

Barclays PLC

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



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This document contains certain forward-looking statements within the meaning of section 21E of the US Securities Exchange Act of 1934, as amended and section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group’s plans and its current goals and expectations relating to its future financial condition and performance. The Group may also make forward-looking statements in other written materials, including other documents filed with or furnished to the SEC. In addition, the Group’s senior management may make forward-looking statements orally to analysts, investors, representatives of the media and others. In particular, among other statements, certain statements in the Financial Review and Business Description with regard to management objectives, trends in results of operations, margins, costs, return on equity, risk management, and competition are forward looking in nature. These forward-looking statements can be identified by the fact that they do not relate only to historical or

current facts. Forward-looking statements often use words such as ‘anticipate’, ‘target’, ‘expect’, ‘estimate’, ‘intend’, ‘plan’, ‘goal’, ‘believe’, or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The Group’s actual future results may differ materially from those set out in the Group’s forward-looking statements. There are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made. Barclays does not undertake to update forward-looking statements to reflect any changes in the Group’s expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures Barclays may make in documents it files with the SEC.

Directors' Report

Directors' Report

Profit Attributable

The profit attributable to shareholders for the year amounted to £2,744m, compared with £2,230m in 2002.

Dividends

The final dividends for the year ended 31st December 2003 of 13.45p per ordinary share of 25p each and 10p per staff share of £1 each have been approved by the Directors. The final dividends will be paid on 30th April 2004 in respect of the ordinary shares registered at the close of business on 27th February 2004 and in respect of the staff shares so registered on 31st December 2003. With the interim dividend of 7.05p per ordinary share and of 10p per staff share that were paid on 1st October 2003, the total distribution for 2003 is 20.50p (2002: 18.35p) per ordinary share and 20p (2002: 20p) per staff share. The dividends for the year absorb a total of £1,340m (2002: £1,206m).

Dividend Reinvestment Plan

Ordinary shareholders may have their dividends reinvested in Barclays PLC ordinary shares by participating in the Dividend Reinvestment Plan. The Plan is available to all ordinary 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 The Causeway, Worthing, BN99 6DA. 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 7th April 2004 for it to be applicable to the payment of the final dividend on 30th April 2004. 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 49.4 million of its ordinary shares of 25p at a total cost of £204m as part of its programme of returning excess capital to shareholders. These transactions represented some 0.75% of the issued ordinary share capital at 31st December 2003. As at 11th February 2004, the Company has an unexpired authority to repurchase further shares up to a maximum of 963.1 million ordinary shares of 25p.

The ordinary share capital was increased by 36.6 million ordinary shares during the year as a result of the exercise of options under the SAYE and Executive Share Option Schemes. At 31st December 2003 the issued ordinary share capital totalled 6,563 million shares.

Substantial Shareholdings

As at 11th February 2004, 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 biographical details of the current members are set out on pages 14 to 16. Professor Dame Sandra Dawson and Sir Richard Broadbent were appointed as non-executive Directors on 1st March 2003 and 1st September 2003, respectively. Roger Davis, Gary Hoffman, Naguib Kheraj and David Roberts were appointed as executive Directors with effect from 1st January 2004. John Stewart and Graham Wallace resigned from the Board on 27th February 2003 and 2nd April 2003, respectively. Sir Nigel Mobbs retired from the Board on 24th April 2003.

Retirement and Re-election of Directors

In accordance with its Articles of Association, one-third (rounded down) of the Directors of Barclays PLC are required to retire by rotation at each AGM, together with Directors appointed by the Board since the last AGM. The retiring Directors are eligible to stand for re-election. In addition, under the UK Combined Code of Corporate Governance, every Director should seek re-election by shareholders every three years.

The Directors retiring by rotation at the 2004 AGM and offering themselves for re-election are Sir Peter Middleton, Stephen Russell and Chris Lendrum. Sir Richard Broadbent, Roger Davis, Gary Hoffman, Naguib Kheraj and also David Roberts, who were appointed as Directors since the last AGM, will also be offering themselves for re-election at the 2004 AGM. Sir Brian Jenkins, who was last re-elected by shareholders at the 2001 AGM will also be retiring and seeking re-election in accordance with the UK Combined Code.

Directors' Interests

Directors' interests in the shares of the Group on 31st December 2003, according to the register maintained under the Companies Act 1985, are shown on page 34. The register is available for inspection during business hours at the Group's Head office and will be available for inspection at the 2004 AGM.

Directors' Emoluments and Options

Information on emoluments and share options of Directors of Barclays PLC, in accordance with the Companies Act 1985 and the Listing Rules of the United Kingdom Listing Authority, is given in the Corporate Governance Report by the Board on pages 27 to 34 and in Notes 55 and 56 to the accounts.

Activities

Barclays PLC Group is an international financial services group engaged primarily in banking, investment banking and asset management. The Group operates through branches, offices and subsidiaries in the UK and overseas. The activities of the Group are described on pages 76 to 80 and developments in the Group's business during the year and an indication of likely future developments are analysed in the Risk management section on pages 37 to 71 and the Financial review on pages 82 to 107.

Community Involvement

Community support totalled £32.8m (2002: £32.3m).

Barclays invested £29.4m in support of the community in the UK (2002: £30.0m) and £3.4m was invested in international support (2002: £2.3m). UK community support includes £9.9m of charitable donations (2002: £11.1m).

Barclays is a member of the Percent Club – a group of companies that undertook to ensure that donations to the community in 2003 amounted to at least 1% of their UK pre-tax profit.

Political Donations

No political donations were made during the year. At the AGM in 2002 shareholders gave a four-year authority for Barclays Bank PLC and a number of other subsidiaries to make political donations and incur political expenditure up to a maximum aggregate sum of £250,000 per annum as a precautionary measure in light of the wide definitions in The Political Parties, Elections and Referendums Act 2000.

These authorities have not been used and it is not proposed that the Group's long-standing policy of not making contributions to any political party be changed.

Directors' Report

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.

Equality

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. More information can be found on page 12.

Health and Safety

Barclays is committed to ensuring the health, safety and welfare of its employees and, as far as is reasonably practicable, to providing and maintaining safe working conditions. This commitment goes beyond just fulfilling its statutory legal obligations; the Bank has a wish to be proactive in its management of health and safety in the workplace, and recognises that this will strengthen both its physical and human resources.

It is also recognised that in addition to its employees, Barclays has responsibilities towards all persons on its premises, such as customers, contractors, visitors and members of the public, and will ensure, as far as is reasonably practicable, that they are not exposed to risks to their health and safety.

The Board receives regular reports on health and safety from the Group Human Resources Director. More details of our Health and Safety practices can be found on page 12.

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 estimates that for all UK supplies to Barclays Bank PLC, average creditor payment days in 2003 were 25 days (2002: 31 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 2003 were 35 days (2002: 28 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 LLP have signified their willingness to continue in office and ordinary resolutions reappointing them as auditors and authorising the Directors to determine their remuneration will be proposed at the 2004 AGM. The Board Audit Committee approves and reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the balance of audit and non-audit fees paid to the auditors. More details on this can be found on page 21 and Note 5 to the accounts.

The Annual General Meeting

The AGM will be held at The Queen Elizabeth II Conference Centre on Thursday 29th April 2004. The Notice of Annual General Meeting is included in the Annual Review and Summary Financial Statement 2003 sent to shareholders with this report.

By order of the Board

Lawrence Dickinson
Group Secretary
11th February 2004