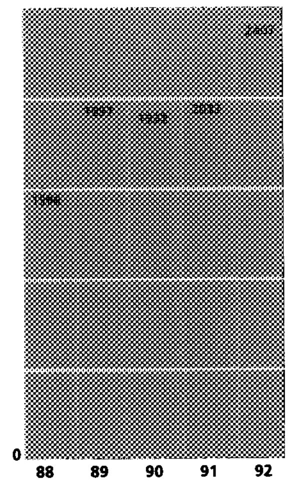
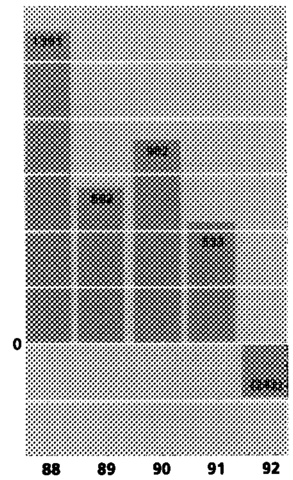
Contents Barclays PLC

Cover: Barclays Syndications works closely with other parts of the Group in Banking division and BZW division which originate larger loans and syndicates them to other financial institutions.

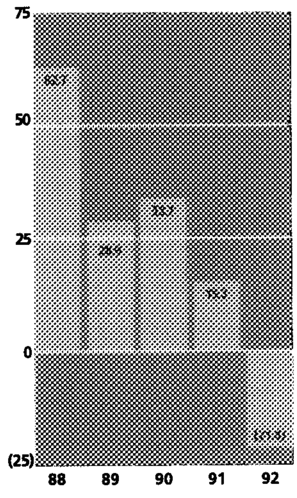
Performance graphs



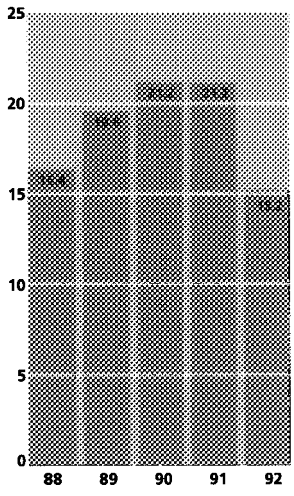
Operating profit
before provisions
£m



Profit/(loss)
before tax
£m



Earnings per share
pence



Dividends per share
pence

Financial summary Barclays PLC

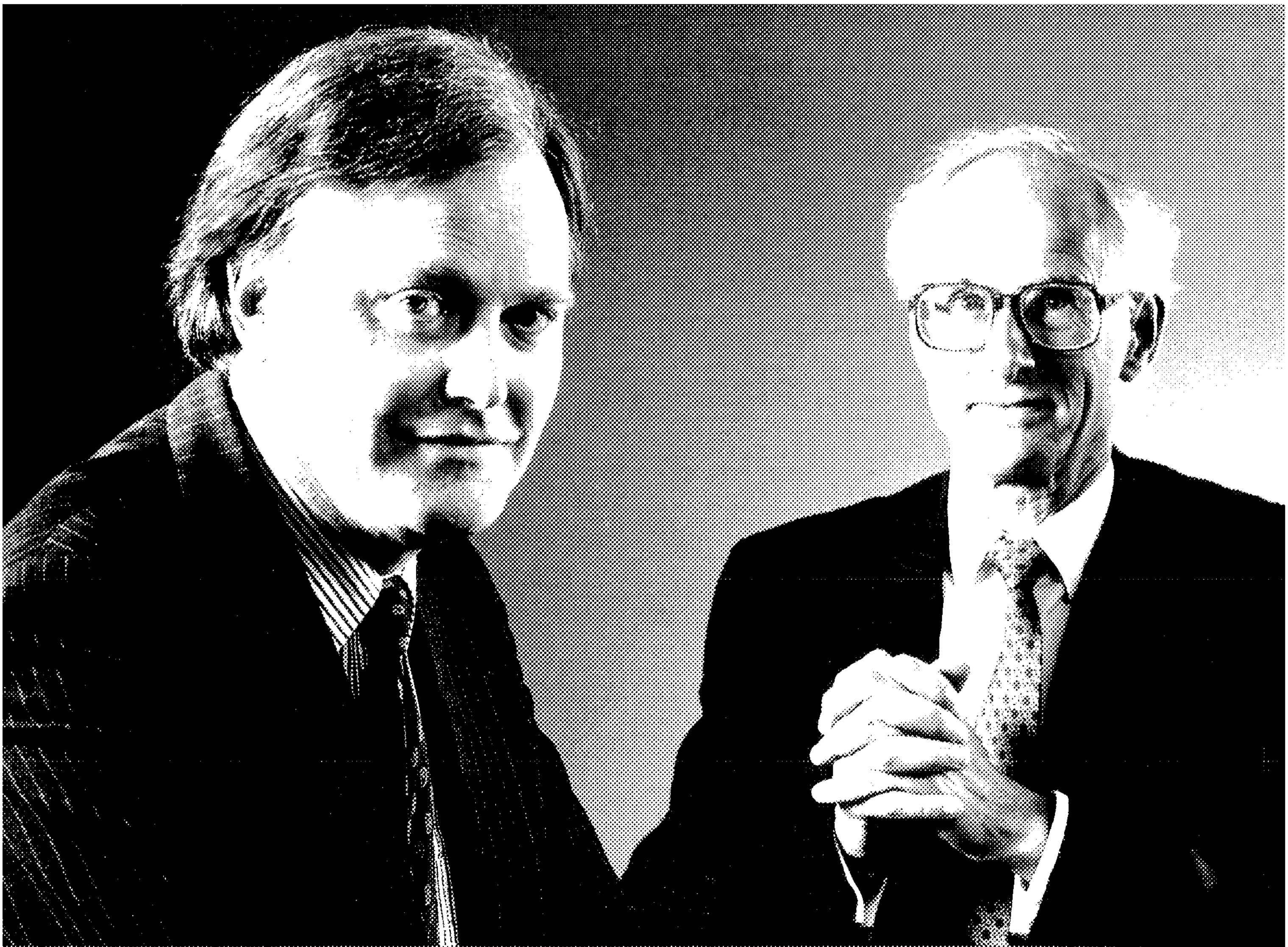
	1992	1991	1990	1989	1988
For the year	**£m**	£m	£m	£m	£m
Operating profit /(loss)	**(127)**	486	699	600	1,295
Profit /(loss) before taxation	**(242)**	533	902	692	1,391
Profit /(loss) attributable to shareholders	**(343)**	242	533	452	887
Profit /(deficit) retained	**(586)**	(96)	198	144	631
At the year end					
Shareholders' funds and minority interests	**5,962**	6,305	6,580	6,673	5,827
Undated capital notes and loan capital	**3,765**	3,146	2,600	2,867	2,503
Total assets	**149,118**	139,576	136,030	128,837	105,589

Per Ordinary Share	**p**	p	p	p	p
Earnings /(loss)	**(21.4)**	15.2	33.7	28.9	62.7
Dividends	**15.2**	21.2	21.2	19.6	16.4
Net asset value	**328**	359	385	396	366

Return on average equity	**%**	%	%	%	%
Before taxation	**(4)**	8	13	11	27
After taxation	**(5)**	5	8	7	17

Capital ratios	**%**	%	%	%	%
Tier 1	**5.5**	5.9	5.8	5.7	6.0
Risk asset ratio	**9.1**	8.7	8.3	9.0	9.3

The financial information above is extracted from the published accounts for the last five years, restated where appropriate to accord with the current accounting policies of the Group.



A loss before tax of £242 million is not an acceptable performance, even though the deep recession in which we and our customers have had to operate has affected the business substantially. Real improvements in the performance of your company in 1992 were overshadowed by high levels of bad debt provisions.

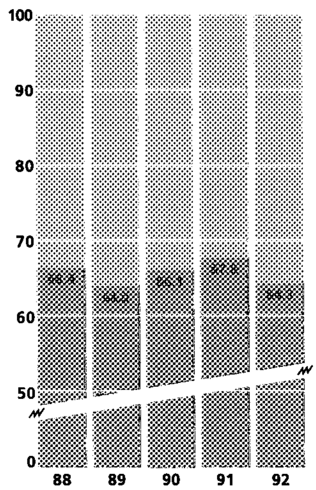
The decision to cut the dividend was not taken lightly by the Board. The shareholders of the Group are its owners and rightly demand a fair return, but we believe that it is also in the shareholders' long term interests for Barclays to have capital ratios which are strong enough to withstand the uncertainty of the future. This will be the second consecutive year in which Barclays has paid dividends from reserves and, when setting the dividend, we had to recognise that there were still significant uncertainties in the timing and strength of the economic recovery which made it prudent for us to reduce it. It is banks with a strong core capital base which attract the best business.

Growth in the annual dividend from this level will reflect future profitability, while allowing a strengthening of our capital base. We would expect, over the longer term, to return to our policy of providing real increases in the dividend.

The 18% improvement in operating profit before provisions arose from higher levels of activity in many of our businesses and from increases both in non-interest income and in efficiency. Our commitment to better cost management is reflected in the improvement in the cost to income ratio. Bad debts are, of course, an expected cost in a banking business, but the levels of 1992 were unacceptable and we know we have made mistakes. As a result, we have reviewed the way in which we manage credit policy and portfolio risk, have strengthened credit risk management and are developing a number of tools to improve risk assessment and control.

The provisions of £2.5 billion have arisen predominantly in the United Kingdom, but we have also seen higher levels in parts of Europe, where the trend is not encouraging. However, there has been a welcome fall in the United States. While we have suffered quite substantially in the property and construction markets, a high percentage of the UK bad debts have arisen in the small and medium-sized businesses, of which thousands went into receivership or liquidation during 1992. Although we have made some poor lending decisions, it would have been difficult for us to escape without substantial provisions when we hold about 25% of the corporate market and our customers have been so badly affected by the downturn in business activity.

It is unfortunate that, in some cases, relations in the UK between banks and their customers became strained as a result of the recession. Because of the important part that banks play in the economy, they are sometimes wrongly perceived as utilities rather than commercial businesses. We have been accused of not passing on interest rate cuts, as well as being unsympathetic to the problems of business. All customers with borrowings linked to base rate, however, had the full benefit of the substantial base rate cuts. On the other hand, there is also no doubt that the risk in our lending has increased. It is an obvious, but sometimes overlooked, fact that the interest margin on a loan should reflect the degree of risk and it is quite clear that over the last few years, lending margins have contracted to a level at which this risk is not properly rewarded.



Cost to income ratio
%
Income
Cost

Banks are sometimes wrongly perceived as utilities rather than commercial businesses

Photograph: Andrew Buxton, Chairman and
Sir Peter Middleton, Deputy Chairman

Chairman's statement

Barclays Group has a strong mix of businesses

The Barclays Group has a strong mix of businesses which my colleagues report on later in this annual report. Together we have revisited our strategy and, in late 1992, communicated this to all our staff. There are three core business divisions. Personal banking and the provision of financial services in the UK, Iberia and France, together with business banking in the UK, remain at the heart of Banking division. We have invested more in private banking and remain committed to our African and Caribbean retail franchises. Large corporate business is handled selectively, in close liaison with our investment bank. BZW division capitalises on our expertise in markets and trading. It is developing its strong secondary market distribution capability and building a substantial primary market position. It will increase its already strong position in structured finance, fund management and corporate advice. Service Businesses division was formed to extract value from our own back-office operations by maximising efficiencies and also by generating new income streams through the supply of wholesale electronic banking products and services to third parties around the world.

We will focus on markets where our capital, human and technological skills can be used to best effect

Following the publication of the Cadbury Committee Report, there has been much comment on the subject of corporate governance. I am pleased to be able to report that Barclays conforms with the main provisions of the Code of Best Practice which the Committee has set out and, indeed, most of its recommendations have already been put into effect. The Board is satisfied that there are in place sufficient checks and balances on my powers as both Chairman and Chief Executive, but, as I have already announced, we will be taking steps to split the present responsibilities of my job during 1993. In a Group of the size and complexity of Barclays, it is not practical to combine operating responsibilities with the strategic and public responsibilities which must be carried out by the Chairman. This is not a change that should be rushed, especially when the present management structure is only just settling down after the recent establishment of the three operating divisions.

Increased capital strength must come primarily from generation of profits

In our annual report last year, the then Chairman, Sir John Quinton, said that 1992 was not going to be an easy year in which to do business. Events have shown that he was right. For a meaningful economic upturn to occur, it is essential that the UK's major banks are profitable to enable them to rebuild their capital bases. It is only in those circumstances that banks will be able to give the full lending support which businesses require.

A healthy banking system is a prerequisite for a healthy business environment. This economic reality is understood in the United States, where the regulators have encouraged the improvement of profit levels within the banking industry, but unfortunately it does not always seem to be appreciated in the United Kingdom.

A healthy banking system is a prerequisite for a healthy business environment

1992 has been a difficult year for the staff of the Barclays Group, particularly in the United Kingdom. The total number of staff world-wide has been reduced by 6,400 to 105,000, with the largest reduction taking place in the United Kingdom as working practices were re-engineered and technology was improved. Barclays is fortunate that it has the quality of staff throughout the world able to meet the many challenges posed by change and recession. I am very grateful to them.

At the end of 1992, Sir John Quinton retired. Sir Timothy Bevan and Sir Michael Franklin will also be leaving the Board after the annual general meeting in April. I would like to record my thanks to all of them. Both John Quinton and Timothy Bevan were well known as successive Chairmen of the Board. Only a decade ago, we had neither merged our UK and International banks, nor formed BZW, and I would like to acknowledge their substantial contribution to shaping the Group as it now stands.

It is important that the unprecedented provisions necessary for 1992 do not obscure the improved operating profit before provisions and the progress we have made, and continue to make, in re-focusing the Group. We now have a clearly defined strategy. We know that we still have room for improvement and must provide better value for our shareholders. I intend to ensure our strategy is implemented successfully for the benefit of our customers, staff and shareholders alike.

We are committed to

- **customer focus**
- **quality service**
- **quality staff**
- **a focused network**
- **social responsibility**
- **integrity**

Andrew Buxton
Chairman

The largest of the Group's core businesses is Banking division. The banking and financial services businesses which form the division include the branch network and card and insurance businesses and provide banking services to large companies and financial institutions. Approximately two thirds of the division's assets are in the United Kingdom. The principal activity of the division is the UK retail financial operations, serving both personal customers and the business community. Outside the UK, we concentrate on those countries where we have a real competitive advantage. In Europe, we have established retail businesses in Spain, Portugal and France, while Barclays is at the very heart of African and Caribbean banking. We are developing a growing world-wide business in private banking and, by working closely with BZW division, we provide tailored services to large companies on a global basis.

Our drive to re-position the division for the future continues apace. This involves substantial investment with the objective of improving the range and quality of customer services, as well as reducing costs and securing operating efficiencies. We remain committed to our UK branch network, which is a major strength, but we are refining it and also seek to widen customer choice and convenience by investing in complementary forms of service delivery.

The benefits of our investment programme are freeing branch staff from processing to allow them to concentrate on customer service

Two major and contrasting features dominated the division's results in 1992. On the one hand, there were the appalling charges for bad and doubtful debts and, on the other, a significant improvement in operating profit before provisions. The Chairman's statement referred to the changes that we are making to risk management procedures and these we are implementing as a top priority. In view of the fact that considerable media coverage is given to personal debt problems and to company failures, it is an irony that our commitment to customer confidentiality prevents us from drawing attention to the innumerable cases where we have been able to help customers through these difficult times.

We are managing our costs tightly and successfully improving operating efficiency to provide a sustainable lower cost base. Together with the hard work of our staff, this has contributed to a 27% improvement in the division's operating profit before provisions. The key to our future success is customer satisfaction and our extensive research does show that the vast majority of our customers are indeed satisfied with our services. Nevertheless, there remains considerable scope for improvement and it remains our objective to improve the quality of our service.

Barclays must differentiate through quality

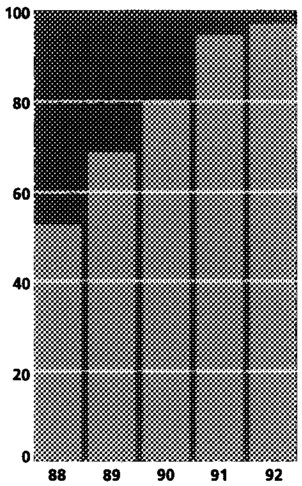
Banking is undergoing radical change. In the large corporate and institutional markets, we have transferred several of our long-standing businesses in Japan, Asia and the Pacific rim to BZW management, so as to utilise fully the Group skills and to add value to our corporate relationships. We are considering a similar strategy in Europe, where the two divisions already work closely together.

Our personal banking business in continental Europe benefits from synergies from within the division. The skills developed successfully in Spain have been adapted to the Portuguese market, where we will have about 60 branches by mid-1993, and are being used in reshaping our French network. Complementary skills enabled Barclays Financial Services in the UK to help to launch our life assurance company in Spain. There are many other examples where we are transferring skills across disciplines and borders. Our businesses in Africa and the Caribbean continue to perform well and also benefit from transfers of technology and product skills.

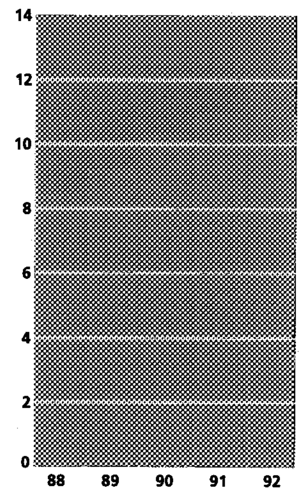
Photograph: Alastair Robinson, Vice-Chairman and Chief Executive, Banking division

Directors' report

This is a time of major change in retail banking. Our blend of businesses gives us a very strong franchise



Barclays Life new business regular premiums £m

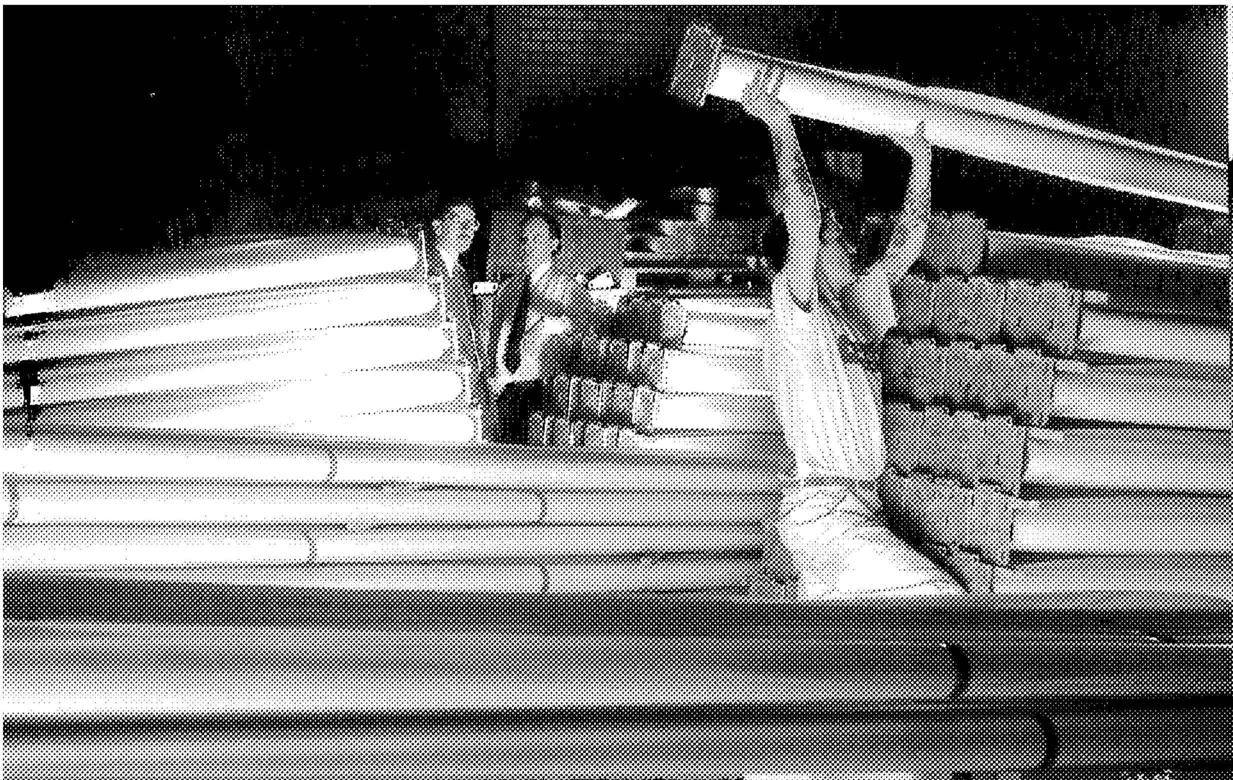


Central Retail Services cardholder spending £bn

The UK Domestic Bank will always be our core business. At the end of 1992, we had 2,272 branches employing 48,300 staff. During the year, we closed 189 branches. The decision to close a branch is never lightly taken and we have to balance individual branch profitability with meeting our customers' needs. We will continue to refine our branch structure in our drive for greater efficiency and reduced costs.

Two other businesses within the division – Barclays Financial Services, which includes Barclays Life, and Central Retail Services, which incorporates Barclaycard – are very large operations in their own right. Their 1992 pre-tax profits of £202 million and £112 million respectively give an indication of their size. Barclays Life gained market share during the year and is one of the largest unit-linked life and pensions companies in the UK. Barclaycard also increased market penetration and now has 8.6 million cards issued. One third of Barclaycard holders are not otherwise customers of Barclays.

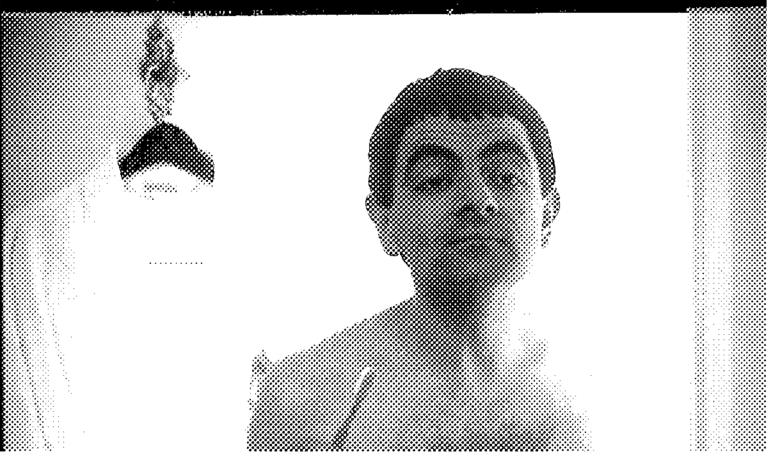
Major progress in the operating performance of most of our businesses has been achieved in 1992. Our substantial investment in technology is primarily directed at freeing our branch staff from processing, thus enabling them to concentrate on providing a top quality customer service. Our drive to reduce costs remains a priority as we begin to see the benefits of these programmes coming through. Under-performing operations will be closely scrutinised as we concentrate on rebuilding our earnings base. Risk management procedures are receiving the particular attention of management in our determination to avoid a repetition of the past. Above all, we will concentrate on raising the quality of everything we do to serve our customers.



European skills enabled our Darlington and Barcelona business centres to assist the Glassfibre Flagpole Company win the contract for the Barcelona Olympics (above). We continue retail banking expansion in Portugal where we have opened 47 branches in two years (above right).

Responsibility breaks, job sharing schemes and other initiatives have created flexibility in staff careers. These earned Barclays the joint Employer of the Year award from the Working Mothers Association.

Barclays Private Banking (above) welcomes clients with over £250,000 liquid assets in 15 countries. Central Retail Services (below) has over 8.6 million cards worldwide.



BZW division increased pre-tax profits by 13% during a year in which the world's major economies and financial markets were seriously strained by economic pressures. We achieved excellent pre-tax profits of £241 million and a 31% return on our net assets of £778 million, with the principal contributions continuing to arise from money markets, foreign exchange, swaps and options and fixed income activities. Among the world's major investment banks, this is an achievement of a high order and one which confirms BZW's growing status.

By constant development of our products, our skills and our people, we continue to improve the advisory and trading service which we offer our clients. Europe is our domestic market and the lowering of barriers to trade and commerce across the Continent provides us with an important opportunity which we will exploit. In addition to our acknowledged expertise in trading, our particular strengths lie in our ability to act as an intermediary in the international capital markets, making good use of our strong cross-border skills. We provide clients with an innovative mix of advisory and financing services including underwriting, sales, trading and research throughout the major markets of the world.

An important competitive advantage is BZW's ability to integrate its capabilities across product areas and across frontiers, creating added value for clients who require a broad range of advice and finance in achieving their strategic goals. The many successful transactions which we completed during the year, and the variety of services which we provide, demonstrate the fact that BZW has developed since its establishment in 1986 into a full service, international investment bank.

Our ability to integrate our capabilities across product areas and across borders is an important competitive advantage

During 1992, BZW acted as adviser and broker to Tomkins PLC in its £958 million take-over of Ranks Hovis McDougall PLC, in which we successfully underwrote the third largest rights issue ever placed on the London market. This was the third year in succession during which we have acted as adviser and broker in one of the UK's largest successful contested acquisitions. We also advised on two of the year's more significant cross-border transactions – British Steel plc's merger of its stainless steel division with Sweden's Avesta AB and Canadian company BCE Telecom International Inc.'s acquisition of a 20% stake in Mercury Communications Limited. We were also lead manager in two out of the three sterling convertible issues to take place.

BZW's global strengths were further recognised during the year when we were appointed lead manager on a number of international equity issues. We were appointed global co-ordinator for the international offering of shares in Remy Cointreau of France. This was the first time that a non-French bank has acted in this role in any French share issue. We were also global co-ordinator of the issue of $150 million of global depository receipts on behalf of Hyundai Motor Company, the largest ever international issue for a Korean company.

BZW is a major European investment bank

Despite the unpredictable conditions in many of Europe's equity markets, our UK and European equities businesses benefited from increased revenues and careful cost control. The Japanese market was adversely affected by a substantial decline in volumes which seriously impacted on our operation. We have, however, engaged in a steady process of adjusting our operation to the new environment.

Photograph: David Band, Chief Executive, BZW division

Directors' report

We are a leader in fixed income, derivatives, foreign exchange and money markets

In January 1992, the major part of the Group's foreign exchange and money markets businesses, together with structured finance, were successfully integrated within BZW division. This has helped us to provide a more co-ordinated approach to our clients' risk management and financing requirements. In complementing our existing strengths, the integration has substantially enhanced our penetration of global markets.

Trading has traditionally been at the heart of BZW and the volatile foreign exchange and debt markets provided both us and our clients with excellent trading opportunities. We enjoyed increased activity in this area as a result of a surge in dealing demand from both corporate and institutional clients. The division's foreign exchange trading income accounts for about half the Group's total and increased significantly. During the year, our other activities have developed to match our formidable dealing strengths. Our skills in advisory roles and in underwritings in the primary markets have both gained greater recognition and we have significantly improved our competitive positions.

We are acknowledged as a leader in the fixed income, derivatives, money and foreign exchange markets. We take particular pride in our British and US government bond trading capability and growing power in other European fixed income markets. During the year, we lead managed 22 issues in the Eurobond markets, for the most part denominated in sterling.

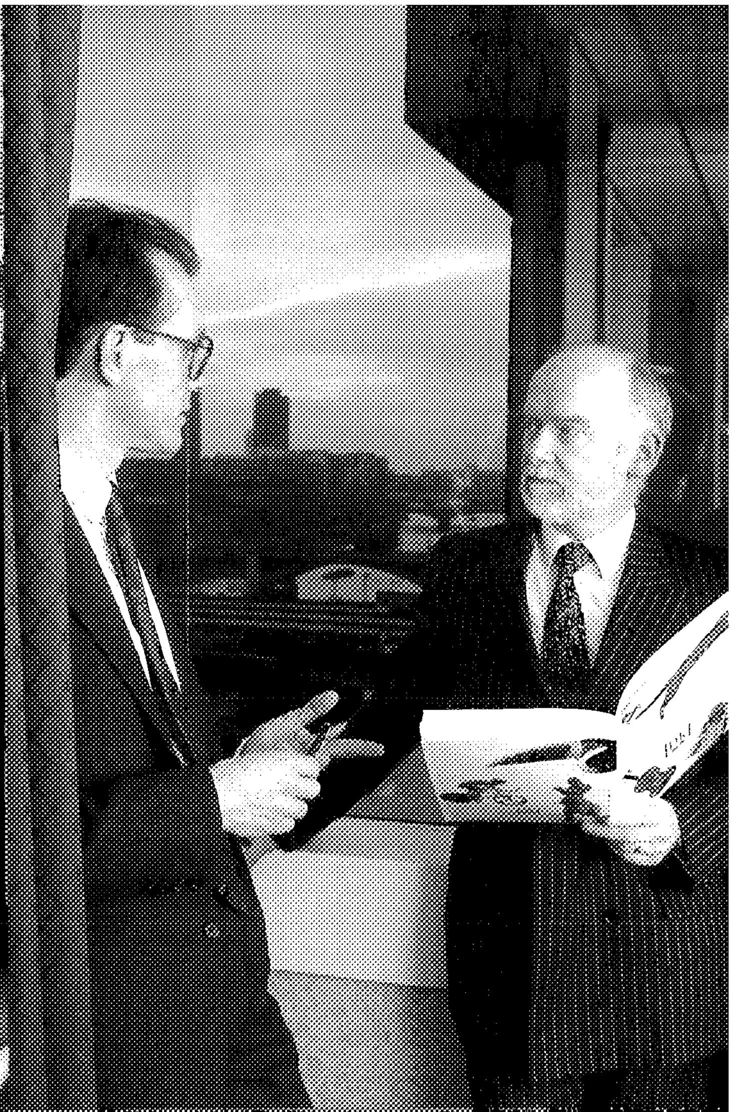
Asset management has a strong market position, particularly in quantitative fund management

Our asset management business has also recorded an excellent performance. World-wide, new business amounted to £4 billion and the innovative package we provided for Wellcome Trust, which utilised a share swap arrangement, achieved widespread recognition. Globally, total funds under management are now approximately £30 billion.

BZW has grown and developed rapidly since its establishment in 1986. The results for 1992 confirm the success of the management team in creating a major new force in the world's investment banking industry. The early months of 1993 have continued to present us with opportunities which we are fully equipped to exploit.

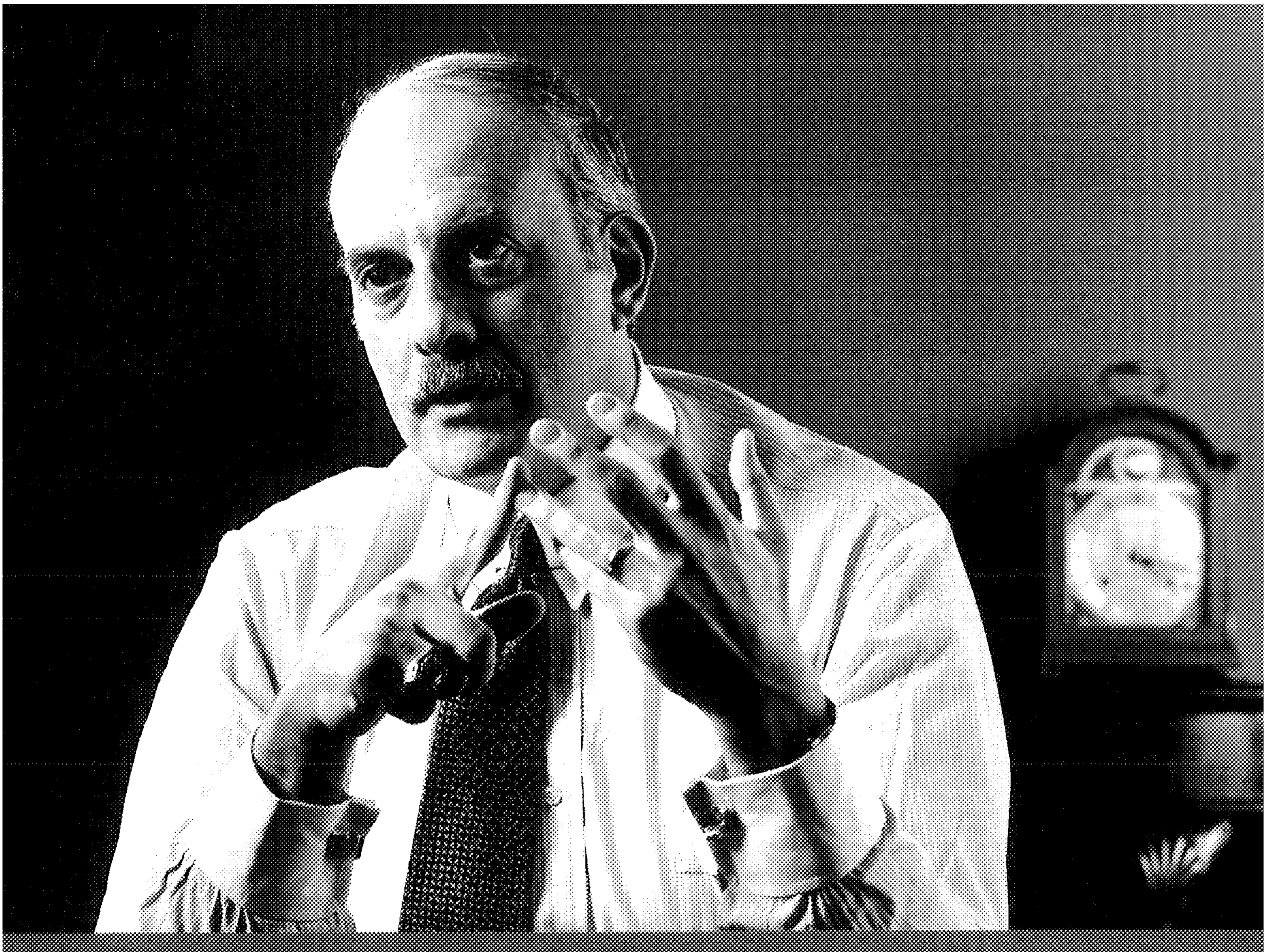
From Shanghai to Covent Garden, BZW's reputation ensured successful stock exchange flotations for the Shanghai Refrigerator Compressor Company (above) and educational publisher Dorling Kindersley (right).

In quantitative asset management, BZW's teams have enviable technical skills (below). They attracted £4 billion of new funds in 1992 and now have about £30 billion under management.



A particular BZW strength is as a cross-border intermediary on international capital markets.

BZW Project Finance has expertise in projects for new sources of energy like National Windfarms in mid-Wales (below). Advisory roles in Central Europe include the marketing of the village of Cesky Krumlov, South Bohemia, as a tourist centre.



New technology-led services result in significant profitable business opportunities for the Barclays Group. At a time when changing market conditions have put pressure on the Group's lending and deposit-taking activities, the supply of services, using minimal amounts of regulatory capital, gives us the potential to earn high returns. Until recently, Barclays skills in information technology and processing were not being fully utilised. Service Businesses division was created to focus and enhance our capabilities in these areas, both as an independent supplier to commercial markets, thereby generating significant new streams of external income for the Group, and as the in-house supplier providing high quality, cost-effective services to the rest of Barclays operations.

Service Businesses division concentrates the Group's expertise in information technology and operations-intensive activities. During 1992, we successfully completed the division's reorganisation into three operating units – Barclays Global Services, Barclays Computer Operations and Barclays Network Services – enabling us to provide a much sharper focus on the operations, computing and communications business we undertake. The business culture required to ensure the success of these activities has been brought about within each operating unit and will be developed further in future years.

The size and breadth of the activities undertaken by the division demonstrate the potential of these operations. World-wide, we employ almost 7,000 people, we are the world's fifth largest global custodian and the leading issuer of Visa travellers cheques. Within the UK, we have established a strong position in centralised mortgage processing and we operate one of the largest computing operations and communications networks.

We are extracting value from our own processing operations by maximising efficiency

Barclays Global Services provides a range of operational products and services to the Group's corporate and institutional customer base. The product range includes cash management, payments and securities handling services. Already strong in these areas in the UK and in securities handling and trade services in North America, Global Services is now extending the provision of these services across the Group's world-wide network.

The watchwords of these businesses are quality, efficiency and innovation. Against these criteria, Barclays Global Services has had a successful year. It improved core efficiencies, installed new systems for payments processing, invested in the creation of innovative electronic products for improved links to the Group's customer base and added cross-border volumes to its global custody base.

In its core role of providing efficient processing power, Barclays Global Services also runs three discrete businesses. On the mortgage processing side, Intermortgage achieved a notable early success in winning third-party mortgage processing business. BarclaysAmerican/Mortgage Corporation undertakes the Group's mortgage processing and administration in North America. Interpayment is the Group's Visa travellers cheque and foreign currency notes wholesaling business.

There is the opportunity to provide back-office services for other companies

Barclays Global Services is positioned to take advantage of the trend amongst financial organisations to outsource back-office functions. We expect to achieve a leading position in the European processing market as a result of our quality of service and low costs.

Photograph: Joseph De Feo, Chief Executive, Information Technology and Service Businesses division

Directors' report

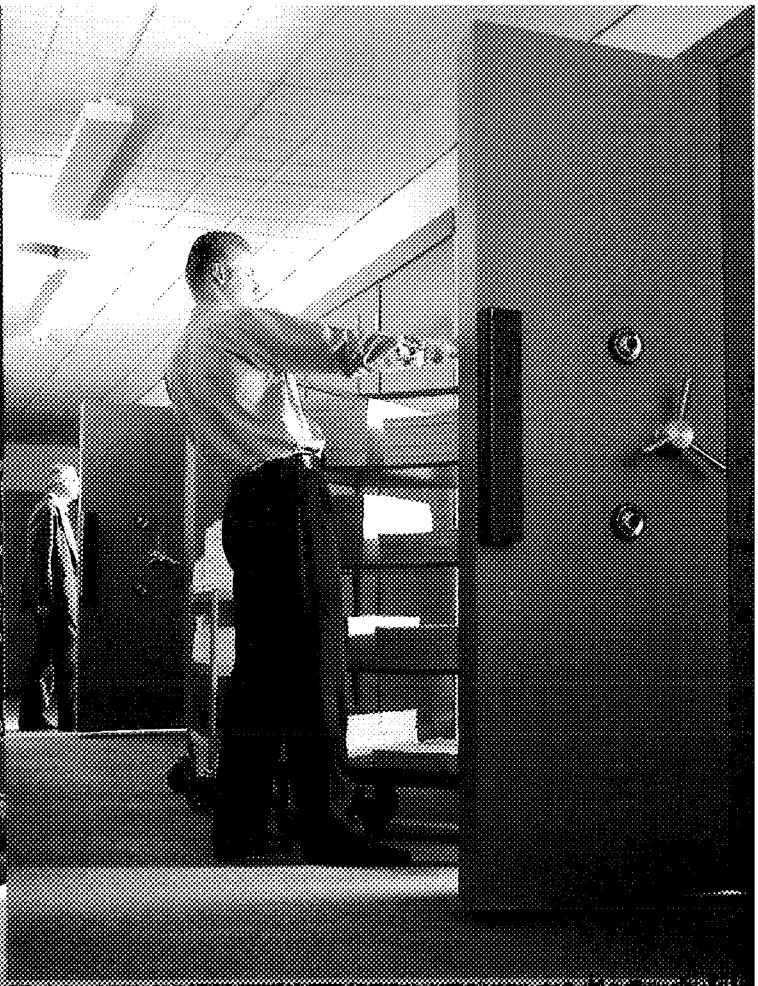
Barclays Computer Operations earned British Quality Standard BS5750

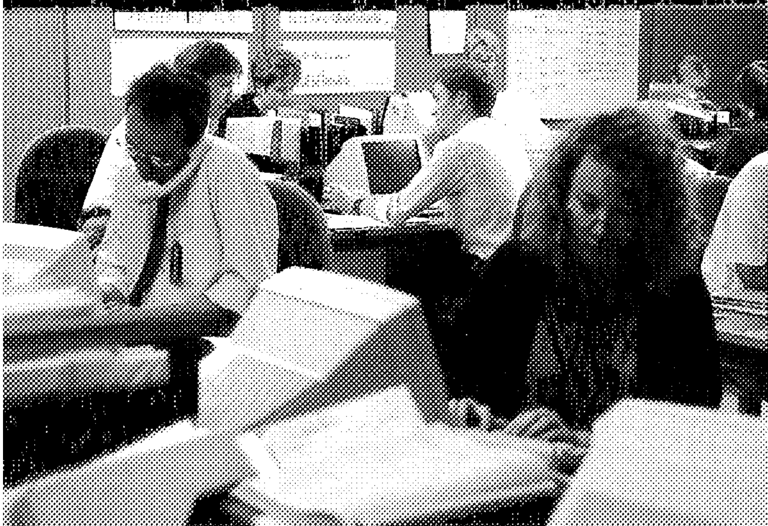
Barclays Computer Operations (BCO) was formed to be an information systems provider to the Barclays Group and to provide outsourcing services to the commercial market. Operating on the IBM, Digital, Tandem and, most recently, Unix platforms, BCO provides a range of services in a secure environment. This includes project management, technical support, consultancy and facilities management, for which BCO employs both highly skilled technology specialists and experienced business people. BCO is committed to providing consultancy and technical support to both Group and external clients, to which end its customer service teams gained accreditation to the British Quality Standard (BS5750) in 1992. It is now seeking to open up new opportunities and revenue streams for the Group.

Barclays Network Services (BNS) supplies the networked computing infrastructure, which is becoming a more and more important element in providing the Group's financial services businesses with a competitive advantage. BNS is also using its technical and commercial competences to identify and invest in new information-based businesses. The first major one of these will be launched later this year.

For Service Businesses division 1992 was a year of consolidation. The increased co-ordination of the Group's information technology and operations expertise enabled a number of significant product innovations and enhancements to be made. During 1993, we will focus on improving the quality, efficiency and effectiveness of our operations and of the services we provide. We will expand our external client base, while continuing to support Banking and BZW divisions, by concentrating on satisfying global requirements and expanding in key overseas markets.

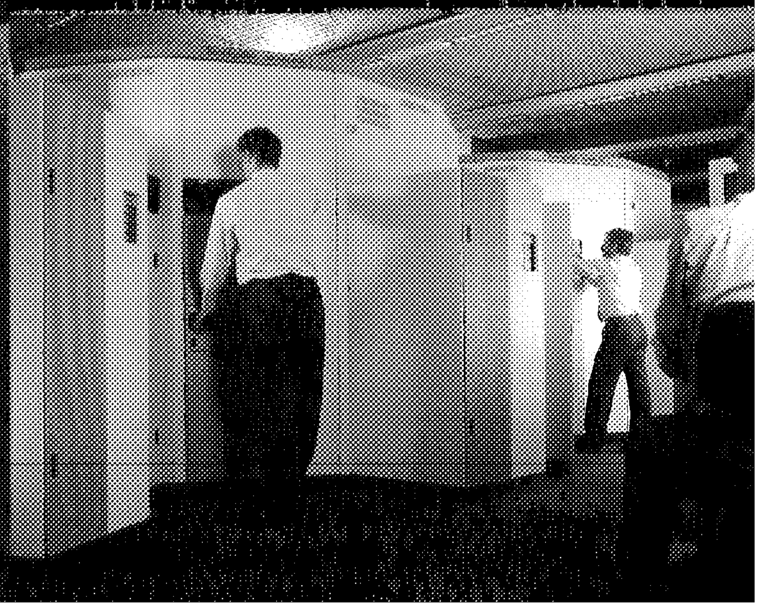
The electronic banking team of Service Businesses division (above) developed the first ever pan-European direct debit scheme, ensuring speedier transfer and settlements for companies engaged in European trade.

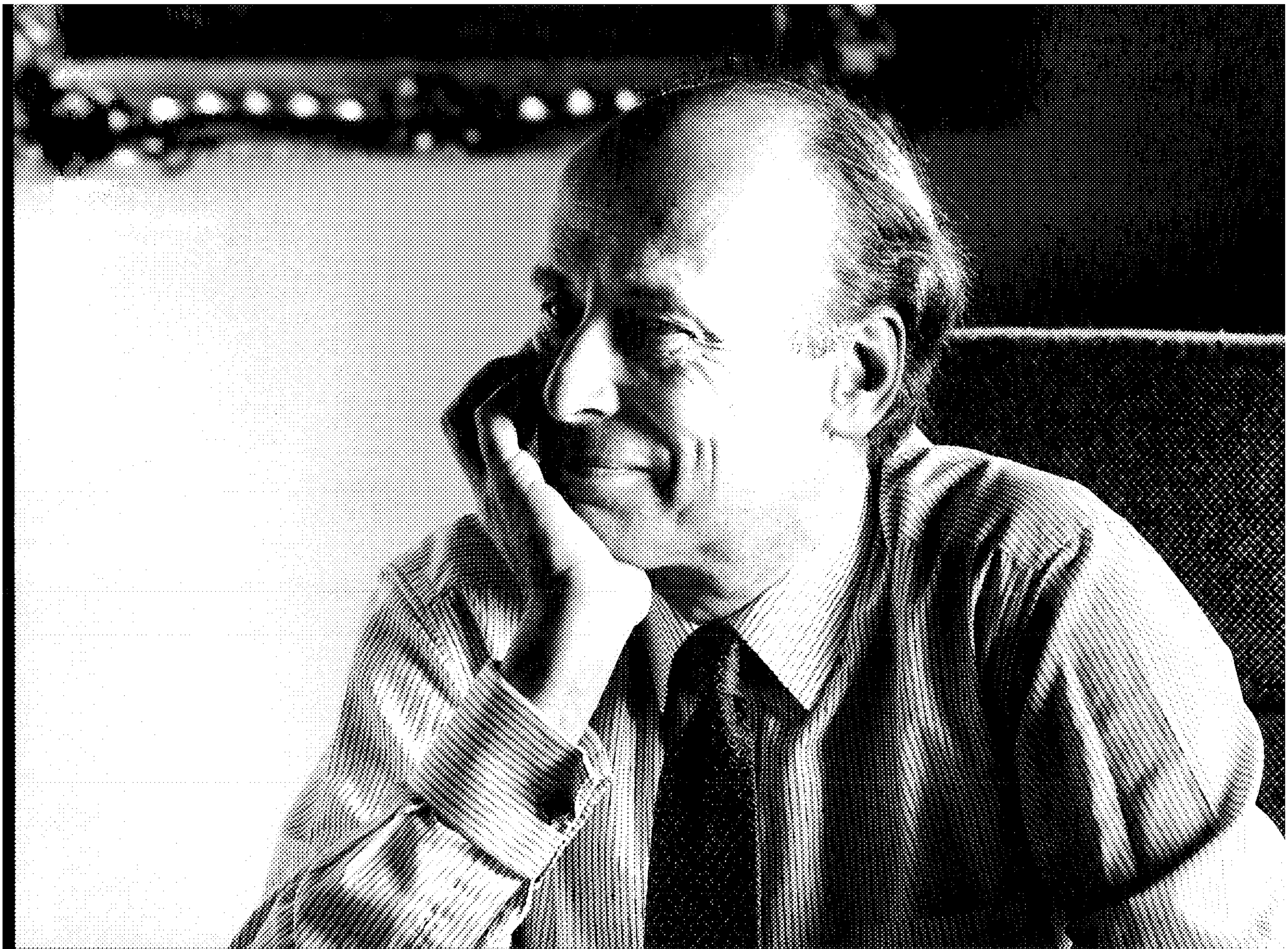




Global Custody (above) offers handling and custodian services for bonds and equities in 18 countries. It developed new electronic linkages and has increased business capacity. MortgageMaster (left) was developed to automate many stages of mortgage processing.

Barclays Computer Operations, winners of quality standard BS5750, (below) are working in joint ventures with third parties as well as servicing the Group's core systems needs. Barclays Network Services includes a unit which makes training and other videos for Barclays and other companies.





The quality, skills and motivation of staff are major determinants of success in any service business. At Barclays, such thinking lies at the heart of our personnel policies, which also reflect the need for commercial realism in the face of stiff competition and shrinking job numbers. 1992 saw a further reduction in the number of employees world-wide, to 105,000 as at 31st December 1992 (1991: 111,400). This reduction occurred principally in the United Kingdom, where the number of employees at the end of the year, at 74,700, was 4,700 lower than twelve months previously.

We have succeeded in achieving this reduction without recourse to compulsory redundancies, except in a small number of specialist areas. For those who wished to leave, in the UK, a flexible voluntary redundancy package was offered. Imaginative special leave and special break schemes allowed certain staff to leave for a temporary and predetermined period, or to change their duties from a full to a part-time basis or to job-share. A voluntary transfer scheme was launched, under which staff from areas of the country where surpluses existed could move to areas where there were shortages.

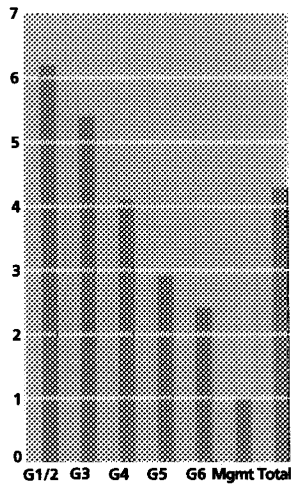
We are committed to ensuring that all staff have equal opportunity to achieve their potential

The scale of the Group can be seen by the divisional split; at 31st December 1992, UK staff in Banking division totalled 64,000, BZW division 2,800, Service Businesses division 4,800, with the remainder in central functions, including Group finance. The average number of persons employed by the Group in the UK in 1992, including part-time personnel, but excluding persons working wholly or mainly outside the United Kingdom, was 76,852 and their aggregate remuneration in the year was £1,399 million.

Against a background of changing job content and career prospects, we reinforced our approach to the training and development of staff. A number of new management training initiatives were launched in the UK to augment our highly regarded Group Management Development Programme. We have placed increased emphasis on self-development and the learning of relevant business skills. In particular, we have attached importance to our managers gaining increased awareness of the potential for using developments in information technology to provide improved services and to streamline and re-engineer operations.

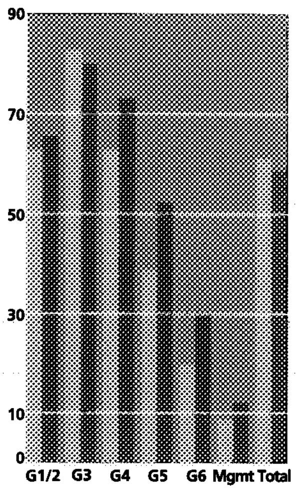
In addition to our commitment to internal training, we have continued to recognise the importance of external qualifications. We have played a leading role in the development of National Vocational Qualifications within the Banking Lead Body. We continue to provide financial support and encouragement to staff wishing to obtain relevant professional qualifications, including those of the Chartered Institute of Bankers.

We are committed to ensuring that all staff have equal opportunity to achieve their potential. In the recruitment of staff and their subsequent career development, selection is based on aptitude and skills, irrespective of sex, marital status, race, religion or disability. We are a core sponsor and active member of the Employers' Forum on Disability which promotes, advises and shares information across industry and commerce on the best ways of providing equality of opportunity for disabled people. In 1992, we agreed to adopt the Forum's Agenda on Disability, 'Ten Points for Action', which commits us to ensuring that disabled people are accepted and integrated throughout the workforce.



Ethnic minority staff
as a % of grade
1988
1992

Photograph:
Humphrey Norrington,
Vice-Chairman



Female staff as a % of grade
1988
1992

Both this and the chart on the previous page based on full time staff in the Group based in the UK, excluding BZW, Mercantile, Barclays Commercial Services and Page and Moy

Charitable sponsorship and giving is directed to young, elderly, disadvantaged and disabled people. We also support the environment and education

We are a leading member of the 'Opportunity 2000' initiative, which aims to assist women in reaching senior management positions. 65% of our staff in the UK are women and our pragmatic and sensitive policies in this area led to our winning jointly the 1992 Employer of the Year Award, presented by the Working Mothers Association. Such policies include job sharing, responsibility break and career break schemes, which were introduced to assist qualifying staff to combine family and career responsibilities.

Consultation with staff is extremely important. Regular exchanges through consultative committees, culminating in the annual staff meeting at which the Chairman presides, allow staff at all levels to discuss key issues affecting the Group with senior management. Employee involvement is also encouraged in the UK through a Save-As-You-Earn share option scheme.

Barclays committed over £8.5 million to community activities during 1992, which included UK charitable donations of £1.4 million (1991 £2 million). Over 1,000 charities benefited from our assistance during 1992, Help the Aged, Outward Bound and The British Deaf Association being three examples. The environment benefited by over £700,000, which included a donation to the Groundwork Foundation. The Woodland Trust received £100,000 to establish a Barclays Community Forest Award Scheme, designed to promote conservation and awareness of community forests.

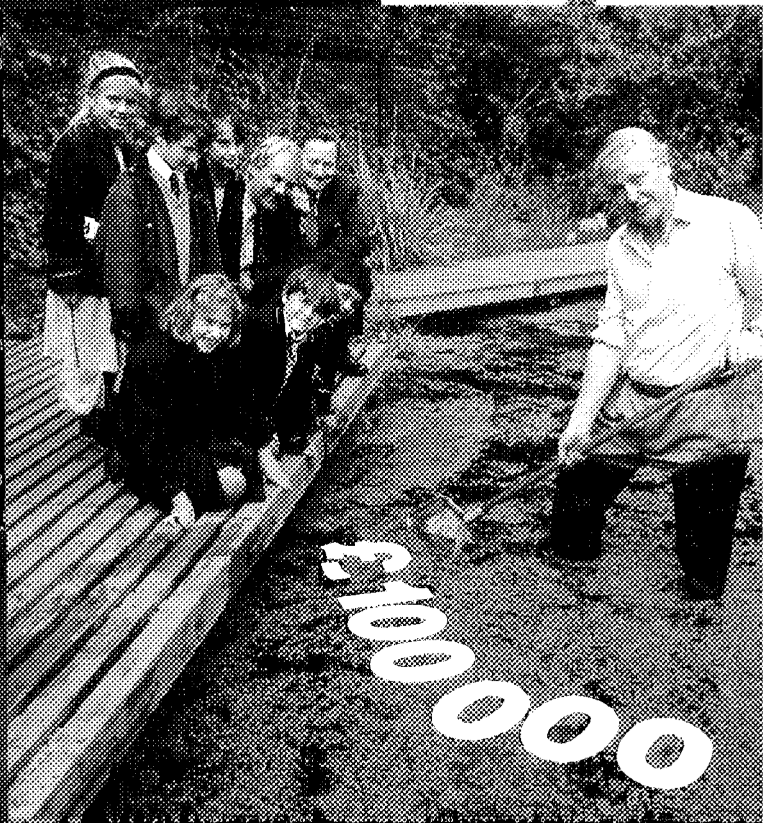
In 1992, we completed a four year sponsorship of the Royal National Institute for the Blind, which funded a unit to support visually impaired persons wishing to set up their own businesses. Over 40 organisations attended the seminar we hosted to assist people with disabilities to obtain meaningful employment. Following the success of our Barclays Youth Action Award Scheme, which ran for seven years, we launched three new awards during 1992, which we hope will prove equally successful. In the arts, we continued our sponsorship of the London City Ballet. Through Barclays New Stages, we encourage new theatre production: this sponsorship won us the Daily Telegraph ABSA award.

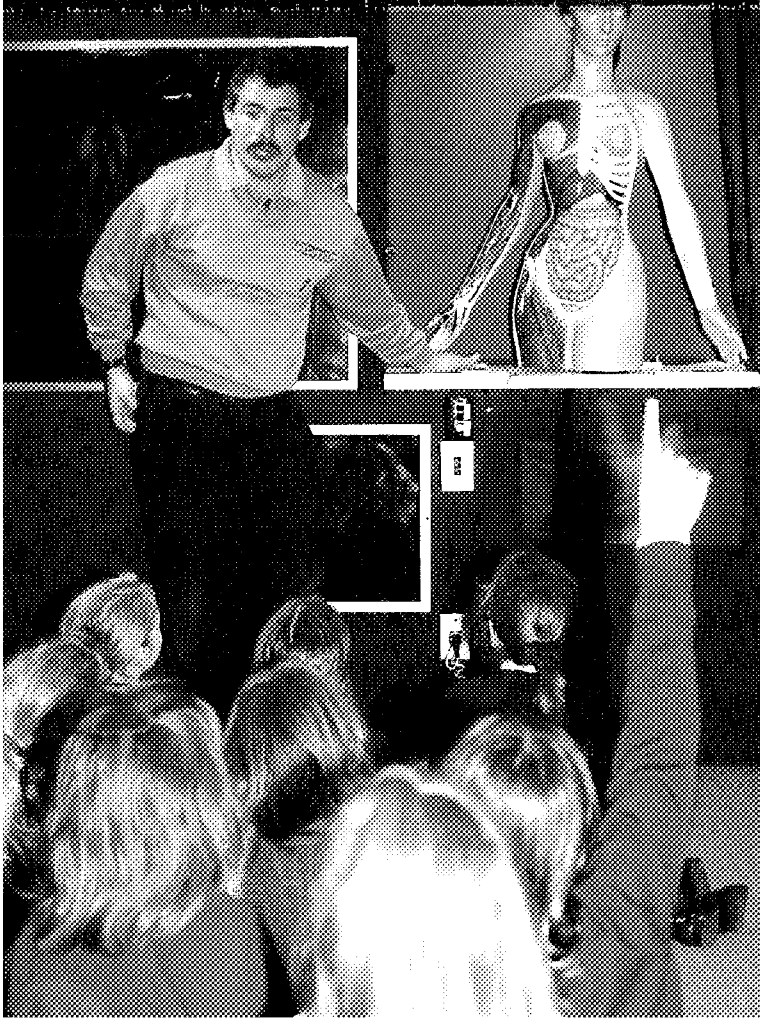
Our community and sponsorship support is something of which our shareholders, staff and customers should be proud.

The Group made no political donations in the UK during 1992.

Barclays is playing an instrumental part in establishing the Foundation for Credit Counselling, which brings together financial institutions and retailers (above) in a sympathetic attempt to guide people in debt.

Our support for the Royal National Institute for the Blind (above right) provides business training for partially sighted people. We are a committed sponsor of the Life Education Centres (below) which teach children to avoid drug and solvent abuse.





Our donation to the Wildlife Trusts Partnership (above) enables management to be carried out at wildlife reserves throughout the UK. Barclays also gives outside the UK, for example, a Philippines village received help in 1992 for rebuilding its fishing facilities.

The dominant external influence on the Group business during 1992 was the economic recession in many of the world's leading countries. Our credit risk provisions of £2,554 million were caused, to a substantial degree, by the recession in the UK. We have completely reviewed our central risk management procedures and have already announced the appointment of an executive who will take greater central control over the credit risk portfolio of the Group. Much development is taking place in the techniques of credit scoring, credit grading and in ensuring that returns are properly related to the levels of risk and to the capital required to support that risk.

The Board, together with senior executives, carried out during 1992 a detailed review of the Group strategic plan. We are committed to its success and believe it brings a clear focus and direction to the business of the Group. The key factors which will affect performance in 1993 include the speed of economic recovery and its effect on our customers, our ability to obtain an appropriate level of reward for the risks we undertake and our ability to continue to contain our costs and maximise the efficiencies to be derived from our technology and other investments.

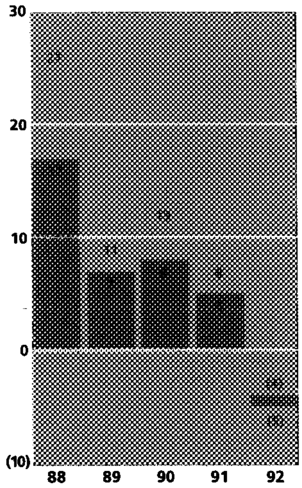
The UK's withdrawal from the European exchange rate mechanism gave rise to an effective 12% devaluation of sterling against a weighted basket of currencies by the end of the year and UK Base Rates also fell by 3.5% in 1992. In these circumstances, our policy of hedging the total capital ratio showed its worth. UK clearing banks generally have lower operating income in a low interest rate environment. In our case, this effect has been mitigated significantly through a careful structuring of our balance sheet by Group treasury.

The loss attributable to shareholders for the year amounted to £343 million compared to the 1991 profit of £242 million. The first half of 1992 included a provision of £82 million for the decrease in value of businesses then in the course of disposal, primarily that of Barclays Bank of New York. This figure included £42 million in respect of goodwill previously written off directly to reserves at the time of acquisition. Costs included staff reductions and relocation costs of £102 million, primarily in the UK.

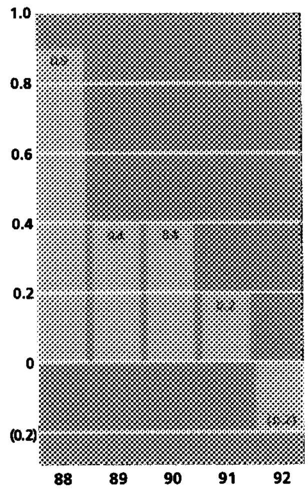
Freehold and long-leasehold properties of the Group in the United Kingdom have been reviewed by expert staff on the basis of open market value for existing use, or depreciated replacement cost in the case of specialised buildings (in accordance with the guidelines of the Royal Institution of Chartered Surveyors). A deficit of £60 million in respect of properties which are surplus to the Group's requirements is being charged to the profit and loss account for the year.

The major part of the portfolio, having a book value of some £900 million, is required for the continuing business in the UK. The open market value of these properties is some £50 million less than their book value, but the Directors are of the opinion that their value to the business is greater than their market value and that it would be inappropriate to reduce the balance sheet amounts at which they are stated.

Reviews of the Group's overseas properties indicate that their market value was about £15 million in excess of their book amount.



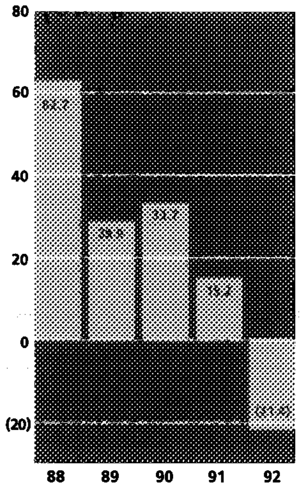
Performance ratios
%
Pre-tax return on shareholders' funds
Post-tax return on shareholders' funds



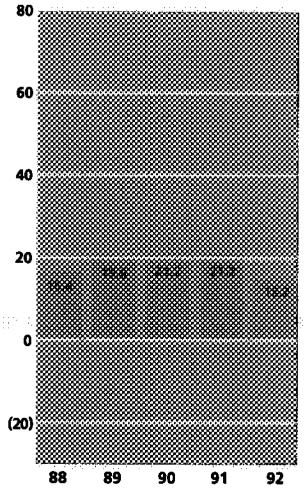
Performance ratios
%
Post-tax return on assets

Photograph: Peter Wood, Finance Director

Directors' report



Earnings
per ordinary share
pence



Dividends
per ordinary share
pence

Second interim dividends for the year ended 31st December 1992 of 6p per Ordinary Share and of 7p per Staff Share have been declared by the Directors. With the first interim dividends of 9.15p per Ordinary Share and of 7p per Staff Share that were paid on 8th October 1992, they make a total distribution per Ordinary Share for the year of 15.15p (1991 21.15p). The second interim dividends will be paid on 14th May 1993 in respect of the Ordinary Shares registered at the close of business on 25th March 1993 and of the Staff Shares so registered on 31st December 1992. The dividends for the year absorb a total of £243 million (1991 £338 million), resulting in a deficit carried forward of £586 million (1991 deficit £96 million).

Ordinary Share Capital was increased by 7,090,768 shares during the year, as a result of the exercise of options under the SAYE and executive share option schemes and by 3,573,029 shares in lieu of cash dividends. There were no capital raisings during 1992.

The aggregate capital resources of the Group as at 31st December 1992 were £9,727 million (1991 £9,451 million). Within this figure, £5,279 million is shareholders' funds (1991 £5,740 million). The Barclays PLC Group risk asset ratio at 31st December 1992 was 9.1%, with a tier 1 ratio of 5.5%.

Substantial shareholdings notified to the company comprise the Prudential Corporation group's interests in 71,849,520 Ordinary Shares (4.5%) and Barclays Bank PLC's interests in 58,509,706 Ordinary Shares (3.6%). The latter interests 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. The Group's pension funds do not hold any of the company's Ordinary Shares. The company is not aware of any other interests in its Ordinary Shares of 3% or more.

During 1992, the company acquired 12,500,000 new £1 Ordinary Shares in Barclays Bank PLC at a cost of £29.5 million.

The Audit Committee of non-executive Directors of the company meets regularly with the Group's senior financial management, the external auditors and the internal inspection department to consider, inter alia, the nature and scope of the audit and the reporting accountant's reviews (performed under the Companies Act 1985 and the Banking Act 1987) and the effectiveness of the Group's systems of internal control.

The Compensation Committee of non-executive Directors meets when necessary to make recommendations on the remuneration of executive Directors and other senior Group employees.

Directors' interests in the shares of the Group on 31st December 1992 (as defined by the Companies Act 1985 and according to the register maintained thereunder) are shown on page 31. The register will be available for inspection at the annual general meeting.

Directors' and officers' liability insurance cover is maintained for the benefit of the Group and the Directors and officers of the company and its subsidiary companies in the UK and overseas.

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 1992.

Barclays PLC is a non-trading investment holding company which owns the entire issued Ordinary Share capital of Barclays Bank PLC. The Group has three divisions – Banking, BZW and Service Businesses – and additionally has a number of central support functions including Group Finance, previously reported as Finance division. Through these divisions, the Group provides, in the name of Barclays Bank PLC and subsidiary undertakings, an extensive range of commercial and investment banking, insurance, financial and related services. The Group operates through over 2,500 branches and offices in the United Kingdom and, overseas, through a further 1,000 offices in 76 countries.

The auditors, Price Waterhouse, have signified their willingness to continue in office and a resolution re-appointing them as auditors and authorising the Directors to fix their remuneration will be proposed at the annual general meeting.

Audit Committee

Sir Nigel Mobbs, Chairman

Mrs Mary Baker

Sir Michael Franklin

Sir James Spooner

Sir Patrick Wright

Compensation Committee

Sir Denys Henderson, Chairman

Mrs Mary Baker

Sir Derek Birkin

Sir Nigel Mobbs

Mr Jan Peelen

Sir James Spooner

Directors' report

Chairman

Mr Andrew Robert Fowell Buxton (age 53) was appointed Chairman on 1st January 1993. He 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, Deputy Chairman in 1991 and Chief Executive in May 1992. He is a non-executive director of SmithKline Beecham plc.

Deputy Chairmen

Sir Martin Jacomb (non-executive) (age 63) has been a Deputy Chairman since 1985 and Chairman of BZW until his retirement from executive duties in 1991. He is Chairman of The British Council and Postel Investment Management Limited, a director of the Bank of England and holds a number of other non-executive directorships.

Sir Peter Middleton GCB (age 58) 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 and General Accident p.l.c.

Vice-Chairmen

Mr Humphrey Thomas Norrington (age 56) 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 a Vice-Chairman in 1991.

Mr Francis Alastair Lavie Robinson (age 55) Executive Director, Banking division. He held a number of senior positions before joining the Board in 1990 and was appointed a Vice-Chairman in May 1992.

Executive Directors

Mr David Band (age 50) joined the Board in 1988 on becoming Chief Executive of the BZW Group. 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 52) 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 Deputy Chairman of the National Provident Institution.

Mr Peter Anthony Wood (age 50) joined Barclays in 1966 and held a number of senior positions in the Treasury division before joining the Board in 1991 as Finance Director.

Non-executive Directors

Mrs Mary Elizabeth Baker (age 56) 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.

Sir Timothy Bevan (age 65) 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 63) 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 65) was appointed a Director in 1988, having retired as Permanent Secretary to the Ministry of Agriculture, Fisheries and Food in 1987. He holds two other directorships.

Sir Denys Henderson (age 60) 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 the Lord Lawson of Blaby PC (age 60) 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 55) 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 65) 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 53) joined the Board in 1991. He is a director of Unilever, a former Chairman of Van den Bergh en Jurgens in Holland and a former President of Industrias Gessy Lever in Brazil.

Sir James Spooner (age 60) 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 61) joined the Board in 1991 having retired as Head of the Diplomatic Service earlier that year. He holds a number of other directorships.

Secretary JMD Atterbury

Chief Accountant NJ Brittain

Board membership Sir John Quinton relinquished his executive duties on 30th April 1992 and retired as a Director and Chairman of the Board on 31st December 1992. He was succeeded as Chief Executive on 1st May 1992 and as Chairman with effect from 1st January 1993 by Mr ARF Buxton. Mr FAL Robinson was elected a Vice-Chairman of the Board with effect from 1st May 1992. Mr KB Sinclair retired from the Board on 31st January 1992 and Dr DV Atterton retired from the Board at the annual general meeting on 30th April 1992.

Sir Timothy Bevan will retire from the Board at the conclusion of the annual general meeting in 1993. Lord Camoys, Sir Michael Franklin, Sir Nigel Mobbs and Mr HT Norrington retire by rotation at the annual general meeting and, with the exception of Sir Michael Franklin, offer themselves for re-election. No Director has a service agreement of more than one year's duration.

Directors' report

The notice convening the annual general meeting at the Queen Elizabeth II Conference Centre accompanies this report as a separate document. In addition to the ordinary business, shareholder consent will be sought for three items of special business, which are explained in the Notice of Meeting to be dated 2nd April 1993. These resolutions are an amendment to extend the renewal period of the Share Dividend Scheme; the renewal of the Share Dividend Scheme and the renewal of the Board's authority to allot shares.

Shareholders are invited to complete and return the form of proxy which is 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.

By order of the Board
JMD Atterbury
Secretary
3rd March 1993

Ordinary Shares of Barclays PLC

	At 1st January 1992		At 31st December 1992	
	Beneficial	Non-beneficial	Beneficial	Non-beneficial
Mrs Mary Baker	3,150	-	3,120	-
D Band	765	-	813	-
Sir Timothy Bevan	17,972	49,000	17,972	-
Sir Derek Birkin	1,400	-	1,400	-
ARF Buxton	12,843	7,925*	15,419	6,625*
Lord Camoys	20,426	-	20,735	-
Sir Michael Franklin	1,151	-	1,757	-
Sir Denys Henderson	10,500	-	10,500	-
Sir Martin Jacomb	10,358	5,300*	10,358	4,000*
Lord Lawson	1,001	-	1,001	-
Sir Peter Middleton	500	5,300*	500	4,000*
Sir Nigel Mobbs	9,391	10,281	9,391	10,281
HT Norrington	14,551	5,300*	15,988	4,000*
S Ogata	509	-	540	-
J Peelen	509	-	540	-
Sir John Quinton	36,559	5,300*	38,918	4,000*
FAL Robinson	14,577	-	16,847	4,000*
Sir James Spooner	2,100	-	2,100	-
PA Wood	6,345	-	7,212	-
Sir Patrick Wright	1,200	-	1,200	-

*These holdings include a joint interest, held ex-officio as trustees of a trust, in 4,000 Barclays PLC Ordinary Shares at 31st December 1992 (5,300 at 1st January 1992).

Sir John Quinton had a non-beneficial interest in £27,280 Barclays Bank PLC 16% Unsecured Capital Loan Stock 2002/07 on both 1st January 1992 and on 31st December 1992. Following his retirement from the Board on 31st December 1992, the interests in shares of Sir John Quinton are no longer recorded in the register.

Options to acquire Ordinary Shares of Barclays PLC

	1st January 1992	Granted during the year	Exercised during the year	31st December 1992
D Band	104,216	-	-	104,216
ARF Buxton	204,767	1,323	1,681	204,409
Lord Camoys	39,176	-	-	39,176
Sir Martin Jacomb	211,447	-	-	211,447
Sir Peter Middleton	-	234,300	-	234,300
HT Norrington	153,147	-	1,445	151,702
Sir John Quinton	345,894	-	-	345,894
FAL Robinson	130,808	-	-	130,808
PA Wood	90,528	1,102	867	90,763

Options granted to Directors under the Company's SAYE Share Option Schemes are exercisable at prices in the range of 219p 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 1993 and 2002. (See notes 34 and 35 to the accounts.)

There were no changes between 31st December 1992 and 3rd March 1993 in any of the interests shown.

Financial review

Profit/(loss) before taxation

	1992 £m	1991 £m	1990 £m
Banking division	**(251)**	252	762
BZW division	**241**	214	108
Service Businesses division	**3**	(6)	34
Central functions	**(93)**	73	(176)
	(100)	533	728
Write-down of surplus properties	**(60)**	–	–
Profit/(loss) on disposal of Group undertakings	**(82)**	–	174
	(242)	533	902

Total assets

	1992 £m	1991 £m	1990 £m
Banking division	**98,227**	96,738	95,161
BZW division	**44,783**	37,887	35,998
Service Businesses division	**960**	638	444
Central functions	**3,208**	2,845	3,284
Long-term assurance fund assets attributable to policyholders	**1,940**	1,468	1,143
	149,118	139,576	136,030

Capital resources

	1992 £m	1991 £m	1990 £m
Shareholders' funds and minority interests	**5,962**	6,305	6,580
Undated capital notes	**1,390**	1,164	1,133
Loan capital	**2,375**	1,982	1,467
	9,727	9,451	9,180

Change in presentation

In 1991, the Group was restructured and, following further minor reorganisations, now comprises three main operating divisions. Central functions are reported separately. Banking division combines both traditional retail and corporate banking activities world wide and incorporates the insurance and card businesses of the Group. BZW division (BZW) is responsible for the majority of the Group's trading and investment banking activities, covering a wide range of financial market services which range from foreign exchange and money market dealing, to bonds and equities trading, corporate finance and asset management. Service Businesses division (SBD) comprises the Group's processing and information technology businesses, including securities handling, electronic banking, cash and investment management, and global trustee services. The presentation of the results also includes a segment for Central functions, including central group overheads and Group Finance, previously reported as Finance division. The results of each business and geographic segment reflect the benefit of earnings on an appropriate proportion of shareholders' funds, allocated generally by reference to weighted risk assets.

Introduction

	1992 £m	1991 £m	1990 £m
Operating profit before provisions for bad and doubtful debts	**2,407**	2,033	1,932
Credit risk provisions	**(2,554)**	(1,758)	(1,252)
Country risk provisions release	**20**	211	19
	(127)	486	699
Write-down of surplus properties	**(60)**	–	–
Profit/(loss) on disposal of Group undertakings	**(82)**	–	174
Income from associated undertakings	**27**	47	29
Profit/(loss) before taxation	**(242)**	533	902

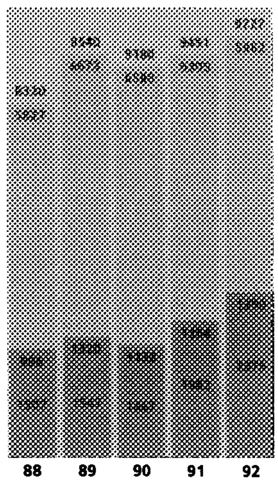
The Barclays Group results for 1992 reflect a continuation of the principal factors that influenced its profit performance in 1991. Persistent economic difficulties in the United Kingdom, together with a marked deterioration in the economic environment in the rest of Europe, gave rise to a record level of credit risk provisions of £2,554m, but the underlying operating profit increased by 18% because of the positive effects of Group-wide cost containment initiatives and a 12% rise in non-interest income. Operating profit also benefited from the impact of declining interest rates on lending margins which more than offset an increased loss of interest on non-accrual loans. The Group's cost/income ratio improved from 67.8% to 64.3%.

As a result of the high level of provisions, Banking division recorded a loss of £251m, but, with a 9% increase in income and only a marginal change in its overall cost base, its operating profit before provisions rose by 27%.

BZW division profit increased by 13% to £241m with greater volatility in international markets leading to increased customer activity in money markets, foreign exchange, swaps and options and fixed income securities.

The prolonged recessionary conditions in the Group's principal markets also reduced the level of loan demand in both 1991 and 1992 and, despite the effect of exchange rate movements, its lending portfolio has only increased slightly in sterling terms during that period.

The Group's overall risk asset ratio improved from 8.7% to 9.1%, but the tier 1 ratio fell from 5.9% to 5.5%, reflecting the impact on shareholders' funds of the post-tax loss for the year and dividend distribution.



Capital resources £m

Shareholders' funds and minority interests
Undated capital notes
Loan capital

Financial review

The second interim dividend has been declared at 6p per share for a total annual dividend of 15.15p per share, compared with dividends of 21.15p for 1991 and 1990. The reduced dividend reflects the loss for 1992, the continuing uncertainties regarding provision levels for 1993 and a recognition that shareholder returns must reflect the need for sufficient capital to support future business development.

The factors that affected the Group's results over the past two years are continuing into 1993. The difficulties in the property and construction sectors in the United Kingdom, to which the Group has a large exposure, as well as in other sectors suffering from the recession, continue to be reflected in high levels of non-performing lendings. The resultant loss of interest income and the prospect of continuing high bad debt provisions may be expected to have a significant impact on the Group's profitability in 1993.

Analysis of profit /(loss) before taxation by area of operation

The following section analyses the Group's performance within the divisions and central functions.

Banking division

1992	1991	1990
	(£ million)	
(251)	252	762

	1992 £m	1991 £m	1990 £m
UK Domestic Bank	**(414)**	68	514
Barclays Financial Services	**202**	217	183
Central Retail Services	**112**	55	(15)
Other UK operations	**(139)**	27	(24)
Other European Community	**(107)**	31	33
North America	**(16)**	(223)	32
Rest of the World	**111**	77	39
	(251)	252	762

Although significant increases in bad debt provisions in the United Kingdom, France and Germany resulted in Banking division making a loss of £251m for the year, its operating profit before provisions increased by 27% as a result of widening margins, increased fee income and improved operating efficiency.

1992	1991 (£ million)	1990
(414)	68	514

UK Domestic Bank Despite a significant rise in operating income, the UK Domestic Bank incurred a loss of £414m because of substantially increased bad debt provisions and the loss of interest income on non-accrual lendings.

Generally, the high level of provisions reflected the continuation of severe recessionary conditions in the United Kingdom throughout the year. Most of the increase arose from corporate lending, with customers in the property and construction, retail distribution and hotels sectors making up a significant proportion of the total. Trading conditions in the UK property market remained extremely difficult, with weak demand and further falls in property values. One property group, Chester Holdings, incorporating Imry, restructured during the year, accounted for £240m of the total charge.

The increased provisions masked a 33% improvement in operating profit before provisions, which arose as a result of the continuing implementation of tight cost controls and improvements in both net interest income and commission earnings. It is not expected that this rate of improvement will be repeated in 1993.

Although the level of lendings remained flat and interest lost on non-accrual lendings rose by some £50m to £270m, net interest income increased by £152m to £1,894m, mainly because of widening margins.

A rise in commission earnings resulted from higher volumes and increased tariffs. The majority of commissions continues to be earned from account maintenance and lending and transaction fees.

Operating expenses remained virtually unchanged for the year, despite increases in legal fees, staff exit and relocation costs and a continuing high level of expenditure on new technology. Costs associated with staff reductions amounted to £53m compared with £26m in 1991. The overall cost of operating the Bank's branch network was lower than in 1991, reflecting the benefits of the cost reduction programmes implemented in previous years. Although expense levels in 1993 will be affected by the continuing restructuring of the branch network, the development of complementary forms of delivery and additional information technology systems, this expenditure should contribute to further efficiency gains and reductions in the fixed cost base in due course.

1992	1991 (£ million)	1990
202	217	183

Barclays Financial Services The majority of earnings continues to be generated from life assurance and pensions underwriting and from commissions earned on the sale of packaged householder and creditor insurance policies. The demand for these products, however, was somewhat depressed by the stagnant housing market and rising unemployment over the course of the year and this resulted in a 7% fall in profit from the record level achieved in 1991.

Barclays Life profits were £15m lower than in 1991, largely as a result of reduced sales and a £10m lower growth in the value of the shareholders' interest in the long-term fund. The strength of the Domestic Bank's customer base and the continuing expansion of the field sales force, however, again produced an increase in market share in respect of the regular premium business.

Despite lower volumes in some products, Barclays General Insurance Services was able to maintain profits at similar levels to 1991 because of higher premiums and increased rates of commission.

Other operations contributed a similar profit to that in 1991, with a strong performance by the unit trust business, Barclays Unicorn, being offset by the cost of implementing staff reductions elsewhere.

Given the competitive nature of the market and the continuing depressed state of the UK economy, it is likely that there will be downward pressures on profitability in 1993.

1992	1991 (£ million)	1990
112	55	(15)

Central Retail Services The improvement in profit in 1992 was mainly attributable to higher volumes of credit card lending, consumer loans and mortgages, partly because of increased market penetration, and to lower funding costs. Offsetting this was a reduction in the interest rates charged to credit card borrowers and increased bad debt provisions which, at £166m (1991 £131m), were the principal constraint on overall performance. Fraud losses at £31m (1991 £33m) remained a significant cost, but were contained by the impact of new counter-measures. Increased transaction prices and higher volumes, together with stringent cost control, enabled the Merchant Service business to return to profit.

Other UK operations The overall loss for 1992 arose from a £154m increase in specific bad debt provisions by the Corporate and Institutions Group (CIG) to £181m. A large proportion of the charge was raised in respect of five borrowers in the property related sectors. Given the nature of the CIG lending book, which primarily comprises large corporate lendings, the results for 1992 cannot be taken as being necessarily indicative of those for 1993.

1992	1991	1990
	(£ million)	
(139)	27	(24)

The increase in the CIG provisions more than offset a significant improvement in the results of the Mercantile companies, which benefited from lower provisions and increased operating profit.

An additional general provision of £70m was raised in 1992.

Other European Community The Group's business in Continental Europe continues to be dominated by the results in France, Germany and Spain. The loss for the year is attributable to very high levels of bad debt provisions in both France and Germany and the effects of a general economic downturn throughout the Community.

1992	1991	1990
	(£ million)	
(107)	31	33

In France, there was a loss for the year of £98m, compared with a profit of £3m in 1991. The main reason was an £87m increase in provisions, principally in respect of property and corporate middle market lendings, two sectors which have been particularly badly hit by the progressive slowing down of the French economy. The result was also adversely affected, however, by investment to develop the retail branch network and by £15m of restructuring costs associated with integrating the business of L'Européenne de Banque with the existing operations. In 1991, there was a release of country risk provisions of £12m. In 1992, losses in Germany also increased, mainly because of higher bad debt provisions.

Although the Spanish retail network of 225 branches continued to perform well, the profit of £18m was £6m lower than a year earlier.

Financial review

1992	1991	1990
	(£ million)	
(16)	(223)	32

North America The substantial reduction in the loss compared to 1991 is attributable to increased operating profit and lower bad debt provisions in the United States.

Although economic recovery in the United States has been slow and the levels of non-performing lendings remain high, the provision charges of £159m were £182m lower than in 1991. Operating profit before provisions rose significantly because of lower funding costs, higher commissions, interest recoveries and, after adjusting for the effect of business disposals, lower operating expenses. The interest lost on non-accrual debt was also lower than in 1991.

There was a small loss of £2m in Canada, compared with a profit of £6m in 1991, with both interest income and provision levels being affected by the difficult economic conditions.

The business of Barclays Bank of New York was sold in December 1992 and contributed a profit over the year, before disposal costs, of $42m.

1992	1991	1990
	(£ million)	
111	77	39

Rest of the World The main reasons for the 44% improvement in profits were significant increases in net interest income and commissions, while costs were well controlled. The results also benefited from a £10m profit on the sale of associates in Hong Kong and Israel. There was a continuing reduction in bad debt provisions in Australia, but provisions increased in other areas. Overall, the operations in Asia, Africa and the Caribbean continued to generate significant profit contributions.

BZW division

1992	1991	1990
	(£ million)	
241	214	108

The principal contributions to profit continued to arise from money markets, foreign exchange, swaps and options and fixed income activities, as increased volatility in international markets, particularly in the second half of the year, significantly increased customer trading. Trading volumes in equities were variable, however, with the effect of increased levels in the United Kingdom and East Asia contrasting with lower volumes elsewhere, particularly in Japan.

Asset management improved its profits over 1991 and attracted record net new funds under management. Corporate Finance maintained its market position in the UK mergers and acquisitions business and achieved increased revenues during a period of low activity.

Service Businesses division

1992	1991	1990
(£ million)		
3	(6)	34

Barclays Global Services businesses returned to profit in 1992, largely as a result of improved profits from money transmission and retail currency services and despite continuing investment in new information technology systems. Intense competition and lower interest rates adversely affected the travellers cheques business and the performance of BarclaysAmerican/Mortgage, the US mortgage servicing company, which experienced high levels of mortgage prepayments.

Barclays Computer Operations and Barclays Network Services are predominantly suppliers of services to other operations within the Group, although it is intended that an increasing proportion of their business will be with external customers in the future.

The small loss in 1991 arose within Barclays Global Services, partly because of relocation costs in the securities custodian business.

Central functions

The components of Central functions are analysed below.

1992	1991	1990
(£ million)		
36	207	23

Problem country debt management The £36m profit largely arose from releases of provisions in regard to Venezuela, Argentina and Mexico, partially offset by provisions for the Commonwealth of Independent States.

The 1991 profit included a release of £100m which was made in respect of South Africa, as well as profits arising from asset sales and the release of provisions against Brazilian trade lines.

1992	1991	1990
(£ million)		
8	33	6

UK associated undertakings The underlying contribution remained at a similar level to that in 1991. However, the 1991 result was boosted by a substantial release of provision made by the 3i Group.

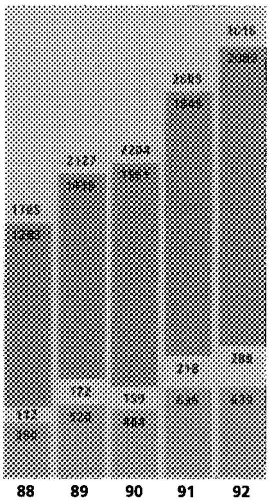
1992	1991	1990
(£ million)		
(137)	(167)	(205)

Central Group executive This comprises not only the cost of the Group's central executive, but also that of the Group's financial management previously reported separately as Finance division. The central executive includes property management and related charges, the costs of corporate affairs and legal and auditing fees. Group finance activities include the corporate secretariat, treasury management, risk management, financial control and planning, economics and taxation operations.

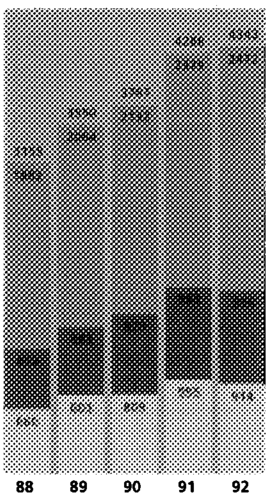
The decrease in costs in both 1991 and 1992 mainly reflected a reduction in the funding cost of the Bank's own property portfolio.

Financial review

Results by nature of income and expense



Other operating income
£m
Commission income
Foreign exchange trading income
Other income (including securities trading income)



Operating expenses
£m
Staff
Property & equipment
Other

Net interest income Net interest income increased by 3%, although the level of average interest earning assets, including lendings, was slightly down.

In the United Kingdom, there was some improvement in both lending margins, despite continuing increases in the interest lost on non-accrual loans, and deposit margins.

Internationally, despite static margins and little growth in average lendings, there was a small increase in net interest income, partly as a result of a reduction in the funding cost of non-accrual lendings in the United States.

Other operating income Other operating income rose by £317m, of which £244m was in commissions. In the UK Domestic Bank, there were significant increases in both lending and transaction fees. Other areas of the UK business also improved commission levels. In particular, merchant commission income rose with the higher volumes of debit and credit card transactions that were processed. Insurance commission also increased as a result of improved rates.

Foreign exchange trading income across the Group rose by £70m, boosted by the volatility in world financial markets over the second half of the year, which increased customer volumes and spreads.

Operating expenses The cost of implementing staff reductions and relocation was £102m, £42m more than in 1991. Excluding these, the increase in total staff costs was 2%. With a reduction in staff numbers, staff costs in the UK branch network were held at the same level as 1991. Offsetting these savings were increases in BZW division and the overseas operations, partly reflecting adverse exchange rate movements.

As a result of cost containment programmes, property and equipment costs were held at their 1991 level. Certain costs previously in Other expenses are now included in the property and equipment category and comparative figures have been restated.

Despite an increase in legal fees associated with the high levels of bad debts, Other expenses fell by £41m, with a general reduction in expenditure being achieved in both the United Kingdom and the United States.

Charge for bad and doubtful debts Reflecting the impact of the continuing recession on customers in the United Kingdom, the level of specific provisions charged in 1992 rose to £1,960m, an increase of 50% over 1991.

The size of the charge has been affected by a number of significant provisions raised against large corporate borrowers. Almost £600m of the total specific charge was accounted for by 27 provisions over £5m, including one of £240m for Chester Holdings/Imry (1991 15 provisions over £5m totalling £165m).

The property and construction sectors accounted for over 40% of the 1992 charge in the UK Domestic Bank. High provisions were also suffered in the hotels, retail and services sector.

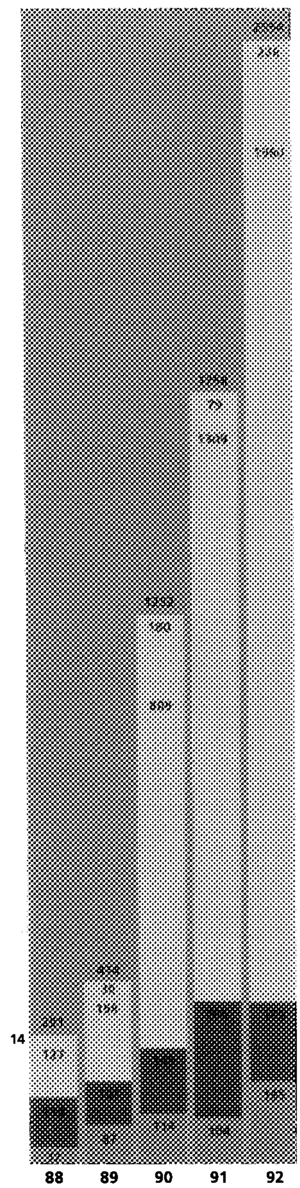
Continuing concerns stemming from an absence of economic recovery have also given rise to an additional general provision charge of £213m, to raise the balance attributed to the United Kingdom to £510m at the end of the year.

Many European countries, especially France and Germany, are also suffering from economic difficulties and this is reflected in the specific provisions charged in Other European Community, which more than doubled to £145m (1991£63m). France was a particular problem, where the property sector accounted for a significant proportion of the specific provisions and where additional general provisions were also made.

North American specific provisions charged fell by 31% to £183m. Considerable progress was made on debt restructuring and recoveries, while there was also an increase in the amount of provision releases. The real estate sector continued to account for the bulk of the provisions.

In total, provisions in Rest of the World were at a similar level to 1991. They arose principally in Korea, the Caribbean and Africa, whereas in 1991 and 1990 the largest provisions were incurred in Australia.

With few signs of an economic recovery in the United Kingdom and with Europe generally facing recession, the difficult business environment experienced in 1992 is likely to continue for much of 1993. Levels of both bad debt provisions and interest lost on non-accrual lendings will remain high until the trading conditions confronted by the Group's customers improve.



Charge for bad and doubtful debts £m

General provisions
United Kingdom
North America
Rest of the World*
*includes other European Community

Results by nature of income and expense (continued)

Write-down of surplus properties Properties in the United Kingdom which are surplus to current operational requirements have been written down by £60m to their estimated market value.

Profit /(loss) on disposal of Group undertakings During the year, the Group sold the business of Barclays Bank of New York and also the shareholding in Allied Trust Bank. To conform with new UK accounting rules, the loss arising in 1992 includes £42m in respect of goodwill on acquisition, previously written off directly to reserves. To ensure consistency, the profit on sale of Yorkshire Bank in 1990 has now been shown as a profit on disposal of Group undertakings and included in profit before taxation, rather than being treated as an extraordinary item. Profits on other disposals were previously included in Other income. Where material, these have now been shown separately as profits on disposal of Group undertakings and, in accordance with Financial Reporting Standard 2, any goodwill previously charged against reserves has been reflected against the profit on disposal.

Taxation The overall tax charge comprises:

	1992 £m	1991 £m	1990 £m
Taxation at average UK corporation tax rate of 33.0% (33.3%, 35.0%)	**(80)**	177	316
Effect of change in non-allowable provisions	**88**	21	60
Net effect of differing tax rates overseas	**17**	15	1
Release of prior year tax provision	**(62)**	–	–
Release of deferred taxation in respect of leasing transactions	**–**	–	(42)
Goodwill on disposals previously written off	**14**	–	19
Unrelieved overseas losses	**54**	30	44
Tax relief not allowable on property write-downs and depreciation	**14**	6	–
Disposal of Yorkshire Bank	**–**	–	(69)
Other items	**(2)**	(12)	3
Overall taxation charge	**43**	237	332

The overall tax charge in each year reflects primarily the lack of tax relief on non-allowable provisions and certain overseas losses, which, in 1992, was partially offset by releases of tax provisions in respect of prior years.

Reconciliation of UK and US GAAP

There are some significant differences between accounting practices in the United States (US GAAP) and those in the United Kingdom (UK GAAP). Key figures on a UK GAAP basis and as estimated on a US GAAP basis are:

	1992 £m UK GAAP	**1992 £m US GAAP**	1991 £m UK GAAP	1991 £m US GAAP	1990 £m UK GAAP	1990 £m US GAAP
Net (loss)/income	**(343)**	**(250)**	242	127	533	513
Shareholders' funds	**5,279**	**4,919**	5,740	5,407	6,105	5,519

Capital resources

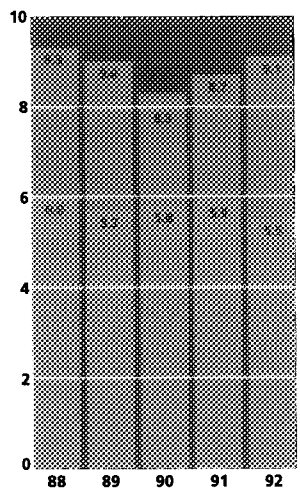
The increase in capital resources in 1992 is principally attributable to exchange movements of £704m, partially offset by the deficit for the year. There were no capital raisings in the year.

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.

Capital ratios

The Group's capital resources and risk assets, analysed in accordance with Bank of England supervisory requirements, were:

Tier 1	**1992 £m**	1991 £m
Shareholders' funds (as defined for regulatory purposes)	**5,164**	5,656
Minority interests in tier 1	**677**	565
Total tier 1 capital	**5,841**	6,221
Tier 2		
Fixed asset revaluation reserves	**71**	84
Qualifying undated capital notes and loan capital	**3,668**	3,097
	3,739	3,181
General provisions for bad and doubtful debts	**690**	468
Total tier 2 capital	**4,429**	3,649
Gross capital resources	**10,270**	9,870
Less investments in associated undertakings and other supervisory deductions	**703**	731
Total net capital resources	**9,567**	9,139
Weighted risk assets:		
On-balance sheet	**84,918**	86,263
Off-balance sheet	**20,752**	18,776
Total	**105,670**	105,039
Tier 1 ratio	**5.5%**	5.9%
Risk asset ratio	**9.1%**	8.7%



Capital ratios
%
Risk asset ratio
Tier 1 ratio

Average balance sheet and related interest

Assets

	1992 Average balance £m	1992 Interest £m	1992 Average rate %	1991 Average balance £m	1991 Interest £m	1991 Average rate %
Short-term funds:						
in offices in the UK	**13,821**	**1,253**	**9.1**	13,481	1,415	10.5
in offices outside the UK	**6,937**	**562**	**8.1**	6,870	662	9.6
Investments:						
in offices in the UK	**1,428**	**145**	**10.2**	1,061	108	10.2
in offices outside the UK	**1,908**	**161**	**8.4**	1,823	160	8.8
Placings with banks:						
in offices in the UK	**6,233**	**531**	**8.5**	6,570	668	10.2
in offices outside the UK	**5,365**	**431**	**8.0**	5,210	458	8.8
Lendings to customers:						
in offices in the UK	**58,613**	**6,466**	**11.0**	59,385	7,609	12.8
in offices outside the UK	**21,985**	**1,972**	**9.0**	22,073	2,234	10.1
Lease receivables:						
in offices in the UK	**4,507**	**518**	**11.5**	4,539	521	11.5
in offices outside the UK	**973**	**137**	**14.1**	924	127	13.7
Interest earning assets	**121,770**	**12,176**	**10.0**	121,936	13,962	11.5
Provisions	**(2,982)**			(2,524)		
Non-interest earning assets	**25,451**			21,498		
	144,239			140,910		

Liabilities

	1992 Average balance £m	1992 Interest £m	1992 Average rate %	1991 Average balance £m	1991 Interest £m	1991 Average rate %
Current and demand accounts:						
in offices in the UK	**6,022**	**288**	**4.8**	5,092	276	5.4
in offices outside the UK	**2,354**	**147**	**6.2**	2,112	150	7.1
Savings accounts:						
in offices in the UK	**21,750**	**1,487**	**6.8**	20,466	1,983	9.7
in offices outside the UK	**1,186**	**66**	**5.6**	1,216	78	6.4
Other time deposits retail:						
in offices in the UK	**14,674**	**1,303**	**8.9**	14,342	1,618	11.3
in offices outside the UK	**5,447**	**465**	**8.5**	5,621	535	9.5
Other time deposits wholesale:						
in offices in the UK	**31,868**	**2,750**	**8.6**	34,448	3,452	10.0
in offices outside the UK	**23,220**	**1,594**	**6.9**	22,861	1,893	8.3
Long-term borrowings of overseas subsidiaries	**630**	**59**	**9.4**	749	70	9.3
Loan capital and undated capital notes	**3,381**	**284**	**8.4**	3,016	287	9.5
Interest bearing liabilities	**110,532**	**8,443**	**7.6**	109,923	10,342	9.4
Non-interest bearing liabilities:						
current accounts	**7,839**			7,870		
other	**19,660**			16,542		
Shareholders' funds and minority interests	**6,208**			6,575		
	144,239			140,910		

Lendings to customers include all doubtful lendings, including non-accrual lendings. Non-interest earning assets and other non-interest bearing liabilities include the trading assets and liabilities of the securities business. The average balance sheet presented above does not include the long-term assurance fund assets attributable to policyholders and the related liabilities.

Prevailing average interest rates

	1992 %	1991 %	1990 %
United Kingdom:			
Barclays Bank PLC base rate	**9.6**	11.7	14.8
London inter-bank offered rate (LIBOR):			
three month sterling	**9.6**	11.5	14.8
three month eurodollar	**3.8**	5.9	8.2
United States:			
Prime rate	**6.3**	8.3	10.0

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.

Yields, spreads and margins

	1992 %	1991 %	1990 %
Gross yield (i)			
Group	**10.0**	11.5	13.4
Domestic	**11.2**	12.9	15.5
International	**8.3**	9.4	10.5
Interest spread (ii)			
Group	**2.4**	2.1	1.7
Domestic	**3.0**	2.4	2.0
International	**1.5**	1.4	1.3
Interest margin (iii)			
Group	**3.1**	3.0	3.1
Domestic	**4.0**	3.8	3.9
International	**1.8**	1.8	1.9

The yields, spreads and margins have been calculated for domestic business (conducted primarily in sterling) and international business (conducted primarily in foreign currencies).

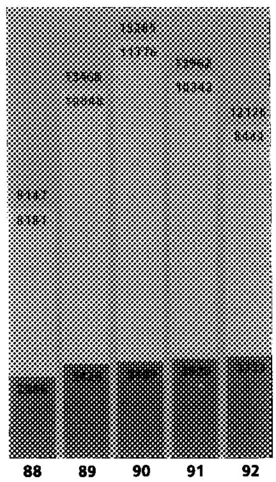
(i) Gross yield is the interest rate earned on average interest earning assets.

(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.

Average interest earning assets and liabilities

	1992 £m	1991 £m	1990 £m
Average interest earning assets:			
Group	**121,770**	121,936	113,655
Domestic	**70,843**	71,269	66,491
International	**50,927**	50,667	47,164
Average interest bearing liabilities:			
Group	**110,532**	109,923	100,839
Domestic	**62,105**	61,527	57,055
International	**48,427**	48,396	43,784



Interest income and expense £m

Interest income
Interest expense
Net interest income

Lendings

Lendings and finance lease receivables in offices in the United Kingdom

	1992	1991	1990
Lendings by type of customer:	**£m**	£m	£m
Agriculture, forestry and fishing	**1,718**	1,785	1,696
Manufacturing	**6,315**	6,775	7,833
Construction	**2,702**	3,124	3,273
Financial	**2,248**	2,686	2,348
Property	**4,981**	5,397	5,265
Energy and water	**798**	659	405
Wholesale and retail distribution and leisure	**7,036**	7,398	6,847
Transport	**1,021**	961	897
Postal and communication	**170**	203	88
Business and other services	**6,529**	6,480	7,150
Home loans	**11,900**	11,136	10,150
Other personal	**9,518**	9,482	9,403
Overseas customers	**5,004**	3,654	3,376
	59,940	59,740	58,731
Finance lease receivables	**4,162**	4,092	3,940
	64,102	63,832	62,671

In 1992, UK lendings grew by less than 1%, after rises of 2% and 7% in 1991 and 1990 respectively. This reduction in growth reflects low levels of demand for lendings in the corporate sector in particular, as well as increased write-offs in 1992, which amounted in total to 2.6% (1991 1.5%) of the lendings at the start of the year. In the personal sector, the only significant area of growth was in home loans, where Barclays continues to increase its market share.

Lendings to overseas customers increased significantly in sterling terms as a result of exchange rate movements.

Lendings and finance lease receivables in offices in Other European Community countries

	1992	1991	1990
Lendings by type of customer:	**£m**	£m	£m
Agriculture, forestry and fishing	**86**	81	180
Manufacturing	**1,507**	1,584	1,450
Construction	**465**	336	318
Financial	**744**	834	1,007
Property	**344**	259	135
Energy and water	**202**	145	100
Wholesale and retail distribution and leisure	**807**	821	734
Transport	**538**	392	384
Postal and communication	**40**	24	6
Business and other services	**1,418**	1,079	1,093
Home loans	**733**	668	717
Other personal	**371**	514	302
Overseas customers	**871**	351	443
	8,126	7,088	6,869
Finance lease receivables	**596**	596	657
	8,722	7,684	7,526

Lendings in the Other European Community countries, which continued to be well spread, represented 10% of the Group total at the end of 1992. The growth in lendings was almost entirely due to the fall in the value of sterling against most major Community currencies.

Lendings and finance lease receivables in offices in North America

	1992 £m	1991 £m	1990 £m
Lendings by type of customer:			
Agriculture, forestry and fishing	**42**	33	44
Manufacturing	**2,368**	2,126	2,332
Construction	**197**	149	223
Financial	**2,055**	1,481	1,295
Property	**2,125**	2,134	1,878
Energy and water	**622**	635	380
Wholesale and retail distribution and leisure	**740**	615	456
Transport	**306**	259	272
Postal and communication	**457**	376	340
Business and other services	**703**	758	1,076
Home loans	**218**	475	415
Other personal	**65**	115	464
Overseas customers	**18**	130	103
	9,916	9,286	9,278
Finance lease receivables	**313**	282	249
	10,229	9,568	9,527

Lendings in North American operations fell in local currency terms principally as a result of the disposal of the business of Barclays Bank of New York (BBNY). Lendings in continuing operations also fell marginally. The rise in sterling terms is entirely due to the appreciation of the US dollar against sterling. The sale of the BBNY business accounts for the decline in home loans, other personal and overseas customers' lendings.

Lendings and finance lease receivables in offices in Rest of the World

	1992 £m	1991 £m	1990 £m
Lendings	**4,920**	4,238	3,768
Finance lease receivables	**98**	105	110
	5,018	4,343	3,878

Lendings in Rest of the World rose by 16% in 1992 in sterling terms compared with a 3% rise in local currency, reflecting the weakening of sterling in the year. Lendings are well spread with no country, other than Australia, accounting for more than 1% of the Group total.

Lendings by maturity at 31st December 1992

	United Kingdom £m	Other European Community £m	North America £m	Rest of the World £m	Total £m
Less than one year	**25,971**	**4,833**	**4,366**	**3,080**	**38,250**
One to five years	**12,611**	**1,966**	**3,846**	**1,154**	**19,577**
Over five years	**21,358**	**1,327**	**1,704**	**686**	**25,075**
	59,940	**8,126**	**9,916**	**4,920**	**82,902**

Interest rate sensitivity of lendings at 31st December 1992

	United Kingdom £m	Other European Community £m	North America £m	Rest of the World £m	Total £m
Fixed rate	**12,478**	**4,024**	**3,031**	**1,430**	**20,963**
Variable rate	**47,462**	**4,102**	**6,885**	**3,490**	**61,939**
	59,940	**8,126**	**9,916**	**4,920**	**82,902**

Risk management

The Group risk management system operates 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 credit and exposure policies. 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 the Group's 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 covered 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.

The structure of the credit function has been reviewed, with heightened emphasis being placed on portfolio management and greater accountability in the operating divisions, while retaining a clear separation between marketing and credit risk management.

Potential credit risk elements in lendings

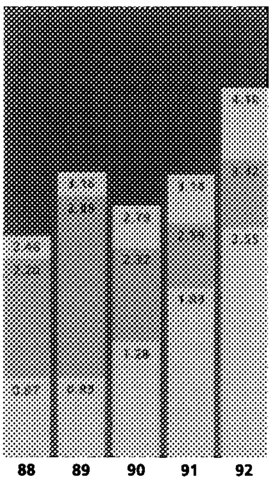
The Group is required to include in its annual filing with the United States Securities and Exchange Commission (SEC) information regarding potential credit risk elements in lendings in accordance with SEC guidelines. The Group's credit control procedures are not based upon the categories of credit risk 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:

(a) 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, and

(b) 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 United States 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.



Year-end provisions as a percentage of year-end lendings and finance lease receivables %

Total provisions including general

Total specific provisions

Specific provisions-credit risks

Non-performing lendings

	1992 £m	1991 £m	1990 £m
Non-accrual lendings:			
United Kingdom	**3,300**	2,128	943
Foreign - credit risk	**1,374**	1,298	705
Accruing lendings against which provisions have been made:			
United Kingdom	**1,147**	1,006	575
Foreign - credit risk	**502**	364	231
- country risk	**402**	362	342
Accruing lendings 90 days overdue, against which no provisions have been made:			
United Kingdom	**609**	430	263
Foreign - credit risk	**63**	72	18
Reduced rate lendings:			
United Kingdom	**23**	61	7
Foreign - credit risk	**31**	37	87

Lendings which are current as to payment of principal and interest and are not included in non-performing lendings, but where there exists serious doubt as to the ability of the borrower to comply with repayment terms in the near future (potential problem lendings), totalled approximately £2.3bn at 31st December 1992, compared with £1.6bn at 31st December 1991. The figure at 31st December 1991 has been restated to include additional potential problem lendings totalling some £0.4bn.

Of the £3.3bn of non-performing lendings included in the table above which are individually in excess of £1m, approximately 55% (1991 52%) relate to customers in the property and construction sectors. In addition, approximately 42% (1991 54%) of the £1.4bn of potential problem lendings which are individually in excess of £1m relate to customers in those sectors.

Non-performing lendings in the United Kingdom increased by 40% (1991 103%), reflecting the continuation of the recession which has severely affected both personal and corporate borrowers. In the UK Domestic Bank, property and construction related customers continued to represent a high proportion of total non-performing lendings, 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 than average levels of non-performing lendings were experienced were service businesses, retailers, hotels, restaurants and other leisure businesses, as well as personal customers in general.

Non-performing lendings in North America accounted for approximately 50% (1991 60%) of foreign non-performing lendings (other than those relating to country risk). Excluding the reduction of £67m resulting from the sale of the business of Barclays Bank of New York, North American non-performing lendings were at a similar level to 1991 in sterling terms, but the effects of exchange rate movements masked a 20% reduction in local currency terms. Approximately 94% of North American non-performing lendings related to loans of over £1m and the majority were in respect of property and construction. They included twelve loans of over £10m, amounting to £220m, which represented 23% of all North American non-performing lendings.

Potential credit risk elements in lendings (continued)

At 31st December 1992, the Group's exposure to borrowers in countries experiencing liquidity problems was £1,472m. This total, against which provisions of £662m 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 potential credit risk elements in lendings. Lendings which are reported as non-performing lendings for 1992 include £140m for Argentina (1991 £114m), £110m for Brazil (1991 £86m) and £93m for Poland (1991 £74m).

In the year ended 31st December 1992, interest income of £562m (1991 £501m, 1990 £395m) would have been recognised under the original terms of 'non-accrual lendings', 'accruing lendings against which provisions have been made' and 'reduced rate lendings', but only £105m (1991 £167m, 1990 £202m) was actually included in net income. Of the interest foregone totalling £457m, £371m related to UK customers and £86m to foreign customers.

Country risk exposure and related provisions

Country risk exposure totalled £1,472m at 31st December 1992 and included exposures to Venezuela (£196m), Mexico (£141m), Argentina (£140m), Brazil (£110m) and South Africa (£545m).

Provisions covered 58% of exposure to developing countries and 31% of exposure to developed countries. Net exposure to developing countries represented 0.2% of total assets and 6.1% of shareholders' funds.

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.

Comparison between years is affected by the 24% rise in the value of the US dollar against sterling in 1992, following a 3% rise in 1991.

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 1992:					
Japan	**2.0**	**3,046**	**2,856**	**9**	**181**
France	**1.3**	**1,981**	**1,827**	**7**	**147**
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 1992, cross-border outstandings consisted substantially of placings with banks due within one year. In this context, assets exclude long-term assurance fund assets, but include acceptances and amounted to £150,613m at 31st December 1992.

Countries with cross-border outstandings between 0.75% and 1% of assets at 31st December 1992 were Italy and Sweden, with amounts of £1,206m and £1,204m respectively. At 31st December 1991, Italy, Switzerland and the United States were in this category and, at 31st December 1990, Italy was the only country in this category.

Cadbury code of best practice

The Group complies with the Code of Best Practice issued by the Committee on the Financial Aspects of Corporate Governance (Cadbury Committee) and this Report and Accounts includes all the disclosures currently required by the Code, apart from three items for which guidance is still awaited.

A majority of the Board are non-executives who bring with them a wide range of experience. For many years, the Group has maintained an Audit Committee, currently chaired by Sir Nigel Mobbs, operating along the lines recommended in the Code. There is also a Compensation Committee of non-executive Directors, currently chaired by Sir Denys Henderson.

On 1st January 1993 Mr ARF Buxton was appointed Chairman in addition to being Chief Executive. There is a clear division of responsibilities at the head of the Group thereby maintaining the checks and balances required by the Code. Mr Buxton is supported by Sir Peter Middleton as Deputy Chairman, while the operating divisions, Banking, BZW and Service Businesses, are all run by Chief Executives who have a high degree of delegated responsibility.

Statement of Directors' responsibilities

The Directors are required by law to prepare accounts each year which give a true and fair view of the state of affairs of the Group at the end of the financial year and of the profit or loss for the year.

The Directors are responsible for maintaining adequate accounting records, safeguarding the assets of the Group and preventing and detecting fraud and other irregularities.

The Directors confirm that the accounts have been prepared using suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also confirm that the accounts have been prepared following applicable accounting standards.

Auditors' report to the members of Barclays PLC

We have audited the accounts on pages 55 to 78 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 1992 and of the loss 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
3rd March 1993

(a) Accounting convention

The accounts have been prepared under the historical cost convention, as modified by the revaluation of certain properties and investments. They are prepared in accordance with applicable accounting standards of the Accounting Standards Board (ASB) and pronouncements of its Urgent Issues Task Force (UITF).

(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, and the securities business in the United Kingdom, whose accounts are made up to the last Stock Exchange account day of the financial year. Details of the principal subsidiary and associated undertakings are given in note 36.

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. In the event of a subsequent disposal, any goodwill previously charged directly against reserves is written back and is reflected in the profit or loss on disposal.

In accordance with Financial Reporting Standard 2 (FRS 2), the long-term assurance fund assets attributable to policyholders and the related liabilities are now shown in the consolidated balance sheet.

(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 is placed on the shareholders' interest in the in-force policies of the long-term assurance fund of Barclays Life Assurance Company Limited. This 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 value are included in the profit and loss account, grossed up for notional taxation.

(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 for 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 business, 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 the trading assets and liabilities of the 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 an 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 equipment on a straight line basis over five years. The costs of adapting freehold and long-leasehold properties to the Group's needs, together with fixed plant included in those properties, are depreciated over 10 years. It is the opinion of the Directors that, after deducting both of these items and the value of the land element, and having regard to the residual value of the buildings based on values prevailing at the time of acquisition or subsequent valuation, any depreciation attributable to the remainder of the book values of such properties would be immaterial. Accordingly, no depreciation is provided. Leasehold properties with less than fifty years to run are depreciated on a straight line basis over the remaining period of the lease.

(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 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.

(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 which gives 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

Following the restructuring of the Group into three divisions, the business segment analysis in note 7 is based on the new structure and comparative figures have been restated accordingly.

The analyses by geographical segment in note 7 are generally based on the location of the office recording the transaction. The UK segment includes activities in the United Kingdom with overseas customers, including sovereign lendings, the main foreign exchange trading business arising in the United Kingdom and the global swaps business. North America includes business conducted through the Bahamas, the Cayman Islands and the British Virgin Islands. Previously, assets and income of Canadian operations were included in the analysis of Rest of the World activities, but from 1992, Canadian and United States operations have been aggregated as North American activities and comparative figures have been restated.

The results of each business and geographic segment reflect the benefit of earnings on an appropriate proportion of shareholders' funds, allocated generally by reference to weighted risk assets.

Disposals and acquisitions

In the United Kingdom, Allied Trust Bank was sold in September 1992. In the United States, the Group sold the business of Barclays Bank of New York in December 1992. These disposals resulted in a combined loss of £82m including £42m in respect of goodwill previously written off directly to reserves at the time of acquisition.

There have been no other significant disposals and no significant acquisitions in the year.

Presentation of the accounts in 1993

In 1993, the accounts will be required to comply with the EC Bank Accounts Directive, involving changes in the layout. Accordingly, FRS 3 'Reporting Financial Performance' and the Statements of Recommended Practice of the British Bankers' Association will be implemented at that time.

Consolidated profit and loss account

for the year ended 31st December 1992

Barclays PLC

	Note	1992 £m	1991 £m
Interest income	1	**12,176**	13,962
Interest expense	2	**8,443**	10,342
Net interest income		**3,733**	3,620
Other operating income	3	**3,016**	2,699
		6,749	6,319
Operating expenses:	4		
Staff		**2,472**	2,379
Property and equipment		**956**	952
Other		**914**	955
		4,342	4,286
		2,407	2,033
Charge for bad and doubtful debts	16	**2,534**	1,547
Operating profit/(loss)		**(127)**	486
Write-down of surplus properties	5	**(60)**	–
Loss on disposal of Group undertakings	6	**(82)**	–
		(269)	486
Income from interests in associated undertakings		**27**	47
Profit/(loss) before taxation		**(242)**	533
Taxation	8	**43**	237
Profit/(loss) after taxation		**(285)**	296
Profit attributable to minority interests		**58**	54
Profit/(loss) attributable to members of Barclays PLC	9	**(343)**	242
Dividends:	10		
First interim		**147**	146
Second interim		**96**	192
		243	338
Deficit for year	11	**(586)**	(96)
Earnings/(loss) per Ordinary Share	12	**(21.4)p**	15.2p

Movements in reserves are shown in note 29.

The Board of Directors approved the accounts set out on pages 55 to 78 on 3rd March 1993.

Barclays PLC # Balance sheet
as at 31st December 1992

	Note	1992 £m	1991 £m
Fixed assets			
Investment in Barclays Bank PLC	25	**5,195**	5,740
Current assets			
Amounts falling due within one year:			
Due from subsidiary undertaking		**–**	17
Cash at bank and in hand:			
Balance with subsidiary undertaking		**180**	175
		180	192
Creditors			
Amounts falling due within one year:			
Dividend		**96**	192
Net current assets		**84**	–
Assets less current liabilities		**5,279**	5,740
Capital and reserves			
Called up share capital	28	**1,610**	1,599
Share premium account	29	**1,033**	1,015
Revaluation reserve	29	**1,671**	2,245
Profit and loss account	29	**965**	881
Shareholders' funds		**5,279**	5,740

Andrew Buxton Chairman and Chief Executive
Peter Middleton Deputy Chairman
Peter Wood Finance Director

Consolidated balance sheet

Barclays PLC

as at 31st December 1992

	Note	1992 £m	1992 £m	1991 £m	1991 £m
Assets					
Cash and short-term funds	13		**23,322**		22,751
Items in course of collection			**1,385**		1,291
Investments	14		**3,293**		3,872
Trading assets of securities business	15		**15,797**		10,254
Advances and other accounts	16		**100,917**		97,344
			144,714		135,512
Interests in associated undertakings and trade investments	17		**254**		327
Property and equipment	18		**2,210**		2,269
			2,464		2,596
			147,178		138,108
Long-term assurance fund assets attributable to policyholders	21		**1,940**		1,468
			149,118		139,576
Liabilities					
Deposits, current accounts and other borrowings	22		**116,879**		112,641
Trading liabilities of securities business	15		**14,447**		9,568
Other liabilities	23		**5,319**		5,474
Current taxation			**202**		258
Deferred taxation	24		**508**		524
Dividend			**96**		192
			137,451		128,657
Capital resources					
Loan capital	26		**2,375**		1,982
Undated capital notes	27		**1,390**		1,164
Minority interests			**683**		565
Shareholders' funds:					
Called up share capital	28	**1,610**		1,599	
Reserves	29	**3,669**		4,141	
			5,279		5,740
			147,178		138,108
Long-term assurance fund liabilities to policyholders			**1,940**		1,468
			149,118		139,576

Off-balance sheet items are summarised in note 38.

Andrew Buxton Chairman and Chief Executive
Peter Middleton Deputy Chairman
Peter Wood Finance Director

Barclays PLC # Consolidated cash flow statement

for the year ended 31st December 1992

	Note	1992 £m	1992 £m	1991 £m	1991 £m
Net cash flow from operating activities	30		**(2,587)**		531
Returns on investments and servicing of finance:					
Interest paid on loan capital and undated capital notes		**(285)**		(290)	
Dividends received from associated undertakings		**12**		9	
Ordinary dividends paid		**(339)**		(336)	
Preference dividends paid by subsidiary undertaking		**(45)**		(41)	
Dividends paid to minority shareholders		**(15)**		(9)	
Net cash outflows from returns on investment and servicing of finance			**(672)**		(667)
Taxation paid			**(59)**		(469)
Investing activities:					
Capital expenditure		**(308)**		(349)	
Acquisition of businesses net of balances of cash and cash equivalents acquired		**–**		(111)	
Sale of property and equipment		**149**		49	
Purchase of non-dealing securities		**(1,335)**		(1,518)	
Redemption and sale of non-dealing securities		**1,345**		773	
Purchase of investments		**(17)**		(16)	
Sale of subsidiary undertakings	31	**25**		–	
Sale of trade investments and associated undertakings		**65**		19	
Net cash outflow from investing activities			**(76)**		(1,153)
Net cash outflow before financing			**(3,394)**		(1,758)
Financing:					
Issue of loan capital		**–**		523	
Repayment of loan capital		**(6)**		(13)	
Issue of Preference Shares in subsidiary undertaking		**–**		118	
Issue of Ordinary Shares		**29**		39	
Net cash inflow from financing	32		**23**		667
Decrease in cash and cash equivalents	33		**(3,371)**		(1,091)

1 Interest income

	1992 £m	1991 £m
Short-term funds	**1,815**	2,077
Investments - listed	**241**	200
- unlisted	**65**	68
Placings with banks	**962**	1,126
Lendings to customers	**8,438**	9,843
Lease receivables	**655**	648
	12,176	13,962

2 Interest expense

	1992 £m	1991 £m
Deposits, current accounts and other borrowings:		
Current and demand accounts	**435**	426
Savings accounts	**1,553**	2,061
Other time deposits	**6,112**	7,498
Long-term borrowings of overseas subsidiary undertakings	**59**	70
	8,159	10,055
Loan capital and undated capital notes	**284**	287
	8,443	10,342

3 Other operating income

	1992 £m	1991 £m
Commission from banking and related services	**2,089**	1,845
Foreign exchange trading income	**288**	218
Profits on sale of investment securities	**18**	8
Securities trading income	**329**	300
Increase in value of long-term assurance policies	**67**	77
Other income	**225**	251
	3,016	2,699

4 Operating expenses

	1992 £m	1991 £m
Staff expenses		
Salaries	**1,934**	1,887
Pension cost	**117**	118
Other employee costs	**421**	374
	2,472	2,379
Property and equipment expenses		
Depreciation of property and equipment	**238**	224
Property rentals	**204**	200
Hire of equipment	**36**	38
Other property and equipment expenses	**478**	490
	956	952

4 Operating expenses (continued)

Other operating expenses:	1992 £m	1991 £m
Stationery, postage and telephones	**237**	236
Advertising	**102**	115
Travel	**88**	88
Legal, professional and consultancy	**141**	516
Other	**346**	
	914	955

Included in legal, professional and consultancy expenses are auditors' remuneration and expenses of £4.1m (1991 £4.6m) and fees and expenses paid to the Group's main auditors for non-audit work amounting to £8.1m, of which £6.0m related to the United Kingdom. Operating expenses include £102m of costs relating to staff reductions and relocation (1991 £60m).

Pension cost

The total pension cost for the Group was £117m (1991 £118m), of which £77m (1991 £77m) related to the Group's main UK pension scheme, £20m (1991 £24m) to other UK schemes and £20m (1991 £17m) to overseas schemes. Formal actuarial valuations of the main scheme are carried out triennially, the latest completed 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.

The valuation as at 30th September 1992 is currently being finalised, but the actuaries have indicated that the assets held by the main UK scheme were more than sufficient to provide the minimum accrued benefits of the members at that date.

Post-retirement benefits

Certain pensioners, mainly in the United Kingdom and the United States, are covered against the cost of private health care on similar terms as staff. In addition, under present arrangements, certain members of staff will also become eligible for this benefit on retirement. Members of staff in the United Kingdom who had not satisfied the relevant criteria before 1st January 1991 are not eligible to receive this benefit on retirement.

There are some 5,700 pensioners who are currently covered under this scheme. In addition, on the basis that the scheme continues in its present form, there are some 19,100 members of staff who will become eligible for cover if they remain with the Group until retirement.

At present, the cost of providing this cover is accounted for on a cash basis and the amount charged in these accounts for the year ended 31st December 1992 is £5m in respect of existing pensioners. If this cost had been accounted for on an accruals basis the 1992 expense would have been approximately £40m and the total obligation for current service under present arrangements would have been approximately £170m, assuming tax relief of 33%. These amounts are subject to the significant uncertainties which exist in estimating future health care costs and claims. Under UITF pronouncement 6, the Group is required to account for this expense on an accruals basis from 1994.

5 Write-down of surplus properties

Properties in the United Kingdom which are surplus to current operational requirements have been written down by £60m to their estimated market value.

6 Loss on disposal of Group undertakings

During the year, the Group sold the business of Barclays Bank of New York and also the shareholding in Allied Trust Bank. In accordance with FRS 2, the loss arising includes £42m in respect of goodwill on acquisition, previously written off directly to reserves. Had this practice been adopted in respect of disposals in 1991, the impact would not have been material.

The business of Barclays Bank of New York was sold in December 1992 and contributed a profit over the year, before disposal costs, of $42m.

7 Segmental reporting

Business segments	1992 £m	Revenues 1991 £m	Profit /(loss) before tax 1992 £m	1991 £m	1992 £m	Total assets 1991 £m	1992 £m	Net assets 1991 £m
Banking division	**11,897**	13,098	**(303)**	252	**98,227**	96,738	**4,803**	5,235
BZW division	**2,926**	3,227	**241**	214	**44,783**	37,887	**778**	793
Service Businesses division	**182**	166	**3**	(6)	**960**	638	**30**	29
Central functions	**187**	170	**(183)**	73	**3,208**	2,845	**351**	248
Long-term assurance fund	**–**	–	**–**	–	**1,940**	1,468	**–**	–
	15,192	16,661	**(242)**	533	**149,118**	139,576	**5,962**	6,305
Geographical segments								
United Kingdom	**10,850**	12,373	**(200)**	627	**98,762**	96,145	**4,183**	4,359
Other European Community	**2,018**	1,920	**(129)**	14	**17,672**	16,008	**538**	659
North America	**1,112**	1,261	**(29)**	(188)	**22,343**	17,611	**770**	834
Rest of the World	**1,212**	1,107	**116**	80	**10,341**	9,812	**471**	453
	15,192	16,661	**(242)**	533	**149,118**	139,576	**5,962**	6,305

At 31st December 1992, the United Kingdom and the United States are the only countries which account for more than 5% of total assets.

The Group's revenues, which are mainly attributable to the business of banking and related activities, comprise interest and other operating income. In respect of the Group's leasing activities, the aggregate rentals receivable under finance leases are £1,292m (1991 £1,494m) and the aggregate rentals receivable under operating leases are £233m (1991 £201m).

The segmental analysis given above differs from that given in the financial review because of the allocation of the write-down of surplus properties and the loss on disposal of Group undertakings to the appropriate business segments.

8 Taxation

The taxation charge assumes a United Kingdom corporation tax rate of 33% (1991 33.25%), and comprises:

	1992 £m	1991 £m
United Kingdom corporation tax, including deferred taxation charge of £16m (1991 £12m)	**(13)**	218
Relief for overseas taxation	**(37)**	(45)
	(50)	173
Overseas taxation	**81**	63
	31	236
Associated undertakings, including overseas taxation of £9m (1991 £5m)	**12**	1
Charge for the year	**43**	237

The overall tax charge reflects primarily the lack of tax relief on non-allowable provisions and certain overseas losses which, in 1992, was partially offset by releases of tax provisions in respect of prior years.

The United Kingdom tax charge includes £35m (1991 £36m) in respect of notional taxation on franked investment income and on the shareholders' interest in the increase in the value of the long-term assurance fund. The total deferred taxation charge included above is £23m (1991 £21m).

9 Profit/(loss) attributable to members of Barclays PLC

Of the loss attributable to the members, a profit of £327m (1991 £338m), being dividends received from Barclays Bank PLC, is dealt with in the accounts of Barclays PLC.

10 Dividends

	1992 pence per share	1992 £m	1991 pence per share	1991 £m
On Ordinary Shares				
First interim dividend	**9.15**	**147**	9.15	146
Second interim dividend	**6.00**	**96**	12.00	192
	15.15	**243**	21.15	338

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.

11 Deficit for year

The deficit is dealt with by:

	1992 £m	1991 £m
Barclays PLC	**84**	–
Subsidiary undertakings	**(672)**	(133)
	(588)	(133)
Associated undertakings	**2**	37
	(586)	(96)

12 Earnings/(loss) per Ordinary Share

Earnings /(loss) per Ordinary Share is based upon the results after deducting taxation, profit attributable to minority interests and dividends on Staff Shares. The loss amounts to £343m (1991 earnings £242m) and is related to the weighted average of Ordinary Shares in issue during the year of 1,603 million (1991 1,591 million).

13 Cash and short-term funds

	1992 £m	1991 £m
Cash in hand and with central banks	**1,754**	1,609
Money at call and short notice	**9,169**	9,644
British and other government treasury bills	**5,434**	4,761
Other bills	**2,789**	1,767
Certificates of deposit	**4,176**	4,970
	23,322	22,751

The Group is required to maintain balances with central banks and other regulatory authorities which, at 31st December 1992, amount to £597m (1991 £548m).

14 Investments

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

	1992 Book value £m	1992 Valuation £m	1991 Book value £m	1991 Valuation £m
Securities of, or guaranteed by, the British Government	**976**	**990**	1,110	1,116
Other investments listed in Great Britain	**110**	**130**	110	123
Investments listed elsewhere	**1,460**	**1,473**	1,817	1,818
	2,546	**2,593**	3,037	3,057
Unlisted investments	**747**	**756**	835	847
	3,293	**3,349**	3,872	3,904
Investments redeemable at fixed dates included above:				
At amortised cost	**2,810**	**2,853**	2,621	2,636
At market value	**375**	**375**	1,146	1,146

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).

15 Trading assets and liabilities of securities business

The trading assets of the securities business comprise:

Assets	1992 £m	1991 £m
Long positions at market value	**6,563**	4,077
Securities purchased under agreements to re-sell	**4,286**	2,322
Deposits with Stock Exchange money brokers and others as collateral for stock borrowing	**2,118**	1,381
Market and client debtors	**2,830**	2,474
	15,797	10,254

The trading liabilities of the securities business comprise:

Liabilities	1992 £m	1991 £m
Short positions at market value	**4,666**	3,013
Securities sold under agreements to re-purchase	**4,098**	2,574
Secured loans from Stock Exchange money brokers and others	**2,792**	1,452
Market and client creditors	**2,891**	2,529
	14,447	9,568

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

16 Advances and other accounts

Advances and other accounts comprise	1992 £m	1991 £m
Lendings to customers	**82,902**	80,352
Finance lease receivables	**5,169**	5,075
	88,071	85,427
Less: provisions	**3,613**	2,686
	84,458	82,741
Placings with banks (over 30 days)	**10,885**	9,225
Other accounts	**5,574**	5,378
	100,917	97,344

Lendings and finance lease receivables, by geographical area	1992 £m	1991 £m
United Kingdom	**64,102**	63,832
Other European Community	**8,722**	7,684
North America	**10,229**	9,568
Rest of the World	**5,018**	4,343
	88,071	85,427

Assets acquired in the year for letting under finance leases amount to £1,067m (1991 £1,616m).

Other accounts include £1,860m (1991 £2,130m) accrued interest, £586m (1991 £556m) equipment leased to customers under operating leases, which is net of accumulated depreciation charges of £259m (1991 £225m), the shareholders' interest in the long-term assurance fund of £289m (1991 £244m), purchased mortgage servicing rights of £372m (1991 £258m) and London Metal Exchange warrants £537m (1991 £255m).

Movements in provisions for bad and doubtful debts	1992 £m	1991 £m
Provisions at beginning of year	**2,686**	2,335
Charge for the year, net of recoveries of £60m (1991 £50m)	**2,534**	1,547
Amounts written off, net of recoveries	**(1,849)**	(1,208)
Changes in Group structure	**(14)**	(27)
Exchange and other adjustments	**256**	39
Provisions at end of year	**3,613**	2,686

Provisions at 31st December	1992 £m	1991 £m
Specific - credit risks	**2,247**	1,615
General - credit risks	**690**	468
	2,937	2,083
Specific - country risk	**676**	603
	3,613	2,686

16 Advances and other accounts (continued)

The charge for the year in respect of bad and doubtful debts comprises:

	1992	1991
Specific provisions - credit risks:	£m	£m
United Kingdom	1,960	1,309
Other European Community	145	63
North America	183	266
Rest of the World	40	41
	2,328	1,679
Opening general provisions, net of exchange and other adjustments	(464)	(389)
	1,864	1,290
New general provisions - credit risks	690	468
	2,554	1,758
Specific provisions - country risk	(20)	(211)
	2,534	1,547

17 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 36.

	1992 Book value	1992 Valuation	1991 Book value	1991 Valuation
Associated undertakings	£m	£m	£m	£m
Unlisted	189	194	273	277
Trade investments				
Listed in Great Britain	–	–	7	7
Listed outside Great Britain	1	5	1	5
Unlisted	64	68	46	50
	254	267	327	339

Loans to associated undertakings, other than normal trading balances, amount to £1m (1991 £62m). Dividends receivable from unlisted associated undertakings amount to £13m (1991 £9m). Dividends from trade investments amount to: listed £2m (1991 £1m), unlisted £1m (1991 £1m).

18 Property and equipment

Cost or valuation	Property £m	Equipment £m
At beginning of year	**1,891**	**1,303**
Exchange and other adjustments	**69**	**31**
Additions at cost	**132**	**176**
Disposals	**(127)**	**(132)**
Write-down of surplus properties	**(60)**	**–**
At end of year	**1,905**	**1,378**
At 31st December 1992		
At valuation:		
1979 to 1991	**1,084**	**–**
1992	**95**	**–**
At cost	**726**	**1,378**
	1,905	**1,378**
Accumulated depreciation	**240**	**833**
Net book value		
31st December 1992	**1,665**	**545**
31st December 1991	1,685	584

Balance sheet value of property	1992 £m	1991 £m
Freehold	**1,319**	1,340
Leasehold over 50 years unexpired	**124**	142
Leasehold up to 50 years unexpired	**222**	203
	1,665	1,685

The net book value includes £4m (1991 £5m) in respect of equipment held under finance leases on which the depreciation charge is £2m (1991 £3m).

As described in the Directors' Report, freehold and long-leasehold properties of the Group in the United Kingdom have been reviewed by expert staff on the basis of open market value for existing use, or depreciated replacement cost in the case of specialised buildings (in accordance with the guidelines of the Royal Institution of Chartered Surveyors). A deficit of £60m in respect of properties which are surplus to the Group's requirements is being charged to the profit and loss account for the year.

19 Commitments for capital expenditure not provided in these accounts

Commitments for capital expenditure under contract amount to £81m (1991 £144m). Capital expenditure authorised, but not yet contracted, totals £31m (1991 £79m).

20 Future rental commitments under operating leases

Annual commitments under non-cancellable operating leases expiring:	1992 Property £m	1992 Equipment £m	1991 Property £m	1991 Equipment £m
within one year	**4**	**11**	6	2
between one and five years	**23**	**13**	13	12
after five years	**152**	**1**	129	2
	179	**25**	148	16

21 Long-term assurance fund

The long-term assurance fund assets attributable to policyholders comprise:

	1992 £m	1991 £m
Assets:		
Investments	**1,922**	1,476
Group undertakings	**9**	–
Other debtors	**26**	19
	1,957	1,495
Current liabilities	**17**	27
	1,940	1,468

22 Deposits, current accounts and other borrowings

	1992 £m	1991 £m
By geographical area		
United Kingdom	**81,008**	79,902
Other European Community	**14,507**	12,517
North America	**11,760**	11,179
Rest of the World	**9,604**	9,043
	116,879	112,641

By type		
In offices in the United Kingdom:		
Current and demand accounts - interest free	**6,442**	6,804
- interest bearing	**5,330**	6,552
Savings accounts	**22,681**	21,652
Other time deposits - retail	**13,069**	14,128
- wholesale	**33,486**	30,766
	81,008	79,902
In offices outside the United Kingdom:		
Current and demand accounts	**4,273**	3,740
Savings accounts	**837**	1,180
Other time deposits	**30,037**	27,124
Long-term borrowings of subsidiary undertakings due:		
within one year	**169**	54
between one and five years	**456**	369
after five years	**99**	272
	35,871	32,739
	116,879	112,641

Long-term borrowings, which have maturity dates extending to 2005, are raised locally by overseas subsidiary undertakings to finance their own operations. In 1992, FFr 950m of borrowings of Barclays Bank SA in France, previously included under long-term borrowings of overseas subsidiary undertakings, have been reclassified as loan capital.

23 Other liabilities

	1992 £m	1991 £m
Obligations under finance leases payable:		
within one year	**54**	111
between one and five years	**72**	64
after five years	**12**	–
	138	175
Less: future finance charges	**8**	18
	130	157
Accrued interest	**1,118**	1,596
Sundry creditors	**2,744**	2,956
Accrued expenses and items in transit	**1,327**	765
	5,319	5,474

24 Deferred taxation

	1992 £m	1991 £m
Movements on deferred taxation during the year:		
At beginning of year	**524**	469
Exchange and other adjustments	**(39)**	34
Charge to profit and loss account	**23**	21
At end of year	**508**	524
Deferred taxation at 31st December:		
Leasing transactions	**702**	569
Other timing differences	**(194)**	(45)
	508	524

Potential taxation liabilities not provided in the accounts in respect of leasing transactions are computed at estimated future tax rates and amount to £169m (1991 £185m).

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.

25 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 net decrease of £545m during the year comprises the cost of additional shares of £29m and a decrease of £574m in other net tangible assets of Barclays Bank PLC. The cost of the investment is £3,075m (1991 £3,046m).

In the consolidated balance sheet, Preference Shares issued by Barclays Bank PLC (US$937m) are included in minority interests at their sterling equivalent of £619m (1991 £502m). In the consolidated profit and loss account, dividends on the Preference Shares of £45m (1991 £41m) 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 36.

26 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 £1,654m (1991 £1,751m) repayable after five years and comprises:

	1992 £m	1991 £m
Barclays Bank PLC		
8¼% Unsecured Capital Loan Stock 1986/93	**59**	59
10¼% Senior Subordinated Bonds 1997	**250**	250
12¾% Senior Subordinated Bonds 1997	**200**	200
Floating Rate Senior Subordinated Bonds 2001	**50**	50
Floating Rate Unsecured Capital Loan Stock 2006	**7**	10
16% Unsecured Capital Loan Stock 2002/07	**100**	100
12% Unsecured Capital Loan Stock 2010	**25**	25
Floating Rate Unsecured Capital Loan Stock 2010	**1**	4
Barclays Overseas Investment Company B.V.		
6% Guaranteed Bonds 1996 (Yen 40,000m)	**212**	172
8⅛% Unsecured Bearer Bonds 1983/98 (DM250m)	**102**	88
Guaranteed Floating Rate Notes 2001 (Ecu 105m)	**84**	75
Guaranteed Floating Rate Notes 2004 (US$350m)	**231**	187
Guaranteed Notes 2007 (Yen 15,000m)	**79**	64
Barclays North American Capital Corporation		
11⅝% Guaranteed Capital Notes 2003 (US$400m)	**265**	215
10½% Guaranteed Capital Notes 2017 (US$400m)	**265**	215
9¾% Guaranteed Capital Notes 2021 (US$500m)	**331**	268
Barclays Bank SA (France)		
8.8% Subordinated Redeemable Bonds 1998 (FFr 600m)	**72**	–
9.5% Subordinated Redeemable Bonds 2001 (FFr 350m)	**42**	–
	2,375	1,982

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.

In 1992, FFr 950m of borrowings of Barclays Bank SA in France, previously included under long-term borrowings of overseas subsidiary undertakings, have been reclassified as loan capital. These bonds are subordinated to the claims of the creditors of Barclays Bank SA and do not carry the guarantee of Barclays Bank PLC.

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 1992, the rates were 7.65156% (1991 11.24531%) on the Floating Rate Senior Subordinated Bonds 2001, 6⅞% (1991 10⅞%) on the Floating Rate Unsecured Capital Loan Stock 2006, 12.02% (1991 10.3325%) on the Guaranteed Floating Rate Notes 2001 and 5% (1991 5$^{15}/_{16}$%) 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 (4.2125% at 31st December 1992, 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 1992, the rate was 7% (1991 10⅞%).

Interest on loan capital with a final maturity within five years amounts to £67m (1991 £15m).

27 Undated capital notes

Undated capital notes issued by Barclays Bank PLC and its finance subsidiaries comprise:

	1992	1991
Barclays Bank PLC	**£m**	£m
Undated Floating Rate Primary Capital Notes Series 1 (US$600m)	**397**	321
Undated Floating Rate Primary Capital Notes Series 2 (US$869m)	**574**	466
Undated Floating Rate Primary Capital Notes Series 3	**200**	200
Junior Guaranteed Undated Floating Rate Notes (US$331m)	**219**	–
Barclays Overseas Investment Company B.V.		
Junior Guaranteed Undated Floating Rate Notes (US$331m)	**–**	177
	1,390	1,164

The Junior Guaranteed Undated Floating Rate Notes rank 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 rank behind the claims against Barclays Bank PLC of the holders of the Junior Guaranteed Undated Floating Rate Notes.

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 1992, the rates were $3^{15}/_{16}$% (1991 $6^{11}/_{16}$%) on the Primary Capital Notes Series 1, $3^{5}/_{8}$% (1991 6%) on the Primary Capital Notes Series 2 and $3^{7}/_{8}$% (1991 $5^{7}/_{16}$%) 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 1992, the rate was $8^{9}/_{16}$% (1991 11%).

In 1992, Barclays Bank PLC was substituted in the place of Barclays Overseas Investment Company B.V. (BOIC) as the principal debtor in respect of the Junior Guaranteed Undated Floating Rate Notes. All the obligations of BOIC under the Notes have become the direct obligations of Barclays Bank PLC, subordinated to the same extent as its previous guarantee of BOIC's obligations in respect of the Notes.

Interest on undated capital notes amounts to £68m (1991 £97m).

28 Share capital

The authorised share capital of Barclays PLC for 1992 and 1991 is £2,000m, comprising 1,999 million Ordinary Shares of £1 each and 1 million Staff Shares of £1 each.

	1992	1991
Called up share capital, allotted and fully paid	**£m**	£m
Ordinary Shares:		
At beginning of year	**1,598**	1,586
Issued under profit sharing, share option and share dividend schemes	**11**	12
At end of year	**1,609**	1,598
Staff Shares	**1**	1
	1,610	1,599

It is not yet possible to quantify the amount which will be issued in 1993 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, 68.6 million (1991 59.7 million) options are outstanding, enabling certain Directors and members of staff to subscribe for Ordinary Shares between 1993 and 2002, at prices ranging from 219p to 462p per share.

29 Reserves

	Consolidated £m	Barclays PLC £m	Associated undertakings £m
At beginning of year	**4,141**	**4,141**	**159**
Premium arising on shares issued (net of expenses)	**18**	**18**	**–**
Exchange rate translation differences	**56**	**–**	**10**
Goodwill arising on acquisitions	**(4)**	**–**	**–**
Goodwill written back on disposals	**42**	**–**	**–**
Changes in Group structure	**–**	**–**	**(36)**
Other items	**2**	**–**	**–**
Revaluation of investment in subsidiary undertaking	**–**	**(574)**	**–**
Profit /(deficit) retained	**(586)**	**84**	**2**
At end of year	**3,669**	**3,669**	**135**

Consolidated reserves include share premium account of £1,033m (1991 £1,015m) and surplus on revaluation of overseas property of Barclays Bank PLC and its subsidiary undertakings of £65m (1991 £84m).

The amount included in consolidated reserves in respect of overseas subsidiary and associated undertakings is £214m (1991 £198m), 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 £1,033m (1991 £1,015m), profit and loss account of £965m (1991 £881m) and a revaluation reserve of £1,671m (1991 £2,245m). The revaluation reserve arises from the revaluation of the investment in Barclays Bank PLC.

Goodwill amounting to £513m (1991 £551m) 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.

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

	1992 £m	1991 £m
Operating profit /(loss)	**(127)**	486
Charge for bad and doubtful debts	**2,534**	1,547
Decrease/(increase) in interest and commission receivable	**384**	(4)
Decrease in interest and commission payable	**(560)**	(399)
Depreciation	**238**	224
Profits on sale of investments and associated undertakings	**(28)**	(20)
(Profits)/ losses on sale of property and equipment	**(4)**	5
Increase in value of long-term assurance policies	**(67)**	(77)
Interest on loan capital and undated capital notes	**284**	287
Net cash flow from trading activities	**2,654**	2,049
Net (decrease)/increase in demand and time deposits and savings accounts	**(1,383)**	953
Net increase in long-term borrowings of subsidiaries	**14**	40
Net decrease in accrued expenses and other credit balances	**(273)**	(54)
Net increase in lendings to customers and finance lease receivables	**(1,231)**	(2,215)
Net (increase)/decrease in sundry debtors and other debit balances	**(436)**	207
(Increase)/decrease in net trading assets of securities business	**(564)**	89
Net decrease/(increase) in dealing securities	**807**	(724)
Net change in items in transit	**440**	(168)
Net increase in short-term funds*	**(1,590)**	(913)
Net (increase)/decrease in placings with banks (over 30 days)*	**(1,242)**	1,262
Other non-cash movements	**317**	5
Net cash flow from operating activities	**(2,587)**	531

*Movements in holdings of instruments with a maturity of three months or more when acquired.

31 Sale of subsidiary undertakings during the year

	1992 £m
Net assets disposed of:	
Goodwill written back	42
Advances and other accounts	1,259
	1,301
Deposits and other borrowings	(1,194)
	107
Net loss on disposal	(82)
Settled by net cash received	25

32 Changes in financing during the year

	Loan capital £m	Undated capital notes £m	Preference Shares £m	Ordinary Shares £m	Share premium £m
At beginning of year	1,982	1,164	502	1,599	1,015
Exchange rate and other movements	399	226	117	–	–
Net cash (outflow)/inflow from financing	(6)	–	–	11	18
At end of year	2,375	1,390	619	1,610	1,033

33 Cash and cash equivalents

For the purposes of the cash flow statement, cash equivalents are short-term highly liquid investments, which are readily convertible into known amounts of cash without notice, and which were within three months of maturity when acquired. Cash and short-term funds in the consolidated balance sheet are described in note 13. Cash and cash equivalents comprise:

	1992 £m	1991 £m	Change in year £m
Cash in hand and with central banks	692	684	8
Money at call and short notice	8,347	9,746	(1,399)
British and other government treasury bills	710	1,211	(501)
Other bills	1,192	1,022	170
Certificates of deposit	573	1,209	(636)
	11,514	13,872	(2,358)

Changes in cash and cash equivalents during the year	1992 £m	1992 £m	1991 £m	1991 £m
At beginning of year		13,872		14,879
Net decrease in cash and cash equivalents before the effect of exchange rate movements	(3,371)		(1,091)	
Effect of exchange rate movements	1,013		84	
		(2,358)		(1,007)
At end of year		11,514		13,872

34 Directors' emoluments

The aggregate emoluments of the Directors of Barclays PLC, computed in accordance with Part 1 of Schedule 6 to the Companies Act 1985, are:

	1992 £000	1991 £000
Salaries	**1,704**	2,012
Pension contributions	**372**	413
Fees	**327**	256
Bonuses	**401**	200
Benefits	**73**	94
Other	**4**	49
	2,881	3,024

In addition, pension payments in respect of past management services by former executive Directors were £122,315 (1991 £81,124).

Emoluments of executive Directors are set by the Compensation Committee which is made up entirely of non-executive Directors. Emoluments may include, in addition to a salary element, a bonus assessed in relation to a combination of team and individual performance. Targets are set at the beginning of each year. In 1992, the targets were not achieved and, as in 1991, no team bonuses will be paid. Individual bonuses totalling £400,500 will be paid in respect of 1992 (1991 £200,000) to those Directors who are also BZW executives to ensure that their overall remuneration remains competitive and to reflect the improved performance of that division. Other Directors, including the Group Deputy Chairmen, received no bonus in either year.

The emoluments in 1992 of the Chairman, Sir John Quinton, and the highest paid Director amount to:

	Sir John Quinton		Highest paid Director	
	1992 £000	1991 £000	1992 £000	1991 £000
Salary	**250**	350	**217**	200
Bonus	**–**	–	**275**	200
Pension contributions	**9**	26	**21**	36
Benefits	**6**	6	**7**	7
Other	**–**	–	**4**	5
	265	382	**524**	448

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

	1992	1991
Up to £5,000	**–**	1
£5,001 - £10,000	**1**	2
£10,001 - £15,000	**–**	4
£15,001 - £20,000	**6**	4
£20,001 - £25,000	**4**	2
£25,001 - £30,000	**–**	2
£35,001 - £40,000	**–**	1
£40,001 - £45,000	**1**	2
£75,001 - £80,000	**–**	1
£80,001 - £85,000	**1**	–
£95,001 - £100,000	**–**	2
£110,001 - £115,000	**1**	–
£165,001 - £170,000	**–**	1
£170,001 - £175,000	**–**	1
£175,001 - £180,000	**1**	–
£180,001 - £185,000	**–**	1
£185,001 - £190,000	**1**	–
£190,001 - £195,000	**1**	1
£225,001 - £230,000	**1**	–
£230,001 - £235,000	**1**	1
£255,001 - £260,000	**1**	1
£285,001 - £290,000	**1**	–
£355,001 - £360,000	**–**	1
£410,001 - £415,000	**–**	1
£500,001 - £505,000	**1**	–

During 1992, options over 0.7 million Ordinary Shares at 304p and 367p were granted under the Executive Share Option Scheme. These options expire in 2002. There are currently 40 past and present executive Directors and employees who hold options in the Executive Share Option Scheme. Further details of Directors' options are given on page 31.

35 Contracts with Directors and connected persons and with senior executives

The aggregate amounts outstanding at 31st December 1992 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	10	1	202
Quasi-loans and credit card accounts	17	7	25
Senior executives			
Loans	20	–	845
Quasi-loans and credit card accounts	19	–	246

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 31.

36 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 SA	91.2
Botswana	Barclays Bank of Botswana Limited	74.9
Kenya	Barclays Bank of Kenya Limited	68.5
Zimbabwe	Barclays Bank of Zimbabwe Limited	66.2*
USA	BarclaysAmericanCorporation	100 *
Canada	Barclays Bank of Canada (year end: 31st October)	100
Australia	Barclays Bank Australia Limited	100
Switzerland	Barclays Bank (Suisse) SA	100
Japan	Barclays Trust and Banking Company (Japan) Limited	100

The principal associated undertaking, 3i Group plc, which has an issued share capital of £236m and an issued loan capital of £852m, is owned by a consortium of UK clearing banks and the Bank of England. The Group holds 18.4% of the equity capital. The consolidated accounts include interim accounts to 30th September in respect of 3i Group plc, which has a year end of 31st March and is registered in England.

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.

Where severe long-term restrictions substantially hinder the exercise of the rights of the Group over the assets or management of subsidiary or associated undertakings, 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 £10m (1991 £13m). Dividends received in the year from non-consolidated undertakings amounted to £3m (1991 £2m). Net assets of subsidiary and associated undertakings excluded from the consolidated balance sheet amount to £40m (1991 £38m). At 31st December 1992 amounts due from non-consolidated subsidiary and associated undertakings amount to £19m (1991 £20m) and amounts due to these undertakings amount to £39m (1991 £14m).

The Group acquired a 100% interest in Imry Holdings Limited (Imry) on 17th December 1992. The Group's interest in Imry (a company registered in England) was acquired as a result of enforcing security against a loan to Chester Holdings (UK) Limited, the parent company of Imry. It is held exclusively with a view to subsequent resale and therefore has not been consolidated. The Group holds all the issued shares of Imry and all of the £100m zero coupon preference shares in its subsidiary, Imry Jersey Limited. The shareholdings were valued at £56m at 31st December 1992. At 31st December 1992 the capital and reserves of Imry amounted to £71m. There were also outstandings of £85m due to the Group, secured by a floating charge on the assets of Imry. Since the date of acquisition, there have been no material transactions between Imry and the Group.

37 Legal proceedings

Barclays is party to various legal proceedings arising in the ordinary course of business, the ultimate resolution of which is not expected to have a material adverse effect on the financial position of the Group.

In 1991 the House of Lords, in ruling that local authorities have no power to enter into swap transactions, did not decide whether banks or local authorities could recover payments previously made in respect of such transactions. The High Court held in two cases in February 1993 that all payments, whether made by a bank or a local authority, and whether paid under a closed or open swap, are recoverable. Both of these cases may be appealed. The Group has made no provision relating to any such payments that may now be made or received by the Group, as the Directors do not believe that they would have a significant effect on the financial position of the Group. The value of open transactions entered into by the Group, and fully provided against in previous years, was written off in 1991.

38 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 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:

	1992 Contract or underlying principal amount £m	**1992 Risk weighted amount £m**	1991 Contract or underlying principal amount £m	1991 Risk weighted amount £m
Guarantees, acceptances, endorsements and other items serving as direct credit substitutes	**11,405**	**8,196**	9,424	7,744
Other endorsements	**255**	**–**	561	–
Performance bonds and other transaction related contingencies	**6,170**	**2,931**	6,003	2,861
Documentary credits and other short-term trade related contingencies	**869**	**154**	820	148
Sale and repurchase agreements	**245**	**113**	134	59
Forward asset purchases and forward forward deposits placed	**170**	**34**	378	76
Note issuance and revolving underwriting facilities	**653**	**181**	618	220
Formal standby facilities, credit lines and other commitments to lend:				
less than one year maturity	**31,789**	**–**	35,432	–
one year or over maturity	**9,958**	**4,810**	11,056	5,153
Exchange rate related instruments:				
14 days or less original maturity	**16,273**	**–**	27,107	–
over 14 days original maturity	**219,894**	**2,480**	148,936	1,026
Interest rate related contracts	**248,654**	**1,755**	152,119	1,286
Exchange traded instruments and other off-balance sheet instruments	**15,933**	**98**	110,841	203
		20,752		18,776

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

Profit /(loss) before taxation

	1992 £m	1991 £m	1990 £m
Banking division:			
UK Domestic Bank	**(414)**	68	514
Barclays Financial Services	**202**	217	183
Central Retail Services	**112**	55	(15)
Other UK operations	**(139)**	27	(24)
Other European Community	**(107)**	31	33
North America	**(16)**	(223)	32
Rest of the World	**111**	77	39
Total Banking division	**(251)**	252	762
BZW division	**241**	214	108
Service Businesses division	**3**	(6)	34
Central functions	**(93)**	73	(176)
	(100)	533	728
Write-down of surplus properties	**(60)**	–	–
Profit /(loss) on disposal of Group undertakings	**(82)**	–	174
	(242)	533	902

Total assets

	1992 £m	1991 £m	1990 £m
Banking division:			
UK Domestic Bank	**42,272**	44,274	45,203
Barclays Financial Services	**441**	381	333
Central Retail Services	**5,742**	4,909	3,941
Other UK operations	**14,549**	13,897	14,246
Other European Community	**17,304**	15,748	15,457
North America	**9,522**	10,190	9,684
Rest of the World	**8,397**	7,339	6,297
Total Banking division	**98,227**	96,738	95,161
BZW division	**44,783**	37,887	35,998
Service Businesses division	**960**	638	444
Central functions	**3,208**	2,845	3,284
Long-term assurance fund assets attributable to policyholders	**1,940**	1,468	1,143
	149,118	139,576	136,030

Capital resources

	1992 £m	1991 £m	1990 £m
Shareholders' funds and minority interests	**5,962**	6,305	6,580
Undated capital notes	**1,390**	1,164	1,133
Loan capital	**2,375**	1,982	1,467
	9,727	9,451	9,180
Tier 1 ratio	**5.5%**	5.9%	5.8%
Risk asset ratio	**9.1%**	8.7%	8.3%

Five year financial summary

Results by nature of income/expense

	1992 £m	1991 £m	1990 £m	1989 £m	1988 £m
Interest income	**12,176**	13,962	15,265	13,468	9,147
Interest expense	**8,443**	10,342	11,776	10,048	6,181
Net interest income	**3,733**	3,620	3,489	3,420	2,966
Other operating income:					
Commission from banking and related services	**2,089**	1,845	1,561	1,435	1,283
Foreign exchange trading income	**288**	218	159	172	112
Profits /(losses) on sale of investment securities	**18**	8	(1)	(3)	16
Securities trading income	**329**	300	211	203	145
Increase in value of long-term assurance policies	**67**	77	70	69	50
Other income	**225**	251	204	251	179
	6,749	6,319	5,693	5,547	4,751
Operating expenses:					
Staff	**2,472**	2,379	2,132	2,064	1,882
Property and equipment	**956**	952	820	683	613
Other	**914**	955	809	803	660
	4,342	4,286	3,761	3,550	3,155
Charge for bad and doubtful debts	**2,534**	1,547	1,233	1,397	301
Operating profit /(loss)	**(127)**	486	699	600	1,295
Write-down of surplus properties	**(60)**	–	–	–	–
Profit /(loss) on disposal of Group undertakings	**(82)**	–	174	–	–
	(269)	486	873	600	1,295
Income from interests in associated undertakings	**27**	47	29	92	96
Profit /(loss) before taxation	**(242)**	533	902	692	1,391
Taxation	**43**	237	332	215	498
Profit /(loss) after taxation	**(285)**	296	570	477	893
Profit /(loss) attributable to members	**(343)**	242	533	452	887
Dividends	**243**	338	335	308	256
Profit /(deficit) retained	**(586)**	(96)	198	144	631
Earnings /(loss) per Ordinary Share	**(21.4)p**	15.2p	33.7p	28.9p	62.7p
Dividends per Ordinary Share	**15.2p**	21.2p	21.2p	19.6p	16.4p
Dividend cover (times)	**–**	0.7	1.6	1.5	3.5
Average US dollar exchange rate used in preparing the above	**1.77**	1.76	1.78	1.64	1.78

Five year financial summary Barclays PLC

Consolidated balance sheet

	1992	1991	1990	1989	1988
Assets	**£m**	£m	£m	£m	£m
Advances and other accounts	**100,917**	97,344	97,749	94,244	78,179
Other assets	**43,797**	38,168	34,340	30,675	24,325
	144,714	135,512	132,089	124,919	102,504
Infrastructure	**2,464**	2,596	2,798	2,697	2,141
	147,178	138,108	134,887	127,616	104,645
Long-term assurance fund assets attributable to policyholders	**1,940**	1,468	1,143	1,221	944
Total assets	**149,118**	139,576	136,030	128,837	105,589
Liabilities					
Deposits, current accounts and other borrowings	**116,879**	112,641	110,788	103,806	87,034
Other liabilities	**20,572**	16,016	14,919	14,270	9,281
	137,451	128,657	125,707	118,076	96,315
Capital resources					
Loan capital	**2,375**	1,982	1,467	1,547	1,507
Undated capital notes	**1,390**	1,164	1,133	1,320	996
Minority interests	**683**	565	475	448	116
Shareholders' funds	**5,279**	5,740	6,105	6,225	5,711
	9,727	9,451	9,180	9,540	8,330
	147,178	138,108	134,887	127,616	104,645
Long-term assurance fund liabilities to policyholders	**1,940**	1,468	1,143	1,221	944
Total liabilities and capital resources	**149,118**	139,576	136,030	128,837	105,589
Year-end US dollar exchange rates used in preparing the above	**1.51**	1.87	1.93	1.61	1.81

Note

The financial information on pages 80 and 81 is extracted from the published accounts for the last five years, restated where appropriate to accord with the current accounting policies of the Group.

To ensure consistency, the profit on sale of Yorkshire Bank in 1990 has now been shown as a profit on disposal of Group undertakings and included in profit before taxation, rather than being treated as an extraordinary item. Profits on other disposals were previously included in Other income. Where material, these have now been shown separately as profits on disposal of Group undertakings and, in accordance with FRS 2, any goodwill previously charged against reserves has been deducted from the profit on disposal.

The figures for earnings and dividends per Ordinary Share for earlier years have been restated to take account of the bonus issue in 1990.

Group senior management and principal offices

Barclays Bank PLC

Johnson Smirke Building, 4 Royal Mint Court, London EC3N 4HJ. Tel: 071 626 1567

ARF Buxton Chairman and Chief Executive

Sir Peter Middleton Deputy Chairman

HT Norrington Vice-Chairman

PA Wood Finance Director

JMD Atterbury Secretary

NJ Brittain Chief Accountant

AE Brown Director Group Credit Policy

EC Cade Divisional Director, Central Advances department

JWG Cotton Director Personnel

MC Deverell Director Risk Management

GB Maddison Deputy Director Personnel

RJ Morrison Chief Inspector

PA Perry Group Treasurer

DJ Turner Managing Director, Barclays Property Holdings

Banking division

Johnson Smirke Building, 4 Royal Mint Court, London EC3N 4HJ. Tel: 071 626 1567

FAL Robinson Vice-Chairman and Chief Executive

ARP Carden Managing Director, large corporate, institutional and overseas banking

WJ Gordon Managing Director, Domestic Bank, Central Retail Services and Mercantile Group

KC Bignall Vice-Chairman and Managing Director, Barclays Financial Services Ltd

MPD Bullock Director Risk Management

GD Cracknell Deputy Managing Director, Corporate & Institutions Group

J Goford Managing Director, Barclays Life Assurance Company Ltd

NJ Harland Managing Director, Corporate Banking Group

CP Haviland Deputy Managing Director, Africa, Caribbean & Middle East

CJ Lendrum Deputy Managing Director, UK Branch Network and all customer delivery channels

C Martinez de Campos Director European Retail Banking

MA Pitcher Deputy Managing Director, Information Technology, operations marketing and risk management

J Rambosson Director European Corporate Banking

RPM Reay-Smith Chief Executive, Central Retail Services

MH Tomalin Managing Director, Barclays Private Banking

Group senior management and principal offices

BZW division

Ebbgate House, 2 Swan Lane, London EC4R 3TS. Tel: 071 623 2323

Lord Camoys Deputy Chairman, BZW division

D Band Chief Executive

JS Spencer Deputy Chief Executive and Chief Executive, Markets division

CJ Bennett Deputy Chief Executive, Markets division

DH Brydon Chairman and Chief Executive, Investment Management

SJD Coleridge Head of Structured Finance

JR Davie Chief Executive, Equities division

GF Pimlott Chief Executive, Corporate Finance division

OHJ Stocken Finance Director

Information Technology and Service Businesses division

Johnson Smirke Building, 4 Royal Mint Court, London EC3N 4HJ. Tel: 071 626 1567

J De Feo Chief Executive

KJ Garrod Deputy Chief Executive

JB Grimmett Managing Director, Barclays Network Services

BJ Hotter Managing Director, Barclays Computer Operations

AM Jablonowski Managing Director, Barclays Global Services

Barclays Bank PLC New York

75 Wall Street, New York, NY 10265 USA. Tel: (010 1) 212 412 4000

RM Webb Chief Executive Officer, North America

Barclays Bank PLC Hong Kong

PO Box 9716, General Post Office, Hong Kong. Tel: (010 852) 826 1888

PC Geer Regional Chief Executive, Asia-Pacific

Barclays Bank PLC Tokyo

IPO Box 5414, Tokyo 100-31 Japan. Tel: (010 81) 3 5255 0222

BC Grigsby Co-Head of Banking

MC McCarthy Co-Head of Banking

Registered office 54 Lombard Street, London EC3P 3AH

Head office Johnson Smirke Building, 4 Royal Mint Court, London EC3N 4HJ

ADR depositary Morgan Guaranty Trust Company of New York, ADR Administration, 60 Wall Street, New York, New York 10260, USA.

Shareholdings at 31st December 1992

Classification of shareholders	Shareholders Number	Shareholders Percentage of total holders	Shares held Number (millions)	Shares held Percentage of called up Ordinary Shares
Individuals	130,206	85.45	221.6	13.78
Nominee companies	12,991	8.53	1020.8	63.44
Banks	5,083	3.34	22.9	1.42
Other companies	3,394	2.22	157.1	9.76
Insurance companies	621	0.41	140.9	8.76
Pension funds	74	0.05	45.7	2.84
	152,369	100.00	1609.0	100.00
Shareholding range				
1-100	15,149	9.94	0.5	0.03
101-250	11,467	7.53	2.0	0.13
251-500	19,600	12.86	7.4	0.46
501-1,000	32,240	21.16	23.9	1.49
1,001-5,000	61,458	40.34	133.1	8.27
5,001-10,000	7,704	5.06	52.6	3.26
10,001-25,000	2,580	1.69	37.3	2.32
25,001-50,000	630	0.41	22.3	1.39
50,001 and over	1,541	1.01	1329.9	82.65
Totals	152,369	100.00	1609.0	100.00

Financial diary for 1993

Results for year 1992 announced	4th March
Annual report posted to shareholders	2nd April
Annual general meeting at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1	29th April
Second interim dividends for year 1992 payable	14th May
1993 interim results announced	5th August
First interim dividends for year 1993 payable	11th October

Annual report on form 20-F

A report will be filed with the Securities and Exchange Commission in the United States of America and copies are available from the Secretary on request.

Annual review & summary financial statement

This abbreviated form of the full report and accounts is mailed to the majority of shareholders. Any shareholder preferring to receive this abbreviated version should tick the appropriate box on the back of the form of proxy and return it to the registrar.

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

The Group offers a simplified postal dealing service for the purchase or sale of the company's shares. Barclays PLC single company PEPs are also available to shareholders. A leaflet describing these services is available from the Secretary.