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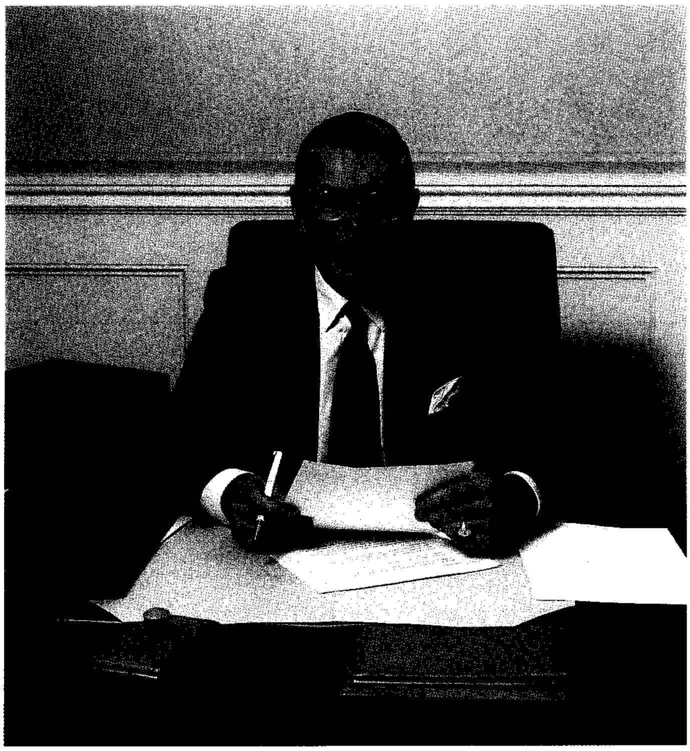
An interpretation of the Barclays Spread Eagle coat of arms formerly on display in one of the Group's overseas offices. (Photograph supplied by Vicki Wilkinson and David Keates, Group Archives and Records Management, Wythenshawe.)

1991 FINANCIAL HIGHLIGHTS

	£ sterling (m) 1991	£ sterling (m) 1990	Ecu (m) 1991	US dollars (m) 1991	Yen ('000m) 1991
For the year:					
Profit before taxation and extraordinary item	533	760	744	997	124
Extraordinary item	–	198	–	–	–
Profit attributable to shareholders	242	589	338	453	56
(Deficit)/profit retained	(96)	254	(134)	(180)	(22)
At the year end:					
Shareholders' funds and minority interests	6,305	6,580	8,802	11,790	1,470
Undated capital notes and loan capital	3,146	2,600	4,392	5,883	733
Total assets	138,108	134,887	192,799	258,262	32,193
Per Ordinary Share:	p	p	Ecu	$	¥
Earnings	15.2	24.7	0.21	0.28	35
Dividends	21.2	21.2	0.30	0.40	49
Net asset value	359	385	5.01	6.71	837
Return on average equity:	%	%	%	%	%
Before taxation	8	11	8	8	8
After taxation	5	6	5	5	5

CHAIRMAN'S STATEMENT



Sir John Quinton

The pre-tax profit of the Barclays Group for 1991 decreased by 30% to £533 million, from £760 million, and profit post-tax by 31% to £296 million from £428 million. Earnings per share decreased from 24.7p to 15.2p. We have declared a second interim dividend of 12p, bringing the total for the year to 21.15p, unchanged from 1990.

These results reflect the adverse trading conditions which we have experienced throughout the year in our principal markets. This was particularly true in Britain and the USA, where the severity of the recession caused very high levels of business failure, a slump in property values and unprecedented provisions for bad debts in the corporate and personal sectors.

Economic recovery is likely to be sluggish, dependent upon a revival in consumer confidence, but I expect some upturn during 1992. Thereafter, this should lead to a significant fall in our bad debt experience and a consequent recovery in our profits. In the meantime, we are taking action to reduce our costs and raise operating income, measures covered in the Review of Operations which follows this statement.

During recent years, we have endeavoured to pursue a policy of increasing our dividend in real terms over a period – i.e., above the rate of inflation. This remains our objective, but it is not prudent in current conditions when the economic climate is seriously affecting our profitability.

The 1991 results are disappointing, but they do demonstrate the strength and resilience of the Group, since they have been achieved notwithstanding the dismal economic situation in both our core market, the UK, and our largest overseas market, the USA. Nevertheless, the achievement of an acceptable return on our capital is of critical importance to us and we will be pursuing the restoration of profitability to a satisfactory level as our major objective this year and next. I am confident about our medium and long term prospects, as the world economy recovers and the investment we have made, and continue to make, in the development of customer relationships, technology and improvement in risk management is rewarded.

In some areas of our business, results have been encouraging despite the adverse economic conditions. Our Central Retail Services Division, incorporating Barclaycard, has turned in a useful profit once again, after making losses in 1990, whilst our

CHAIRMAN'S STATEMENT

investment banking activities in BZW have produced much improved results. Our foreign exchange and money market services continue to perform well, as do our branch operations in Spain, Africa and the West Indies. Barclays Financial Services, including our life assurance business, produced another very creditable result.

As I have indicated, it was our traditional banking business in the UK and the USA which was hardest hit, because of bad debts. It is easy to say, with the benefit of hindsight, that we should have avoided some of these losses, which have so seriously eroded our profits in 1990 and 1991. The rapid expansion of lending by the British banks in the late 1980's has been criticised, but the demand for bank lending to which we responded at that time was particularly strong, with a record number of businesses starting up and a very high level of industrial investment. Had we failed to meet that demand, we should also have been criticised. What was not foreseeable was the suddenness and severity of the onset of the recession in the UK and the USA. The abruptness of the downturn caused confidence to evaporate very rapidly, greatly damaging many newly established small businesses in particular. Our lending to this sector has inevitably suffered severely.

We did, however, take a relatively cautious approach to the property sector, both residential and commercial. Our very low record of repossessions this year, compared with the bulk of the sector, shows that we maintained prudent standards on home mortgages, whilst we kept our default experience comparatively low in UK commercial property lending by concentrating our exposure mainly on the prime borrowers.

During the year, in the UK in particular, banks also came under severe criticism for supposedly not giving adequate support to trade and industry in the recession. Inevitably when businesses fail, their owners or managers will sometimes seek to lay the blame elsewhere, and their banks may be an obvious target. In truth, it is much more often a slump in demand which is to blame. A bank lends its depositors' money, not its own. In these circumstances it, too, must safeguard its position. But this does not mean that we have not given continued support to business.

The charge often made, that we have not assisted small businesses, rings especially hollow when we have been losing over £1 million a day in bad debts in this sector. Despite these losses, we remain firmly committed to our policy of helping small businesses to grow and flourish.

As a major financial Group, we are very much aware that there are only two principal ways in which we can mark ourselves out from our competitors – by the nature and quality of the service which we give, and by the strategies which we follow.

On quality of service, the past year has been noteworthy for the production of Codes of Conduct; one for the personal customer devised jointly by all the major banks and building societies, and one for smaller businesses where each bank has produced its own. These Codes lay down standards of service to be maintained at our branches and business centres. Largely, they reflect existing practice but, in several areas, particularly in relation to charges, we in

Barclays have taken the opportunity to respond to requests from our customers for additional service and greater openness. For those of us in banking, there has never been any great mystery about charges, but it is probably true to say that we did not always appreciate that many customers did not feel the same. We have, therefore, decided to give more information, so that customers know precisely what our charges are, and the basis for them.

The major British banks are following different strategies. Barclays aims to be the major European bank with a global reach, which has meant reinforcing our presence on the Continent by acquisition in France and Germany and by organic growth in Spain and Portugal, whilst strengthening our investment banking and treasury operations in the world's major financial centres. In our retail banking activities in the UK and elsewhere, we are focusing our branch networks more and more on serving the two major markets – corporate customers, large, medium and small, through our business centres, and private individuals through smaller offices. We were amongst the first to introduce this form of specialisation, and have carried it further than other banks, with significant advantage to our customers in terms of quality of product and service.

To manage our widespread and diversified operations more effectively, we introduced a new group structure during the year, embodying four major Divisions: —

- Commercial Banking, bringing together our massive presence in corporate and personal deposit-gathering and lending through our retail branch networks and other banking operations in the UK, Continental Europe, North America, the Far East, Africa, and the Caribbean, and our plastic card, life assurance and finance house businesses;
- BZW, covering a wide range of sophisticated financial market services, ranging from foreign exchange and money market dealing to fixed interest products and equities trading. It offers corporate finance advice, arranges specially structured finance packages and provides expert asset management;
- Finance, responsible for the management of risk and of our balance sheet;
- Service Businesses, a new venture aiming to add value through those processing operations where we can generate substantial profits by efficient central management of large volumes of paper or electronic data.

The new structure is bedding down well. The four Divisions, whilst providing sharper focus in their particular activities, are working together as a team to enable the Group to provide a range and quality of service second to none across the world. The reorganisation has given us a very flexible structure which will bring us real competitive advantage in the years ahead.

Barclays plays a significant role in the community in which it operates and, in

CHAIRMAN'S STATEMENT

1991 over £9 million was committed, world-wide, to charities and other voluntary organisations. We have again concentrated our efforts on helping the young, the elderly, the disadvantaged, and those with disability. We have also pursued a particularly active policy in supporting many exciting new projects concerned with conservation and the environment. Despite the economic climate our commitment to these important causes remains strong.

This year a number of Directors retire from the Board. Dr David Atterton has been a Non-Executive Director since May 1984 and his perceptive comments and advice will be greatly missed. Ken Sinclair has been a Director of Barclays de Zoete Wedd Holdings Limited since 1986 and joined the Barclays Group Board in 1988. His contribution to the successful development of BZW cannot be over-estimated. Alan Tritton has been a Board member for 18 years having joined Barclays in 1954; he has headed our executive team in the City of London since 1977. The substantial growth of our business there is due in no small part to him.

Sir Martin Jacomb has retired as an executive of the Group but is remaining as a Non-Executive Deputy Chairman. His advice and influence have been of enormous help to me over the years and I am pleased that we will still be able to benefit from his wisdom.

Sir Peter Middleton was appointed a Deputy Chairman of the Group and Chairman of the BZW Division on 1st November 1991. It is a pleasure to welcome him to the Group after a career of great distinction in the British Civil Service. His many skills are already proving of substantial value to us.

Early last year, we welcomed as new Non-Executive Directors Shijuro Ogata, formerly Deputy Governor of the Japan Development Bank, and Jan Peelen, a Director of Unilever. These appointments reflect the increasing extent to which we regard ourselves as an international, not just a British, company. In the same vein, we were delighted that, in the Autumn, Sir Patrick Wright agreed to join the Board on his retirement from the post of Head of the Diplomatic Service. Peter Wood was appointed Finance Director in June, and has already proved himself an admirable addition to our top executive team.

There is no doubt that the depressed economic situation has taken a considerable toll of the Barclays Group over the last two years and that 1992 is not going to be an easy year in which to do business. Having said that, I view our future with optimism. We have a strong capital position and a clear strategic vision of the sort of Group we want to be. We have a powerful market presence in the major economies of the world and are well placed to take advantage of the development of the European Community. Above all, we have a staff of high quality, to whose hard work and dedication I am very happy to pay a sincere tribute. They are, and will remain, the principal asset of the Barclays Group.

John Quinton

25th February 1992

THE GROUP AT WORK

PICTURE BY ROGER HODGE, S.W. REGIONAL OFFICE

Grand National winner, Seagram – the culmination of 38 years of dedicated training by David (pictured) and Jenifer Barons and a highspot for Brian Roper (left) manager of Kingsbridge branch, Devon.

Seagram's entry into the winner's enclosure at Aintree last year marked a double triumph for David and Jenifer Barons, who not only own the horse in conjunction with Sir Eric Parker, Deputy Chairman and Chief Executive of Trafalgar House PLC, but also train it at their farm and stables near Kingsbridge, South Devon.

It also meant a celebration for Brian Roper and his staff at Barclays Kingsbridge branch, where David Barons has banked for 38 years.

Since the stables were first established – with £1,800 in cash and a £9,000 mortgage on the farm – Barclays has always been "very supportive" David says. That certainly applies to one manager woken from his bed in the middle of the night to secure a loan to buy a restaurant that David Barons had just eaten in and to which he had taken a fancy.

Barclays has provided the financial support – including overseas funding – which has enabled David and Jenifer Barons to establish themselves as leading trainers with around 120 horses in their care, either on the race circuit or at the farm.

Most of their horses come from New Zealand – as, indeed, does Seagram, which Jenifer Barons bought initially. They are imported as two or three-year-olds, broken in at the farm and then sold to owners throughout the UK. After that, they return to Kingsbridge for race training.

"Among them," says Kingsbridge manager, Brian Roper, "there may be another Seagram one day. While that will be marvellous, of course, I think it's just as important to remember the years of solid dedication David and Jenifer have given to improving the sport of kings.

"We like to feel that Barclays has played its part in that."

THE GROUP AT WORK

The editing studio at Carlton's Post Perfect operation. Ed Downing (standing) Corporate Finance Director of Barclays in the United States and Steve Willis, Private Placements Director of BZW in New York see the editing in action.

When it comes to delighting the eye, Carlton Communications Plc and its United States companies can achieve almost anything.

Take Harry, for example, the advanced picture editing suite produced by Quantel, a subsidiary of Carlton Communications. Harry's creative power, which extends to animation, graphics, special effects and soundtracks, is used by major companies world-wide. Quantel's Graphic Paintbox extends the Group's technology into high quality reproduction in the printing industry.

Carlton's US businesses include Technicolor, synonymous with its world-leading position in feature film processing as well as pre-recorded video cassette production. The New York-based Post Perfect is one of Carlton's video post-production companies. It has specialist editing and special effects treatments, often using the equipment of Carlton companies Quantel and Abekas, all three of which are acknowledged leaders in their field.

However, while one of Carlton's specialities is concerned with what might be termed illusion, when it comes to business operations it looks for very real solutions to its financing needs.

Edward Downing, Corporate Finance Director for Barclays based in New York, says: "Carlton wanted a UK-based financial advisor with a reputation for global expertise and an ability to structure the most cost-effective funding option in virtually any capital market.

"They wanted balance sheet protection against fluctuations in the dollar/sterling exchange rate by matching the dollar assets of their US holdings with dollar denominated liabilities. They chose to raise funds from US institutional investors through a private placement.

"After working with Carlton for several months identifying investors, the $145 million transaction was sold in 36 hours."

That kind of arrangement helped Barclays New York Private Placement Team become the first non-US institution to place over $1 billion in a year.

PICTURE SUGGESTED BY PAM AINSLEY MIDDLESBROUGH ALBERT ROAD BRANCH

Three heads are better than one in matching fashion and finance – Mediterranean's Mark Clemmit and Linda Kearsey examine the fabric of the future with Margaret Anderson (left) of Barclays Business Centre in Middlesbrough.

Two years ago Mark Clemmit was not at all happy with the service his bank was offering. He invited all the major banks to present their proposals on the way they would help his fashion business grow.

"Barclays impressed me straight away, and I have banked with them ever since," he says. His accounts are still managed by Margaret Anderson, corporate manager at Barclays Business Centre in Middlesbrough. "That in itself was something of a breakthrough," says Mark, "because, like it or not, this is an area where business finance is still supposed to be a male preserve."

The relationship between Mark, managing director of Mediterranean who are national and international suppliers of a broad range of fashion, and Barclays has seen the business grow to support 30 staff in new freehold premises.

Annual turnover is £850,000 which leaves a healthy net profit – a long way from the direct supply business Mark began with in 1986 as salesman, order chaser and deliveryman.

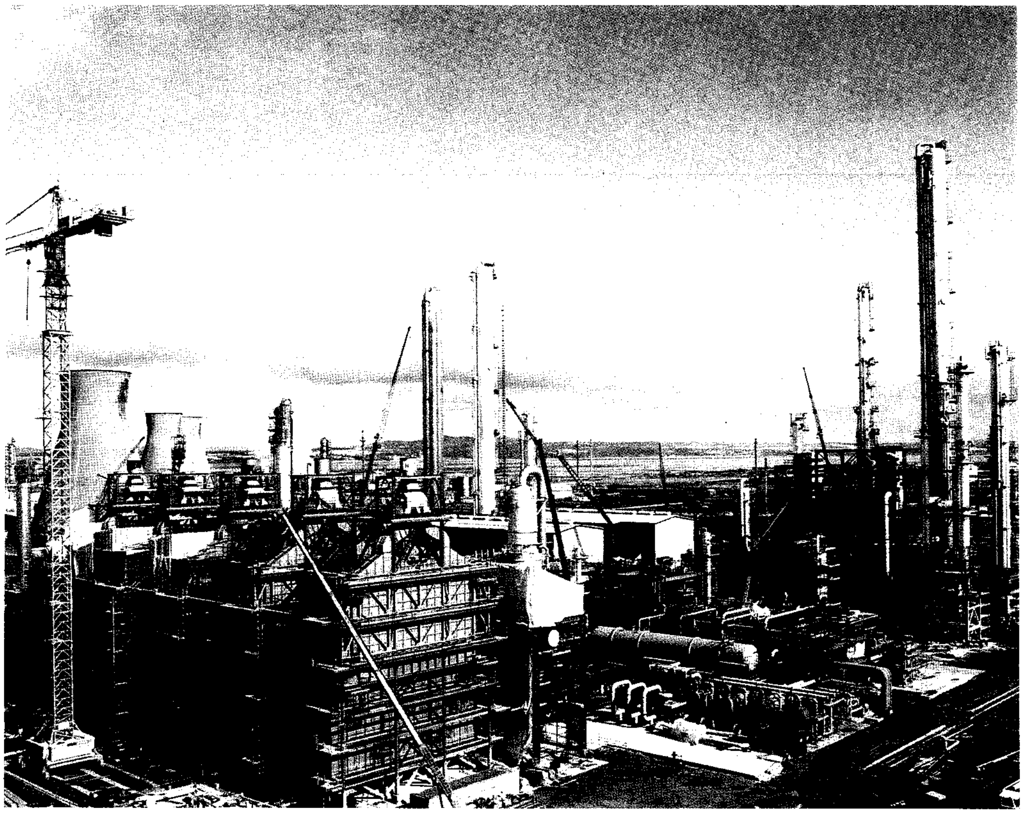
Now his products are marketed under four labels, Mona Lisa, Little Black Dress, ABC and Dare, many of them designed by his own team and created from templates which again are produced in-house. At the moment, 85 per cent of the goods they market are manufactured on site.

"We have established a reputation for quality, not just with the outlets we supply, but at fashion shows and exhibitions which are the shop window of the industry," says Mark.

"And our success has undoubtedly been helped by Barclays."

"Barclays is fully committed to supporting the business community," says Northern Regional Director, John Ward, "and I am delighted our ability to deliver a full range of services has played a part in Mark Clemmit's success."

THE GROUP AT WORK





The view across part of BP Chemicals' expanding Grangemouth site. Pictured top to bottom are Ian Mackrell and Andrew Davis, Corporate Banking Directors, Barclays; Chris Boobyer, Director — BMBF; Roger Morton, Manager — Specialised Finance, BP Finance.

The expansion of BP Chemicals' Grangemouth complex in Scotland will create 2,650 vital jobs in the area during the construction phase. As BP's largest on-shore investment in Scotland, it also created a need for financing for the £560 million project.

When BP Chemicals approached Barclays to arrange a lease on the ethylene cracker to form part of the facilities it became clear that it would be a challenging task, not least because of the size of the transaction.

Furthermore, the effects of the recession which have led to provisions against failures in the small business sector, coupled with the collapse of several larger corporates, influenced the capacity of the banking industry to match the increased demand from the manufacturing, energy and utilities sectors for leasing facilities.

Nevertheless, Barclays was able to respond to BP's need by approaching Barclays Mercantile Business Finance (BMBF) who became co-arranger of the lease together with BP Finance. BMBF also became manager for the lease.

BMBF provided 50 per cent of the facility for the Grangemouth expansion and invited another major lessor to participate in the transaction by providing the remainder.

In spite of the size of the operation and the difficult economic conditions, the lease documentation was completed within six weeks, enabling BP Chemicals to proceed with its expansion, the centre-piece of which is one of the world's largest ethylene crackers, which breaks down ethane gas into its useable components.

PICTURE SUGGESTED BY JIM SEIDLER, BARCLAYS BANK OF CANADA

Early starter breakfast – Anne Aurelius with J. Donald Thornton and Herb H. Ritter (centre) of the Canadian Export Operations of General Motors put trade finance business on the morning menu.

Breakfast for most of us is a domestic affair. At the meeting pictured here, Anne Aurelius, Senior Vice President in the Trade Finance Division of Barclays Bank of Canada, is the guest of J. Donald Thornton, General Director, and Herb H. Ritter, Manager Financial Activities, both of the Canadian Export Operations of General Motors of Canada Limited, at their lakeside Headquarters Building near Toronto.

Normally, Anne's business day begins at her regular seven o'clock table at The King Edward Hotel in the heart of Toronto's business and finance district. Her guests range from senior officers of major corporations like giant telecommunications company, Northern Telecom Limited, who require export financing in support of their global activities, to the managers of middle market companies, who rely on Barclays' expertise in trade finance.

In spite of strong competition among the 55 or so foreign banks in Canada, Barclays, with 11 coast-to-coast branches, secures substantial trade finance business through tailoring its services to customer's needs and because of its global strength, which has helped it to maintain a good level of profit in difficult economic conditions.

That strength showed when Barclays Trade Finance Units in Canada and in London worked together to arrange finance for the operations of General Motors of Canada Limited.

Today's breakfast conversation will range across Barclays financing of GM's operations throughout the Americas, from Oshawa in the north to Bogota and Caracas in the south, as well as potential business in the Middle East, and the visit by Barclays Deputy Head of Trade Finance to Colombia and Venezuela to discuss GM's financial needs for the year.

"If the customer wants to discuss business at breakfast or on site we will be there. That approach has earned Barclays in Canada its reputation for matching the trade deadlines of the businesses we serve," says Anne Aurelius.

THE GROUP AT WORK

Standing room only – Ben Grigsby, managing director of BZW Securities (Japan) Ltd (standing right) shows Shijuro Ogata, Barclays main board director, and Alan Brown, Barclays managing director – Japan, the Tokyo dealing room where BZW has rapidly established a reputation for quality.

Although BZW has established a reputation for quality research and astute dealing in Japan, it is a relatively short time since it was granted a seat on the Tokyo Stock Exchange, became a member of the Tokyo International Financial Futures Exchange and became the first foreign securities firm to obtain full membership of the Osaka Securities Exchange.

By contrast, all these Exchanges, and indeed all areas of Japanese finance, are very much home territory for Shijuro Ogata (pictured above on the BZW Tokyo dealing floor), one of the first two non-British directors to be appointed to the board of Barclays PLC. Mr Ogata was formerly Deputy Governor of the Japan Development Bank and Deputy Governor of the Bank of Japan.

Mr Ogata is based in Tokyo and, when he is not attending to Barclays PLC board duties in London, his experience and international knowledge is available to all the 550 staff of BZW, Barclays Bank, Barclays Trust & Banking Co. and BZW Investment Management in Tokyo and Osaka.

The Group's business includes Japanese and international equities and derivatives, Japanese and international fixed income stocks and derivatives; the interest swaps and options markets; money market and foreign exchange products, risk hedging and derivatives; and corporate financial advice and trade finance. Barclays Trust & Banking Co. is one of the leading foreign trust banks concentrating upon pension fund management and securities custody. BZW Investment Management specialises in quantitative and country/sector fund investment management.

Every share issue application is individually checked – a huge task, when on the last day of the British Telecom second issue more than 550,000 applications were processed by Barclays Registrars staff.

Following government decisions to privatise state-owned industries, more people in the UK than ever before now have shares in major service and manufacturing companies.

Barclays Registrars, the Registration and New Issues department of Barclays, has played a major role in ensuring that the public has every opportunity to participate in share issues.

The concerted effort of the Barclays Registrars team, and the additional staff recruited to handle huge volumes of applications with each new issue, has made a vital contribution to the swift and smooth transfer of ownership into the hands of individual and institutional investors.

Barclays Registrars has acted as a receiving bank for most of the major share issues and privatisations, including British Gas, British Telecom, the water and electricity industries and for Jaguar, Rolls Royce, TSB, British Airways and the British Airports Authority, processing millions of applications and handling the scaling down of allocations on the many occasions when issues have been oversubscribed.

This means working against firm deadlines using not only the skills and experience of the staff but also investing in sophisticated equipment to process the applications and the millions of cheque payments which accompany them.

"Quite clearly there has been a tremendous growth in public awareness of share ownership and Barclays has played a major role in ensuring that the handling of vast numbers of applications is carried out professionally so that the investor, large or small, and the company being floated, reap the full benefits of the transaction," says Brian Thorpe, Head of New Issues.

THE GROUP AT WORK

A specially-designed finance package has enabled Kgalagadi Breweries Limited, Botswana's main brewery, to expand its operations. Barclays Bank of Botswana corporate director, John Chomel-Doe (second left) is shown the new building.

When it was created in 1966, Botswana was one of the world's poorest countries. The discovery of large deposits of diamonds transformed it into one of the fastest-growing economies in the world.

With that transformation has come a dramatic change in the banking needs of the country and its people – and Barclays, which opened a small agency there in 1950 when Botswana was known as Bechuanaland, has played a principal role in answering those new needs.

In many cases, Barclays Bank of Botswana has financed projects aimed directly at improving lifestyle and creating facilities which encourage experts from other parts of the world to come to the country and make their contribution to its growth. Among these are the first private hospital in Botswana, which opened in Gaborone in January 1992, and a new hotel to relieve the chronic shortage of accommodation for visitors.

Projects like these require tailored finance packages which introduce services which are new to the country. These include syndicated lending and underwritten note issues. These facilities are supported by products which are electronically-delivered.

As these projects illustrate, the Bank is committed to investments which enable the country to diversify into areas other than the vital production of diamonds, and so create additional employment.

"In many ways," says managing director Eric Clark, "Barclays Bank of Botswana has grown with Botswana. The results are clear to see in the achievements of private individuals and companies who, with the Bank's support, have created an economy and way of life which sets a pattern for some other countries in the region."

REVIEW OF OPERATIONS

Group Managing Director, Andrew Buxton and Deputy Group Managing Director, Humphrey Norrington

1991 has been a challenging year for Barclays. At the end of 1990 we underestimated the depth and length of the recession in the United Kingdom and with hindsight, therefore, we were too optimistic in our forecasts for 1991 as our pre-tax profit fell from £760 million to £533 million.

The new divisional structure referred to in the Chairman's Statement is now firmly established and is beginning to yield positive results. Our next accounts will be presented in a way that reflects the new Divisional structure.

Commercial Banking Division has had a difficult year. About 66% of its assets are deployed in the United Kingdom with a further 28% divided between the United States and Europe. In Europe, we made modest profits, despite a continuing good contribution from our Spanish business, but the results have been depressed substantially by the cost of investing for the future in an expansion of our retail banking business in Portugal and by the establishment of a credit card operation in Germany. The integration of Merck Finck & Co. in Germany and L'Européenne de Banque in France, both of which were acquired at the end of 1990, has also given rise to extra costs. I am confident, however, that our expansion in Europe will bring benefits in the future.

The African, Caribbean and Middle Eastern businesses have performed well, making combined profits of £62 million and, in Asia, we have produced a record profit of £21 million.

Provisioning for bad debts has hit us hard in the United Kingdom and the United States. In the United Kingdom, the specific provisions charge of £1,309 million is clearly unsatisfactory, but has to be seen in the context of the severe recession and the size of our market share. Although it is the big corporate failures that make the news, the majority of provisions arose in the small and medium size corporate markets, where great efforts have been made by our lending managers to help customers, wherever possible, to survive the recession. Total specific provisions represent 2% of our total United Kingdom lending to the corporate and personal markets. In the United States, most of the provisions have been in the property market, although our total lending book is quite well spread across a number of industries.

Alastair Robinson, Executive Director, Commercial Banking Division

REVIEW OF OPERATIONS

Risk has increased and capacity in the banking industry has been severely reduced, due to the low profitability of banks in general. As a result, our lending margins have improved and I see that process continuing. December saw us launch the Barclays Code of Business Banking in the United Kingdom which reaffirms our commitment to open and fair relationships with our customers.

Commission and fee income grew strongly, while operating expenses were the subject of continued close attention with staff numbers reducing by over 5,000.

Central Retail Services, which incorporates Barclaycard, improved its profit considerably to £46 million as a result of lower funding costs and the full year impact of the Barclaycard annual fee. Turnover and market share for Barclaycard continued to grow and the number of applications received is higher now than it was when the card was free. One and a quarter million Barclaycard Mastercards have been issued since 1990. Plastic card fraud remains a major concern, but a number of initiatives have been implemented and are proving successful. Barclays Merchant Services, which serves the merchants which take Visa and Mastercard franchises, maintained its dominant share of the highly competitive plastic based money transmission market and, in October, commenced processing retailers' Switch transactions.

Barclays Financial Services had another successful year in 1991, increasing its profit to £214 million. The most significant earnings continue to come from Barclays Life and from our insurance broking subsidiary. Barclays Life expanded its direct sales force to 1,400 during the year and increased sales by 18%. Barclays Bank Trust Company made a good contribution with a profit of £11 million and Barclays Stockbrokers, which manages Barclayshare, improved its profile so that it is now a significant force in the retail stockbroking business in the United Kingdom.

We have continued to rationalise the Group by the sale of non-strategic investments. In the United States, we have sold our consumer businesses in Delaware and North Carolina whilst, in Europe, we have sold our shareholding in Sofinloc, a Portuguese leasing company, and also sold the major part of our Danish leasing company. We shall continue to dispose of businesses that do not meet our strategic needs but, unfortunately, a recession is not the easiest time to dispose of banking businesses anywhere in the world.

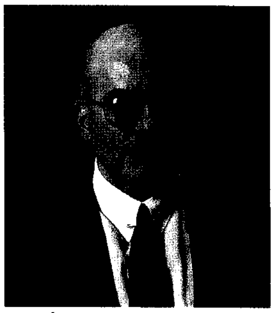
Sir Peter Middleton, Chairman, and David Band, Chief Executive, of BZW Division

The new BZW Division has brought together the strengths of BZW, the Barclays treasury operations, and some of the specialist project financing teams from the banking operation. It has produced a streamlined and coherent structure for this important market sector. Our foreign exchange and money market businesses enjoyed an excellent year. A favourable interest rate environment and a new focus on global product management combined to produce a strong trading performance. This reinforced our market leadership across a broad range of products and services.

BZW's fifth year yielded a much improved profit of £61 million for the activities it manages and produced many examples of the value and power of the full-service international investment bank. Collaboration between BZW's corporate finance and equities people in London and Toronto helped Canadian-based Olympia & York dispose of its shareholding in Allied Lyons in what was the year's largest equity bought deal in the UK. Again, BZW played a leading role in the UK's biggest contested take-over bid, BTR's £1.5 billion acquisition of Hawker Siddeley, in which BZW was both adviser and broker to BTR. Barclays also led the banking syndicate providing finance for the acquisition. The broker and adviser roles also came together in one of the British Government's most successful privatisations to date, that of the Scottish electricity companies, which raised £3 billion. This was the first time the British Government had appointed a UK investment bank to act in both capacities.

The Fixed Income Division of BZW has become a clear market leader in the sterling bond market and led 25 new sterling issues in 1991. In all bond and swap markets, the year was one of outstanding performance.

Service Businesses Division has been created to focus on the generation of new income streams which do not involve credit risk. It will enhance income from operational capabilities already developed within the Group. The Division contains our world-wide securities handling, payments, cash management, and travellers cheque businesses and mortgage processing in the United Kingdom. The higher profile which these businesses will take in the market place will establish them as important income generators for the Group globally and yield significant cost and service quality improvements. Within Interpayment Services, the travellers cheque operation, we have successfully absorbed the Bank of America travellers cheque business to become the second largest travellers cheque issuer in the world. Further growth has taken place within Barclays Global Securities Services, with network expansion in Athens and Seoul whilst, in the UK, considerable operational efficiencies have been gained by the relocation of its main office from London to Trowbridge.



Joseph De Feo, Director Information Technology and Service Businesses Division

We are, of course, continuing to make substantial investments in Information Technology and these are yielding results. We have put new cheque handling facilities into branches, automation support has been introduced for trade finance and significant improvements have been

REVIEW OF OPERATIONS

made in the way in which we handle international payments. Two new business units have been formed from within our Information Technology Operations; Barclays Computer Operations is now selling its expertise outside the Barclays Group and generating revenue, whilst Barclays Network Services is rationalising the network services around the Barclays Group in order to sell a better quality of service to our customers.

Peter Wood, Finance Director

The creation of Finance Division brings together our management of the balance sheet and liquidity, risk of all types throughout the Group, and central expenditure. During 1991 capital issues totalling £645 million were made in four different currencies, continuing our policy of protecting capital ratios against exchange rate movements. £122 million of these were raised in Tier 1 capital in the form of Non-cumulative US Dollar-denominated Preference Shares. At the year end our risk asset ratio was 8.7% compared with the international minimum of 8%, and our Tier 1 capital ratio increased to 5.9% compared with a minimum of 4%. We remain one of the best capitalised banks in the world with ample capacity for further Tier 2 issues if needed.

The improvement in our capital ratios has been achieved despite writing down our UK property to its market level, involving a write-off of £305 million from our capital.

I know that the profit we have produced in 1991 of £533 million is significantly below the level that is healthy for the future of our Group. However, despite the disappointing results, we have taken many steps internally to improve the business. We have continued to invest where we see good value in the future. Barclays Financial Services and the Service Businesses Division in the United Kingdom and BZW globally, are all examples of new investment. Added to the Information Technology initiatives, the continued sale of non-strategic operations, the steady reduction in staff numbers and the attention we pay to our cost base and strong capital ratio, Barclays will be well served in the future.The extent and depth of the Group, both through its world-wide franchise and product base, has made it possible for Barclays to ride the world recession better than many of its competitors. I am confident that, as we emerge from the recession, we will show that the underlying business is strong and well able to produce the profits that our shareholders and staff deserve.

Andrew Buxton
Group Managing Director
25th February 1992

DIRECTORS AND SENIOR EXECUTIVES

AS AT 25TH FEBRUARY 1992

Chairman

Sir John Quinton
(age 62) was appointed Chairman in 1987. He joined Barclays in 1953 and has held senior positions in the UK and on secondment overseas. He joined the Board and became Senior General Manager–UK in 1982. He was elected a Deputy Chairman (and Chairman of Barclays UK) in 1985.

Deputy Chairmen

Sir Martin Jacomb (Non-Executive)
(age 62) has been a Deputy Chairman since 1985 and until recently Chairman of BZW. He is a Director of the Bank of England and holds a number of other Non-Executive Directorships.

Mr Andrew Robert Fowell Buxton (Group Managing Director)
(age 52) joined Barclays in 1963 and was appointed to the Board in 1984. He became Vice-Chairman in 1985, Deputy Managing Director in 1987, Managing Director in 1988 and Deputy Chairman in 1991. He is a Non-Executive Director of SmithKline Beecham plc and of British Invisibles.

Sir Peter Middleton GCB
(age 57) joined the Board in 1991 as a Deputy Chairman and Chairman of the Group's BZW Division. Prior to joining Barclays he was Permanent Secretary to HM Treasury, a position held since 1983. He is a Non-Executive Director of Bass PLC.

Vice-Chairman and Deputy Group Managing Director

Mr Humphrey Thomas Norrington
(age 55) joined Barclays in 1960 and held a number of senior positions before joining the Board in 1985, when he became Finance Director. He was appointed Executive Director, Overseas Operations in 1987 and became Vice-Chairman and Deputy Group Managing Director in 1991.

Executive Directors

Mr David Band
(age 49) joined the Board in 1988 on becoming Chief Executive of BZW. He was previously Head of JP Morgan's operations in the UK and Europe and a Deputy Chairman of The Securities Association.

Lord Camoys
(age 51) joined Barclays Merchant Bank in 1978 as Managing Director. He was formerly Managing Director of Rothschild Intercontinental Bank and Chairman of Amex Bank. He joined the Board in 1984 and was Chief Executive of the BZW Group until 1987, when he became its Deputy Chairman. He is a Director of the National Provident Institution.

Mr Francis Alastair Lavie Robinson
(age 54) joined the Board and became Executive Director, UK Operations in April 1990 and was re-designated Executive Director, Commercial Banking Division in April 1991.

Mr Peter Anthony Wood
(age 49) joined Barclays in 1966 and held a number of senior positions in the Treasury Division before joining the Board in 1991, when he became Finance Director.

Non-Executive Directors

Dr David Valentine Atterton CBE
(age 65) joined the Board in 1984. He was Chairman of Foseco plc until 1987. He is a Director of the Bank of England, Rank Organisation plc, 3i Group plc, British Coal and Marks and Spencer p.l.c.

Mrs Mary Elizabeth Baker
(age 55) joined the Board in 1988, having served on the Board of Barclays UK since 1983. She is a former Chairman of the London Tourist Board, President of Women in Management and a Director of a number of other companies.

DIRECTORS AND SENIOR EXECUTIVES

AS AT 25TH FEBRUARY 1992

Sir Timothy Bevan
(age 64) was Group Chairman from 1981 until his retirement in 1987, after serving the Group for 37 years. He joined the Board in 1966 and is a Director of a number of other companies.

Sir Derek Birkin TD
(age 62) is Chairman of The RTZ Corporation PLC and holds a number of other Directorships. He joined the Board in January 1990.

Sir Michael Franklin KCB, CMG
(age 64) was appointed a Director in 1988, having retired as Permanent Secretary to the Ministry of Agriculture, Fisheries and Food in 1987. He holds three other Directorships.

Sir Denys Henderson
(age 59) joined the Board in 1983. He is Chairman of Imperial Chemical Industries PLC and a Non-Executive Director of The RTZ Corporation PLC.

The Rt Hon Nigel Lawson MP
(age 59) was Chancellor of the Exchequer from 1983 to 1989, and previously Secretary of State for Energy. He joined the Board in February 1990 and holds two other Directorships.

Sir Nigel Mobbs DL
(age 54) is Chairman and Chief Executive of Slough Estates plc and holds a number of other Directorships. He joined the Board in 1979 and has been Chairman of the Audit Committee since 1987.

Mr Shijuro Ogata
(age 64) joined the Board in 1991. He was Deputy Governor of the Japan Development Bank from 1986 to 1991 and previously served with the Bank of Japan in Tokyo, London and New York. Based in Japan, he is a member of the Trilateral Commission and the Group of Thirty.

Mr Jan Peelen
(age 51) joined the Board in 1991. He is a Director of Unilever, a former Chairman of Van den Bergh en Jurgens in Holland and former President of Industrias Gessy Lever in Brazil.

Sir James Spooner
(age 59) is a Director of John Swire and Sons Limited and Chairman of The Morgan Crucible Company plc. He joined the Board in 1983 and holds a number of other Directorships.

Sir Patrick Wright GCMG
(age 60) joined the Board in 1991 having retired as Head of the Diplomatic Service earlier that year. He holds three other Directorships.

Senior Executives

ARP Carden

GD Cracknell

J De Feo

MC Deverell

WJ Gordon

JA Kerslake

C Martinez de Campos

GR Miller

MA Pitcher

J Rambosson

JS Spencer

JHC Whicker

Secretary

JMD Atterbury

Chief Accountant

NJ Brittain

DIRECTORS' REPORT

PROFIT AND DIVIDENDS

The Directors report that the profit attributable to the members for the year 1991 amounted to £242 million (1990 £589 million).

First interim dividends of 9.15p per Ordinary Share and of 7p per Staff Share were paid on 10th October 1991. The Directors have declared second interim dividends for the year ended 31st December 1991 of 12p per Ordinary Share and of 7p per Staff Share, making a total distribution on each Ordinary Share for the year of 21.15p (1990 21.15p).

The second interim dividends will be paid on 7th May 1992 in respect of the Ordinary Shares registered at the close of business on 19th March 1992 and of the Staff Shares so registered on 31st December 1991.

The dividends for the year absorb a total of £338 million (1990 £335 million), resulting in a deficit carried forward of £96 million (1990 profit £254 million).

ACTIVITIES

The Company is a non-trading investment holding company, owning the entire called up Ordinary share capital of Barclays Bank PLC ('the Bank'), the principal operating company of the Barclays Group. The Bank provides, in its own name and through subsidiary undertakings, an extensive range of banking, financial and related services with over 2,600 United Kingdom branches and offices and, internationally, over 1,000 offices in 77 countries.

ANNUAL REPORT ON FORM 20-F

An Annual Report on Form 20-F will be filed with the Securities and Exchange Commission in the United States of America on 26th February 1992 and copies are available from the Secretary on request. Much of the detailed financial information therein is shown in the accounts and subsequent financial pages.

ANNUAL REVIEW AND SUMMARY FINANCIAL STATEMENT

Shareholders authorised the issue of summary financial statements at the Annual General Meeting in 1991 and a copy of the Annual Review and Summary Financial Statement for 1991 is enclosed with this Report. In future, only the Annual Review and Summary Financial Statement will be sent to shareholders unless they choose to continue to receive the full Annual Report and Accounts.

Those shareholders who wish to continue to receive the full Report and Accounts should tick the relevant box on the Form of Proxy and return it to the Registrar. Failure to do so has important consequences.

CAPITAL

During the year, the called up Ordinary share capital was increased by:

a) 1,198,525 shares at 428p per share as a result of the operation of the Renewed 1979 UK Profit Sharing Scheme;

b) 7,280,512 shares as a result of the exercise of options under the SAYE and Executive Share Option Schemes;

c) 3,090,921 shares in lieu of cash dividends;

d) 558,103 shares in exchange for £2,111,799 Floating Rate Unsecured Capital Loan Stock 2010 of Barclays Bank PLC at £3.784 per share.

(See also note 26 to the accounts.)

In 1991, the Bank also issued 8,500,000 Non-cumulative Dollar-denominated Preference Shares, Series D1 of US$0.01 each at US$20 per share, and 8,500,000 Non-cumulative Dollar-denominated Non-voting Preference Shares, Series D2 of US$0.01 each at US$5 per share, raising in total US$213 million.

See also notes 23, 24 and 25 to the accounts, where details are given of the issue and redemption of loan capital by the Bank and other wholly-owned subsidiary undertakings.

DIRECTORS' REPORT

The net proceeds of those issues are being used for the development and expansion of the business of the Group and further to strengthen its capital base.

SUBSTANTIAL SHAREHOLDINGS

As at 25th February 1992, the Company had been notified of the following interests in excess of 3% of its called up share capital:

Prudential Assurance Group:
64,222,294 Ordinary Shares

Barclays Bank PLC Group:
62,863,020 Ordinary Shares*

* The interests notified by the Barclays Bank PLC Group are non-beneficial and include holdings by the Group's UK Profit Sharing Schemes, within funds under management by Group companies, and as a nominee shareholder.

PROPERTY

As is more fully described in note 17 to the accounts, the United Kingdom properties of the Group were revalued as at 31st December 1991, generally on the basis of open market value for existing use, and the deficit of £305 million incorporated in the accounts. Reviews of the Group's overseas properties indicate that the market value of those properties was about £20 million in excess of the book amount.

SPECIAL BUSINESS AT THE ANNUAL GENERAL MEETING

Further details of the resolutions referred to below appear in the Notice of Meeting.

Renewal of Share Dividend Scheme (Resolution 11)

A share dividend alternative has been offered since 1989 and, for the 1991 first interim dividend, was taken up by almost 32,000 shareholders and over 13,000 participants in the Group's UK Profit Sharing Schemes. The offer is again being made available for the 1991 second interim dividend and details are set out in the separate documents accompanying this Report. It is proposed that the authority to offer the scheme be renewed for a further year.

Market purchases of shares (Resolution 12)

Shareholders gave approval, in 1990 and 1991, for the Company to purchase its own Ordinary Shares in the market, subject to a maximum of 40,000,000 shares (representing less than 3% of the called up Ordinary share capital) and to a limit on the maximum purchase price in accordance with the Rules of the London Stock Exchange. Although such authority has not been used and there is no immediate intention of using it, the Directors consider it desirable that it should continue to be available to provide additional flexibility in the management of the Group's capital resources. The renewed authority would expire at the 1993 Annual General Meeting.

Power to allot shares (Resolution 13)

Shareholders are asked to renew the annual authority for the allotment of Ordinary Shares on the basis that the allotment of equity securities for cash, otherwise than on a pro rata basis to shareholders, would be restricted in total nominal amount to not more than 5% of the called up Ordinary share capital at 31st December 1991.

SUBSIDIARY AND ASSOCIATED COMPANIES

Barclays Bank PLC

During 1991, the Company acquired 12,000,000 new £1 Ordinary Shares in the Bank at a cost of £39 million (including share premium).

Barclays Bank of Botswana Limited

In December 1991, the Group reduced its holding in Barclays Bank of Botswana Limited to 74.9% by the sale of 850,000 shares.

Barclays Bank of Zimbabwe Limited

In July 1991, the Group reduced its holding in Barclays Bank of Zimbabwe Limited to 70% by an offer for sale of 39,931,600 shares.

(See also the notes on page 28.)

DIRECTORS

The names of the Directors together with short biographical notes appear on pages 19 and 20. The membership of the Boards of the Bank and of the Company is identical.

Mr I G Butler, Mr H U A Lambert and Sir Charles Tidbury retired from the Board at the Annual General Meeting on 25th April 1991 and Mr B G Pearse, Sir Peter Leslie, Mr A G Tritton and Mr K B Sinclair retired from the Board on 5th March 1991, 23rd March 1991, 31st December 1991 and 31st January 1992 respectively.

Sir Peter Middleton GCB, joined the Board on 1st November 1991, Mr S Ogata and Mr J Peelen on 2nd May 1991, Mr P A Wood on 6th June 1991 and Sir Patrick Wright GCMG on 1st October 1991. In accordance with the Articles of Association they will retire at the Annual General Meeting.

Dr D V Atterton, Mrs M Baker, Sir Timothy Bevan and Mr A R F Buxton retire by rotation at the Annual General Meeting. All the Directors retiring at the Annual General Meeting, with the exception of Dr Atterton, offer themselves for re-election.

Sir Martin Jacomb relinquished his executive duties on 31st December 1991.

Mr Wood has a service agreement with the Bank which expires on 20th April 1993. No other Director standing for re-election has a service agreement of more than one year's duration.

DIRECTORS' INTERESTS IN THE SHARES OF THE GROUP

The Directors on 31st December 1991 and their interests (as defined by the Companies Act 1985 and according to the Register maintained thereunder) in the shares of the Group, are shown on page 26. The Register will be available for inspection at the Annual General Meeting.

COMMITTEES OF THE BOARD

An Audit Committee of Non-Executive Directors of the Company meets regularly with the Group's senior financial management, internal Inspection Department and external Auditors to consider, inter alia, the nature and scope of the audit reviews (performed under the Companies Act 1985 and the Banking Act 1987) and the effectiveness of the Group's systems of internal control. The current members of the Committee are Sir Nigel Mobbs (Chairman), Dr D V Atterton, Mrs M Baker, Sir Michael Franklin, Sir James Spooner and Sir Patrick Wright.

A Committee of Non-Executive Directors meets regularly to consider and to make recommendations on the remuneration of Executive Directors and other senior Group employees. The current members are Sir Denys Henderson (Chairman), Dr D V Atterton, Sir Nigel Mobbs, Mr J Peelen and Sir James Spooner.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE POLICY

On 1st March 1991, cover was effected for the Directors and officers of the Company and those of its subsidiary companies in the UK and overseas, under a Directors' and officers' liability insurance policy.

COMMUNITY INVOLVEMENT

The Group continued to support the community, with world-wide contributions totalling over £9 million. United Kingdom charitable donations amounted to £2 million (1990 £2.3 million). UK charities and other voluntary organisations also benefited from a variety of sponsorships totalling over £3 million.

Growing attention was paid to environmental matters, with the Community Enterprise Committee having overall responsibility for environmental issues affecting the Group's operations and strategy. The environmental impact of the Group's own actions is now assessed, as well as that of customers' projects which the Group is asked to finance. A policy statement was issued early in the year and is available from the Secretary on request.

Financial help was again provided for the purchase of woodlands and nature reserves and for the management of such land. Funds were also committed to the restoration of derelict urban areas.

The Group continued its efforts to alleviate the effects of high unemployment, supporting projects throughout the UK at similar levels to 1990 and focusing on areas of greatest need. The expertise of members of the Group's managerial staff was made available to charities, enterprise agencies and similar bodies, through full-time secondments for periods of up to three years.

During its six year life, the Barclays Youth Action Scheme has made 174 awards totalling £1.5 million. Youth initiatives supported include projects for the benefit of the elderly, the disabled and neighbourhood amenity/conservation activities.

The Group's support for overseas causes was made through appropriate UK-based organisations and through its own operations in overseas countries.

Sponsorship of the arts continued to be substantial and included a major exhibition of works by John Constable at the Tate Gallery, support for London City Ballet's productions and tours and the award-winning Barclays New Stages – Britain's largest financial commitment to the "fringe" theatre sector.

The Group made no political donations in the UK during 1991.

PERSONNEL

The total number of Group employees at 31st December 1991 was 111,400.

The average number of persons employed by the Group in 1991, including non-clerical and part-time personnel but excluding persons working wholly or mainly outside the United Kingdom, was 82,857 and their aggregate remuneration, including profit sharing, in the year was £1,381 million.

EMPLOYEE INVOLVEMENT

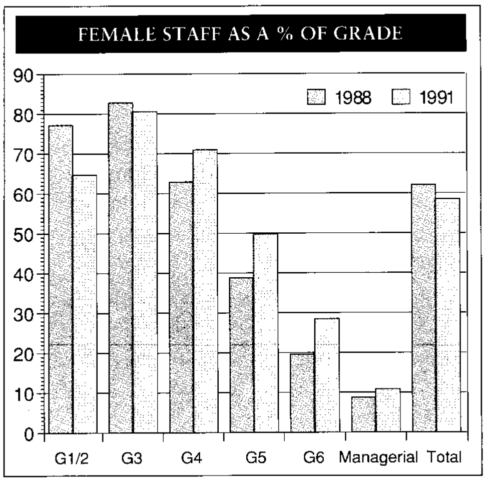
Consultation with employees continues to be a highly important aspect of the Group's personnel policy. Consultative Committees were established many years ago and continue to meet regularly. In their constituent offices and through representation on Regional or Departmental Committees, employees are encouraged to discuss issues of a strategic nature and operational matters which affect them in their place of work. In addition, there is an annual staff meeting at which delegates are able to raise questions and discuss any aspect of the Group's business with Executive Directors.

The Group has operated Profit Sharing Schemes since 1974 and the SAYE Share Option Schemes, which were first introduced in 1981, now have some 39,000 participants, 70% of all eligible employees.

EQUAL OPPORTUNITIES

The Group's aim is to ensure that all staff have equal opportunity to achieve their potential and it is committed to build upon what has been achieved since the introduction of its Equal Opportunities Policy in the mid 1980s. Last year we were highly commended by the Institute of Training and Development and received a "Lady Platt Award" for our Equal Opportunity awareness training programme for managers.

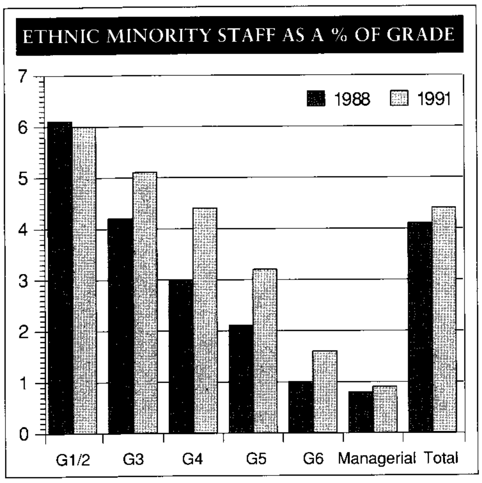
The Group has seen significant change in the position of women in the organisation – many more have now attained senior clerical, supervisory and junior management positions – and it is expected that this trend will continue so that more women can be considered for senior management jobs. During 1991 Barclays endorsed the Business In The Community "Opportunity 2000"



(Both charts are based on full-time staff in the Group, excluding BZW, Mercantile Credit and persons working wholly or mainly outside the United Kingdom.)

campaign which reflected its own long-standing commitment to the development of the potential of women in the Group.

Monitoring of ethnic origins was first undertaken in 1988.



In the UK approximately 5% of the working population comes from ethnic minority groups and, whilst in general this is reflected in the Group's staff, monitoring of recruitment and career progression will be a key factor in policy development.

EMPLOYMENT OF DISABLED PERSONS

Continuing and consolidating the Group's commitment to providing employment opportunities for disabled people has been a key objective this year. The Group held an in-house conference to raise awareness, provide information and share best practice for those personnel specialists with responsibility for the recruitment, retention and career progression of disabled people.

The Group is a founder member of The Employers' Forum on Disability and is active at the Forum's Board and Steering Group level. Through this Forum the Group promotes, advises and shares information on all aspects of providing equality of opportunity for disabled people.

Generally, whilst progress has been made towards a fairer representation of all groups within the workforce, there still remains much to be achieved and emphasis will continue to be placed on developing policies and procedures to ensure that the objectives of the Bank's Equal Opportunities Programme are achieved.

AUDITORS

The Auditors, Price Waterhouse, have signified their willingness to continue in office and a resolution reappointing them as Auditors and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

TAXATION

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the Company and there has been no change in this respect since 31st December 1991.

By order of the Board

JMD Atterbury
Secretary
25th February 1992

DIRECTORS' INTERESTS IN SHARES

ORDINARY SHARES OF BARCLAYS PLC

	At 1st January 1991 (or date appointed to Board if later)			At 31st December 1991		
	Beneficial	Options	Non-beneficial	Beneficial	Options	Non-beneficial
Dr DV Atterton	8,924			8,924		
Mrs Mary Baker	3,150			3,150		
D Band	752	208,216		765	104,216	
Sir Timothy Bevan	17,972			17,972		49,000
Sir Derek Birkin	1,400			1,400		
ARF Buxton	12,053	263,524	10,185	12,843	204,767	7,925
Lord Camoys	20,107	207,854		20,426	39,176	
Sir Michael Franklin	1,101			1,151		
Sir Denys Henderson	10,500			10,500		
Sir Martin Jacomb	9,378	210,764	7,560	10,358	211,447	5,300
The Rt Hon Nigel Lawson	1,001			1,001		
Sir Peter Middleton				500		5,300
Sir Nigel Mobbs	9,391		10,281	9,391		10,281
HT Norrington	13,954	152,526		14,551	153,147	5,300
S Ogata				500		
J Peelen				509		
Sir John Quinton	31,647	425,894	7,560	36,559	345,894	5,300
FAL Robinson	14,038	173,601		14,577	130,808	
KB Sinclair	2,156			2,200		
Sir James Spooner	2,100			2,100		
AG Tritton	15,563			16,031		
PA Wood	7,581	108,261		6,345	90,528	
Sir Patrick Wright	500			500		

Options granted to Directors under the Company's SAYE Share Option Schemes are exercisable at prices in the range of 157p to 362p after 5 or 7 years from the date of the grant of the option. Options granted to Directors under the Company's 1986 and Renewed 1986 Executive Share Option Schemes are exercisable at prices in the range of 288p to 462p between 1992 and 2001. (See notes 31 and 32 to the accounts.)

Options were granted and/or exercised, during 1991, in respect of the following number of Ordinary Shares:

	Granted	Exercised
D Band	—	104,000
ARF Buxton	1,243	60,000
Lord Camoys	820	169,498
Sir Martin Jacomb	683	—
HT Norrington	621	—
Sir John Quinton	—	80,000
FAL Robinson	621	43,414
PA Wood	31,045	48,778

Mr Norrington exercised an option over 1,445 Barclays PLC Ordinary Shares on 22nd January 1992.

Sir John Quinton had a non-beneficial interest in £27,280 Barclays Bank PLC 16% Unsecured Capital Loan Stock 2002/07 on 1st January 1991 and on 31st December 1991.

On 1st January 1991, Mr Sinclair had a beneficial interest in £1,150,000 Barclays Bank PLC Floating Rate Unsecured Capital Loan Stock 2006. That holding was redeemed on 28th June 1991.

The interests in shares of Mr Tritton and Mr Sinclair are no longer recorded in the Register following their retirement from the Board on 31st December 1991 and 31st January 1992 respectively.

Other than as disclosed above, there were no changes between 31st December 1991 and 25th February 1992 in any of the interests shown.

ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain properties and investments, and in accordance with applicable accounting standards.

(b) Consolidation and format

The consolidated accounts have been prepared in compliance with Sections 230, 255, 255A and 255B of, and Schedule 9 to, the Companies Act 1985 ("the Act") as applied by Regulation 9 of The Companies Act 1985 (Bank Accounts) Regulations 1991. The profit and loss account has been prepared on a consolidated basis, advantage being taken of Section 230(3) of the Act. The balance sheet of Barclays PLC has been prepared in compliance with Section 226 of, and Schedule 4 to, the Act.

The consolidated accounts include the accounts of Barclays PLC and its subsidiary undertakings made up to 31st December, except in the case of Barclays Bank of Canada, whose accounts are made up to 31st October to comply with local legislation, and the securities businesses in the United Kingdom, whose accounts are made up to the last Stock Exchange account day prior to 31st December. Details of the principal subsidiary and associated undertakings are given in note 33.

Goodwill arising on acquisitions of subsidiary and associated undertakings, being the excess of cost over fair value of the Group share of net tangible assets acquired, is charged against reserves in the year of acquisition.

(c) Interests in associated undertakings and trade investments

Consolidated profit includes income from interests in associated undertakings based on accounts made up to dates not earlier than six months before the balance sheet date. Interests in associated undertakings are included in the consolidated balance sheet at the Group share of the book value of the net tangible assets of the undertakings concerned. Trade investments are stated in the consolidated balance sheet at cost less amounts written off.

(d) Value of long-term life assurance and pensions policies

A value (known as the "embedded value") is placed on the existing long-term life assurance and pensions policies written by Barclays Life Assurance Company Limited.

The embedded value is a prudent estimate, based on the advice of a qualified actuary, of the net present value of the profits inherent in such policies, using a discount rate of 15% per annum. Changes in the embedded value are included in the profit and loss account, grossed up for notional taxation. The Directors believe that the inclusion of the embedded value more fairly reflects the value to shareholders of the Group's investment in Barclays Life Assurance Company Limited.

(e) Investments (other than associated undertakings and trade investments)

Investments are carried in the consolidated balance sheet on the following bases: securities redeemable at fixed dates purchased with the intention of being held to maturity, at cost, adjusted to give effect to amortisation of premiums and discounts on purchase over periods to redemption; securities purchased for dealing purposes, at market value; undated investments, at the lower of cost and valuation.

In the securities trading businesses, long and short positions, representing the aggregate of book quantities of individual securities relating to a net bought or a net sold position, are carried at market value and are included in the consolidated balance sheet in trading assets and liabilities of securities business.

(f) Bad and doubtful debts

Specific provisions are made against advances when, in the opinion of the Directors, credit risks or economic and political factors make recovery doubtful. In addition, general provisions are raised, based on management's evaluation of the portfolios of advances and other exposures, in respect of losses which, although not specifically identified, are known from experience to be present in any such portfolio. The aggregate provisions which are made during the year (less amounts released and recoveries of bad debts previously written off) are charged against operating profit. Interest on doubtful advances is credited to profit until such time as its payment is considered to be unlikely and provision made as appropriate. Bad debts are written off in part or in whole when a loss has been confirmed.

(g) Depreciation

Depreciation is provided on a straight line basis over five years on equipment and over ten years on fixed plant in buildings and the cost of adapting properties to the Group's needs. Previously, the adaptation costs were not depreciated. Leasehold properties with less than fifty years to run are depreciated on a straight line basis over the remaining period of the lease.

Depreciation is generally not charged on freehold and long-leasehold properties as the Directors do not consider it to be significant in view of the useful economic lives of those properties and, having regard to the high standard at which they are maintained, their residual values.

(h) Off-balance sheet instruments

Transactions in off-balance sheet instruments are valued at market prices and resultant profits and losses are included in operating profit, except those in respect of specifically designated hedging transactions which are taken to profit and loss account in accordance with the accounting treatment of the underlying transaction.

(i) Pension cost

The Group's main pension scheme covers 70% of the Group's employees and is a funded defined benefit scheme. Staff do not make contributions for basic pensions. The pension cost relating to this scheme is assessed in accordance with the advice of a qualified actuary, using the projected unit method. Variations from the regular cost are allocated over the average remaining service lives of current employees.

ACCOUNTING POLICIES

(j) **Finance lease receivables**

Finance lease receivables are included in advances and other accounts at the cost of the equipment less amounts charged against rentals to date. Net leasing income under finance leases is taken to profit using an actuarial method to give a constant periodic return on the net cash investment.

(k) **Deferred taxation**

Deferred taxation is provided at the estimated rates at which future taxation will become payable on all timing differences between the accounting and taxation treatment of income and expense where, in the opinion of the Directors, it is probable that a liability to taxation will crystallise.

(l) **Foreign currencies**

Assets and liabilities in foreign currencies are expressed in sterling at rates of exchange ruling on the balance sheet date. Overseas profits and losses are expressed in sterling at average rates of exchange for the year. Profits arising in areas experiencing hyper-inflation are adjusted to recognise its effect on the worth of the working capital employed.

Translation differences arising from the application of closing rates of exchange to the opening net assets held overseas and to related foreign currency borrowings are taken directly to reserves. All other exchange profits and losses, which arise from normal trading activities, are included in operating profit.

Analyses of operations by segments

In note 5, the global swaps business is included within the UK domestic segment. UK international comprises activities in the United Kingdom with overseas customers, including sovereign lendings, and the main foreign exchange trading business arising in the United Kingdom.

The analyses by geographical segment are generally based on the location of the office recording the transaction. The United States includes business conducted through the Bahamas and the Cayman Islands.

Interest on loan capital and undated capital notes is included in interest expense and is allocated, together with the benefit of an appropriate proportion of shareholders' funds, where material, to the geographical areas using the funds.

Acquisitions and disposals

Other than the acquisition of the remaining 49% of equity in L'Européenne de Banque in January 1991, there have been no significant acquisitions during the year. All have been incorporated in the consolidated accounts using the acquisition method of accounting, with L'Européenne de Banque constituting the majority of the goodwill of £63m charged against reserves.

In the United States, the Group sold Barclays Bank of Delaware in June 1991. The total loss on sale was £3m.

In Europe, the sales of the Group's interests in leasing operations in Portugal and Denmark generated a profit of £8m.

Recent developments

The restructuring of the Barclays Group into four main operating divisions was put in place during 1991. The presentation of the Group results will be based on the new structure with effect from the 1992 interim announcement.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1991

	Note		1991 £m		1990 £m
Interest income	*1*		13,962		15,265
Interest expense	*2*		10,342		11,776
Net interest income			3,620		3,489
Other operating income	*3*		2,699		2,236
			6,319		5,725
Operating expenses:	*4*				
Staff		2,379		2,132	
Property and equipment		896		762	
Other		1,011		867	
		4,286		3,761	
Charge for bad and doubtful debts	*15*	1,547		1,233	
			5,833		4,994
Operating profit			486		731
Income from interests in associated undertakings			47		29
Profit before taxation and extraordinary item	*5*		533		760
Taxation	*6*		237		332
Profit after taxation			296		428
Profit attributable to minority interests			54		37
			242		391
Extraordinary item	*7*		–		198
Profit attributable to members of Barclays PLC	*8*		242		589
Dividends:	*9*				
First interim		146		145	
Second interim		192		190	
			338		335
(Deficit)/profit retained	*10*		(96)		254
Earnings per Ordinary Share	*11*		15.2p		24.7p

Movements in reserves are shown in note 27.

The Board of Directors approved the accounts set out on pages 27 to 46 on 25th February 1992.

COMPANY BALANCE SHEET

AS AT 31ST DECEMBER 1991

	Note		1991 £m		1990 £m
Fixed Assets:					
Investment in Barclays Bank PLC	*23*		5,740		6,105
Current Assets:					
Amounts falling due within one year:					
Due from subsidiary undertaking		17		35	
Cash at bank and in hand:					
Balance with subsidiary undertaking		175		155	
		192		190	
Creditors:					
Amounts falling due within one year:					
Dividend		192		190	
Net Current Assets			—		—
Assets less Current Liabilities			5,740		6,105
Capital and Reserves:					
Called up share capital	*26*		1,599		1,587
Share premium account	*27*		1,015		988
Revaluation reserve	*27*		2,245		2,649
Profit and loss account	*27*		881		881
Shareholders' Funds			5,740		6,105

John Quinton, *Chairman*
Andrew Buxton, *Group Managing Director*
Peter Wood, *Finance Director*

CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 1991

	Note		1991 £m		1990 £m
Assets:					
Cash and short-term funds	12		22,751		22,369
Items in course of collection			1,291		1,351
Investments	13		3,872		2,398
Trading assets of securities business	14		10,254		8,222
Advances and other accounts	15		97,344		97,749
			135,512		132,089
Interests in associated undertakings and trade investments	16	327		291	
Property and equipment	17	2,269		2,507	
			2,596		2,798
	5		138,108		134,887
Liabilities:					
Deposits, current accounts and other borrowings	20		112,641		110,788
Trading liabilities of securities business	14		9,568		7,447
Other accounts	21		5,474		6,232
Current taxation			258		581
Deferred taxation	22		524		469
Dividend			192		190
			128,657		125,707
Capital Resources:					
Loan capital	24		1,982		1,467
Undated capital notes	25		1,164		1,133
Minority interests			565		475
Shareholders' funds:					
Called up share capital	26	1,599		1,587	
Reserves	27	4,141		4,518	
			5,740		6,105
			138,108		134,887

Off-balance sheet items are summarised in note 35.

John Quinton, *Chairman*
Andrew Buxton, *Group Managing Director*
Peter Wood, *Finance Director*

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1991

	Note		1991 £m		1990 £m
Net cash flow from operating activities	28		1,831		4,059
Returns on investments and servicing of finance:					
Interest paid on loan capital and undated capital notes		(290)		(267)	
Dividends received from associated undertakings		9		15	
Ordinary dividends paid		(336)		(325)	
Preference dividends paid by subsidiary undertaking		(41)		(27)	
Net cash outflows from returns on investment and servicing of finance			(658)		(604)
Taxation paid			(469)		(364)
Investing activities:					
Capital expenditure		(349)		(379)	
Acquisition of businesses net of balances of cash and cash equivalents acquired		(111)		(19)	
Sale of property and equipment		49		60	
Purchase of non-dealing securities		(1,518)		(703)	
Sale of non-dealing securities		773		261	
Purchase of investments		(16)		(34)	
Sale of investments		19		331	
Net cash outflow from investing activities			(1,153)		(483)
Net cash (outflow)/inflow before financing			(449)		2,608
Financing:	29				
Issue of loan capital		523		175	
Repayment of loan capital		(13)		(109)	
Issue of Preference Shares in subsidiary undertaking		118		123	
Issue of Ordinary Shares		39		44	
Net cash inflow from financing			667		233
Increase in cash and cash equivalents	12		218		2,841

NOTES TO THE ACCOUNTS

1 Interest income

	1991 £m	1990 £m
Short-term funds	2,077	1,957
Investments – listed	200	137
– unlisted	68	62
Placings with banks	1,126	1,310
Lendings to customers	9,843	11,123
Lease receivables	648	676
	13,962	15,265

2 Interest expense

	1991 £m	1990 £m
Deposits, current accounts and other borrowings:		
Current and demand accounts	385	452
Savings accounts	2,061	2,342
Other time deposits	7,539	8,651
Long-term borrowings of overseas subsidiary undertakings	70	76
	10,055	11,521
Loan capital and undated capital notes	287	255
	10,342	11,776

3 Other operating income

	1991 £m	1990 £m
Commission from banking and related services	1,845	1,561
Foreign exchange trading income	218	159
Profits/(losses) on realisation of government securities	8	(1)
Securities trading income	300	211
Increase in value of long-term assurance policies	77	70
Other income	251	236
	2,699	2,236

Other income includes profit on sale of subsidiary and associated undertakings of £9m (1990 £43m).

4 Operating expenses

	1991 £m	1990 £m
Staff expenses:		
Salaries	1,887	1,698
Pension cost	118	112
Profit sharing	—	16
Other employee costs	374	306
	2,379	2,132
Property and equipment expenses:		
Depreciation of property and equipment	224	199
Property rentals	200	169
Hire of equipment	38	34
Other property and equipment expenses	429	368
	891	770
Loss/(profit) on sale of property	5	(8)
	896	762

Auditors' remuneration and expenses amounted to £4.6m (1990 £4.4m)

The total pension cost for the Group was £118m (1990 £112m), of which £77m (1990 £71m) related to the Group's main UK pension scheme, £24m (1990 £26m) to other UK schemes and £17m (1990 £15m) to overseas schemes. Formal actuarial valuations of the main scheme are carried out triennially, the latest being as at 30th September 1989. The principal actuarial assumptions adopted at that valuation were that, over the long term, the annual rate of return on new investments would be 2% higher than the annual increase in total pensionable remuneration, 4½% higher than the annual increase in present and future pensions in payment, and 4½% higher than the annual increase in dividends receivable. The market value of the scheme at the date of the valuation was £5,222m and the actuarial value of the assets was sufficient to cover 132% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the surplus disclosed by the valuation, and was reduced following the valuation.

NOTES TO THE ACCOUNTS

5 Segmental reporting

Operations by business segments	Profit before tax		Total assets		Net assets	
	1991	1990	1991	1990	1991	1990
	£m	£m	£m	£m	£m	£m
UK banking and treasury operations	368	463	88,596	88,375	4,298	4,462
Barclays Financial Services	214	181	381	333	302	251
BZW managed activities	61	5	11,331	9,806	314	327
Overseas banking and treasury operations	(110)	111	37,800	36,373	1,391	1,540
	533	760	138,108	134,887	6,305	6,580

Operations by geographical segments	Profit before tax		Total assets		Net assets	
	1991	1990	1991	1990	1991	1990
	£m	£m	£m	£m	£m	£m
UK domestic	322	536	86,709	84,984	4,544	4,658
UK international	329	141	7,968	9,061	211	242
Other European Community	20	33	16,008	15,757	721	758
United States	(222)	11	16,567	15,620	346	432
Rest of the World	84	39	10,856	9,465	483	490
	533	760	138,108	134,887	6,305	6,580

At 31st December 1991, no single country, other than the United Kingdom and the United States, accounts for more than 5% of total assets.

6 Taxation

	1991 £m	1990 £m
The taxation charge assumes a United Kingdom corporation tax rate of 33.25% (1990 35%), and comprises:		
United Kingdom corporation tax, including deferred taxation charge of £12m (1990 £21m)	218	272
Relief for overseas taxation	(45)	(28)
	173	244
Overseas taxation	63	73
	236	317
Associated undertakings, including overseas taxation of £5m (1990 £7m)	1	15
Charge based on the profit for the year	237	332

The effective rate of taxation at 44.5% is higher than the average UK corporation tax rate for the year of 33.25%, primarily because of the lack of tax relief on certain overseas losses and the charge for general provisions.

In 1990, the overall effective rate of taxation of 43.7%, compared with the UK standard rate of 35%, reflected principally the lack of tax relief on the charge for general provisions. A release of £42m deferred taxation, previously provided in respect of leasing transactions, was broadly offset by the lack of tax relief on certain overseas losses.

The United Kingdom tax charge includes £36m (1990 £33m) in respect of notional taxation on franked investment income and on the increase in value of long-term assurance policies.

The total deferred taxation charge included above is £21m (1990 £5m).

7 Extraordinary item

The extraordinary item in 1990 was the profit on the sale of the Group's 32% holding in Yorkshire Bank PLC.

8 Profit attributable to members of Barclays PLC

Of the profit attributable to the members, £338m (1990 £335m) is dealt with in the accounts of Barclays PLC.

9 Dividends

	1991 p per share	1991 £m	1990 p per share	1990 £m
On Ordinary Shares:				
First interim dividend	9.15	146	9.15	145
Second interim dividend	12.00	192	12.00	190
	21.15	338	21.15	335

Dividends amounting to £0.1m are payable on the Staff Shares, which carry a fixed dividend of 14% p.a. unless no dividend is paid for the year on the Ordinary Shares.

10 (Deficit)/profit retained

	1991 £m	1990 £m
(Deficit)/profit retained is dealt with by:		
Barclays PLC	—	—
Subsidiary undertakings	(133)	255
	(133)	255
Associated undertakings	37	(1)
	(96)	254

11 Earnings per Ordinary Share

Earnings per Ordinary Share are based upon profit after deducting taxation, profit attributable to minority interests and dividends on Staff Shares, but before extraordinary items.

Earnings amount to £242m (1990 £391m) and are related to the weighted average of Ordinary Shares in issue during the year of 1,591 million (1990 1,580 million). The exercise of existing options granted under the Executive and SAYE Share Option Schemes would not have a material effect on earnings per Ordinary Share.

12 Cash and short-term funds

	1991 £m	1990 £m	Change in year £m
Cash in hand and with central banks	1,609	1,858	(249)
Money at call and short notice	9,644	10,554	(910)
British and other government treasury bills	4,761	3,552	1,209
Other bills	1,767	2,393	(626)
Certificates of deposit	4,970	4,012	958
	22,751	22,369	382

For the purposes of the consolidated cash flow statement, the above items represent cash and cash equivalents.

The Group is required to maintain balances with central banks and other regulatory authorities which, at 31st December 1991, amount to £548m (1990 £494m).

Changes in cash and short-term funds during the year:

		1991 £m		1990 £m
Balance at beginning of year		22,369		20,192
Net increase in cash and short-term funds before the effect of exchange rate movements	218		2,841	
Effect of exchange rate movements	164		(664)	
		382		2,177
Balance at end of year		22,751		22,369

NOTES TO THE ACCOUNTS

13 Investments

The valuation of listed investments is at mid-market prices and that of unlisted investments is at Directors' estimate.

	1991 Book value £m	1991 Valuation £m	1990 Book value £m	1990 Valuation £m
Securities of, or guaranteed by, the British Government	1,110	1,116	799	786
Other investments listed in Great Britain	110	123	105	119
Investments listed elsewhere	1,817	1,818	1,000	998
	3,037	3,057	1,904	1,903
Unlisted investments	835	847	494	492
	3,872	3,904	2,398	2,395
Securities redeemable at fixed dates:				
At amortised cost	2,621	2,636	1,928	1,899
At market value	1,146	1,146	338	338

The remaining investments are stated at the lower of cost and valuation.

Barclays PLC holds, as an investment, British Government stock with a book value of £0.1m (valuation £0.1m).

14 Trading assets and liabilities of securities business

The trading assets and liabilities of the securities business comprise:

	1991 £m	1990 £m
Assets:		
Long positions at market value	4,077	2,637
Securities purchased under agreements to re-sell	2,322	2,441
Deposits with Stock Exchange money brokers and others as collateral for stock borrowing	1,381	1,191
Market and client debtors	2,474	1,953
	10,254	8,222

	1991 £m	1990 £m
Liabilities:		
Short positions at market value	3,013	2,638
Securities sold under agreements to re-purchase	2,574	2,120
Secured loans from Stock Exchange money brokers and others	1,452	809
Market and client creditors	2,529	1,880
	9,568	7,447

As part of its normal market-making activities, BZW holds positions in Barclays PLC's Ordinary Shares and Barclays Bank PLC's loan capital.

15 Advances and other accounts

	1991 £m	1990 £m
Advances and other accounts comprise:		
Lendings to customers	80,352	78,646
Finance lease receivables	5,075	4,956
	85,427	83,602
Less: provisions	2,686	2,335
	82,741	81,267
Placings with banks (over 30 days)	9,225	10,883
Other accounts	5,378	5,599
	97,344	97,749
Lendings and finance lease receivables, by geographical area:		
United Kingdom	63,832	62,671
Other European Community	7,684	7,526
United States	8,876	8,848
Rest of the World	5,035	4,557
	85,427	83,602

Assets acquired in the year for letting under finance leases amount to £1,616m (1990 £1,833m).

Other accounts include £2,130m (1990 £2,126m) accrued interest, £556m (1990 £535m) equipment leased to customers under operating leases, which is net of accumulated depreciation charges of £225m (1990 £156m), the value of long-term assurance policies of £244m (1990 £192m) and purchased mortgage servicing rights of £258m (1990 £159m).

Movements in provisions for bad and doubtful debts:	1991 £m	1990 £m
Provisions at beginning of year	2,335	2,499
Charge for the year, net of recoveries of £50m (1990 £42m)	1,547	1,233
Amounts written off, net of recoveries	(1,208)	(1,237)
Changes in Group structure	(27)	50
Exchange and other adjustments	39	(210)
Provisions at end of year	2,686	2,335
Provisions at 31st December:		
Specific – credit risks	1,615	1,073
General – credit risks	468	393
	2,083	1,466
Specific – country risk	603	869
	2,686	2,335

The charge for the year in respect of bad and doubtful debts comprises:	1991 £m	1990 £m
Specific provisions – credit risks:		
United Kingdom	1,309	809
Other European Community	63	50
United States	264	147
Rest of the World	43	66
	1,679	1,072
Opening general provisions, net of exchange and other adjustments	(389)	(213)
	1,290	859
New general provisions – credit risks	468	393
	1,758	1,252
Specific provisions – country risk	(211)	(19)
	1,547	1,233

NOTES TO THE ACCOUNTS

16 Interests in associated undertakings and trade investments

The valuation of listed investments is at mid-market prices and that of unlisted investments is at Directors' estimate. Additional information regarding associated undertakings is given in note 33.

	1991 Book value £m	1991 Valuation £m	1990 Book value £m	1990 Valuation £m
Associated undertakings:				
Listed outside Great Britain	—	—	14	14
Unlisted	273	277	243	247
	273	277	257	261
Trade investments:				
Listed in Great Britain	7	7	7	8
Listed outside Great Britain	1	5	1	4
Unlisted	46	50	26	29
	327	339	291	302

Loans to associated undertakings, other than normal trading balances, amount to £62m (1990 £62m). Dividends from unlisted associated undertakings amount to £9m (1990 £15m). Dividends from trade investments amount to: listed £1m (1990 £1m), unlisted £1m (1990 £1m).

17 Property and equipment

	Property £m	Equipment £m
Cost or valuation:		
At beginning of year	2,104	1,187
Changes in Group structure	(9)	(6)
Exchange and other adjustments	6	15
Additions at cost	130	219
Disposals	(26)	(112)
Deficit on revaluation of properties	(314)	—
At end of year	1,891	1,303
At 31st December 1991:		
At valuation:		
– 1979 to 1989	178	—
– 1991	1,188	—
At cost	525	1,303
	1,891	1,303
Accumulated depreciation	206	719
Net book value:		
31st December 1991	1,685	584
31st December 1990	1,933	574

Balance sheet value of property:	1991 £m	1990 £m
Freehold	1,340	1,529
Leasehold over 50 years unexpired	142	237
Leasehold up to 50 years unexpired	203	167
	1,685	1,933

The property values include the cost less depreciation of plant located in buildings. In 1991, the costs of adapting properties to the Group's needs, amounting to £117m since the last revaluation in 1989, have been added to the cost of the relevant properties and are now being depreciated over ten years.

At 31st December 1991, the United Kingdom properties of the Group, other than those leased properties which are subject to frequent and regular rent reviews (i.e. rack rented), were revalued by the Bank's professionally qualified staff, or by external professionally qualified valuers, at open market value for existing use or, in the case of specialised properties, at depreciated replacement cost. Of the deficit of £314m, which is reduced to £305m by the release of depreciation, £302m has been charged to revaluation reserves, thus eliminating that part which relates to the United Kingdom properties of Barclays Bank PLC and its property company subsidiary, and £3m has been charged against the profit for the year.

The net book value includes £5m (1990 £9m) in respect of equipment held under finance leases on which the depreciation charge is £3m (1990 £6m).

18 Commitments for capital expenditure not provided in these accounts

Commitments for capital expenditure under contract amount to £144m (1990 £170m). Capital expenditure authorised, but not yet contracted, totals £79m (1990 £62m).

19 Future rental commitments under operating leases

	1991 Property £m	1991 Equipment £m	1990 Property £m	1990 Equipment £m
Annual commitments under non-cancellable operating leases expiring:				
– within one year	6	2	3	5
– between one year and five years	13	12	22	14
– after five years	129	2	119	—
	148	16	144	19

20 Deposits, current accounts and other borrowings

	1991 £m	1990 £m
By geographical area:		
United Kingdom	79,902	79,748
Other European Community	12,517	12,551
United States	10,290	9,623
Rest of the World	9,932	8,866
	112,641	110,788
By type:		
In offices in the United Kingdom:		
Current and demand accounts – interest free	6,804	7,229
– interest bearing	6,552	4,001
Savings accounts	21,652	19,687
Other time deposits – retail	14,128	14,193
– wholesale	30,766	34,638
	79,902	79,748
In offices outside the United Kingdom:		
Current and demand accounts	3,740	3,374
Savings accounts	1,180	1,145
Other time deposits	27,124	25,897
Long-term borrowings of subsidiary undertakings due:		
– within one year	54	66
– between one year and five years	369	247
– after five years	272	311
	32,739	31,040
	112,641	110,788

Long-term borrowings, which have maturity dates extending to 2005, are raised locally by overseas subsidiary undertakings to finance their own operations.

21 Other accounts

	1991 £m	1990 £m
Obligations under finance leases payable:		
– within one year	111	143
– between one year and five years	64	169
	175	312
Less: future finance charges	18	39
	157	273
Accrued interest	1,596	1,998
Sundry creditors	2,956	2,583
Accrued expenses and items in transit	765	1,378
	5,474	6,232

NOTES TO THE ACCOUNTS

22 Deferred taxation

	1991 £m	1990 £m
Movements on deferred taxation during the year:		
At beginning of year	469	452
Exchange and other adjustments	34	12
Charge to profit and loss account	21	5
At end of year	524	469
Deferred taxation at 31st December:		
Leasing transactions	569	573
Other timing differences	(45)	(104)
	524	469

The charge in 1990 is after crediting a £42m release of deferred taxation in respect of leasing transactions.

Potential taxation liabilities not provided in the accounts in respect of leasing transactions are computed at estimated future tax rates and amount to £185m (1990 £191m).

No taxation is provided on capital gains which might arise on the disposal of Group subsidiary or associated undertakings at their balance sheet amounts. Furthermore, no provision is made for taxation on capital gains which might arise on the disposal of properties at their balance sheet amounts, as the Directors are of the opinion that, in view of the substantial number of properties involved and the law relating to rollover relief, the likelihood of any such material taxation liability arising is remote and no useful purpose would be served by attempting to quantify it.

23 Investment in Barclays Bank PLC

The investment in Barclays Bank PLC is stated in the balance sheet at Barclays PLC's share of the book value of the net tangible assets of Barclays Bank PLC, as the Directors are of the opinion that this fairly represents the value of the investment. The decrease of £365m during the year comprises the cost of additional shares of £39m and a decrease of £404m in other net tangible assets of Barclays Bank PLC. The cost of the investment is £3,046m (1990 £3,007m).

During the year, Barclays Bank PLC raised US$213m by a further issue of Non-cumulative Dollar-denominated Preference Shares. In the consolidated balance sheet, the total Preference Shares currently in issue (US$937m) are included in minority interests at their sterling equivalent at 31st December 1991 of £502m. In the consolidated profit and loss account, dividends on the Preference Shares of £41m (1990 £27m) are included in profit attributable to minority interests.

Details of the principal subsidiary and associated undertakings, held through Barclays Bank PLC, are shown in note 33.

24 Loan capital

Loan capital, which is raised by Barclays Bank PLC and its finance subsidiaries for the development and expansion of the Group's business, includes £1,751m (1990 £1,401m) repayable after five years and comprises:

	1991 £m	1990 £m
Barclays Bank PLC:		
7½% Unsecured Capital Loan Stock 1986/91	—	7
8¼% Unsecured Capital Loan Stock 1986/93	59	59
10¼% Senior Subordinated Bonds 1997	250	250
12¾% Senior Subordinated Bonds 1997	200	175
Floating Rate Senior Subordinated Bonds 2001	50	—
Floating Rate Unsecured Capital Loan Stock 2006	10	16
16% Unsecured Capital Loan Stock 2002/07	100	100
12% Unsecured Capital Loan Stock 2010	25	25
Floating Rate Unsecured Capital Loan Stock 2010	4	—
Barclays Overseas Investment Company B.V.:		
6% Guaranteed Bonds 1996 (Yen 40,000m)	172	153
8⅛% Unsecured Bearer Bonds 1983/98 (DM250m)	88	87
Guaranteed Floating Rate Notes 2001 (Ecu105m)	75	—
Guaranteed Floating Rate Notes 2004 (US$350m)	187	181
Guaranteed Notes 2007 (Yen 15,000m)	64	—
Barclays North American Capital Corporation:		
11⅝% Guaranteed Capital Notes 2003 (US$400m)	215	207
10½% Guaranteed Capital Notes 2017 (US$400m)	215	207
9¾% Guaranteed Capital Notes 2021 (US$500m)	268	—
	1,982	1,467

Loan capital of Barclays Bank PLC has been issued on the basis that the claims thereunder are subordinated to the claims of depositors and other unsecured unsubordinated creditors. Loan capital issued by Barclays Overseas Investment Company B.V. and Barclays North American Capital Corporation carries the guarantee of Barclays Bank PLC which is subordinated on a similar basis.

Floating rate loan capital issues (other than the Guaranteed Notes 2007 Yen 15,000m and the Floating Rate Unsecured Capital Loan Stock 2010) bear interest at rates fixed in advance for periods of six months. At 31st December 1991, the rates were 11.24531% on the Floating Rate Senior Subordinated Bonds 2001, 10⅞% (1990 13⁵⁄₁₆%) on the Floating Rate Unsecured Capital Loan Stock 2006, 10.3325% on the Guaranteed Floating Rate Notes 2001 and 5¹⁵⁄₁₆% (1990 8³⁄₁₆%) on the Guaranteed Floating Rate Notes 2004. The coupons of the Guaranteed Notes 2007 have been swapped until 2002, resulting in an interest rate payable until then of LIBOR plus 40 basis points (6.525% at 31st December 1991). After that date, the coupon will be LIBOR plus 115 basis points. Both rates are fixed in advance for periods of three months. The Floating Rate Unsecured Capital Loan Stock 2010 bears interest at rates fixed in advance for periods of three months and, at 31st December 1991, the rate was 10⅞%.

Interest on loan capital with a final maturity within five years amounts to £15m (1990 £5m).

25 Undated capital notes

Undated capital notes are issued by Barclays Bank PLC and its finance subsidiaries for the development and expansion of the Group's business and to strengthen its capital base and comprise:

	1991	1990
Barclays Bank PLC:	**£m**	£m
Undated Floating Rate Primary Capital Notes Series 1 (US$600m)	**321**	311
Undated Floating Rate Primary Capital Notes Series 2 (US$869m)	**466**	437
Undated Floating Rate Primary Capital Notes Series 3	**200**	200
Barclays Overseas Investment Company B.V.:		
Junior Guaranteed Undated Floating Rate Notes (US$331m)	**177**	185
	1,164	1,133

The Junior Guaranteed Undated Floating Rate Notes carry the junior subordinated guarantee of Barclays Bank PLC, ranking behind the claims against Barclays Bank PLC of depositors and other unsecured unsubordinated creditors and holders of loan capital. The issues of Undated Floating Rate Primary Capital Notes of Barclays Bank PLC rank behind the claims against Barclays Bank PLC of the holders of the Junior Guaranteed Undated Floating Rate Notes.

During the year, Barclays Bank PLC offered to exchange all the outstanding Junior Notes for an equal amount of its Primary Capital Notes Series 2, to form a single issue with the existing Series 2 Notes. In 1991, Junior Notes with a nominal value of US$26m were exchanged. The Bank may renew the offer for such additional periods and on such terms as it may determine.

Undated capital notes (other than Primary Capital Notes Series 3) bear interest at rates fixed in advance for periods of six months. At 31st December 1991, the rates were 6¹¹⁄₁₆% (1990 8⁹⁄₁₆%) on the Primary Capital Notes Series 1, 6% (1990 8⅛%) on the Primary Capital Notes Series 2 and 5⁷⁄₁₆% (1990 8⁵⁄₁₆%) on the Junior Floating Rate Notes. The Primary Capital Notes Series 3 bear interest at rates fixed in advance for periods of three months and, at 31st December 1991, the rate was 11% (1990 14¼%).

Interest on undated capital notes amounts to £97m (1990 £115m).

26 Share capital

The authorised share capital of Barclays PLC is £2,000m (1990 £2,000m), comprising 1,999 million (1990 1,999 million) Ordinary Shares of £1 each and 1 million (1990 1 million) Staff Shares of £1 each.

	1991	1990
Called up share capital, allotted and fully paid:	**£m**	£m
Ordinary Shares:		
At beginning of year	**1,586**	1,123
Issued by way of capitalisation of reserves	**—**	452
Issued under profit sharing, share option and share dividend schemes	**12**	11
At end of year	**1,598**	1,586
Staff Shares	**1**	1
	1,599	1,587

In May 1990, a two-for-five bonus issue was made, involving the capitalisation of £452m from reserves. It is not yet possible to quantify the amount which will be issued in 1992 under the Share Dividend Scheme in respect of the second interim dividend for the year.

Under the terms of the Executive and SAYE Share Option Schemes, 59.7 million (1990 53.4 million) options are outstanding, enabling certain Directors and members of staff to subscribe for Ordinary Shares between 1992 and 2001, at prices ranging from 157p to 462p per share.

27 Reserves

	Consolidated	Barclays PLC	Associated undertakings
	£m	£m	£m
At beginning of year	4,518	4,518	134
Premium arising on shares issued	27	27	—
Exchange rate translation differences	65	—	1
Goodwill arising on acquisitions	(63)	—	—
Changes in Group structure	(5)	—	(14)
Other items	(3)	—	1
Deficit on revaluation of properties (see note 17)	(302)	—	—
Revaluation of investment in subsidiary undertaking	—	(404)	—
(Deficit)/profit retained	(96)	—	37
At end of year	4,141	4,141	159

27 Reserves — continued

Consolidated reserves include share premium account of £1,015m (1990 £988m) and surplus on revaluation of primarily overseas property of Barclays Bank PLC and its subsidiary undertakings of £84m (1990 £395m).

The amount included in consolidated reserves in respect of overseas subsidiary and associated undertakings is £198m (1990 £246m), a substantial part of which is required to be retained by the undertakings concerned in order to comply with local banking requirements. If overseas reserves were to be remitted, further taxation liabilities, which have not been provided for in these accounts, might arise.

The reserves of Barclays PLC include share premium account of £1,015m (1990 £988m), profit and loss account of £881m (1990 £881m) and a revaluation reserve of £2,245m (1990 £2,649m). The revaluation reserve arises from the revaluation of the investment in Barclays Bank PLC.

Goodwill amounting to £576m (1990 £513m) has been charged against reserves in 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.

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

	1991 £m	1990 £m
Operating profit	486	731
Charge for bad and doubtful debts	1,547	1,233
Increase in interest and commission receivable	(4)	(323)
(Decrease)/increase in interest and commission payable	(399)	211
Depreciation	224	199
(Profits)/losses on realisation of investments	(28)	24
Losses/(profits) on sale of property and equipment	5	(8)
Increase in value of long-term assurance policies	(77)	(70)
Interest on loan capital and undated capital notes	287	255
Net cash flow from trading activities	2,041	2,252
Net increase in demand deposits and savings accounts	4,418	2,713
Net (decrease)/increase in other time deposits	(3,465)	5,950
Net increase/(decrease) in long-term borrowings of subsidiaries	40	(135)
(Decrease)/increase in accrued expenses and other credit balances	(54)	333
Net increase in lendings to customers	(2,106)	(7,522)
Net change in finance lease receivables	(109)	(619)
Decrease in sundry debtors and other debit balances	228	239
(Increase)/decrease in operating lease receivables	(21)	2
Decrease/(increase) in net trading assets of securities business	89	(207)
Net increase in dealing securities	(716)	(47)
Net change in items in transit	(168)	(519)
Net decrease in placings with banks	1,658	1,639
Other non-cash movements	(4)	(20)
Net cash flow from operating activities	1,831	4,059

29 Changes in financing during the year

	Loan capital £m	Undated capital notes £m	Preference Shares £m	Ordinary Shares £m	Share premium £m
Balance at 1st January 1991	1,467	1,133	375	1,587	988
Exchange rate and other movements	5	31	9	—	—
Net cash inflow from financing	510	—	118	12	27
Balance at 31st December 1991	1,982	1,164	502	1,599	1,015

30 Turnover

The Group's revenues, which are mainly attributable to the business of banking and related activities, are shown in the consolidated profit and loss account and accompanying notes. In respect of the Group's leasing activities, the aggregate rentals receivable under finance leases are £1,494m (1990 £1,569m) and the aggregate rentals receivable under operating leases are £201m (1990 £244m).

NOTES TO THE ACCOUNTS

31 Directors' emoluments

The aggregate emoluments of the Directors of Barclays PLC, computed in accordance with Part I of Schedule 6 to the Companies Act 1985, are:

	1991 £000	1990 £000
Fees	256	263
Other	2,768	2,843
	3,024	3,106

In addition, pensions in respect of management services of a former Director amount to £81,124 (1990 £74,998). In 1990, ten Directors waived the right to receive emoluments, which in aggregate amounted to £104,263.

Emoluments of executive Directors are set by the Board on the recommendation of a Committee of non-executive Directors. Emoluments may include, in addition to a salary element, a bonus assessed in relation to a combination of individual and team performance.

Aggregate emoluments now include bonuses and profit sharing in the total for the year in which they are earned rather than, as in previous years, the year in which they are paid. Directors' emoluments for 1990 have been restated to reflect this change of treatment. The total of Directors' emoluments originally reported for 1990 on a cash basis was £3,711,000.

The emoluments, excluding pension contributions, of the Chairman amount to £356,357 (1990 £336,967); the salary element of £350,000 has remained unchanged since 1st May 1990 and no bonus is being paid in respect of 1991. The emoluments, excluding pension contributions, of the highest paid Director amount to £412,271 (1990 £336,967).

The numbers of Directors, including the Chairman, whose emoluments, excluding pension contributions, fall within the undermentioned limits are:

	1991	1990		1991	1990
Up to £5,000	1	–	£150,001–£155,000	–	1
£5,001– £10,000	2	1	£155,001–£160,000	–	1
£10,001– £15,000	4	–	£165,001–£170,000	1	–
£15,001– £20,000	4	5	£170,001–£175,000	1	1
£20,001– £25,000	2	3	£180,001–£185,000	1	–
£25,001– £30,000	2	1	£190,001–£195,000	1	1
£30,001– £35,000	–	1	£200,001–£205,000	–	1
£35,001– £40,000	1	1	£230,001–£235,000	1	–
£40,001– £45,000	2	1	£250,001–£255,000	–	1
£75,001– £80,000	1	–	£255,001–£260,000	1	–
£85,001– £90,000	–	1	£270,001–£275,000	–	1
£90,001– £95,000	–	1	£325,001–£330,000	–	1
£95,001–£100,000	2	–	£335,001–£340,000	–	1
£105,001–£110,000	–	1	£355,001–£360,000	1	–
£130,001–£135,000	–	1	£410,001–£415,000	1	–

During 1991, options over 0.4 million Ordinary Shares at 462p were granted under the Executive Share Option Scheme. These options expire in 2001. There are currently 36 past and present executive Directors and employees who hold options in the Executive Share Option Scheme.

32 Contracts with Directors and connected persons and with Senior Executives

The aggregate amounts outstanding at 31st December 1991 under transactions, arrangements and agreements made by authorised institutions within the Group for persons who are, or were during the year, Directors of the Company and persons connected with them and for Senior Executives, within the meaning of the Banking Act 1987, of Barclays Bank PLC are:

	Number of Directors or Senior Executives	Number of connected persons	Amount £000
Directors:			
Loans	17	4	601
Quasi-loans and credit card accounts	23	12	29
Senior Executives:			
Loans	14	–	760
Quasi-loans and credit card accounts	12	–	132

There are no transactions, arrangements or agreements with Barclays PLC or its subsidiary undertakings in which Directors or persons connected with them or Senior Executives of Barclays Bank PLC had a material interest and which are disclosable under the relevant provisions of the Companies Act 1985, other than options to subscribe for Ordinary Shares under the Barclays PLC Executive and SAYE Share Option Schemes. Directors' options are reported on page 26.

33 Subsidiary and associated undertakings

Country of registration or incorporation	Principal subsidiary undertakings	Percentage of equity capital held
England	Barclays Bank PLC – ordinary shares	100 #
England	Barclays de Zoete Wedd Holdings Limited	100
England	Barclays Financial Services Limited	100
England	Barclays Mercantile Business Finance Limited	100
England	Mercantile Credit Company Limited	100
England	Interpayment Services Limited	100 #
Guernsey	Barclays Finance Company (Guernsey) Limited	100
Jersey	Barclays Bank Finance Company (Jersey) Limited	100
France	Barclays Bank SA	100
Italy	Barclays Financial Services Italia SpA	100
Spain	Barclays Bank SAE	89.4
Botswana	Barclays Bank of Botswana Limited	74.9
Kenya	Barclays Bank of Kenya Limited	68.5
Zimbabwe	Barclays Bank of Zimbabwe Limited	70
USA	BarclaysAmericanCorporation	100 #
USA	Barclays Bank of New York N.A.	99.9 #
Canada	Barclays Bank of Canada (year end: 31st October)	100
Australia	Barclays Bank Australia Limited	100

Country of registration or incorporation	Principal associated undertaking	Percentage of equity capital held
England	3i Group plc (year end: 31st March)	18.4

3i Group plc, which has an issued share capital of £236m and an issued loan capital of £804m, is owned by a consortium of UK clearing banks and the Bank of England, and accordingly is treated as an associated undertaking. The consolidated accounts include interim accounts to 30th September in respect of 3i Group plc.

The country of registration or incorporation is also the principal area of operation for each of the above undertakings. Investments in these undertakings are held directly by Barclays Bank PLC except where marked #.

Barclays Bank PLC also has in issue 54,920,000 Non-cumulative Dollar-denominated Preference Shares of US$0.01 each, none of which are held by Barclays PLC.

For subsidiary and associated undertakings operating in countries where there is doubt as to the timely remittance of profits, the consolidated profit before taxation includes only amounts which have been received in the United Kingdom, and the Group's investment is carried in the consolidated balance sheet at the lower of cost and valuation. The Group's share of profit before taxation thus excluded from the profit before taxation reported for the year is £13m (1990 £9m). Net assets of subsidiary and associated undertakings excluded from the consolidated balance sheet amount to £38m (1990 £20m).

34 Legal proceedings

In January 1991, the House of Lords held that local authorities had no power to enter into swap transactions. Outstanding transactions, fully provided against in previous years, have now been written off. However, the House of Lords did not rule on whether banks or local authorities could recover payments previously made in respect of swap transactions. Although it is not possible to determine the outcome of cases which are currently before the Courts to determine this issue, the Directors do not believe there will be a significant adverse effect on the financial position of the Group.

Judgment was given in May 1991 in the hearing on liability in the legal actions brought by British & Commonwealth Holdings PLC ("B&C") against Quadrex Holdings, Inc. ("Quadrex") and Samuel Montagu & Co. Limited ("SM") in which Barclays de Zoete Wedd Limited ("BZW") had been joined by SM and Quadrex in third and fourth party proceedings. All proceedings against BZW were dismissed. SM and Quadrex are both appealing against findings that they are liable to B&C, but not against the dismissal of the claims against BZW. A separate hearing on the quantum of damages payable by each of B&C, Quadrex and SM is expected to begin later this year. BZW is not a party to that hearing.

NOTES TO THE ACCOUNTS

35 Financial instruments, contingent liabilities and commitments

In common with other banks, the Group conducts business involving acceptances, guarantees, performance bonds and indemnities. In addition, there are interest rate and currency swaps, financial futures contracts, forward contracts for the purchase and sale of foreign currencies, option contracts and other facilities to customers which are not reflected in the consolidated balance sheet.

Under internationally accepted banking supervision practice for the calculation of the risk associated with such off-balance sheet items, the contract or underlying principal amounts are initially converted to credit risk equivalents by applying specified credit conversion factors or, in the case of interest and exchange-related contracts, by marking to market value. The resultant amounts are then risk weighted according to the nature of the counterparty and comprise:

	1991 Contract or underlying principal amount £m	1991 Risk weighted amount £m	1990 Contract or underlying principal amount £m	1990 Risk weighted amount £m
Guarantees, acceptances, endorsements and other items serving as direct credit substitutes	9,424	7,744	10,233	8,239
Other endorsements	561	–	871	–
Performance bonds and other transaction-related contingencies	6,003	2,861	6,006	2,870
Documentary credits and other short-term trade-related contingencies	820	148	941	174
Sale and re-purchase agreements	134	59	111	79
Forward asset purchases and forward forward deposits placed	378	76	784	166
Note issuance and revolving underwriting facilities	618	220	729	273
Formal standby facilities, credit lines and other commitments to lend:				
– less than one year maturity	35,432	–	35,566	–
– one year or over maturity	11,056	5,153	10,395	5,012
Exchange rate-related instruments:				
– 14 days or less original maturity	27,107	–	21,222	–
– over 14 days original maturity	142,539	1,025	137,387	1,374
Interest rate-related contracts	158,516	1,287	116,550	592
Exchange-traded instruments and other off-balance sheet instruments	110,841	203	13,054	119
		18,776		18,898

The majority of these facilities are offset by corresponding obligations of third parties.

AUDITORS' REPORT TO THE MEMBERS OF BARCLAYS PLC

We have audited the accounts on pages 27 to 46 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the Group at 31st December 1991 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditor

London
25th February 1992

FIVE YEAR FINANCIAL SUMMARY

Consolidated Profit and Loss Account

	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m
Profit before taxation by area of operation:					
UK domestic banking and treasury operations	119	324	1,099	857	598
Barclays Financial Services	214	181	165	104	86
Central Retail Services Division	46	(4)	42	99	97
BZW managed activities	61	5	54	33	(11)
Mercantile companies	(126)	2	51	91	85
International treasury and banking operations in the UK	329	141	(873)	88	(620)
Other European Community	24	39	24	11	(9)
United States	(217)	20	72	43	64
Rest of the World	83	52	58	65	79
Profit before taxation	533	760	692	1,391	369
Taxation	237	332	215	498	159
Profit after taxation	296	428	477	893	210
Profit attributable to members	242	589	452	887	204
Dividends	338	335	308	256	171
(Deficit)/profit retained	(96)	254	144	631	33
Earnings per Ordinary Share	15.2p	24.7p	28.9p	62.7p	17.4p
Dividends per Ordinary Share	21.2p	21.2p	19.6p	16.4p	14.2p
Dividend cover (times)	0.7	1.2	1.5	3.5	1.2
Average US dollar exchange rates used in preparing the above	1.76	1.78	1.64	1.78	1.64

Note:
The financial information on pages 47 to 63 is extracted from the published accounts for the last five years, restated where appropriate to accord with the current accounting policies of the Group. The figures for earnings and dividends per Ordinary Share for earlier years have been restated to take account of the bonus issue in 1990 and the rights issue in 1988.

Analysis by Area of Operation

The analyses by area of operation are based on the business units reported in the Financial Review which follows. BZW managed activities and Mercantile companies include operations domiciled outside the United Kingdom. Accordingly, the analyses for Other European Community, United States and Rest of the World differ from the geographical analyses for these areas given in note 5, which are based on location of office. The United States includes business conducted through the Bahamas and the Cayman Islands.

Interest on loan capital and undated capital notes is included in interest expense and is allocated, together with the benefit of an appropriate proportion of shareholders' funds, to the geographical areas using the funds.

FIVE YEAR FINANCIAL SUMMARY

Results by Nature of Income/Expense

	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m
Interest income	**13,962**	15,265	13,468	9,147	7,633
Interest expense	**10,342**	11,776	10,048	6,181	4,962
Net interest income	**3,620**	3,489	3,420	2,966	2,671
Other operating income:					
Commission from banking and related services	**1,845**	1,561	1,435	1,283	1,155
Foreign exchange trading income	**218**	159	172	112	113
Profits/(losses) on realisation of government securities	**8**	(1)	(3)	16	17
Securities trading income	**300**	211	203	145	85
Increase in value of long-term assurance policies	**77**	70	69	50	30
Other income	**251**	236	251	179	150
	6,319	5,725	5,547	4,751	4,221
Operating expenses:					
Staff	**2,379**	2,132	2,064	1,882	1,676
Property and equipment	**896**	762	626	568	516
Other	**1,011**	867	860	705	656
	4,286	3,761	3,550	3,155	2,848
Charge for bad and doubtful debts	**1,547**	1,233	1,397	301	1,072
Operating profit	**486**	731	600	1,295	301
Income from interests in associated undertakings	**47**	29	92	96	68
Profit before taxation	533	760	692	1,391	369

Total Assets

	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m
By area of operation:					
UK domestic banking and treasury operations	68,773	67,855	61,159	53,626	41,407
Barclays Financial Services	381	333	283	204	162
Central Retail Services Division	4,921	3,956	3,372	3,181	2,377
BZW managed activities	11,331	9,806	9,849	6,239	4,736
Mercantile companies	6,934	7,503	6,994	6,490	5,259
International treasury and banking operations in the UK	7,968	9,061	10,082	7,874	8,740
Other European Community	15,607	15,310	12,143	8,120	6,871
United States	11,734	11,840	13,060	11,059	10,975
Rest of the World	10,459	9,223	10,674	7,852	7,328
	138,108	134,887	127,616	104,645	87,855

Consolidated Balance Sheet

	1991 £m	1990 £m	1989 £m	1988 £m	1987 £m
Assets:					
Advances and other accounts	97,344	97,749	94,244	78,179	64,154
Other assets	38,168	34,340	30,675	24,325	21,662
	135,512	132,089	124,919	102,504	85,816
Infrastructure	2,596	2,798	2,697	2,141	2,039
Total assets	138,108	134,887	127,616	104,645	87,855
Liabilities:					
Deposits, current accounts and other borrowings	112,641	110,788	103,806	87,034	73,861
Other liabilities	16,016	14,919	14,270	9,281	7,122
	128,657	125,707	118,076	96,315	80,983
Capital resources:					
Loan capital	1,982	1,467	1,547	1,507	1,620
Undated capital notes	1,164	1,133	1,320	996	954
Minority interests	565	475	448	116	111
Shareholders' funds	5,740	6,105	6,225	5,711	4,187
	9,451	9,180	9,540	8,330	6,872
Total liabilities and capital resources	138,108	134,887	127,616	104,645	87,855
Year-end US dollar exchange rates used in preparing the above	1.87	1.93	1.61	1.81	1.89

FINANCIAL REVIEW

GROUP SUMMARY

Group profit in 1991 was £533m, a reduction of 30% from 1990. The profit includes £211m releases of country risk provisions compared with £19m in 1990.

There were substantial declines in the performance of both the domestic bank and Mercantile in the United Kingdom and the banking operation in the United States because of the impact of the economic recession in the two countries on bad debt provisions and the loss of interest on non-accrual lendings. Other business areas in the United Kingdom, however, showed substantial improvement, with the credit card, insurance, treasury and investment banking operations all making significant contributions.

There were improved performances both in the Rest of the World, mainly because of a reduction in bad debt provisions in Australia, and also in a number of Other European Community operations.

The loss of interest income on higher levels of non-accrual lendings during the year, particularly in the United Kingdom and the United States, reduced profit by an estimated £346m in 1991, compared with £183m in 1990.

Overall, there was little growth in the Group's lending portfolio during 1991, because of the difficult underlying economic conditions.

The Group's capital position improved during the year. The total risk asset ratio increased from 8.3% to 8.7%, mainly through capital raisings, and the more important tier 1 ratio improved from 5.8% to 5.9%. As a result, the Group remains well positioned to respond to the continuing challenges of the recession and to capitalise on the recovery when it materialises.

High levels of provisions and non-accrual lendings are expected to continue during 1992.

ANALYSIS OF PROFIT BEFORE TAXATION BY AREA OF OPERATION

UK domestic banking and treasury operations

1991	1990	1989
	(£ million)	
119	324	1,099

The fall in profit in 1991 was caused principally by higher levels of provisions for bad debts and an increased loss of interest income on non-accrual loans.

Provisions, which had risen from £146m in 1989 to £794m in 1990, increased in 1991 to £953m, largely as a result of the continuing recession. Although provisions on personal lendings, other than home mortgages, remained a large component of the total specific provision charge, the main deterioration stemmed from the property, construction, retailing and service industry sectors. Provisions were also required for the reduction in security cover brought about by falling property values. The charge in 1990 included £97m in respect of British & Commonwealth Holdings PLC.

Net interest income fell marginally from the level in 1990, despite a substantial increase in treasury trading profits, largely because of the loss of interest on non-accrual loans. Although there was an improvement in some lending margins, most notably in respect of home mortgages and personal loans, this was offset by a reduction in the benefit to net interest income of low cost and interest-free funds. Margins also continued to be adversely affected by the replacement of interest-free with interest-bearing current accounts and by a further shift in the deposit mix to accounts paying higher rates of interest.

Commissions grew by 17% to some £950m in 1991, following a 15% increase in 1990. The largest increases again came from account transaction and maintenance fees, arising from both increased activity and higher tariffs.

Total operating costs rose by 11% to some £2bn in 1991. Significant elements were the annual pay award and continuing expenditure on information technology. This investment, together with a net reduction of 110 branches and a decrease in staff numbers, has been incurred as part of a programme aimed at producing permanent cost savings.

The 1991 profit includes £36m exceptional release of provision by 3i Group plc.

Because of the continued economic recession in many parts of the world there is considerable uncertainty regarding the outlook for the domestic economy, which is compounded by the forthcoming General Election. Recessionary conditions are continuing into 1992 and may be expected to result in continuing high levels of provisions and loss of income on non-accrual loans. In particular, if there were a further fall in property values, this could have a material effect on the value of security held, which, in turn, would require additional provisions to be raised.

Barclays Financial Services ("BFS")

1991	1990	1989
	(£ million)	
214	181	165

The principal contribution to the 18% rise in profit was in the Barclays Life Assurance Company, where profits increased as a result of substantial growth in sales volume despite the continued difficult economic conditions. The resultant contribution from the embedded value of the life fund increased from £70m in 1990 to £77m in 1991.

Profit from Barclays General Insurance Services had contributed much of the overall increase in 1990, but, despite improved take-up rates of credit insurance by customers, growth in 1991 was held back by lower levels of new business in related lending products and by reductions in commission received from underwriters.

The results of Barclays Investment Limited benefited especially from an increase in retail broking income generated by further privatisations of nationalised industries.

Central Retail Services Division ("CRSD")

1991	1990	1989
	(£ million)	
46	(4)	42

The return to profit in 1991 principally resulted from the full year's effect on net interest income and fee income of the restructuring of the terms of the main credit card, Barclaycard, in July 1990, combined with a fall in the cost of funds and an increase in turnover. The improvement was achieved despite a further increase in provisions for bad and doubtful debts and fraud, which together amounted to £164m in 1991, compared with £112m in 1990 and £52m in 1989. Losses continued to be made in the Merchant Service business because of the highly competitive nature of the market.

The contribution from the travellers cheques business fell substantially in 1991 from that in 1990 because of a lower rate of interest earned on the funds received. In addition, the 1990 result included an exceptional release of provision of £19m.

BZW managed activities ("BZW")

1991	1990	1989
	(£ million)	
61	5	54

The increase in profit was the result of improved performances across the business.

The fixed income division generated significantly higher profits than in the previous year, particularly in corporate and government bonds and swaps. In volatile markets, the UK equities division registered a marked improvement, helped by higher levels of capital raising, but overseas operations experienced mixed trading conditions against a high cost base, particularly in Japan. Corporate finance activity had been somewhat subdued in the early part of the year, but finished strongly, while the investment management division also improved its performance over 1990.

The banking and development capital businesses were adversely affected by the poor economic conditions in the United Kingdom, although profit was again taken on the sale of part of the investment in NFC.

Mercantile companies

1991	1990	1989
	(£ million)	
(126)	2	51

The profit of the core large value leasing operation was comparable to that of 1990, despite a 20% reduction in new business volumes.

The main cause of the overall loss in 1991 was a further rise in provisions for bad and doubtful debts from £88m in 1990 to £211m in 1991. A substantial part of this increase was in respect of finance for the purchase of small businesses, particularly in the leisure sector. Provisions for redundancy and branch closure costs, following the sale of the motor loans business, and for anticipated residual value losses in the vehicle leasing operations, together amounted to £27m.

The depressed level of profit in 1990 was caused by a combination of high levels of provisions and, after offsetting the profit made on the sale of automotive investments, a net £25m loss attributable to discontinued operations and restructuring costs.

The continuing recessionary conditions in the United Kingdom are likely to give rise to further high levels of provisions in 1992, particularly in respect of the small business purchase portfolio, but the discontinuance of unprofitable activities should produce an improved underlying performance.

FINANCIAL REVIEW

International treasury and banking operations in the UK

1991	1990	1989
	(£ million)	
329	141	(873)

Profit increased substantially in 1991, mainly because of a release of £100m of country risk provisions in respect of South Africa, reflecting that country's continued servicing of its debt obligations. The residual provisions for both that and all other problem country debt remain at the top end of the Bank of England's guidelines. In addition, a further £99m release of country risk provisions resulted largely from debt sales, the removal of payment restrictions on trade lines for Brazil and, reflecting its improved political and economic condition, a lower provisioning requirement against Mexico. In 1990, there was a net credit of £19m in respect of country risk provisions, compared with a charge of £983m in 1989.

Profits from eurocurrency and foreign exchange trading activities increased significantly over those for 1990 in favourable market conditions.

Other European Community

1991	1990	1989
	(£ million)	
24	39	24

As in 1990 and 1989, the principal contribution to profit arose from operations in Spain, where, despite an £8m increase in provisions, a £39m profit was made. This compared with a £41m profit in 1990, which included a £6m surplus on the sale of an investment, and £21m in 1989.

With higher profits in The Netherlands, Greece and Belgium in 1991, the overall reduction largely stemmed from substantial reorganisation and development costs in France, Germany and Portugal. In addition to the expenses associated with the integration of newly acquired businesses in France and Germany, a significant investment was also made in establishing a credit card operation in Germany and opening 21 new branches in Portugal. There was a £12m release of country risk provision in France.

United States

1991	1990	1989
	(£ million)	
(217)	20	72

The substantial loss results from higher provisions and the loss of interest on higher levels of non-accrual lendings particularly in the real estate sector. Overall provisions charged rose from £157m in 1990 to £339m, while the loss of income from non-accrual lendings increased from £26m to £67m.

The core banking business was particularly hard hit and its overall loss was compounded by a lower level of commission income. Net interest income increased in spite of the loss of interest on higher non-accrual lendings, with improved treasury trading results being a major contributor. The other US operations also experienced an overall loss, with the improvements in leasing, business finance and mortgage servicing being more than offset by higher provisions and interest foregone on non-accrual lendings in retail banking.

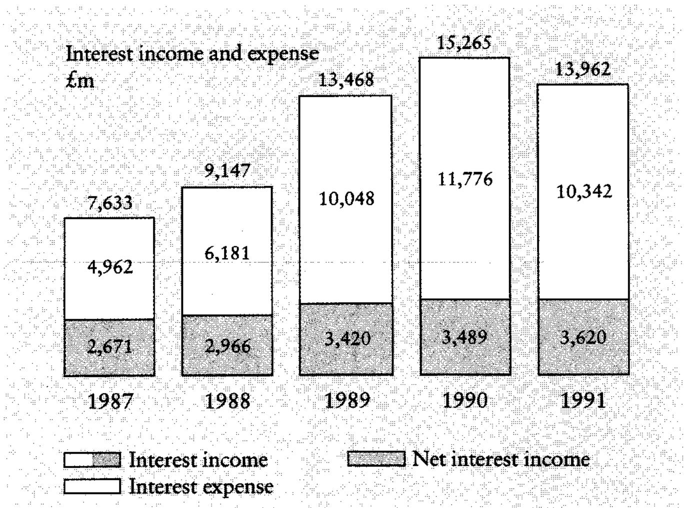
The main reason for the decline in profits in 1990 was also increased provisions and the loss of interest on non-accrual lendings, offset to some extent by a gain of £32m on the sale of BarclaysAmerican/Financial.

While it is expected that high levels of provisions and non-accrual loans will again be experienced in 1992, the final outcome will depend in significant measure on the extent to which the current economic recession continues.

Rest of the World

1991	1990	1989
	(£ million)	
83	52	58

The African and Caribbean operations again made the largest contribution. The improvement in results, however, arises principally from a reduction in the loss made in Australia from £50m to £3m because of lower provisions. The banking business in Canada produced a comparable result to 1990.



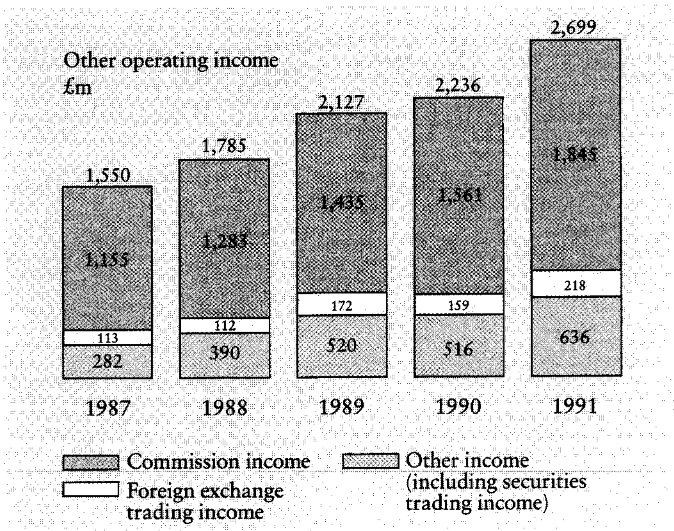
RESULTS BY NATURE OF INCOME/EXPENSE

Net interest income

The domestic net interest margin fell by 0.1% in 1991, following a 0.4% fall in 1990. An improvement in lending margins, particularly on home mortgages and credit card loans, was more than offset by a reduction in the benefit to net interest income of low cost and interest-free funds and by an increase in interest lost on non-accrual lendings. Growth in net interest income was held back by a relatively modest 7% rise in average lendings, compared with 10% in 1990.

Other operating income

The bulk of the 21% increase in other operating income was in commissions, which rose by £284m (18%) following a 9% rise in 1990. The most significant growth occurred in personal and corporate account charges in the domestic bank, arising from both increased activity and higher tariffs. There was also an improved contribution from insurance and stockbroking commission and the credit card business benefited from a full year's income from the fees introduced in mid-1990.

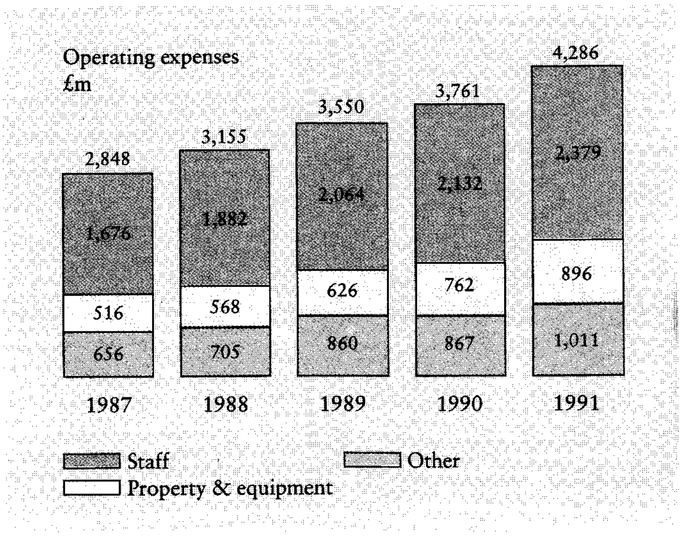


Securities trading income increased substantially, because of a greater volume of stock market activity, and foreign exchange trading income grew strongly, reflecting a favourable market environment.

Other income included £9m from the sale of Group investments, compared with £43m in 1990. Excluding these profits, the underlying growth was mainly attributable to BZW corporate finance income and revenues from the new metals trading business.

Operating expenses

Total operating expenses for 1991 include some £90m relating to Merck, Finck & Co. and L'Européenne de Banque, which were both acquired at the end of 1990. Excluding these costs, total operating expenses increased by 12% in 1991, compared with 6% in 1990.



Excluding the effects of the European acqusitions, overall staff costs increased by £190m (9%). In the United Kingdom, they rose by 9%, reflecting not only annual salary increases, but also the cost of implementing staff reductions. In 1990, there was an increase of only 3% largely because of reductions in both the pension fund contribution rate and profit sharing.

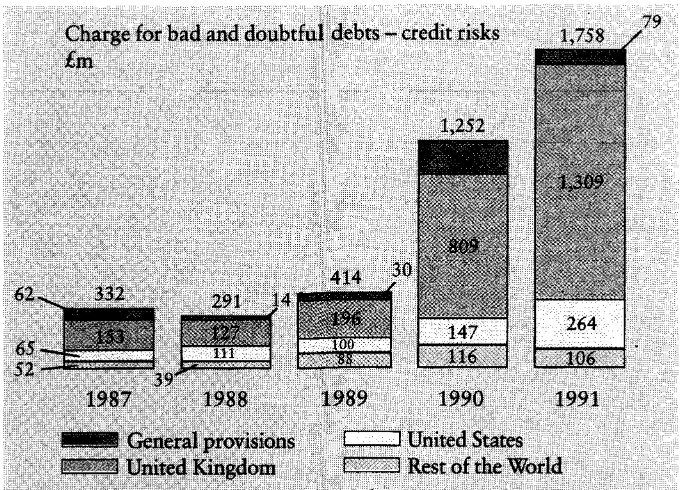
Expenditure on property and equipment increased by £134m, including the continuing investment in information technology and processing systems and the costs of expansion in Europe, compared with an increase of £136m in 1990.

Other expenses, which include communications, advertising, travel and legal and other consultancy, rose by £144m. This reflected, in part, increased fraud losses and higher legal costs in respect of bad debts in the United Kingdom.

FINANCIAL REVIEW

Provisions for bad and doubtful debts

The specific credit risk charge for bad and doubtful debts increased by 57% to £1,679m in 1991 as a direct result of the continuing economic recession, particularly in the United Kingdom and the United States.



The Rest of the World includes Other European Community

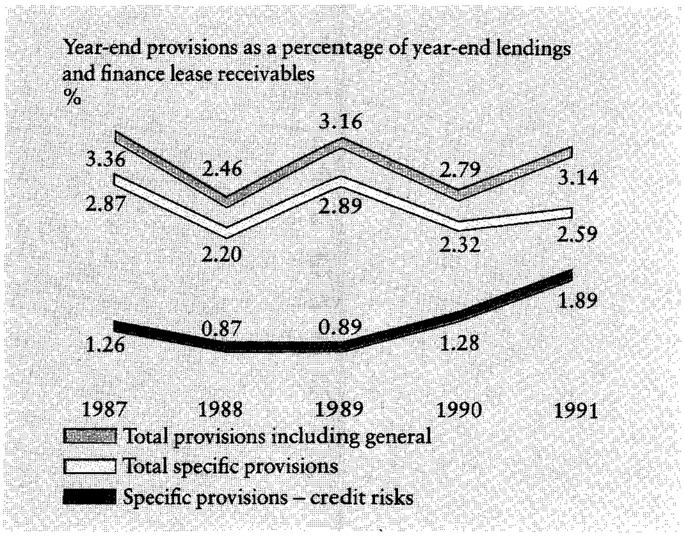
In the United Kingdom, reductions in base rates during 1991, from 14% to 10.5%, have not been enough to prevent a rapid rise in the number of business failures, especially involving smaller companies. Rising unemployment has adversely affected the personal lending sector. London and the South of England continued to be the areas worst hit.

The UK property markets, both housing and commercial, remain depressed. This has had an adverse impact, especially on the corporate lending sector, where property pledged as security has fallen in value, thus eroding the value of security and generating the need for provisions when customers get into difficulty. These falling values have also affected the condition of customers operating in the property and construction sectors, where, for the domestic bank, specific provisions of £245m were raised in 1991 (1990 £131m).

The personal mortgage portfolio, however, again experienced low levels of repossessions and provisions.

The recession has also caused a sharp rise in specific provision charges at CRSD and Mercantile to £137m (1990 £69m) and £201m (1990 £90m) respectively. Mercantile suffered from a particularly poor performance in its portfolio of loans for the purchase of small businesses, especially in the leisure sector.

The severe impact of the recession affecting corporate and personal customers alike is evidenced by the rising trend of specific provisions for bad and doubtful debts, from a balance of £323m at the end of 1989, to £643m at 1990 and £1,040m at 31st December 1991.



The specific charge for bad and doubtful debts in the Other European Community segment rose by 26% to £63m in 1991. This was largely attributable to increases in Spain, Italy and France, offset by lower charges in Ireland and Belgium.

In the United States, the recession is continuing to have a severe impact on the level of provision for bad and doubtful debts. The specific charge increased by 80% to £264m in 1991 and the year-end provisions rose to £244m. The majority of non-performing lendings and provisions relate to customers in the real estate sector.

The bad debt experience improved significantly in Australia, where relatively high provision charges had been required in 1989 and 1990. Accordingly, the overall charge for the Rest of the World in 1991 was lower than in the previous year. Provisioning levels in operations in other areas of the world were very similar to those in 1990.

In view of the impact on Barclays customers of the continuing economic recession, especially in the United Kingdom and the United States, with high levels of business failures, reduced property values and increasing unemployment, additional general provisions have been charged in 1991, raising the general provision balance from £393m to £468m. The closing balance represented 0.55% of total Group lendings at 31st December 1991, the highest year-end percentage in the last five years.

The uncertainty over the timing and speed of an economic recovery makes the estimation of future provision levels extremely difficult, but, until economic conditions improve, especially in the United Kingdom and the United States, high levels of provisions may be expected in 1992.

Country risk exposure and related provisions

Following a reassessment of the level of country risk provisions, £100m in respect of South Africa and £33m in respect of Mexico have been released. In addition, as a consequence of the removal of restrictions on payment of trade lines for Brazil, a further £28m was released. These releases and the effect of loan sales and other movements resulted in an overall credit to profit of £211m compared with £19m in 1990. £12m of this total release arose in France.

Country risk exposure totalled £1,319m at 31st December 1991 and included Mexico £193m, Venezuela £159m, Argentina £88m, Brazil £68m and South Africa £451m.

Provisions covered 59% of exposure to developing countries and 29% of exposure to developed countries. Net exposure to developing countries represented 0.2% of total assets and 5.1% of shareholders' funds.

Taxation

The effective rate of taxation and its relationship to the UK corporation tax rate applicable is illustrated in the following table:

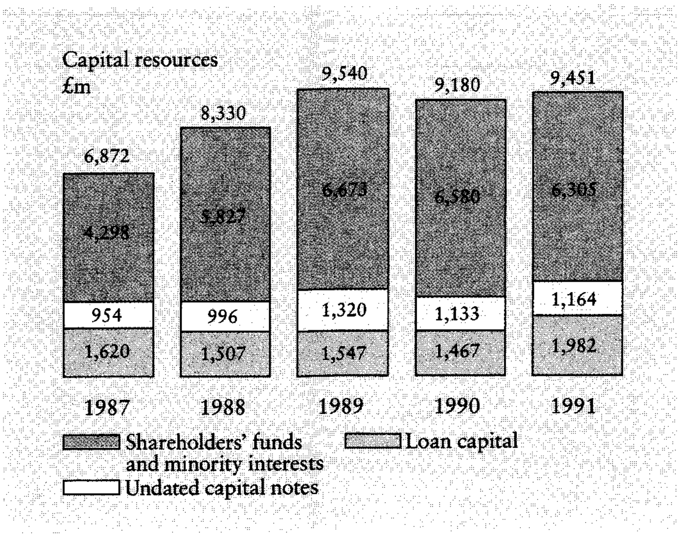
	1991	1990	1989
	%	%	%
Average UK corporation tax rate	**33.3**	35.0	35.0
Effect of change in general provisions	**4.0**	7.9	0.9
Net effect of differing tax rates overseas	**2.8**	0.1	0.7
Release of deferred taxation in respect of leasing transactions	**–**	(5.5)	(7.8)
Unrelieved overseas losses	**5.6**	5.8	2.0
Other items	**(1.2)**	0.4	0.3
Effective rate of taxation	**44.5**	43.7	31.1

The effective rate of taxation at 44.5% is higher than the average UK corporation tax rate for the year of 33.25%, primarily because of the lack of tax relief on certain overseas losses and the charge for general provisions.

In 1990, the overall effective rate of taxation of 43.7%, compared with the UK standard rate of 35%, reflected principally the lack of tax relief on the charge for general provisions. A release of £42m deferred taxation, previously provided in respect of leasing transactions, was broadly offset by the lack of tax relief on certain overseas losses.

CAPITAL RESOURCES

Capital adequacy and the use of capital are monitored by the Group and individual operating units, employing techniques based on the guidelines developed by the Basle Committee on Banking Regulations and Supervisory Practices and implemented by the Bank of England for supervisory purposes.

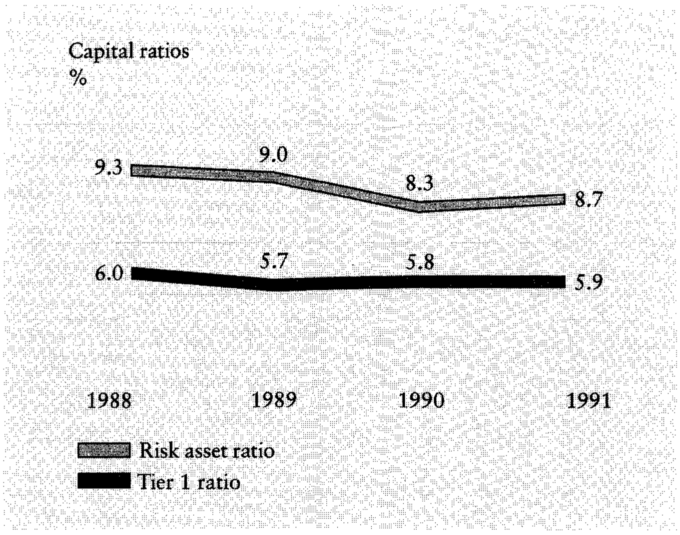


In March 1991, Barclays Bank PLC raised US$213m (£122m) through the issue of Non-cumulative Dollar-denominated Preference Shares which rank as tier 1 capital for risk asset ratio purposes and contribute to the hedging of the Group's capital ratios against exchange rate movements. In addition, £523m was raised through loan capital issues in the year, while exchange rate movements added a further £106m to capital resources. These movements were offset by an income deficit for the year of £96m, a deficit on property revaluation of £302m, a write-off of goodwill of £63m and loan capital repayments of £13m. As a result of these and other minor movements, capital resources increased by £271m.

In 1990, total capital resources fell by £360m as a result of an adverse exchange rate movement of £595m.

Exchange rate fluctuations do not have a significant impact on capital ratios as related movements in assets are matched, as a matter of policy, by proportionate changes in capital resources.

Capital ratios



At 31st December 1991, the Group's capital resources and risk assets, analysed in accordance with supervisory requirements, were:

	£m
Tier 1	
Shareholders' equity (excluding fixed asset revaluation reserves)	5,656
Minority interests	565
Total tier 1 capital	6,221
Tier 2	
Fixed asset revaluation reserves	84
Qualifying undated capital notes and loan capital	3,097
	3,181
General provision for bad and doubtful debts	468
Total tier 2 capital	3,649
Gross capital resources	9,870
Less investments in associated undertakings and other supervisory deductions	731
Total net capital resources	9,139
Risk weighted assets:	
On-balance sheet	86,263
Off-balance sheet	18,776
	105,039
Risk asset ratio	8.7%
Tier 1 ratio	5.9%

LENDINGS

Lendings and Finance Lease Receivables in Offices in the United Kingdom

	1991	1990	1989
Lendings by type of customer:	£m	£m	£m
Agriculture, forestry and fishing	1,785	1,696	1,675
Manufacturing	6,775	7,833	6,684
Construction	3,124	3,273	2,913
Financial	2,686	2,348	2,811
Property	5,397	5,265	4,493
Energy and water	659	405	331
Wholesale and retail distribution and leisure	7,398	6,847	6,073
Transport	961	897	697
Postal and communication	203	88	100
Business and other services	6,480	7,150	6,976
Home loans	11,136	10,150	9,609
Other personal	9,482	9,403	8,913
Overseas customers	3,654	3,376	3,897
	59,740	58,731	55,172
Finance lease receivables	4,092	3,940	3,412
	63,832	62,671	58,584

Lendings from UK offices represent about three-quarters of the Group's total book, with the main source of both corporate and personal lending being the domestic bank's extensive branch network. CRSD provides centralised consumer loans and home mortgages and the Mercantile companies also provide business finance.

UK lendings grew by only 2% after a rise of 7% in 1990 and increases of 14% and 32% in 1989 and 1988 respectively. This reduction in growth reflects low levels of demand for lendings in both the personal and corporate sectors as well as increased write-offs in 1991 which amounted in total to 1.5% of lendings at the start of the year. The principal sector experiencing growth in 1991 was home mortgages.

Lendings and Finance Lease Receivables in Other European Community Countries

	1991	1990	1989
Lendings by type of customer:	£m	£m	£m
Agriculture, forestry and fishing	81	180	86
Manufacturing	1,584	1,450	1,131
Construction	336	318	260
Financial	834	1,007	637
Property	93	135	114
Energy and water	145	100	79
Wholesale and retail distribution and leisure	821	734	638
Transport	392	384	364
Postal and communication	24	6	4
Business and other services	1,245	1,093	698
Home loans	668	717	670
Other personal	514	302	526
Overseas customers	351	443	283
	7,088	6,869	5,490
Finance lease receivables	596	657	574
	7,684	7,526	6,064

Lendings in the Other European Community countries, which continued to be well spread, represented 9% of the Group total at the end of 1991. Although they grew by 2% in sterling terms over the year, this was largely as a result of the rise in the value of most major community currencies against sterling. The acquisitions of Merck, Finck & Co. in Germany and L'Européenne de Banque in France, in late 1990, increased the lending book in that year by £1,229m.

Lendings and Finance Lease Receivables in Offices in the United States

	1991	1990	1989
Lendings by type of customer:	**£m**	£m	£m
Agriculture, forestry and fishing	31	41	20
Manufacturing	1,980	2,199	2,171
Construction	121	197	225
Financial	1,378	1,186	1,126
Property	1,976	1,707	1,437
Energy and water	617	354	208
Wholesale and retail distribution and leisure	581	432	534
Transport	227	230	239
Postal and communication	370	336	91
Business and other services	709	1,015	1,409
Home loans	467	408	805
Other personal	115	457	1,159
Overseas customers	110	103	14
	8,682	8,665	9,438
Finance lease receivables	194	183	198
	8,876	8,848	9,636

US lendings remained static in 1991 in sterling terms, with the effect of the 3% strengthening in the value of the dollar against sterling being offset by the reduction arising from the sale of Barclays Bank of Delaware in June 1991. The reduction in 1990 was attributable to the fall of 17% in the value of the dollar.

Lendings in the Rest of the World rose by 10% in 1991 in sterling terms, reflecting, in part, the weakening of sterling in the year, although there were also increases in local currency terms, notably in Australia where the book increased by 16%. Lendings are well spread with no country, other than Australia, accounting for more than 1% of the Group total.

Lendings by maturity

	United Kingdom	Other European Community	United States	Rest of the World	Total
	£m	£m	£m	£m	£m
Less than one year	32,672	4,720	3,514	3,182	44,088
One year to five years	9,049	1,359	3,361	1,010	14,779
Over five years	18,019	1,009	1,807	650	21,485
	59,740	7,088	8,682	4,842	80,352

These analyses of lendings by maturity are based on the residual period to final maturity. In this context, overdrafts are treated as repayable within one year.

RISK MANAGEMENT

The Group has a well-developed risk management system, operating through a hierarchy of exposure discretions. Above specified levels, these discretions are vested in Central Advances Department ("CAD"), thus separating the sanctioning function from business development. The Bank's Risk Management Committee ("the Committee"), which comprises Directors and Senior Executives, is empowered to review counterparty exposure to corporate bodies, banks and other entities, countries and industries and to consider and determine matters of advances and exposure policy. Special attention is given to those exposures where there are factors which give rise to concern as to the financial condition of the borrower.

A number of industry sector exposure reports, prepared by specialist corporate teams, are reviewed by the Committee at least annually and more frequently if problems are identified. Lending caps are imposed when it is considered appropriate to limit exposure to higher risk industry sectors.

Country exposure is controlled by grading countries according to the perception of risk and willingness to accept future exposure. Regular reports of country exposures, with particular note of significant downgradings and increases, are considered by the Committee, and any major changes are reported to the Board.

The Committee also reviews the Group's provisions for bad and doubtful debts on a quarterly basis, with detailed consideration being given to selected cases. New large specific provisions are reported to the Committee in detail as they occur.

Specialist teams are maintained within CAD to deal with problem loans and to assist customers in restructuring their finances, with a view to minimising deterioration in their financial position. CAD also has responsibility for material decisions involving the appointment of receivers and the write-off of loans.

The hierarchy of risk control operates through a system whereby individual lending officers are allocated discretionary limits according to their skills, experience and seniority. Higher discretionary limits are normally granted for exposures secured by approved forms of security. UK branches are allocated varying levels of lending limits, with higher lending proposals being referred to regional office directors for approval, and all those over £5m requiring sanction by CAD. A similar system exists covering the provisioning and monitoring process. The application of this structure of limits results in a large proportion of the UK branch lending portfolio being sanctioned and controlled at branch and regional level.

Branch lending officers are required to review regularly the exposures under their control, including the level of the security held. This involves consultation with the customer and, frequently, visits to customer premises. Special attention is paid to the analysis of anomalies in account activity, customers' financial reports and projections and known trends in the industry or region concerned. This process is reinforced by internal risk management guidelines and is included within the scope of the periodic reviews by the internal Inspection Department.

POTENTIAL CREDIT RISK ELEMENTS IN LENDINGS

The Group is required to include in its annual filing with the United States Securities and Exchange Commission ("SEC") information regarding 'potential credit risk elements in lendings' in accordance with SEC guidelines. The Group's credit control procedures are not based upon the categories of credit risk elements used by the SEC, which reflect US lending techniques and accounting practices that differ from those employed in the United Kingdom.

Two differences which may result in the Group reporting amounts which would not necessarily be included by US banks, are:

- In accordance with UK bank accounting practice, the Group may not always write off problem lendings as quickly as is the practice in the United States.
- Until such time as its payment is considered to be unlikely, the Group continues to accrue interest in arrears and to raise an appropriate specific provision against it where recovery is doubtful. In contrast, banks in the US typically stop accruing interest when loans become overdue by 90 days or more. This does not affect profit before taxation in comparison with US practice.

The amounts identified in the table are stated before deduction of the value of security held and specific provisions made against lendings.

		1991 £m	1990 £m	1989 £m
Non-accrual lendings	United Kingdom	**2,128**	943	282
	Foreign – credit risk	**1,298**	705	368
Accruing lendings against which provisions have been made	United Kingdom	**1,006**	575	293
	Foreign – credit risk	**364**	231	284
	– country risk	**362**	342	544
Accruing lendings 90 days overdue, against which no provisions have been made	United Kingdom	**430**	263	120
	Foreign – credit risk	**72**	18	57
Reduced rate lendings	United Kingdom	**61**	7	12
	Foreign – credit risk	**37**	87	24

Lendings which are current as to payment of principal and interest and are not included in the above table, but where there exist serious doubts as to the ability of the borrower to comply with repayment terms in the near future ("serious doubt"), totalled approximately £1,153m at 31st December 1991, compared with £874m at 31st December 1990.

Of the £2,320m of potential credit risk elements in lendings included in the table above which are individually in excess of £1m, approximately half relates to customers in the property and construction industries. In addition, approximately half of the £988m of "serious doubt" lendings which are individually in excess of £1m relate to customers in the property and construction industries, primarily in the United Kingdom, including £400m in respect of two large property companies.

Credit risk lendings in the United Kingdom increased by 103%, reflecting the continuation of the recession which has severely affected both personal and corporate borrowers. In the domestic bank, property and construction related customers continued to represent a higher proportion of credit risk lendings when compared with lendings in total, reflecting particular difficulties in those sectors as a result of sharp falls in demand for all types of property and associated reductions in security values. Other areas where higher levels of credit risk lendings were experienced were service businesses, retailers, hotels, restaurants and other leisure businesses, as well as personal customers in general. There were also sharply increased levels of credit risk lendings in Mercantile companies as a result of the difficulties experienced in lendings for the purchase of small businesses.

Credit risk lendings in the United States accounted for approximately 60% of foreign credit risk lendings (excluding those relating to non-performing country risk) and increased by 83% in the year. Nearly 90% of the United States credit risk lendings related to loans of over £1m and the majority of these were in respect of real estate. These included fifteen real estate loans of over £10m, amounting to £290m (29% of all United States credit risk lendings). The overall increase, and the real estate component in particular, was the consequence of the continuing recession in the United States.

At 31st December 1991, exposure to borrowers in countries experiencing liquidity problems was £1,319m. This total, against which provisions of £597m are carried, includes the majority of short-term debts, but excludes those trade debts that are current and not affected by restrictions on payment. In accordance with US reporting practice, the majority of this exposure is not reported within the above categories of potential credit risk. Lendings which are reported in the above table for 1991 include £114m for Argentina (1990 £166m), £86m for Brazil (1990 £85m) and, as a result of payment defaults, £74m for Poland.

CROSS-BORDER OUTSTANDINGS

The world-wide operations of the Group involve significant exposures in non-local currencies. These cross-border outstandings are controlled through a well-developed system of country limits, which are frequently reviewed to avoid concentrations of transfer, economic or political risks.

Cross-border outstandings, which exclude finance provided within the Group, are based on the country of domicile of the borrower or guarantor of ultimate risk and comprise lendings and other monetary assets, denominated in currencies other than the borrower's local currency.

At 31st December 1991, cross-border outstandings consisted substantially of placings with banks due within one year. In this context, assets include acceptances and amounted to £140,968m at 31st December 1991. Countries with cross-border outstandings between 0.75% and 1% of assets at 31st December 1991 were Italy, Switzerland and the United States with amounts of £1,240m, £1,208m and £1,206m respectively. At 31st December 1990, Italy was the only country in this category and at 31st December 1989, outstandings in this category related to Italy and Switzerland.

Comparison between years is affected by the 3% rise in the value of the US dollar against sterling in 1991 and its fall of 17% against sterling in 1990.

Cross-border outstandings exceeding 1% of assets

	As % of assets %	Total £m	Banks and other financial institutions £m	Governments and official institutions £m	Commercial industrial and other private sector £m
At 31st December 1991:					
Japan	**2.2**	**3,073**	**2,870**	**38**	**165**
France	**1.4**	**1,991**	**1,821**	**68**	**102**
At 31st December 1990:					
Japan	2.9	4,034	3,958	37	39
France	1.4	1,967	1,827	75	65
At 31st December 1989:					
Japan	3.9	5,068	4,947	61	60
France	1.7	2,237	2,071	107	59

FINANCIAL REVIEW

AVERAGE BALANCE SHEET AND RELATED INTEREST

	1991			1990		
Assets:	**Average balance £m**	**Interest £m**	**Average rate %**	Average balance £m	Interest £m	Average rate %
Short-term funds:						
In offices in the UK	13,481	1,415	10.5	12,422	1,335	10.7
In offices outside the UK	6,870	662	9.6	5,984	622	10.4
Investments:						
In offices in the UK	1,061	108	10.2	830	86	10.4
In offices outside the UK	1,823	160	8.8	1,181	113	9.6
Placings with banks:						
In offices in the UK	6,570	668	10.2	6,972	820	11.8
In offices outside the UK	5,210	458	8.8	5,058	490	9.7
Lendings to customers:						
In offices in the UK	59,385	7,609	12.8	56,568	8,857	15.7
In offices outside the UK	22,073	2,234	10.1	19,605	2,266	11.6
Lease receivables:						
In offices in the UK	4,539	521	11.5	4,207	563	13.4
In offices outside the UK	924	127	13.7	828	113	13.6
Interest earning assets	121,936	13,962	11.5	113,655	15,265	13.4
Provisions	(2,524)			(2,096)		
Non-interest earning assets	21,498			18,170		
	140,910			129,729		

	1991			1990		
Liabilities:	**Average balance £m**	**Interest £m**	**Average rate %**	Average balance £m	Interest £m	Average rate %
Current and demand accounts:						
In offices in the UK	4,260	235	5.5	3,517	296	8.4
In offices outside the UK	2,112	150	7.1	1,949	156	8.0
Savings accounts:						
In offices in the UK	20,466	1,983	9.7	17,890	2,263	12.6
In offices outside the UK	1,216	78	6.4	1,155	79	6.8
Other time deposits retail:						
In offices in the UK	14,342	1,618	11.3	13,857	1,991	14.4
In offices outside the UK	5,621	535	9.5	4,715	476	10.1
Other time deposits wholesale:						
In offices in the UK	34,448	3,493	10.1	34,130	4,261	12.5
In offices outside the UK	22,861	1,893	8.3	19,661	1,923	9.8
Long-term borrowings of overseas subsidiaries	749	70	9.3	770	76	9.9
Loan capital and undated capital notes	3,016	287	9.5	2,669	255	9.6
Interest bearing funds	109,091	10,342	9.5	100,313	11,776	11.7
Non-interest bearing liabilities						
– current accounts	8,702			7,951		
– other	16,542			14,598		
Shareholders' funds and minority interests	6,575			6,867		
	140,910			129,729		

Non-interest earning assets and other non-interest bearing liabilities include the trading assets and liabilities of the securities business of £10,660m (1990 £8,734m) and £9,809m (1990 £8,170m) respectively.

Prevailing average interest rates were:

	1991 %	1990 %	1989 %
United Kingdom:			
Barclays Bank PLC base rate	11.7	14.8	13.8
London inter-bank offered rate:			
– three month sterling	11.5	14.8	13.9
– three month eurodollar	5.9	8.2	9.3
United States:			
Prime rate	8.3	10.0	10.9

The average balance sheet is presented on the basis of the domicile of the booking office distinguishing between offices in and outside the United Kingdom. Offices in the United Kingdom conduct both domestic business (customers domiciled in the United Kingdom) and international business (customers domiciled outside the United Kingdom). Offices outside the United Kingdom are classified entirely as international business. The yields, spreads and margins for domestic business (conducted primarily in sterling) and international business (conducted primarily in foreign currencies) have been computed on this basis, which reflects the domicile of the borrower.

Yields, spreads and margins:

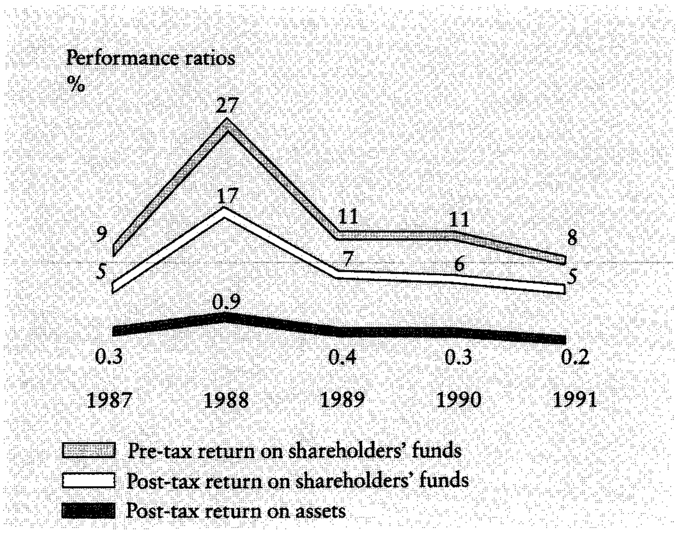
	1991 %	1990 %	1989 %
Gross yield (i)			
Group	11.5	13.4	12.8
Domestic business	12.9	15.5	14.5
International business	9.4	10.5	10.4
Interest spread (ii)			
Group	2.0	1.7	1.9
Domestic business	2.4	2.0	2.2
International business	1.3	1.2	1.2
Interest margin (iii)			
Group	3.0	3.1	3.2
Domestic business	3.8	3.9	4.3
International business	1.8	1.9	1.9

(i) Gross yield is the interest rate earned on average interest earning assets.

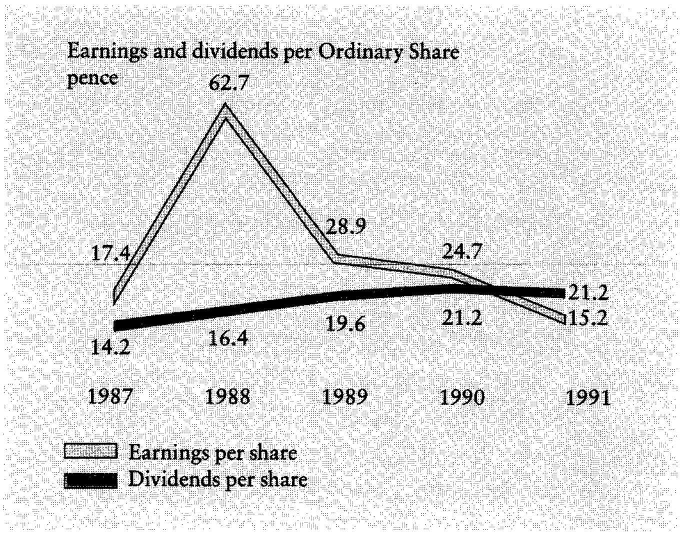
(ii) Interest spread is the difference between the interest rate earned on average interest earning assets and the interest rate paid on average interest bearing liabilities.

(iii) Interest margin is net interest income as a percentage of average interest earning assets.

PERFORMANCE RATIOS



EARNINGS AND DIVIDENDS



SHAREHOLDERS' INFORMATION

SHAREHOLDINGS AT 31ST DECEMBER 1991

	Shareholders		Shares held	
Classification of shareholders	Number	Percentage of total holders	Number (millions)	Percentage of called up Ordinary Shares
Individuals	139,734	87.2	327.6	20.5
Nominee Companies	17,608	11.0	931.8	58.3
Other Companies	1,822	1.1	108.4	6.8
Banks and Insurance Companies	998	0.6	183.2	11.5
Pension Funds	85	0.1	47.3	2.9
Totals	160,247	100.0	1598.3	100.0

Shareholding range				
1 – 100	16,041	10.0	0.5	–
101 – 250	10,336	6.4	1.8	0.1
251 – 500	20,302	12.7	7.6	0.5
501 – 1,000	34,843	21.7	25.7	1.6
1,001 – 5,000	65,315	40.8	141.2	8.9
5,001 – 10,000	8,246	5.1	56.2	3.5
10,001 – 25,000	2,813	1.8	41.0	2.6
25,001 – 50,000	771	0.5	27.5	1.7
50,001 and over	1,580	1.0	1296.8	81.1
Totals	160,247	100.0	1598.3	100.0

Annual General Meeting

Notice of the Annual General Meeting of the Company is enclosed as a separate document with copies of this Report sent to shareholders.

Shareholders are invited to complete and return the Form of Proxy which is also enclosed. Completion of the Form of Proxy will not prevent shareholders from attending and voting at the Annual General Meeting if subsequently they find they are able to do so.

Financial Diary for 1992

26th February
Results for year 1991 announced.

26th March
Annual Report posted to shareholders.

30th April
Annual General Meeting at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2.

7th May
Second interim dividends for year 1991 paid.

6th August
1992 interim results announced.

8th October
First interim dividends for year 1992 paid.

Registered Office	**Head Office**
54 Lombard Street,	Johnson Smirke Building
London EC3P 3AH.	4 Royal Mint Court
	London EC3N 4HJ.

Registrar
Barclays Registrars
PO Box 34, Octagon House, Gadbrook Park,
Northwich, Cheshire CW9 7RD.

Capital Gains Tax

Since 6th April 1988, the valuation at 31st March 1982 may be substituted for the original cost of shares purchased before that date. The market value of one share on 31st March 1982, adjusted for capitalisation issues in June 1982 and May 1990, was £2.661. To arrive at the total cost of any holdings, the amount subscribed for rights taken up in 1985 and 1988 should be added to the value of the holding calculated as above.

When selling shares, shareholders are also entitled to indexation relief, which is calculated on the value at 31st March 1982, on the cost of subsequent purchases from the date of purchase and on the subscription for rights from the date of that payment.

Shareholders are advised to consult an office of Barclays Financial Services Limited if further information regarding possible tax liability in respect of their holdings of Barclays PLC shares is required.

Share Dealing and Single Company PEPs

A leaflet describing these services is enclosed with this Report. Further copies are available from the Secretary.

ADR Depositary
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New York, New York 10260, USA.

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