practice Code, copies of which can be obtained from the Better Payment Practice Group's website at www.payontime.co.uk. The Code states that a company should have a clear, consistent policy, adhered to by the finance and purchasing departments that payment terms are agreed at the outset and payment procedures explained to suppliers, that bills are settled in accordance with payment terms agreed with suppliers, that complaints are dealt with quickly and that suppliers are advised of disputes. Barclays values its suppliers and acknowledges the importance of paying invoices, especially those of small businesses, promptly. Normal policy is to pay all small business purchases within 30 days. Creditor payment days are carefully monitored in the Group, using the systems which record the actual purchases and payments. Barclays estimate that for all UK supplies to Barclays Bank PLC average creditor payment days in 2000 were 34 days.

Paragraph 12(3) of Schedule 7 to the Companies Act 1985 requires disclosure of trade creditor payment days. Disclosure is required by the Company, rather than the Group. The Group's principal trading subsidiary in the UK is Barclays Bank PLC, the accounts for which are prepared under Schedule 9 of the Companies Act 1985. The components for the trade creditor calculation are not easily identified in Schedule 9. However, by identifying as closely as possible the components required by the Schedule, the trade creditor payment days for Barclays Bank PLC for 2000 were 32 days (1999 24 days). This is an arithmetical calculation which includes property rentals and payments, and does not necessarily reflect our practice, which is described above, nor the experience of any individual creditor.

The auditors

PricewaterhouseCoopers have signified their willingness to continue in office and a resolution re-appointing them as auditors and authorising the Directors to determine their remuneration will be proposed at the 2001 annual general meeting.

The annual general meeting

The annual general meeting will be held at The Queen Elizabeth II Conference Centre on 9th April 2001. The Notice of Meeting is included in the Annual Review and Summary Financial Statement 2000 sent to shareholders at the same time as this report.

By order of the Board
Howard Trust
Group Secretary
7th February 2001