

Directors' report

Directors' Report

Profit Attributable

The profit attributable to shareholders for the year amounted to £3,268m, compared with £2,744m in 2003.

Dividends

The final dividends for the year ended 31st December 2004 of 15.75p 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 29th April 2005 in respect of the ordinary shares registered at the close of business on 25th February 2005 and in respect of the staff shares so registered on 31st December 2004. With the interim dividends of 8.25p per ordinary share and of 10p per staff share that were paid on 1st October 2004, the total distribution for 2004 is 24.0p (2003: 20.50p) per ordinary share and 20p (2003: 20p) per staff share. The dividends for the year absorb a total of £1,538m (2003: £1,340m).

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 8th April 2005 for it to be applicable to the payment of the final dividend on 29th April 2005. 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 140.1 million of its ordinary shares of 25p at a total cost of £699m as part of its programme of returning excess capital to shareholders. These transactions represented some 2.17% of the issued ordinary share capital at 31st December 2004. As at 28th February 2005 (the latest practicable date for inclusion in this report), the Company had an unexpired authority to repurchase further shares up to a maximum of 930.4 million ordinary shares of 25p.

The ordinary share capital was increased by 31.0 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 2004 the issued ordinary share capital totalled 6,454 million shares.

Substantial Shareholdings

As at 28th February 2005, the Company had 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 16 to 18. Roger Davis, Gary Hoffman, Naguib Kheraj and David Roberts were appointed as executive Directors with effect from 1st January 2004. Sir Andrew Likierman

and Leigh Clifford were appointed as non-executive Directors with effect from 1st September 2004 and 1st October 2004, respectively. Sir Peter Middleton and Sir Brian Jenkins both retired from the Board on 1st September 2004, at which time Matthew W Barrett became Chairman and John Varley became Group Chief Executive. Dame Hilary Cropper, who served as a Board member since 1998, died on 26th December 2004. Christopher Lendrum retired from the Board on 31st December 2004.

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 Annual General Meeting (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 on Corporate Governance, every Director should seek re-election by shareholders at least every three years.

The Directors retiring by rotation at the 2005 AGM and offering themselves for re-election are Matthew W Barrett, David Arculus, Sir Nigel Rudd and John Varley. In addition, Sir Andrew Likierman and Leigh Clifford, who were appointed as Directors since the last AGM, will be offering themselves for re-election at the 2005 AGM. Dr Jürgen Zech, who joined the Board in 2002, will be retiring at the AGM and is not seeking re-election.

Directors' Interests

Directors' interests in the shares of the Group on 31st December 2004, according to the register maintained under the Companies Act 1985, are shown on page 39. The register is available for inspection during business hours at the Group's Head office and will be available for inspection at the 2005 AGM.

Directors' Emoluments

Information on emoluments 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 on pages 31 to 39 and in Note 46 to the accounts.

Activities

Barclays PLC Group is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The Group operates through branches, offices and subsidiaries in the UK and overseas. The activities of the Group are described on pages 89 and 90 and developments in the Group's business during the year and an indication of likely future developments are analysed in the Financial review on pages 92 to 121, with additional information on potential risk factors discussed on pages 42 and 43.

Community Involvement

The total commitment for 2004 was £32m (2003: £32.8m).

Barclays committed £29.5m in support of the community in the UK (2003: £29.4m) and £2.5m was committed in international support (2003: £3.4m). UK commitment includes £11.2m of charitable donations (2003: £9.9m).

Barclays is a member of the Percent Club – a group of companies that have undertaken to ensure that donations to the community over time amount to at least 1% of their UK pre-tax profit.

Directors' report

Barclays has an extensive community programme covering many countries around the world. The Group provides funding and support to over 6,500 charities and voluntary organisations, ranging from small, local charities like Coyote Theatre in Teesside, UK to international organisations like Sightsavers International. We also have a very successful employee programme which in 2004 saw more than 25,000 employees and pensioners worldwide taking part in Barclays-supported volunteering and fundraising activities. Further information on our community involvement is given on pages 12 and 13.

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.

Employee Involvement

Barclays is committed to ensuring that employees share in the success of the Company. Staff are encouraged to participate in share option and share purchase schemes and have a substantial sum invested in Barclays shares.

Employees are kept informed of matters of concern to them in a variety of ways, including the corporate news magazine, the intranet, briefings and mobile phone SMS messaging.

Barclays is also committed to providing employees with opportunities to share their views and provide feedback on issues which are important to them. An annual Employee Opinion Survey is undertaken with results being reported to the Board HR and Remuneration Committee, and roadshows and employee forums take place.

In addition, Barclays undertakes regular and formal Group, business unit and project specific consultations with Amicus, our recognised union.

Equality and Diversity

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.

Barclays respects and values people from all backgrounds and is committed to becoming a more inclusive organisation with a workforce that reflects the markets we serve.

The Barclays Equality and Diversity programme covers employee, customer, supplier and community activities, wherever appropriate.

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 HR and Remuneration Committee will receive regular reports on Health and Safety from the Human Resources Director.

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.

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 2004 were 34 days (2003: 40 days). This is an arithmetical calculation and does not necessarily reflect our practice, which is described above, nor the experience of any individual creditor.

The Auditors

The Board Audit Committee approves and reviews the appointment of the external auditors, as well as their relationship with the Group, including monitoring the Group's use of the auditors for non-audit services and the balance of audit and non-audit fees paid to the auditors. More details on this can be found on pages 23 and 24 and Note 5 to the accounts. Having reviewed the independence and effectiveness of the external auditors, the Committee has recommended to the Board that the existing auditors, PricewaterhouseCoopers LLP, be reappointed. PricewaterhouseCoopers LLP have signified their willingness to continue in office and ordinary resolutions reappointing them as auditors and authorising the Directors to set their remuneration will be proposed at the 2005 AGM.

The Annual General Meeting

The AGM will be held at The Queen Elizabeth II Conference Centre on Thursday 28th April 2005. The Notice of Meeting is included in a separate document sent to shareholders with this report.

By order of the Board

Lawrence Dickinson
Company Secretary
10th March 2005