

Edgar Filing: BARCLAYS PLC - Form 6-K

BARCLAYS PLC
Form 6-K
May 12, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

May 2005
Barclays PLC and
Barclays Bank PLC
(Names of Registrants)

54 Lombard Street
London EC3P 3AH
England
(Address of Principal Executive Offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

This Report is a joint Report on Form 6-K filed by Barclays PLC and Barclays Bank PLC. All of the issued ordinary share capital of Barclays Bank PLC is owned by Barclays PLC.

This Report comprises:

Information given to The London Stock Exchange and furnished pursuant to General Instruction B to the General Instructions to Form 6-K.

EXHIBIT INDEX

Edgar Filing: BARCLAYS PLC - Form 6-K

Exhibit Index 1
IFRS Transition Report-Parts 2, 3, 4 - 11 May 2005

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BARCLAYS PLC
(Registrant)

Date: May 11, 2005

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Deputy Secretary

BARCLAYS BANK PLC
(Registrant)

Date: May 11, 2005

By: /s/ Patrick Gonsalves

Patrick Gonsalves
Joint Secretary

Part 2

IFRS
Transition
Report
2004/2005

BARCLAYS PLC

TABLE OF CONTENTS

| |
|--|
| Section 1 - IFRS Results |
| Introduction |
| Consolidated income statement |
| Consolidated balance sheet |
| Results by business |
| Results by nature of income and expense |
| Analysis of amounts included in the balance sheets |
| Group performance ratios |
| Total assets and weighted risk assets |
| Capital ratios |
| Additional information |
| Section 2 - UK GAAP/IFRS reconciliations |
| Special purpose audit report |
| Basis of preparation |
| Provisional accounting policies |
| Detailed reconciliations |
| Income statement reconciliations |
| Balance sheet reconciliations |
| Differences between UK GAAP and IFRS |

Edgar Filing: BARCLAYS PLC - Form 6-K

Other information

The information in this announcement does not comprise statutory accounts within the meaning of Section 240 of the Companies Act 1985 (the 'Act'). Statutory accounts for the year-ended 31st December 2004, which also include certain information required for the joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC), have been delivered to the Registrar of Companies in accordance with Section 242 of the Act.

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to certain of the Group's plans and its current goals and expectations relating to its future financial condition and performance. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", or other words of similar meaning. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances, including, but not limited to, the further development of standards and interpretations under IFRS applicable to past, current and future periods, evolving practices with regard to the interpretation and application of standards under IFRS and pending tax elections with regards to certain subsidiaries, as well as UK domestic and global economic and business conditions, market related risks such as changes in interest rates and exchange rates, the policies and actions of governmental and regulatory authorities, changes in legislation, the outcome of pending and future litigation and the impact of competition - a number of which factors are beyond the Group's control. As a result, the Group's actual future results may differ materially from the plans, goals, and expectations set forth in the Group's forward-looking statements. Any forward-looking statements made by or on behalf of Barclays speak only as of the date they are made. Barclays does not undertake to update forward-looking statements to reflect any changes in Barclays expectations with regard thereto or any changes in events, conditions or circumstances on which any such statement is based. The reader should, however, consult any additional disclosures that Barclays has made or may make in documents it has filed or may file with the SEC including its most recent Annual Report on Form 20-F.

INTRODUCTION

This Transition Report (the 'Report') sets out the financial results of Barclays PLC under International Financial Reporting Standards (IFRS) from 1st January 2004. The Report is prepared in accordance with the transitional provisions set out in IFRS 1, 'First-time Adoption of International Financial Reporting Standards', and other relevant standards and is based on the application of IFRS expected to apply as at 31st December 2005.

The Report provides certain restated comparative data in a format based on the usual presentation layout of Results Announcements. It also summarises the main policy differences between UK GAAP and IFRS as currently expected to apply and sets out the Group's provisional accounting policies for the year ending 31st December 2005.

Whilst the change in accounting standards has no impact on the underlying economics or risk of the business, the 2004 results under IFRS are different from the Group's previously provided 2004 results under UK GAAP. Commencing with reporting for 2005, there will be additional impacts arising from the first-time application of IAS 32 (Financial Instruments: Disclosure and Presentation), IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 4 (Insurance Contracts).

Edgar Filing: BARCLAYS PLC - Form 6-K

The 2004 results under UK GAAP announced on 11th February 2005 are restated in this document. These restated 2004 financial results will, subject to possible changes arising as the application of IFRS develops, form the comparatives that will be used for 2005 performance discussions, commencing with the Trading Update on 26th May 2005. However, since the standards relating to financial instruments and insurance contracts have not been applied to 2004, these comparatives are significantly different from the numbers to be reported from 1st January 2005.

In this Report all comparisons, unless otherwise stated, are between the financial results under IFRS and the previously reported UK GAAP data for the corresponding period or date. Profit comparisons at the divisional level are based on the analysis of results by business division previously provided in Results Announcements which excluded goodwill amortisation.

IFRS Results: Income Statement

The 2004 IFRS income statement shows a reduction in profit before tax of GBP23m from the reported 2004 UK GAAP figure of GBP4,603m. Earnings per share for 2004 on an IFRS basis were 51.0p as against 51.2p under UK GAAP.

The magnitude of the change to total operating income and costs under IFRS in 2004 is principally the result of the requirement to consolidate the insurance businesses, including life assurance, on a line by line basis rather than the previous recognition of the change in embedded value and net premium on insurance underwriting within other operating income. For 2004, this presentation increased operating income by GBP1,401m and created net claims and benefits on insurance contracts of GBP1,310m (treated as costs under IFRS) and added GBP142m to operating expenses.

From 2005 the income statement will be affected by the implementation of IAS 32/39 including those impacts relating to liability and equity classifications, hedging, impairment and effective interest calculations. In addition IFRS 4 requires the separation of investment and insurance contracts. To the extent that such contracts are identified as being of an investment nature they have been classified accordingly and consequently the amounts payable to customers will be offset against the income received on underlying assets. Over half of the life assurance activities of the Group will therefore be accounted for as investment business in 2005, whereas all is accounted for as insurance business in 2004.

IFRS Results: Balance Sheet

The balance sheet restatements cover all previously reported balance sheets for 2004 and also the opening balance sheet for 2005, which includes the impacts of financial instruments and insurance contracts. The aggregate differences between the UK GAAP balance sheet as at 31st December 2004 and the IFRS balance sheet at 1st January 2005 are significant in terms of the categorisation and magnitude of balances recorded. Balance sheet assets under IFRS as at 1st January 2005 total GBP716bn, an increase of GBP193bn over those reported under UK GAAP as at 31st December 2004, primarily as a result of the application of IAS 32 and 39. The most significant adjustments in terms of balance sheet totals are:

- The grossing up of previously netted positions (primarily derivative assets and liabilities subject to master netting agreements, repurchase contracts and cash collateral balances), amounting to GBP120bn;
- The recognition of balances relating to certain asset management products offered to institutional pension funds which are required to be recognised as financial instruments, amounting to GBP65bn; and

Edgar Filing: BARCLAYS PLC - Form 6-K

- The consolidation of conduit financing vehicles, amounting to GBP12bn.

IFRS Results: Total Shareholders' Equity

Total shareholders' equity (including minority interests) at 1st January 2005 of GBP18.6bn is GBP0.2bn higher than the combined shareholders' funds and minority interests under UK GAAP at 31st December 2004.

Excluding minority interests the shareholders' equity under IFRS is GBP15.2bn at 1st January 2005, a reduction of GBP2.2bn compared to shareholders' funds under UK GAAP at 31st December 2004. At 1st January 2005, retained earnings and other reserves are GBP2.8bn lower than the profit and loss reserve under UK GAAP at 31st December 2004. This is partially offset by increases to shareholders' equity which arise from the creation of unrealised reserves relating to available for sale securities (GBP0.3bn) and cash flow hedges (GBP0.3bn).

The reduction in retained earnings includes the following significant impacts:

- Pensions - the elimination of all UK GAAP pensions entries and creation of a net deficit for all Group schemes (reduction in retained earnings of GBP1.8bn);
- UK Life Fund - the move from an Embedded Value accounting treatment to the Modified Statutory Solvency Basis (total reduction in retained earnings of GBP0.6bn arising from the insurance businesses); and
- Dividends - under IFRS dividends are recognised when approved by shareholders, rather than in the period to which they relate (increase in retained earnings of GBP1.0bn).
- Financial instruments - the re-stating of financial instruments moved from debt to equity under IFRS, at exchange rates prevailing at the date of issue, rather than at the exchange rate at 31st December 2004 (reduction in retained earnings of GBP0.4bn).

Minority interests have increased by GBP2.4bn consequent on the inclusion of Reserve Capital Instruments (RCIs) and certain other capital instruments previously recorded as debt.

IFRS Results: Regulatory Capital

The impacts of changes in shareholders' equity are not reflected in changes in regulatory capital on a strictly equivalent basis. The Financial Services Authority in the UK ('FSA') which is Barclays' lead regulator has issued policy statement 05/5 on the interpretation of IFRS related changes which affect the regulatory capital outcome. We have also sought individual guidance on a number of areas where the outcome required clarification.

The impact on the Tier 1 Capital ratio as at 1st January 2005 is a reduction from 7.6% to 7.1%.

The Group's Risk Asset Ratio under IFRS as at 1st January 2005 is 11.9% compared to 11.5% under UK GAAP as at 31st December 2004. This increase primarily reflects the Group's ability to include collectively assessed impairment allowances in Tier 2 capital, replacing the similarly treated UK GAAP general provisions.

Hedging

While the introduction of IFRS has had little impact on the Group's economic hedging activities, IAS 39 significantly changes hedge accounting by specifying the accounting methods and introducing stringent conditions on when hedge

Edgar Filing: BARCLAYS PLC - Form 6-K

accounting can be applied. IAS 39 sets out three forms of hedge accounting: cash flow hedge accounting, fair value hedge accounting and hedges of net investments in overseas entities. All forms of hedge accounting result in hedging derivatives being carried at fair value in the balance sheet. To the extent that the hedge is effective, cash flow hedge accounting and hedges of net investments result in the gains and losses on the hedging instruments being taken initially to equity and subsequently recycled to the income statement in the same periods as the hedged items affect profit or loss. Fair value hedge accounting results in the gain or loss on the hedged item attributable to the hedged risk adjusting the carrying amount of the hedged item and being recognised immediately in the income statement. Ineffective elements of hedges are recognised immediately in the income statement.

IFRS hedge accounting can be contrasted with UK GAAP where hedging derivatives may be carried at cost and income is recognised on an accruals basis to match the hedged items. IFRS hedge accounting will not only result in additional asset and liability amounts being recognised on the balance sheet, but the income statement will also include more variability due to hedge ineffectiveness and economic hedges that do not meet the stringent hedge accounting conditions. In comparison with UK GAAP, cash flow hedge accounting will result in equity volatility and fair value hedge accounting will result in additional fair value amounts being included in the balance sheet and additional income statement volatility.

IFRS hedge accounting has been applied prospectively to all hedges designated and documented as at 1st January 2005. This results in the creation of an initial cash flow hedging reserve and the recognition of fair value movements on items subject to fair value hedge accounting. In addition, qualifying UK GAAP hedged positions result in adjustments to the carrying amount of financial assets and liabilities as at 1st January 2005 to reflect this hedging.

Update from December 2004 Analyst and Investor Briefing

In December 2004, the Group provided a briefing to analysts and investors on the anticipated impact of IFRS. In that briefing, indicative rounded estimates were given in order to convey the direction and approximate scale of the impacts of IFRS based broadly on 2003 results. As anticipated, the numbers provided in that briefing are different from those reflected in the Report due to:

- Market movements;
- Finalisation of 2004 UK GAAP results; and
- Clarification of accounting and regulatory treatments.

The December briefing indicated that, excluding the impacts of the standards on financial instruments and insurance, the Group's profit before tax would rise under IFRS by approximately GBP75m. The actual impact on the 2004 income statement is a GBP23m decline in reported profit before tax. The principal reason for this difference is that the embedded value result of the closed life assurance activities under UK GAAP for 2004 was higher than anticipated and ahead of 2003.

The December briefing also indicated a reduction in shareholders' equity excluding minority interests of GBP1.3bn. This report indicates a reduction of GBP2.2bn which is analysed on pages 65 to 79. Movements since the presentation include:

- A reduction from the impact of re-stating financial instruments moved from debt to equity under IFRS, at exchange rates prevailing at the date of issue, rather than at the exchange rate at 31st December 2004;
- An increased negative impact from the IFRS pensions treatment;

Edgar Filing: BARCLAYS PLC - Form 6-K

- A reduction arising from the clarification of accounting treatments surrounding certain capital market transactions, which resulted in timing differences over the recognition of profits; and
- A reduction arising from the application of a revised income profile to certain loan insurance activities.

In relation to minority interests, the December briefing highlighted an expected increase of GBP1.6bn arising from the reclassification of Reserve Capital Instruments from debt to equity. This increase has now risen to GBP2.4bn reflecting the reclassification of GBP0.4bn of Tier 2 capital as equity and a further GBP0.4bn from the requirement to translate all of these issues at the exchange rate prevailing on their date of issue. The instruments are classified as minority interests because they are issued by a subsidiary.

Implications for 2005

It is expected that the Group's results for 2005 will also reflect the following:

- Closed life assurance activities - the move to Modified Statutory Solvency Basis of accounting, which is effectively an accruals basis of accounting for these activities, should result in less volatility than under embedded value accounting and a profit before endowment redress costs and tax of about GBP45m is expected for 2005, similar to the result in 2004 on a comparable basis;
- IAS 32 and 39 - some of this impact is relatively predictable such as Effective Interest Rate which is expected to reduce profit before tax by about GBP60m and which will involve interest-related fees and costs being included in net interest rather than in fees and commissions. Other elements are inherently unpredictable, such as: the profit impact from the continuation of the Group's economic structural hedging position, which will depend upon the effectiveness of the hedging; and the level of the impairment allowance, which will be more volatile in response to changes in the external environment;
- Insurance underwriting - the Group transferred some loan insurance underwriting activities in house at the beginning of 2005. Under the previous arrangement the Group recognised sales commissions at the point of sale of the loan but no underwriting income as the underwriting was carried by third parties. The new arrangement has long-term economic benefits for the Group but results in a timing difference in income recognition because the income will be recognised over the life of the loans. The relevant business lines will record the sales commission and the underwriting income in line with that which would apply to a third party arms length agreement. On consolidation, an adjustment will be made to align the total result with the required insurance accounting under IFRS. The change is expected to have a negative impact of about GBP80m on income in 2005; and
- Instruments classified as minority interests - instruments classified as debt under UK GAAP to minority interests under IFRS with the associated funding cost moving from interest expense to the minority interest line in the income statement. The combined impact is an expected increase in profit before tax of approximately GBP145m. The post tax benefit is offset by an increase in profit attributable to minority interests of a similar amount.

Group Goals

2004 marked the start of the Group's new four-year goal period covering 2004 to 2007 inclusive. The primary goal is to achieve top quartile Total Shareholder Return (TSR). The Group continues to believe that achievement of a compound

Edgar Filing: BARCLAYS PLC - Form 6-K

annual growth rate of 10-13% in economic profit calculated on a consistent basis over the four-year goal period is likely to be required for the achievement of the primary goal.

The introduction of IFRS has necessitated a review of the derivation of economic capital in the calculation of economic profit resulting in items being excluded which do not represent cash movements in shareholders' equity. Additionally, the Group has determined that the cost of capital for goodwill carried in relation to the acquisition of the Woolwich, previously charged at 8.5% should be brought into line with the Group's overall cost of capital at 9.5%. This has the effect of reducing economic profit for 2004 by GBP41m. The impact of all of these changes (set out in detail on pages 36 and 37) and of IFRS on the income statement, is to decrease economic profit for 2004 from GBP1,885m, as reported in February 2005, to GBP1,568m as reported here.

Business Performance Reporting

The Group's performance by business division is set out on pages 10 to 21. The presentation differs from that which was provided in the Annual Report for 2004 in the following respects:

- The Private Clients and International Retail and Commercial Banking businesses which were formerly aggregated are now reported as distinct business divisions, reflecting the revised management structure;
- The results for the Private Clients - closed life assurance activities are provided separately from those for the rest of Private Clients. The introduction of IFRS requires that the results of the life assurance activities are recorded on a line by line basis rather than the previous single line presentation. As a result of this, it is now considered appropriate to report this activity separately; and
- The 2004 results of Barclaycard and UK Retail Banking have been restated to reflect the 2005 change in allocation of branch network costs and insurance sales between the two divisions. This has the impact of increasing Barclaycard's profit before tax by GBP59m and reducing UK Banking's profit before tax by the same amount.

Following the line by line consolidation of insurance activities in the income statement, the cost:income ratios have been redefined as follows:

- The cost:income ratio is defined as operating expenses plus net claims and benefits compared to total operating income;
- The operating expenses:income less net claims ratio is defined as operating expenses compared to total operating income less net claims and benefits on insurance contracts; and
- The operating expenses:net income less net claims ratio is defined as operating expenses compared to net operating income less net claims and benefits on insurance contracts.

Further Developments in IFRS Reporting

The information in this document has been prepared on the basis of the Group's expectation of the standards that will be applicable as at 31st December 2005. Future Group financial information prepared on the basis of IFRS may differ from the data contained herein for the following reasons:

- Further standards and interpretations may be issued that are applicable for 2005 reporting or which are applicable to later accounting periods but with an option to adopt for earlier periods. Specifically we anticipate that the

Edgar Filing: BARCLAYS PLC - Form 6-K

European Union may enable the adoption of the Exposure Draft (ED) amendments to IAS 39 covering the use of fair values for non-trading financial liabilities. If available for use in 2005, the Group would consider adopting this ED, which would have the effect of increasing retained earnings by GBP70m at 1st January 2005;

- Different practice may develop with regard to interpretation and application of the standards; and
- The relevant tax legislation is not final and consequently tax balances could change as elections are made in respect of a large number of subsidiaries.

CONSOLIDATED INCOME STATEMENT

| | Year- ended 31.12.04 | Half-year ended 31.12.04 | Half-year ended 30.06.04 |
|--|----------------------------|-----------------------------|-----------------------------|
| | GBPm | GBPm | GBPm |
| Continuing operations | | | |
| Interest income | 13,880 | 7,315 | 6,565 |
| Interest expense | (7,047) | (3,815) | (3,232) |
| | ----- | ----- | ----- |
| Net interest income | 6,833 | 3,500 | 3,333 |
| | ----- | ----- | ----- |
| Fee and commission income | 5,560 | 2,887 | 2,673 |
| Fee and commission expense | (662) | (329) | (333) |
| | ----- | ----- | ----- |
| Net fee and commission income | 4,898 | 2,558 | 2,340 |
| | ----- | ----- | ----- |
| Net trading income | 1,487 | 684 | 803 |
| Net investment income | 1,048 | 725 | 323 |
| | ----- | ----- | ----- |
| Principal transactions | 2,535 | 1,409 | 1,126 |
| Net premiums from insurance contracts | 1,042 | 506 | 536 |
| Other operating income | 110 | 64 | 46 |
| | ----- | ----- | ----- |
| Total operating income | 15,418 | 8,037 | 7,381 |
| Impairment loss on loans and advances and other credit risk provisions | (1,093) | (504) | (589) |
| | ----- | ----- | ----- |
| Net operating income | 14,325 | 7,533 | 6,792 |
| Net claims and benefits on insurance contracts | (1,310) | (896) | (414) |
| Operating expenses | (8,536) | (4,562) | (3,974) |
| Share of results of associates and joint ventures | 56 | 42 | 14 |
| Profit on disposal of associates and joint ventures | 45 | - | 45 |
| | ----- | ----- | ----- |
| Profit before tax | 4,580 | 2,117 | 2,463 |
| Tax | (1,279) | (634) | (645) |
| | ----- | ----- | ----- |
| Profit for the year | 3,301 | 1,483 | 1,818 |
| | ----- | ----- | ----- |
| Profit attributable to minority interests | 47 | 27 | 20 |
| Profit attributable to shareholders | 3,254 | 1,456 | 1,798 |
| | ----- | ----- | ----- |
| | 3,301 | 1,483 | 1,818 |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | ----- | ----- | ----- |
|-------------------------------------|-------|-------|-------|
| | p | p | p |
| Basic earnings per ordinary share | 51.0 | 23.0 | 28.0 |
| Diluted earnings per ordinary share | 50.7 | 22.8 | 27.9 |

CONSOLIDATED BALANCE SHEET

| | 01.01.051 | 31.12.04 | As at 30.06.04 | 01.01.04 |
|---|-----------|----------|-------------------|----------|
| Assets | GBPm | GBPm | GBPm | GBPm |
| Cash and balances at central banks | 3,238 | 1,753 | 1,829 | 1,726 |
| Items in the course of collection from other banks | 1,772 | 1,772 | 2,527 | 2,006 |
| Treasury bills and other eligible bills | | 6,658 | 6,547 | 7,177 |
| Trading portfolio assets | 113,241 | | | |
| Non-trading financial instruments fair valued through profit and loss: | | | | |
| - held on own account | 2,367 | | | |
| - held in respect of linked liabilities to customers under investment contracts | 63,124 | | | |
| Derivative financial instruments | 94,340 | | | |
| Loans and advances to banks | 25,728 | 80,632 | 83,034 | 66,993 |
| Loans and advances to customers | 210,959 | 262,409 | 252,053 | 230,772 |
| Debt securities | | 130,311 | 119,840 | 99,896 |
| Equity shares | | 11,399 | 8,599 | 7,094 |
| Available for sale financial investments | 48,491 | | | |
| Reverse repurchase agreements and cash collateral on securities borrowed | 139,574 | | | |
| Other assets | 3,595 | 25,915 | 21,344 | 22,728 |
| Insurance assets, including unit-linked assets | 153 | 8,576 | 8,165 | 8,274 |
| Investments in associates and joint ventures | 429 | 429 | 442 | 438 |
| Goodwill | 4,518 | 4,518 | 4,398 | 4,393 |
| Intangible assets | 139 | 139 | 62 | 64 |
| Property, plant and equipment | 2,282 | 2,282 | 2,108 | 2,123 |
| Deferred tax assets | 1,642 | 1,388 | 1,383 | 1,348 |
| Total assets | 715,592 | 538,181 | 512,331 | 455,032 |

Edgar Filing: BARCLAYS PLC - Form 6-K

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

CONSOLIDATED BALANCE SHEET

| Liabilities | As at | | | |
|---|-------------------|------------------|------------------|------------------|
| | 01.01.051 GBPm | 31.12.04 GBPm | 30.06.04 GBPm | 01.01.04 GBPm |
| Deposits from banks | 74,735 | 111,024 | 115,836 | 94,092 |
| Items in the course of collection due to other banks | 1,205 | 1,205 | 1,442 | 1,286 |
| Customer accounts | 194,488 | 217,492 | 206,170 | 184,796 |
| Trading portfolio liabilities | 59,114 | | | |
| Liabilities to customers under investment contracts | 64,609 | | | |
| Derivative financial instruments | 95,218 | | | |
| Debt securities in issue | 80,754 | 83,842 | 69,431 | 61,469 |
| Repurchase agreements and cash collateral on securities lent | 98,582 | | | |
| Other liabilities | 9,859 | 82,936 | 79,546 | 74,068 |
| Current tax liabilities | 621 | 621 | 697 | 514 |
| Insurance contract liabilities, including unit-linked liabilities | 3,596 | 8,377 | 7,944 | 8,023 |
| Subordinated liabilities: | | | | |
| - Undated loan capital - non convertible | 4,208 | 6,149 | 6,233 | 6,310 |
| - Dated loan capital - convertible to preference shares | 15 | 15 | 15 | 17 |
| - Dated loan capital - non convertible | 6,383 | 6,113 | 6,220 | 6,012 |
| Deferred tax liabilities | 1,365 | 1,362 | 1,284 | 1,257 |
| Other provisions for liabilities | 403 | 416 | 329 | 380 |
| Retirement benefit liabilities | 1,865 | 1,865 | 2,028 | 1,885 |
| Total liabilities | 697,020 | 521,417 | 497,175 | 440,109 |
| Shareholders' equity | | | | |
| Called up share capital | 1,614 | 1,614 | 1,613 | 1,642 |
| Share premium account | 5,524 | 5,524 | 5,437 | 5,417 |
| Less: treasury shares | (119) | (119) | (115) | (84) |
| Available for sale reserve | 314 | | | |
| Cash flow hedging reserve | 302 | | | |
| Capital redemption reserve | 309 | 309 | 305 | 274 |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | |
|---|---------|---------|---------|---------|
| Other capital reserve | 617 | 617 | 617 | 617 |
| Translation reserve | (58) | (58) | (43) | - |
| Retained earnings | 6,739 | 7,983 | 7,164 | 6,774 |
| | ----- | ----- | ----- | ----- |
| Shareholders' equity excluding minority interests | 15,242 | 15,870 | 14,978 | 14,640 |
| Minority interests | 3,330 | 894 | 178 | 283 |
| | ----- | ----- | ----- | ----- |
| Total shareholders' equity | 18,572 | 16,764 | 15,156 | 14,923 |
| | ----- | ----- | ----- | ----- |
| Total liabilities and shareholders' equity | 715,592 | 538,181 | 512,331 | 455,032 |
| | ----- | ----- | ----- | ----- |

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

Results by business

The following section analyses the Group's performance by business.

Profit attributable to shareholders

| | UK GAAP Year- ended 31.12.04 GBPm | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | Half-year ended 30.06.04 GBPm |
|---|--|------------------------------------|-------------------------------------|-------------------------------------|
| UK Banking | 2,415 | 2,265 | 1,103 | 1,162 |
| | ----- | ----- | ----- | ----- |
| UK Retail Banking | 1,068 | 963 | 405 | 558 |
| UK Business Banking | 1,347 | 1,302 | 698 | 604 |
| | ----- | ----- | ----- | ----- |
| International Retail and Commercial Banking | 311 | 293 | 148 | 145 |
| Barclaycard | 860 | 843 | 384 | 459 |
| Barclays Capital | 1,042 | 1,020 | 432 | 588 |
| Barclays Global Investors | 347 | 336 | 185 | 151 |
| Private Clients | 144 | 110 | 46 | 64 |
| Private Clients-closed life assurance activities | (4) | (52) | (51) | (1) |
| Head office functions and other operations | (206) | (235) | (130) | (105) |
| | ----- | ----- | ----- | ----- |
| Profit before tax and UK GAAP goodwill amortisation | 4,909 | 4,580 | 2,117 | 2,463 |
| | ----- | ----- | ----- | ----- |
| Goodwill amortisation | (306) | - | - | - |
| | ----- | ----- | ----- | ----- |
| Profit before tax | 4,603 | 4,580 | 2,117 | 2,463 |
| Tax | (1,289) | (1,279) | (634) | (645) |
| | ----- | ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | |
|---|-------|-------|-------|-------|
| Profit for the year | 3,314 | 3,301 | 1,483 | 1,818 |
| Profit attributable to minority interests | (46) | (47) | (27) | (20) |
| | ----- | ----- | ----- | ----- |
| Profit attributable to shareholders | 3,268 | 3,254 | 1,456 | 1,798 |
| | ----- | ----- | ----- | ----- |

The presentation of results by business differs from that provided in 2004 in the following respects:

- International Retail and Commercial Banking and Private Clients are reported as completely separate business divisions and not aggregated, reflecting changes in management accountability;
- The results for the Private Clients-closed life assurance activities are provided separately from those for the rest of Private Clients. The introduction of IFRS requires that the results of the life assurance activities are recorded on a line by line basis rather than the previous single line presentation. In order that the presentation of the underlying financial performance is not distorted, it is considered appropriate to report the life assurance activity separately; and
- The 2004 results of Barclaycard and UK Retail Banking have been restated to reflect the 2005 change in allocation of branch network costs and insurance sales between the two divisions. This has the impact of increasing Barclaycard's profit before tax by GBP59m and reducing UK Banking's profit before tax by the same amount.

The share of results of associates and joint ventures is reported after tax under IFRS.

Following the line by line consolidation of insurance activities in the income statement, the cost:income ratios have been redefined as follows:

- The cost:income ratio is defined as operating expenses plus net claims and benefits compared to total operating income;
- The operating expenses:income less net claims ratio is defined as operating expenses compared to total operating income less net claims and benefits on insurance contracts; and
- The operating expenses:net income less net claims ratio is defined as operating expenses compared to net operating income less net claims and benefits on insurance contracts.

UK Banking

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | Half-year ended 30.06.04 GBPm |
|-------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Net interest income | 3,477 | 1,780 | 1,697 |
| Net fee and commission income | 1,936 | 974 | 962 |
| | ----- | ----- | ----- |
| Net trading income | - | - | - |
| Net investment income | 5 | 4 | 1 |
| | ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|--|------------|------------|------------|
| Principal transactions | 5 | 4 | 1 |
| Net premiums from insurance contracts | 249 | 100 | 149 |
| Other operating income | 37 | 31 | 6 |
| | ----- | ----- | ----- |
| Total operating income | 5,704 | 2,889 | 2,815 |
| Impairment loss on loans and advances and other credit risk provisions | (199) | (46) | (153) |
| | ----- | ----- | ----- |
| Net operating income | 5,505 | 2,843 | 2,662 |
| Net claims and benefits on insurance contracts | (46) | (20) | (26) |
| Operating expenses | (3,241) | (1,722) | (1,519) |
| Share of results of associates and joint ventures | 5 | 2 | 3 |
| Profit on disposal of associates and joint ventures | 42 | - | 42 |
| | ----- | ----- | ----- |
| Profit before tax | 2,265 | 1,103 | 1,162 |
| | ----- | ----- | ----- |
| Memo - UK GAAP profit before tax excluding goodwill amortisation (as restated) | 2,415 | 1,186 | 1,229 |
| | ----- | ----- | ----- |
| Cost:income ratio | 58% | 60% | 55% |
| Operating expenses:income less net claims ratio | 57% | 60% | 54% |
| Operating expenses:net income less net claims ratio | 59% | 61% | 58% |
| Loans and advances to customers (period end) | GBP114.1bn | GBP114.1bn | GBP109.1bn |
| Customer accounts (period end) | GBP114.8bn | GBP114.8bn | GBP113.1bn |
| Total assets | GBP119.6bn | GBP119.6bn | GBP114.4bn |
| Return on average economic capital | 34% | 32% | 35% |
| Economic profit | 1,158 | 565 | 593 |

The reduction in profit before tax is mainly due to the increased costs associated with share based payments and pensions, which have also resulted in an increase in the cost:income ratios. The non-life insurance activities are presented on separate income statement lines, although the net result is not changed by the introduction of IFRS.

In 2004, UK Banking announced that it is targeting cost:income ratio improvements of 2% per annum in 2005, 2006 and 2007. The relevant comparator for this target is the operating expenses:income less net claims ratio based on a starting point of 57%.

UK Retail Banking

| | Year- ended | Half-year ended | |
|-------------------------------|----------------|-----------------|----------|
| | 31.12.04 | 31.12.04 | 30.06.04 |
| | GBPm | GBPm | GBPm |
| Net interest income | 2,059 | 1,046 | 1,013 |
| Net fee and commission income | 1,123 | 554 | 569 |
| | ----- | ----- | ----- |
| Net trading income | - | - | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|--|-----------|-----------|-----------|
| Net investment income | 1 | 1 | - |
| | ----- | ----- | ----- |
| Principal transactions | 1 | 1 | - |
| Net premiums from insurance contracts | 249 | 100 | 149 |
| Other operating income | 26 | 22 | 4 |
| | ----- | ----- | ----- |
| Total operating income | 3,458 | 1,723 | 1,735 |
| Impairment loss on loans and advances and other credit risk provisions | (60) | 2 | (62) |
| | ----- | ----- | ----- |
| Net operating income | 3,398 | 1,725 | 1,673 |
| Net claims and benefits on insurance contracts | (46) | (20) | (26) |
| Operating expenses | (2,433) | (1,300) | (1,133) |
| Share of results of associates and joint ventures | 2 | - | 2 |
| Profit on disposal of associates and joint ventures | 42 | - | 42 |
| | ----- | ----- | ----- |
| Profit before tax | 963 | 405 | 558 |
| | ----- | ----- | ----- |
| Memo - UK GAAP profit before tax excluding goodwill amortisation (as restated) | 1,068 | 468 | 600 |
| | ----- | ----- | ----- |
| Cost:income ratio | 72% | 77% | 67% |
| Operating expenses:income less net claims ratio | 71% | 76% | 66% |
| Operating expenses:net income less net claims ratio | 73% | 76% | 69% |
| Loans and advances to customers (period end) | GBP65.6bn | GBP65.6bn | GBP64.4bn |
| Customer accounts (period end) | GBP72.4bn | GBP72.4bn | GBP70.7bn |
| Total assets | GBP68.9bn | GBP68.9bn | GBP67.3bn |
| Return on average economic capital | 31% | 25% | 36% |
| Economic profit | 473 | 183 | 290 |

The reduction in profit before tax is mainly due to the increased costs associated with share based payments and pensions, which have also resulted in an increase in the cost:income ratios.

UK Business Banking

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | Half-year ended 30.06.04 GBPm |
|-------------------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Net interest income | 1,418 | 734 | 684 |
| Net fee and commission income | 813 | 420 | 393 |
| | ----- | ----- | ----- |
| Net trading income | - | - | - |
| Net investment income | 4 | 3 | 1 |
| | ----- | ----- | ----- |
| Principal transactions | 4 | 3 | 1 |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|--|---------------|---------------|---------------|
| Other operating income | 11 | 9 | 2 |
| | ----- | ----- | ----- |
| Total operating income | 2,246 | 1,166 | 1,080 |
| Impairment loss on loans and advances and other credit risk provisions | (139) | (48) | (91) |
| | ----- | ----- | ----- |
| Net operating income | 2,107 | 1,118 | 989 |
| Operating expenses | (808) | (422) | (386) |
| Share of results of associates and joint ventures | 3 | 2 | 1 |
| | ----- | ----- | ----- |
| Profit before tax | 1,302 | 698 | 604 |
| | ----- | ----- | ----- |
| Memo - UK GAAP profit before tax excluding goodwill amortisation | 1,347 | 718 | 629 |
| | ----- | ----- | ----- |
| Cost:income ratio | 36% | 36% | 36% |
| Operating expenses:net income ratio | 38% | 38% | 39% |
| Loans and advances to customers (period end) | GBP48.5bn | GBP48.5bn | GBP44.7bn |
| Customer accounts (period end) | GBP42.4bn | GBP42.4bn | GBP42.4bn |
| Total assets | GBP50.7bn | GBP50.7bn | GBP47.1bn |
| Return on average economic capital | 37% | 38% | 35% |
| Economic profit | 685 | 382 | 303 |

The reduction in profit before tax is mainly due to the increased costs associated with share based payment and pensions, which have also resulted in an increase in the cost:income ratios.

International Retail and Commercial Banking

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | Half-year ended 30.06.04 GBPm |
|--|------------------------------------|-------------------------------------|-------------------------------------|
| Net interest income | 534 | 277 | 257 |
| Net fee and commission income | 288 | 145 | 143 |
| | ----- | ----- | ----- |
| Net trading income | - | - | - |
| Net investment Income | 135 | 71 | 64 |
| | ----- | ----- | ----- |
| Principal transactions | 135 | 71 | 64 |
| Net premiums from insurance contracts | 300 | 155 | 145 |
| Other operating income | 25 | 12 | 13 |
| | ----- | ----- | ----- |
| Total operating income | 1,282 | 660 | 622 |
| Impairment loss on loans and advances and other credit risk provisions | (31) | (12) | (19) |
| | ----- | ----- | ----- |
| Net operating income | 1,251 | 648 | 603 |
| Net claims and benefits paid on insurance contracts | (390) | (208) | (182) |
| Operating expenses | (617) | (330) | (287) |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|--|-----------|-----------|-----------|
| Share of results of associates and joint ventures | 49 | 38 | 11 |
| | ----- | ----- | ----- |
| Profit before tax | 293 | 148 | 145 |
| | ----- | ----- | ----- |
| Memo - UK GAAP profit before tax excluding goodwill amortisation | 311 | 167 | 144 |
| | ----- | ----- | ----- |
| Cost:income ratio | 79% | 82% | 75% |
| Operating expenses:income less net claims ratio | 69% | 73% | 65% |
| Operating expenses:net income less net claims ratio | 72% | 75% | 68% |
| Loans and advances to customers (period end) | GBP20.7bn | GBP20.7bn | GBP17.6bn |
| Customer accounts (period end) | GBP10.1bn | GBP10.1bn | GBP9.7bn |
| Total assets | GBP28.4bn | GBP28.4bn | GBP25.1bn |
| Return on average economic capital | 20% | 22% | 18% |
| Economic profit | 111 | 54 | 57 |

The reduction in full-year profit before tax is mainly due to the increased costs associated with share based payments and pensions. The 2004 income statement presentation under IFRS includes separate line items relating to the insurance businesses: net premiums from insurance contracts and net claims and benefits paid on insurance contracts. In addition, investment income on assets backing insurance policies is separately presented. Under UK GAAP, the results of the insurance businesses were presented on a net basis. There is no change in the measurement of the insurance result in 2004. Under IFRS, the share of results of associates and joint ventures is presented after tax.

In 2005, investment and insurance contracts will be separately accounted for in accordance with IAS 39 and IFRS 4. This will result in investment income and premiums and claims relating to investment contracts being presented on a net basis in other operating income. Therefore, the 2004 figures provided above will not be directly comparable to the results to be reported in 2005.

Barclaycard

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | 30.06.04 GBPm |
|--|------------------------------------|-------------------------------------|------------------|
| Net interest income | 1,600 | 790 | 810 |
| Net fee and commission income | 790 | 416 | 374 |
| Net premiums from insurance contracts | 22 | 11 | 11 |
| | ----- | ----- | ----- |
| Total operating income | 2,412 | 1,217 | 1,195 |
| Impairment loss on loans and advances and other credit risk provisions | (761) | (404) | (357) |
| | ----- | ----- | ----- |
| Net operating income | 1,651 | 813 | 838 |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|--|-----------|-----------|-----------|
| Net claims and benefits on insurance contracts | (5) | (3) | (2) |
| Operating expenses | (807) | (428) | (379) |
| Share of results of associates and joint ventures | 4 | 2 | 2 |
| | ----- | ----- | ----- |
| Profit before tax | 843 | 384 | 459 |
| | ----- | ----- | ----- |
| Memo - UK GAAP profit before tax excluding goodwill amortisation (as restated) | 860 | 444 | 416 |
| | ----- | ----- | ----- |
| Cost:income ratio | 34% | 35% | 32% |
| Operating expense:income less net claims ratio | 34% | 35% | 32% |
| Operating expenses:net income ratio | 49% | 53% | 45% |
| Loans and advances to customers (period end) | GBP22.3bn | GBP22.3bn | GBP20.1bn |
| Total assets | GBP23.1bn | GBP23.1bn | GBP20.7bn |
| Return on average economic capital | 23% | 20% | 25% |
| Economic profit | 350 | 148 | 202 |

The reduction in profit before tax reflects the increased costs associated with share based payments and pensions.

Barclays Capital

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | Half-year ended 30.06.04 GBPm |
|--|------------------------------------|-------------------------------------|-------------------------------------|
| Net interest income | 991 | 535 | 456 |
| Net fee and commission income | 603 | 331 | 272 |
| | ----- | ----- | ----- |
| Net trading income | 1,463 | 679 | 784 |
| Net investment income | 318 | 132 | 186 |
| | ----- | ----- | ----- |
| Principal transactions | 1,781 | 811 | 970 |
| | ----- | ----- | ----- |
| Total operating income | 3,375 | 1,677 | 1,698 |
| Impairment loss on loans and advances and other credit risk provisions | (102) | (53) | (49) |
| | ----- | ----- | ----- |
| Net operating income | 3,273 | 1,624 | 1,649 |
| Operating expenses | (2,253) | (1,192) | (1,061) |
| Share of results of associates and joint ventures | - | - | - |
| | ----- | ----- | ----- |
| Profit before tax | 1,020 | 432 | 588 |
| | ----- | ----- | ----- |

Memo - UK GAAP profit before tax

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|--|------------|------------|------------|
| excluding goodwill amortisation | 1,042 | 443 | 599 |
| | ----- | ----- | ----- |
| Cost:income ratio | 67% | 71% | 62% |
| Operating expenses:net income ratio | 69% | 73% | 64% |
| Average net revenue per member of staff ('000) | GBP481 | GBP221 | GBP260 |
| Total assets | GBP346.9bn | GBP346.9bn | GBP330.2bn |
| Return on average economic capital | 35% | 32% | 38% |
| Economic profit | 521 | 230 | 291 |

The introduction of IFRS has not had a material impact on the 2004 restated results.

Barclays Global Investors

| | Year- ended 31.12.04 | Half-year ended 31.12.04 | Half-year ended 30.06.04 |
|--|----------------------------|-----------------------------|-----------------------------|
| | GBPm | GBPm | GBPm |
| Continuing operations | | | |
| Net interest income | 5 | 1 | 4 |
| Net fee and commission income | 882 | 464 | 418 |
| | ----- | ----- | ----- |
| Net trading income | 3 | 3 | - |
| Net investment income | 3 | 3 | - |
| | ----- | ----- | ----- |
| Principal transactions | 6 | 6 | - |
| Other operating income | - | (1) | 1 |
| | ----- | ----- | ----- |
| Total operating income | 893 | 470 | 423 |
| Operating expenses | (556) | (284) | (272) |
| Share of results of associates and joint ventures | (2) | (1) | (1) |
| Profit on disposal of associates and joint ventures | 1 | - | 1 |
| | ----- | ----- | ----- |
| Profit before tax | 336 | 185 | 151 |
| | ----- | ----- | ----- |
| Memo - UK GAAP profit before tax excluding goodwill amortisation | 347 | 189 | 158 |
| | ----- | ----- | ----- |
| Cost:income ratio | 62% | 60% | 64% |
| Average net revenue per member of staff ('000) | GBP464 | GBP247 | GBP217 |
| Total assets | GBP0.8bn | GBP0.8bn | GBP0.7bn |
| Return on average economic capital | 166% | 185% | 147% |
| Economic profit | 195 | 108 | 87 |

The introduction of IFRS has not had a material impact on the 2004 restated results.

Private Clients

Edgar Filing: BARCLAYS PLC - Form 6-K

| | Year- ended 31.12.04 | Half-year ended 31.12.04 | Half-year ended 30.06.04 |
|--|----------------------------|-----------------------------|-----------------------------|
| | GBPm | GBPm | GBPm |
| Net interest income | 303 | 155 | 148 |
| Net fee and commission income | 529 | 268 | 261 |
| Net trading income | - | - | - |
| Net investment income | - | - | - |
| Principal transactions | - | - | - |
| Other operating income | 7 | 4 | 3 |
| Total operating income | 839 | 427 | 412 |
| Impairment loss on loans and advances and other credit risk provisions | 1 | 1 | - |
| Net operating income | 840 | 428 | 412 |
| Operating expenses | (730) | (382) | (348) |
| Share of results of associates and joint ventures | - | - | - |
| Profit before tax | 110 | 46 | 64 |
| Memo - UK GAAP profit before tax excluding goodwill amortisation | 144 | 63 | 81 |
| Cost:income ratio | 87% | 89% | 84% |
| Operating expenses:net income ratio | 87% | 89% | 84% |
| Loans and advances to customers (period end) | GBP4.1bn | GBP4.1bn | GBP3.6bn |
| Customer accounts (period end) | GBP21.3bn | GBP21.3bn | GBP20.4bn |
| Total assets | GBP5.0bn | GBP5.0bn | GBP4.4bn |
| Return on average economic capital | 32% | 23% | 43% |
| Economic profit | 70 | 23 | 47 |

The reduction in profit before tax is mainly due to the increased costs associated with pensions and the capitalisation of software, which have also had the effect of increasing the cost:income ratios.

Private Clients-closed life assurance activities

| | Year- ended 31.12.04 | Half-year ended 31.12.04 | Half-year ended 30.06.04 |
|-------------------------------|----------------------------|-----------------------------|-----------------------------|
| | GBPm | GBPm | GBPm |
| Net interest income | (53) | (33) | (20) |
| Net fee and commission income | 51 | 26 | 25 |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|---|----------|----------|----------|
| Net trading income | - | - | - |
| Net investment income | 596 | 517 | 79 |
| | ----- | ----- | ----- |
| Principal transactions | 596 | 517 | 79 |
| Net premiums from insurance contracts | 362 | 195 | 167 |
| Other operating income | 4 | 1 | 3 |
| | ----- | ----- | ----- |
| Total operating income | 960 | 706 | 254 |
| Net claims and benefits on insurance contracts | (869) | (665) | (204) |
| Endowment redress costs | (97) | (64) | (33) |
| Other operating expenses | (46) | (28) | (18) |
| | ----- | ----- | ----- |
| Loss before tax | (52) | (51) | (1) |
| | ----- | ----- | ----- |
| Memo - UK GAAP (loss)/profit before tax excluding goodwill amortisation | (4) | 25 | (29) |
| | ----- | ----- | ----- |
| Cost:income ratio | 105% | 107% | 100% |
| Operating expenses:income less net claims ratio | 157% | 224% | 102% |
| Total assets | GBP6.4bn | GBP6.4bn | GBP6.1bn |
| Return on average economic capital | (53)% | (117)% | 11% |
| Economic (loss)/profit | (77) | (79) | 2 |

For the year-ended 31st December 2004, under UK GAAP and using the Embedded Value basis of accounting, the Private Clients-closed life assurance activities resulted in a loss of GBP4m. The change in accounting policy to the Modified Statutory Solvency Basis, which is an accruals basis of accounting, has resulted in an increase in the loss of GBP48m since the net present value of profits inherent in the in-force policies is no longer recognised. The tax impact of this change has also resulted in the economic loss.

In 2005, investment and insurance contracts will be separately accounted for in accordance with IAS 39 and IFRS 4. This will result in investment income and premiums and claims relating to investment contracts being presented on a net basis in other operating income. Therefore, the 2004 figures provided above will not be directly comparable to the results to be reported in 2005.

Head office functions and other operations

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | 30.06.04 GBPm |
|---|------------------------------------|-------------------------------------|------------------|
| Head office functions and central items | (230) | (140) | (90) |
| Transition businesses | 7 | 17 | (10) |
| Restructuring costs | (12) | (7) | (5) |
| | ----- | ----- | ----- |
| Loss on operating activities before tax | (235) | (130) | (105) |
| | ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|---|-------|-------|-------|
| Memo - UK GAAP loss before tax excluding goodwill amortisation | (206) | (128) | (78) |
| | ----- | ----- | ----- |

The increased loss in head office functions and central items is mainly due to the increased costs associated with share based payments and pensions.

Results by nature of income and expense

Net interest income

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | Half-year ended 30.06.04 GBPm |
|------------------|------------------------------------|-------------------------------------|-------------------------------------|
| Interest income | 13,880 | 7,315 | 6,565 |
| Interest expense | (7,047) | (3,815) | (3,232) |
| | ----- | ----- | ----- |
| | 6,833 | 3,500 | 3,333 |
| | ----- | ----- | ----- |

The components of net interest income have increased mainly as the result of the consolidation of additional subsidiaries, including special purpose entities.

Principal transactions

| | Year- ended 31.12.04 | Half-year ended 31.12.04 | Half-year ended 30.06.04 |
|---|----------------------------|-----------------------------|-----------------------------|
| Net trading income | | | |
| Rates related business | 1,141 | 443 | 698 |
| Credit related business | 346 | 241 | 105 |
| | ----- | ----- | ----- |
| | 1,487 | 684 | 803 |
| | ----- | ----- | ----- |
| Net investment income | | | |
| Gain on disposal of investment securities | 199 | 129 | 70 |
| Dividend income | 17 | 11 | 6 |
| Other investment income | 832 | 585 | 247 |
| | ----- | ----- | ----- |
| | 1,048 | 725 | 323 |
| | ----- | ----- | ----- |
| | 2,535 | 1,409 | 1,126 |
| | ----- | ----- | ----- |

Other investment income includes income from assets backing insurance policies in the long term assurance businesses. Under UK GAAP this was

Edgar Filing: BARCLAYS PLC - Form 6-K

included in income from the long-term assurance business previously included in other operating income.

Other operating income

| | Year- ended 31.12.04 | 31.12.04 | Half-year ended 30.06.04 |
|------------------|----------------------------|----------|-----------------------------|
| | GBPm | GBPm | GBPm |
| Property rentals | 45 | 27 | 18 |
| Other income | 65 | 37 | 28 |
| | ----- | ----- | ----- |
| | 110 | 64 | 46 |
| | ----- | ----- | ----- |

Other income includes operating lease income, which was previously included in interest income.

Impairment loss on loans and advances and other credit risk provisions

| | Year- ended 31.12.04 | 31.12.04 | Half-year ended 30.06.04 |
|---|----------------------------|----------|-----------------------------|
| | GBPm | GBPm | GBPm |
| The charge for the period in respect of impairment for loans and advances comprises: | | | |
| - New and increased | 1,755 | 927 | 828 |
| - Releases | (396) | (267) | (129) |
| - Recoveries | (255) | (140) | (115) |
| | ----- | ----- | ----- |
| Total impairment charge for loans and advances | 1,104 | 520 | 584 |
| (Release)/charge for the period in respect of provisions for undrawn contractually committed facilities and guarantees provided | (11) | (16) | 5 |
| Charge for the period in respect of impairment of available for sale financial investments | | | |
| | ----- | ----- | ----- |
| Total impairment loss on loans and advances and other credit risk provisions | 1,093 | 504 | 589 |
| | ----- | ----- | ----- |

The total impairment loss on loans and advances and other credit risk provisions is unchanged for 2004, although the charge in respect of provisions for undrawn contractually committed facilities and guarantees provided to customers is presented separately from impairment loss on loans and advances.

Operating expenses

Edgar Filing: BARCLAYS PLC - Form 6-K

| | Year- ended 31.12.04 GBPm | 31.12.04 GBPm | Half-year ended 30.06.04 GBPm |
|-----------------------------------|------------------------------------|------------------|-------------------------------------|
| Staff costs (refer to page 24) | 5,227 | 2,720 | 2,507 |
| Administrative expenses | 2,766 | 1,553 | 1,213 |
| Depreciation | 297 | 156 | 141 |
| Amortisation of intangible assets | 22 | 13 | 9 |
| Impairment loss | | | |
| - Intangible assets | 9 | 5 | 4 |
| Operating lease rentals | 215 | 115 | 100 |
| | ----- | ----- | ----- |
| | 8,536 | 4,562 | 3,974 |
| | ----- | ----- | ----- |

Operating lease rentals were previously netted with income received from the sub-let of properties and included in other operating income.

Staff costs

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | 30.06.04 GBPm |
|---|------------------------------------|-------------------------------------|------------------|
| Salaries and accrued incentive payments | 4,098 | 2,124 | 1,974 |
| Social security costs | 339 | 172 | 167 |
| Pension costs | | | |
| - defined contribution plans | 92 | 39 | 53 |
| - defined benefit plans | 235 | 126 | 109 |
| Other post retirement benefits | 29 | 16 | 13 |
| Other | 434 | 243 | 191 |
| | ----- | ----- | ----- |
| | 5,227 | 2,720 | 2,507 |
| | ----- | ----- | ----- |

Included in salaries and accrued incentive payments is GBP169m (half-year ended 31st December 2004: GBP90m; half-year ended 30th June 2004: GBP79m) resulting from equity settled share based payments.

Staff costs have increased due to the recognition of the additional cost of share based payments, including Sharesave and Incentive Share Option Plan (ISOP), and the increase in pension costs under IAS 19.

Share of results of associates and joint ventures

| | Year- ended 31.12.04 GBPm | Half-year ended 31.12.04 GBPm | 30.06.04 GBPm |
|--|------------------------------------|-------------------------------------|------------------|
|--|------------------------------------|-------------------------------------|------------------|

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|----------------------------|-------|-------|-------|
| Profit from associates | 56 | 42 | 14 |
| Profit from joint ventures | - | - | - |
| | ----- | ----- | ----- |
| | 56 | 42 | 14 |
| | ----- | ----- | ----- |

The share of results of associates and joint ventures is reported after tax, with no amortisation of goodwill and after aligning results with Group IFRS accounting policies as set on pages 43 to 59.

Earnings per share

| | Year- ended 31.12.04 | Half-year ended 31.12.04 | Half-year ended 30.06.04 |
|--|----------------------------|-----------------------------|-----------------------------|
| Profit attributable to the members of Barclays PLC | GBP3,254m | GBP1,456m | GBP1,798m |
| Basic weighted average number of shares (in issue) | 6,381m | 6,341m | 6,421m |
| Potential ordinary shares ¹ | 33m | 32m | 31m |
| | ----- | ----- | ----- |
| Diluted weighted average number of shares | 6,414m | 6,373m | 6,452m |
| | ----- | ----- | ----- |
| | p | p | p |
| Basic earnings per ordinary share | 51.0 | 23.0 | 28.0 |
| Diluted earnings per ordinary share | 50.7 | 22.8 | 27.9 |
| Memo - UK GAAP | | | |
| Earnings per ordinary share | 51.2 | 24.5 | 26.7 |
| Fully diluted earnings per ordinary share | 51.0 | 24.4 | 26.6 |

¹ Potential ordinary shares reflect the dilutive effect of share options outstanding.

Tax rate

The charge for 2004 is based upon the UK GAAP financial statements and a UK corporation tax rate of 30% for the calendar year 2004 (2003: 30%).

Analysis of amounts included in the balance sheets

Assets held in respect of linked liabilities to customers under investment contracts/liabilities to customers under investment contracts

01.01.051
GBPm

Edgar Filing: BARCLAYS PLC - Form 6-K

| | |
|---|--------|
| Non-trading financial instruments fair valued through profit and loss | |
| - held in respect of linked liabilities | 63,124 |
| Cash and bank balances within the funds | 1,485 |
| | ----- |
| | 64,609 |
| | ----- |
| | ----- |
| Liabilities to customers under investment contracts | 64,609 |
| | ----- |

This comprises assets under management held on behalf of clients. Under UK GAAP the assets were included in assets under management and not included on the balance sheet.

Derivative financial instruments

The table below analyses the contract or underlying principal amounts and fair values of derivatives financial instruments held for trading purposes and for the purposes of risk management.

| | As at 01.01.051 | | |
|--|----------------------------|----------------|---------------------|
| | Gross | Fair Value | |
| | Contract Amount GBPm | Assets GBPm | Liabilities GBPm |
| Derivative assets/liabilities held for trading | 12,397,266 | 92,619 | 94,006 |
| Derivative assets/liabilities held for risk management | 89,894 | 1,721 | 1,212 |
| | ----- | ----- | ----- |
| Total recognised derivative assets/liabilities | 12,487,160 | 94,340 | 95,218 |
| | ----- | ----- | ----- |

From 1st January 2005, amounts previously described as balances from off-balance sheet financial instruments and included in other assets and other liabilities have been reclassified to derivative financial instruments and recognised according to the offset requirements of IFRS. IFRS requires financial assets and liabilities to be stated on a gross basis unless the Group has the ability and intention to settle them net. Under master netting agreements, the Group has the ability, but not the intention, to settle net. Under UK GAAP, such agreements qualified for net presentation, accordingly, the derivative balances recognised under IFRS are significantly higher than those under UK GAAP.

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

Edgar Filing: BARCLAYS PLC - Form 6-K

Loans and advances

| | 01.01.051 | 31.12.04 | 30.06.04 | 01.01.04 |
|---------------------------------|-----------|----------|----------|----------|
| | GBPm | GBPm | GBPm | GBPm |
| | ----- | ----- | ----- | ----- |
| Loans and advances to banks | 25,752 | 80,655 | 83,042 | 67,010 |
| Less: impairment allowance | (24) | (23) | (8) | (17) |
| | ----- | ----- | ----- | ----- |
| | 25,728 | 80,632 | 83,034 | 66,993 |
| | ----- | ----- | ----- | ----- |
| Loans and advances to customers | 213,572 | 265,097 | 254,896 | 233,701 |
| Less: impairment allowance | (2,613) | (2,688) | (2,843) | (2,929) |
| | ----- | ----- | ----- | ----- |
| | 210,959 | 262,409 | 252,053 | 230,772 |
| | ----- | ----- | ----- | ----- |
| | 236,687 | 343,041 | 335,087 | 297,765 |
| | ----- | ----- | ----- | ----- |

The increase in loans and advances to banks and to customers in 2004 mainly results from the consolidation of additional entities, including special purpose entities. Loans and advances have decreased at 1st January 2005 due to the reclassification of trading portfolio assets and reverse repurchase agreements. These decreases have been partially offset by the increase due to the presentation on a gross basis of balances that qualified to be presented on a net basis under UK GAAP.

Impairment allowance

In 2004, the reduction in impairment allowance compared to UK GAAP provisions for bad and doubtful debts is due to the reclassification of the provision for undrawn contractually committed facilities and guarantees provided to other provisions for liabilities. The provision has not been remeasured, but has been presented in a separate place on the balance sheet.

The total impairment allowance, including provision for undrawn contractually committed facilities and guarantees, as at 1st January 2005 under IFRS has increased slightly when compared to UK GAAP as a result of the application of revised calculation methodologies.

A reconciliation of UK GAAP provisions to IFRS impairment allowances is as follows:

| | |
|---|-------|
| | GBPm |
| UK GAAP provision as at 31st December 2004 | 2,766 |
| UK GAAP interest in suspense as at 31st December 2004 | 40 |
| | ----- |
| | 2,806 |
| UK GAAP fees in suspense as at 31st December 2004 | 19 |
| Additional impairment resulting from the application of revised | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | |
|--|-------|
| calculation methodologies at 1st January 2005 | 24 |
| | ----- |
| | 2,849 |
| | ----- |
| Impairment allowance on loans and advances to banks | 24 |
| Impairment allowance on loans and advances to customers | 2,613 |
| Provision for undrawn contractually committed facilities and guarantees provided | 55 |
| Interest and fees not recognised | 157 |
| | ----- |
| | 2,849 |
| | ----- |

Interest in suspense is not recognised under IFRS. Interest and fees that are not expected to be recoverable are not recognised in the income statement. Interest, representing the unwind of the discount rate applied to future cashflows included in the impairment allowance calculation, will be recognised on impaired loans from 2005.

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

Potential credit risk loans

| | As at | | | |
|---|-----------|----------|----------|----------|
| | 01.01.051 | 31.12.04 | 30.06.04 | 01.01.04 |
| Potential credit risk loans | GBPm | GBPm | GBPm | GBPm |
| Non-accrual loans | 2,052 | 2,115 | 2,235 | 2,261 |
| Accruing loans where there is an expectation of ultimate write-off (either partial or full) | 1,255 | 1,334 | 1,343 | 1,450 |
| Accruing loans 90 days overdue, against which no allowances have been made | 509 | 521 | 569 | 590 |
| Reduced rate loan | 15 | 15 | 10 | 4 |
| | ----- | ----- | ----- | ----- |
| Total non-performing loans | 3,831 | 3,985 | 4,157 | 4,305 |
| Potential problem loans | 753 | 756 | 824 | 1,327 |
| | ----- | ----- | ----- | ----- |
| Total potential credit risk loans | 4,584 | 4,741 | 4,981 | 5,632 |
| | ----- | ----- | ----- | ----- |
| | % | % | % | % |
| Allowance coverage of non-performing loans | 68.8 | 69.0 | 69.7 | 69.6 |
| | ----- | ----- | ----- | ----- |
| Allowance coverage of total potential | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | |
|------------|-------|-------|-------|-------|
| credit | | | | |
| risk loans | 57.5 | 58.0 | 58.1 | 53.2 |
| | ----- | ----- | ----- | ----- |

The coverage ratios are calculated by dividing the impairment allowance either by the non-performing loans (NPLs) or the total potential credit risk loans (PCRLs). The coverage ratios differ from those previously published for the following reasons:

- Treatment of provisions relating to undrawn contractually committed facilities and guarantees:
 - under UK GAAP provisions for losses on undrawn but committed facilities (such as loan commitments and guarantees) were included in the calculation;
 - under IAS 37, which became effective from the 1st January 2004, the equivalent provisions raised against such facilities are excluded.

As a result, coverage ratios are lower than those previously reported.

- Treatment of interest in suspense and income not recognised:
 - under UK GAAP, for purposes of the coverage ratio calculation, interest in suspense was included in the provisions and in the NPLs and PCRLs;
 - under IFRS, interest not recognised, by definition, is excluded from both allowance and NPLs and PCRLs.

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

Potential credit risk loans (continued)

As a result, both NPL and PCRLs coverage ratios will be lower. However, as this new treatment became effective from 1st January 2005, only the figures as at 1st January 2005, in the table above, have been affected.

- Change to the underlying impairment allowance balances:
 - under IFRS, the 1st January 2005 opening impairment allowance balance is slightly higher than the 31st December 2004 closing UK GAAP balance due to the application of revised calculation methodologies.

As a result, the coverage ratios as at 1st January 2005 are slightly higher than reported as at 31st December 2004 under UK GAAP. This partially offsets the decreases in the ratios mentioned above.

The overall effect of the changes described above is for coverage ratios to be marginally lower than previously reported.

Other assets

| | | | | |
|-----------|----------|----------|----------|--|
| | As at | | | |
| 01.01.051 | 31.12.04 | 30.06.04 | 01.01.04 | |
| GBPm | GBPm | GBPm | GBPm | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | |
|---|-------|--------|--------|--------|
| Sundry debtors | 2,624 | 3,711 | 3,629 | 3,790 |
| Prepayments | 415 | 467 | 410 | 363 |
| Balances arising from off-balance sheet financial instruments | | 18,174 | 14,000 | 15,812 |
| Accrued income | 556 | 3,563 | 3,305 | 2,763 |
| | ----- | ----- | ----- | ----- |
| | 3,595 | 25,915 | 21,344 | 22,728 |
| | ----- | ----- | ----- | ----- |

In 2004, other assets has reduced mainly due to the recognition of the shareholders' interest in the long term assurance business in the relevant lines in the balance sheet and the removal of the pension prepayment under SSAP 24. This has been partially offset by the recognition of balances relating to additional consolidated entities and deferred income in respect of financial guarantees provided to customers.

The reduction in other assets as at 1st January 2005 primarily reflects the reclassification of balances arising from off balance sheet financial instruments to derivative financial instruments. From 1st January 2005, accrued income no longer includes accrued interest, which is included in the loan balances as part of the effective interest calculation.

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

Other liabilities

| | 01.01.051 | As at 31.12.04 | 30.06.04 | 01.01.04 |
|---|-----------|-------------------|----------|----------|
| | GBPm | GBPm | GBPm | GBPm |
| Obligations under finance leases payable | 353 | 353 | 352 | 110 |
| Balances arising from off balance sheet financial instruments | | 18,009 | 12,829 | 14,797 |
| Sundry creditors | 4,763 | 3,851 | 3,531 | 4,038 |
| Accruals and deferred income | 4,743 | 6,820 | 5,396 | 5,189 |
| Short positions in securities | | 53,903 | 57,438 | 49,934 |
| | ----- | ----- | ----- | ----- |
| | 9,859 | 82,936 | 79,546 | 74,068 |
| | ----- | ----- | ----- | ----- |

Current and deferred tax and other provisions for liabilities are no longer included in other liabilities. These items are presented separately on the face of the balance sheet. Proposed dividends formerly included within other liabilities, are not accrued under IFRS.

Other liabilities includes liabilities arising on financial guarantees provided to customers. In 2005, other liabilities has reduced due to the reclassification of balances arising from off balance sheet financial instruments to derivative financial instruments and short positions in securities to trading portfolio liabilities. This is partly offset by the inclusion within other liabilities of customer loyalty provisions which have

Edgar Filing: BARCLAYS PLC - Form 6-K

been reclassified from other provisions for liabilities to other liabilities and remeasured accordingly. Accruals and deferred income no longer includes accrued interest, which is included in customer balances as part of the amortised cost.

Other provisions for liabilities

| | 01.01.051 | 31.12.04 | 30.06.04 | 01.01.04 |
|---|-----------|----------|----------|----------|
| | GBPm | GBPm | GBPm | GBPm |
| Customer loyalty provisions | | 12 | 15 | 32 |
| Redundancy and restructuring | 97 | 97 | 34 | 64 |
| Undrawn contractually committed facilities and guarantees | 55 | 55 | 85 | 82 |
| Onerous leases | 39 | 39 | 13 | 23 |
| Sundry provisions | 212 | 213 | 182 | 179 |
| | ----- | ----- | ----- | ----- |
| | 403 | 416 | 329 | 380 |
| | ----- | ----- | ----- | ----- |

In 2004, other provisions for liabilities no longer includes provision for pensions and post retirement benefits, which are presented separately. This reclassification is partially offset by the inclusion of the provision for undrawn contractually committed facilities and guarantees of GBP55m as at 31st December 2004 previously reported as part of credit risk provisions. As at 1st January 2005, the customer loyalty provision has been reclassified to other liabilities and remeasured accordingly.

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

Capital resources

| | 01.01.051 | 31.12.04 | 30.06.04 | 01.01.04 |
|---|-----------|----------|----------|----------|
| | GBPm | GBPm | GBPm | GBPm |
| Shareholders' equity excluding minority interests | 15,242 | 15,870 | 14,978 | 14,640 |
| Minority interests | 3,330 | 894 | 178 | 283 |
| | ----- | ----- | ----- | ----- |
| Total shareholders' equity | 18,572 | 16,764 | 15,156 | 14,923 |
| Loan capital | 10,606 | 12,277 | 12,468 | 12,339 |
| | ----- | ----- | ----- | ----- |
| | 29,178 | 29,041 | 27,624 | 27,262 |
| | ----- | ----- | ----- | ----- |

In 2004, shareholders' equity excluding minority interests has decreased, primarily reflecting the impact of the recognition of the pension liability

Edgar Filing: BARCLAYS PLC - Form 6-K

under IAS 19 and the derecognition of the embedded value on the long term assurance activities. This has been partially offset by the derecognition of the liability for the final proposed dividend.

As at 1st January 2005, minority interests have increased and loan capital has decreased primarily due to the reclassification of reserve capital instruments and certain upper tier 2 instruments from loan capital to equity. The reclassification of RCIs and certain upper tier 2 instruments, together with other remeasurements necessitated by IAS 39, has reduced retained earnings. This reduction is partially offset by the recognition of the initial cash flow hedging and available for sale reserves.

Group performance ratios

| | 01.01.051 | 31.12.04 | As at 30.06.04 | 01.01.042 |
|---|-----------|---------------------------------|----------------------------------|----------------------------------|
| Net asset value per ordinary share (excluding minority interests) | 236p | 246p | 232p | 223p |
| | | Year- ended 31.12.04 % | Half-year ended 31.12.04 % | Half-year ended 30.06.04 % |
| Post-tax return on average shareholders' equity (excluding minority interest) | | 22.0 | 19.2 | 24.6 |

Cost:income ratios

Cost:income ratios are defined on page 11 and presented below for the Group:

| | Year- ended 31.12.04 % | Half-year ended 31.12.04 % | Half-year ended 30.06.04 % |
|---|---------------------------------|----------------------------------|----------------------------------|
| Cost:income ratio | 64 | 68 | 59 |
| Operating expenses:income less net claims ratio | 61 | 64 | 57 |
| Operating expenses:net income less net claims ratio | 66 | 69 | 62 |

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

2 Since IFRS has been applied from 1st January 2004, it is not possible to determine the average shareholders' equity for this period.

TOTAL ASSETS AND WEIGHTED RISK ASSETS

| | Total assets As at | | | |
|--|-----------------------|----------|----------|----------|
| | 01.01.051 | 31.12.04 | 30.06.04 | 01.01.04 |
| | GBPm | GBPm | GBPm | GBPm |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | |
|---|---------|---------|---------|---------|
| UK Banking | 128,573 | 119,561 | 114,404 | 110,654 |
| | ----- | ----- | ----- | ----- |
| UK Retail Banking | 69,064 | 68,861 | 67,255 | 66,720 |
| UK Business Banking | 59,509 | 50,700 | 47,149 | 43,934 |
| | ----- | ----- | ----- | ----- |
| International Retail and | | | | |
| Commercial Banking | 28,715 | 28,448 | 25,114 | 24,389 |
| Barclaycard | 22,878 | 23,059 | 20,693 | 20,327 |
| Barclays Capital | 454,437 | 346,901 | 330,235 | 279,391 |
| Barclays Global Investors | 61,201 | 798 | 711 | 537 |
| Private Clients | 5,050 | 5,007 | 4,409 | 3,840 |
| Private Clients-closed life assurance activities | 6,551 | 6,425 | 6,092 | 6,226 |
| Head office functions and other operations ² | 3,669 | 3,464 | 6,275 | 5,275 |
| Goodwill | 4,518 | 4,518 | 4,398 | 4,393 |
| | ----- | ----- | ----- | ----- |
| | 715,592 | 538,181 | 512,331 | 455,032 |
| | ----- | ----- | ----- | ----- |

| | Weighted risk assets | | |
|--|----------------------|----------|----------|
| | As at | | |
| | 01.01.051 | 31.12.04 | 30.06.04 |
| | GBPm | GBPm | GBPm |
| UK Banking | 91,202 | 91,913 | 87,506 |
| | ----- | ----- | ----- |
| UK Retail Banking | 36,787 | 37,111 | 36,458 |
| UK Business Banking | 54,415 | 54,802 | 51,048 |
| | ----- | ----- | ----- |
| International Retail and Commercial | | | |
| Banking | 19,386 | 19,319 | 17,292 |
| Barclaycard | 19,972 | 20,188 | 18,404 |
| Barclays Capital | 79,548 | 79,949 | 72,715 |
| Barclays Global Investors | 1,233 | 1,230 | 1,004 |
| Private Clients | 3,939 | 4,018 | 3,632 |
| Head office functions and other operations | 1,944 | 1,984 | 2,780 |
| | ----- | ----- | ----- |
| | 217,224 | 218,601 | 203,333 |
| | ----- | ----- | ----- |

Weighted risk assets for 30th June 2004 and 31st December 2004 have not been restated but are shown as reported to the Financial Services Authority (FSA).

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4 which have not been applied to the 2004 comparatives, in accordance with IFRS 1.

2 Head office functions and other operations includes the Group deferred tax asset which is not currently allocated by business.

Edgar Filing: BARCLAYS PLC - Form 6-K

| | |
|--|-----------|
| Capital ratios | 01.01.051 |
| Weighted risk assets: | GBPm |
| Banking book | |
| On-balance sheet | 147,244 |
| Off-balance sheet | 26,741 |
| Associated undertakings and joint ventures | 3,020 |
| | ----- |
| Total banking book | 177,005 |
| | ----- |
| Trading book | |
| Market risks | 22,106 |
| Counterparty and settlement risks | 18,113 |
| | ----- |
| Total trading book | 40,219 |
| | ----- |
| Total weighted risk assets | 217,224 |
| | ----- |
| Capital resources: | |
| Tier 1 | |
| Called up share capital | 1,614 |
| Eligible reserves | 14,886 |
| Minority interests ² | 2,824 |
| Tier one notes ³ | 920 |
| Less: intangible assets | (4,747) |
| | ----- |
| Total qualifying tier 1 capital | 15,497 |
| | ----- |
| Tier 2 | |
| Revaluation reserves | 25 |
| Collectively assessed impairment allowances | 2,046 |
| Minority Interests | 397 |
| Qualifying subordinated liabilities ⁴ | |
| Undated loan capital | 3,176 |
| Dated loan capital | 5,647 |
| Other | 3 |
| | ----- |
| Total qualifying tier 2 capital | 11,294 |
| | ----- |
| Tier 3: short term subordinated liabilities ⁴ | 286 |
| | ----- |
| Less: Supervisory deductions: | |
| Investments not consolidated for supervisory purposes | (781) |
| Other deductions | (496) |
| | ----- |
| | (1,277) |
| | ----- |
| Total net capital resources | 25,800 |
| | ----- |
| Tier 1 ratio | 7.1% |
| Risk asset ratio | 11.9% |

Edgar Filing: BARCLAYS PLC - Form 6-K

Capital ratios for prior periods have not been restated as these remain as reported to the FSA. The capital ratios above indicate the impact of IFRS first time adoption adjustments and have been prepared in accordance with the FSA's policy statement 05/5.

1 The figures at 1st January 2005 include the impacts of adopting IAS 32, IAS 39 and IFRS 4.

2 Includes Reserve capital instruments of GBP1,627m.

3 Tier one notes are included in undated loan capital in the consolidated balance sheet.

4 Subordinated liabilities are included in tiers 2 or 3, subject to limits laid down in the supervisory requirements.

ADDITIONAL INFORMATION

Economic Capital

Capital Demand

The demand for capital from the Group's businesses via the economic capital framework is set out below:

| | Average, as at | |
|---|----------------|----------|
| | 31.12.04 | 30.06.04 |
| | GBPm | GBPm |
| UK Banking | 4,650 | 4,450 |
| | ----- | ----- |
| UK Retail Banking | 2,200 | 2,150 |
| UK Business Banking | 2,450 | 2,300 |
| | ----- | ----- |
| International Retail and Commercial Banking | 1,000 | 1,000 |
| Barclaycard | 2,450 | 2,450 |
| Barclays Capital | 2,100 | 2,050 |
| Barclays Global Investors | 150 | 150 |
| Private Clients | 300 | 300 |
| Private clients-closed life assurance activities | 100 | 100 |
| Head office functions and other operations ¹ | 200 | 200 |
| | ----- | ----- |
| Business unit economic capital | 10,950 | 10,700 |
| Capital held at Group centre ² | 1,400 | 1,300 |
| | ----- | ----- |
| Economic capital requirement (excluding goodwill) | 12,200 | 12,000 |
| Average historic goodwill | 5,600 | 5,550 |
| | ----- | ----- |
| Total economic capital requirement | 17,950 | 17,550 |
| | ----- | ----- |

1 Includes Transition Businesses and capital for central function risks.

2 The Group's practice is to maintain an appropriate level of excess capital, held at Group centre, which is not allocated to business units. This variance arises as a result of capital management timing and includes capital held to cover pension contribution risk.

Capital Supply

Edgar Filing: BARCLAYS PLC - Form 6-K

The supply of capital to support the economic capital framework is set out below:

| | Average, as at | |
|--|----------------|----------|
| | 31.12.04 | 30.06.04 |
| | GBPm | GBPm |
| Shareholders' equity excluding minority interests | | |
| less goodwill | 10,450 | 10,300 |
| Pension liability | 1,750 | 1,700 |
| Cashflow hedge reserve | | |
| Available for sale reserve | | |
| Preference shares | 150 | - |
| | ----- | ----- |
| Available funds for economic capital excluding goodwill | 12,350 | 12,000 |
| Average historic goodwill | 5,600 | 5,550 |
| | ----- | ----- |
| Available funds for economic capital | 17,950 | 17,550 |
| | ----- | ----- |
| Average ordinary shareholders' equity for Group economic profit calculation ¹ | 17,800 | 17,550 |
| | ----- | ----- |

Shareholders' equity above has been adjusted as a result of the transition to IFRS. These changes do not affect the demand from the Group's businesses for economic capital, but do affect the amount held at Group centre.

The Group has adjusted available funds for economic capital to reflect the impact of hedging, available for sale securities and pensions. These adjustments are explained more fully in the following section under economic profit.

The capital resources to support economic capital comprise shareholders' equity including preference shares but excluding other minority interests.

¹ Average ordinary shareholders' equity for Group economic profit calculation is the sum of adjusted equity and reserves plus goodwill.

Economic Profit

| | Year- ended | Half-year ended | |
|---|----------------|-----------------|----------|
| | 31.12.04 | 31.12.04 | 30.06.04 |
| | GBPm | GBPm | GBPm |
| Profit after tax and minority interests | 3,254 | 1,456 | 1,798 |
| Addback of amortisation charged on acquired intangible assets | 6 | 6 | - |
| | ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | |
|---|--------|--------|--------|
| Profit for economic profit purposes | 3,260 | 1,462 | 1,798 |
| | ----- | ----- | ----- |
| Average shareholders' equity excluding minority interests less goodwill | 10,450 | 10,450 | 10,300 |
| Add/(deduct): reserve for unrealised (gains)/losses on effective hedges | | | |
| Add/(deduct): reserve for unrealised (gains)/losses on Available for sale financial instruments | | | |
| Add: pension fund net deficit | 1,750 | 1,750 | 1,700 |
| Goodwill and intangible assets arising on acquisitions | 5,600 | 5,600 | 5,550 |
| | ----- | ----- | ----- |
| Average shareholders' equity for economic profit purposes (rounded to the nearest GBP50m) | 17,800 | 17,800 | 17,550 |
| | ----- | ----- | ----- |
| Capital charge at 9.5% | 1,692 | 858 | 834 |
| | ----- | ----- | ----- |
| Economic profit | 1,568 | 604 | 964 |
| | ----- | ----- | ----- |
| Memo - UK GAAP economic profit | 1,885 | 831 | 1,054 |
| | ----- | ----- | ----- |

The economic profit methodology under IFRS will continue to be made up of two components:

- Profit after tax and minority interests; and
- Capital charge (average shareholders' equity excluding minority interests multiplied by the Group's cost of equity capital charge).

The Group cost of capital will now be applied at a uniform rate of 9.5% (previously the Woolwich goodwill component of GBP4,121m was charged at 8.5%).

In general, the impact of IFRS on the Group's financial results will be reflected in the calculation of economic profit. One example of this is the treatment of goodwill where the absence of an annual amortisation charge removes the need for an adjustment to profit after tax and minority interests for economic profit purposes. In other cases the Group has determined that the impacts of IFRS should be modified in calculating economic profit.

- Preference Shares - at the Barclays PLC Group level these shares are reported as a minority interest. Since they have been issued to improve the long-term capital base they are included in the funds available to support economic capital.

The preference shareholders receive a fixed return rather than participating in the returns available to ordinary shareholders and consequently are excluded from the calculation of the capital charge. The preference dividend is reflected in the calculation of the return after tax and minority interests.

Economic Profit (continued)

Edgar Filing: BARCLAYS PLC - Form 6-K

- Hedging - to the extent that the Group undertakes the hedging of future cash flows, shareholders' equity will include gains and losses which will be offset at the conclusion of the future hedged transaction. Given the future offset of such gains and losses, they are excluded from shareholders' equity upon which the capital charge is based.

- Available for sale securities - unrealised gains and losses on such securities are included in shareholders' equity until disposal or impairment. Such gains and losses will be excluded from shareholders' equity for the purposes of calculating the capital charge. Realised gains and losses and any impairment charge recorded in the income statement will impact economic profit.

- Pensions - IFRS has required the Group to recognise a deficit with a consequent reduction in shareholders' equity. This represents a non-cash reduction in shareholders' equity. For the purposes of deriving the capital charge, the Group will not deduct the pension deficit from economic capital.

Economic profit generated by business

| | UK GAAP | | IFRS | |
|---|----------------|----------------|-----------------|----------|
| | Year- ended | Year- ended | Half-year ended | |
| | 31.12.04 | 31.12.04 | 31.12.04 | 30.06.04 |
| | GBPm | GBPm | GBPm | GBPm |
| UK Banking | 1,271 | 1,158 | 565 | 593 |
| | ----- | ----- | ----- | ----- |
| UK Retail Banking | 554 | 473 | 183 | 290 |
| UK Business Banking | 717 | 685 | 382 | 303 |
| | ----- | ----- | ----- | ----- |
| International Retail and Commercial Banking | 127 | 111 | 54 | 57 |
| Barclaycard | 362 | 350 | 148 | 202 |
| Barclays Capital | 534 | 521 | 230 | 291 |
| Barclays Global Investors | 204 | 195 | 108 | 87 |
| Private Clients | 102 | 70 | 23 | 47 |
| Private clients-closed life assurance activities | 35 | (77) | (79) | 2 |
| Head office functions and other operations | (149) | (146) | (138) | (8) |
| | ----- | ----- | ----- | ----- |
| | 2,486 | 2,182 | 911 | 1,271 |
| Historical goodwill | (490) | (533) | (268) | (265) |
| Variance to average shareholders' equity (excluding minority interest) | (111) | (81) | (39) | (42) |
| | ----- | ----- | ----- | ----- |
| Economic profit | 1,885 | 1,568 | 604 | 964 |
| | ----- | ----- | ----- | ----- |

Part 3

SPECIAL PURPOSE AUDIT REPORT OF PRICEWATERHOUSECOOPERS LLP TO BARCLAYS PLC
('THE COMPANY') ON ITS INTERNATIONAL FINANCIAL REPORTING STANDARDS ('IFRS')

Edgar Filing: BARCLAYS PLC - Form 6-K

FINANCIAL INFORMATION

We have audited the accompanying consolidated IFRS balance sheets of Barclays PLC and its subsidiaries ('the Group') as at 1st January 2004 and 31st December 2004, the related consolidated IFRS income statement for the year ended 31st December 2004, the 1st January 2005 balance sheet and transition adjustment relating to the adoption of IAS 32, IAS 39 and IFRS 4, set out on pages 7, 8 and 9 and the associated IFRS 1 reconciliations set out on pages on 61 to 79 prepared in accordance with the basis of preparation and the provisional accounting policies set out on pages 40 to 59 (hereinafter referred to as 'the IFRS financial information').

In addition to the above noted opening and year end balance sheets, full year income statement and associated IFRS reconciliations, included with the financial information set out on pages 7, 8, 9 and 61 to 79 are the half-year balance sheet, half-year income statements and associated IFRS reconciliations. We have not audited the half-year balance sheet, half-year income statements and associated IFRS reconciliations and these are not covered by this opinion and do not form part of the above defined IFRS financial information.

The IFRS financial information has been prepared by the Group as part of its transition to IFRS and as described on pages 40 to 42 to establish the financial position, and results of operations of the Group to provide the comparative financial information expected to be included in the first complete set of consolidated IFRS financial statements of the Group for the year ended 31st December 2005.

Respective responsibilities of Directors and PricewaterhouseCoopers LLP

The Directors of the Company are responsible for the preparation of the consolidated IFRS financial information which has been prepared as part of the Group's transition to IFRS. Our responsibilities, as independent auditors, are established in the United Kingdom by the Auditing Practices Board, our profession's ethical guidance and the terms of our engagement. Under the terms of engagement we are required to report to you our opinion as to whether the IFRS financial information has been prepared, in all material respects, in accordance with the basis of preparation and provisional accounting policies set out on pages 40 to 59.

This report, including the opinion, has been prepared for, and only for, the Company for the purposes of assisting with the Group's transition to IFRS and for no other purpose. To the fullest extent permitted by law, we do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We read the other information contained in this Transition Report and consider its implications for our report if we became aware of any apparent misstatements or material inconsistencies with the above defined IFRS financial information.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the UK Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the IFRS financial information. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the IFRS financial information, and of whether the accounting policies are appropriate to the Group's circumstances and adequately disclosed.

Edgar Filing: BARCLAYS PLC - Form 6-K

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the IFRS financial information is free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the IFRS financial information.

Emphasis of matter

Without qualifying our opinion, we draw your attention to the fact that the IFRS financial information may require adjustment before its inclusion as comparative information in the Group's first set of IFRS financial statements for the year ended 31st December 2005. This is because Standards currently in issue and adopted by the EU are subject to interpretation issued from time to time by the International Financial Reporting Interpretations Committee (IFRIC) and further Standards may be issued by the International Accounting Standards Board (IASB) that will be adopted for financial years beginning on or after 1st January 2005.

Additionally, without qualifying our opinion, IFRS is currently being applied in the United Kingdom and in a large number of other countries simultaneously for the first time. Furthermore, due to a number of new and revised Standards included within the body of Standards that comprise IFRS, there is not yet a significant body of established practice on which to draw in forming opinions regarding interpretation and application. Accordingly, practice is continuing to evolve. At this preliminary stage, therefore, the full financial effect of reporting under IFRS as it will be applied and reported on in the Group's first IFRS financial statements for the year ended 31st December 2005 may be subject to change.

Opinion

In our opinion, the accompanying IFRS financial information comprising of the consolidated IFRS balance sheets as at 1st January 2004 and 31st December 2004, the related consolidated IFRS income statement for the year ended 31st December 2004, the 1st January 2005 balance sheet and transition adjustment relating to the adoption of IAS 32, IAS 39 and IFRS 4, set out on pages 7, 8 and 9 and the associated IFRS 1 reconciliations set out on pages 61 to 79, have been prepared, in all material respects, in accordance with the basis of preparation and the provisional accounting policies set out on pages 40 to 59, which describes how IFRS have been applied under IFRS 1, including the assumptions made by the directors of the Company about the standards and interpretations expected to be effective, and the policies expected to be adopted, when they prepare the first complete set of IFRS financial statements of the Group for the year ended 31st December 2005.

PricewaterhouseCoopers LLP
Chartered Accountants
London
10th May 2005

BARCLAYS PLC

Basis of preparation

First Time Adoption of International Financial Reporting Standards (IFRS)

Edgar Filing: BARCLAYS PLC - Form 6-K

The Group will adopt the requirements of International Financial Reporting Standards and International Accounting Standards (collectively, IFRS) for the first time for the purpose of preparing financial statements for the year ending 31st December 2005. The standards applied will be those issued by the International Accounting Standards Board and endorsed (or where there is a reasonable expectation of endorsement) by the European Union (EU) as at 31st December 2005. In all respects, this is also expected to be in accordance with IFRS, including the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as applicable to Barclays.

With the exception of the fair value option discussed below, the financial information in this document has been prepared on the basis of the Group's expectation of the standards that will be applicable as at 31st December 2005.

Further standards and interpretations may be issued that could be applicable for financial years beginning on or after 1st January 2005 or that are applicable to later accounting periods but with the option for companies to adopt for earlier periods. The Group's first annual financial statements prepared under IFRS may, therefore, be prepared in accordance with different accounting policies to those used in the preparation of the financial information in this document. In addition, IFRS is currently being applied in the European Union and other countries for the first time and contains many new and revised standards. Therefore practice on which to draw in applying the standards may develop. At this preliminary stage, before the Group's first annual financial statements prepared under IFRS are completed, it should be noted that the financial information in this document could be subject to change.

In accordance with the transitional provisions set out in IFRS 1, 'First-time Adoption of International Financial Reporting Standards' and other relevant standards, the Group has applied IFRS expected to be in force as at 31st December 2005 in its financial reporting with effect from 1st January 2004, with the exception of the standards relating to financial instruments and insurance contracts which were applied with effect from 1st January 2005, as described on page 41. Therefore the impacts of adopting IAS 32, IAS 39 and IFRS 4 are not included in the 2004 comparatives in accordance with IFRS 1. Previously, the Group followed UK accounting standards issued by the UK Accounting Standards Board and the pronouncements of its Urgent Issues Task Force, relevant Statements of Recommended Practice and the Companies Act, 1985 (collectively, UK GAAP).

At present, the EU-endorsed version of IAS 39 'Financial Instruments: Recognition and Measurement' does not permit non-trading financial liabilities to be designated as 'at fair value through profit or loss'. However, it is expected that proposed amendments to IAS 39 will result in the EU endorsing a revised version of the standard that would permit such designation in certain circumstances ('the fair value option'). It is anticipated that the relevant transitional arrangements would permit designation as at 1st January 2005 for companies adopting IFRS from that date. Should this option be available, the Group would consider making use of the proposals where appropriate. The main area where the option could be applied is to designate certain issued structured notes containing embedded derivatives as being measured at fair value through profit or loss. This would result in an increase estimated to be around GBP70m in opening shareholders' equity as at 1st January 2005, in comparison to the financial information included in this document. This increase would reflect the fact that observable profit arising on structured notes issued before 2005 would have been recognised in prior periods under IFRS, if the whole instruments had been measured on a fair value basis, rather than through bifurcating and measuring the embedded derivatives at fair value.

Edgar Filing: BARCLAYS PLC - Form 6-K

The Group has used the provisions of IFRS 1 in arriving at appropriate opening balances for the purposes of these financial statements, as follows:

Goodwill

The Group has not applied IFRS 3, 'Business Combinations' retrospectively to business combinations prior to the date of transition. The carrying amount of goodwill in the UK GAAP balance sheet as at 31st December 2003 has accordingly been brought forward without adjustment.

Property, plant and equipment

The Group has adopted the carrying values of all items of property, plant and equipment on the date of transition under UK GAAP as their deemed cost, rather than either reverting to historical cost or carrying out a valuation at the date of transition as permitted by IFRS 1.

Cumulative foreign currency difference

The Group has brought forward a nil opening balance on the cumulative foreign currency translation adjustment arising from the re-translation of foreign operations, which is shown as a separate item in shareholders' equity at the date of transition in accordance with IAS 21 'The Effects of Changes in Foreign Exchange Rates'.

Employee benefits

For defined benefit pension schemes and other post retirement benefits, the Group has recognised all cumulative actuarial gains and losses at the date of transition.

Derecognition of financial assets and liabilities

The Group has elected not to re-recognise financial assets and liabilities derecognised before 1st January 2004.

First time application of IFRS relating to financial instruments and insurance contracts

In addition to the options described above, IFRS 1 also includes specific transitional provisions for International Accounting Standard 32, 'Financial Instruments: Disclosure and Presentation', International Accounting Standard 39, 'Financial Instruments: Recognition and Measurement' and International Financial Reporting Standard 4, 'Insurance Contracts'. The Group has decided to take advantage of these provisions and therefore has not applied these standards to the 2004 comparatives. The impact of these standards is reflected through further adjustments to shareholders' equity as at 1st January 2005. In the 2004 comparatives, financial instruments and insurance contracts are included using the measurement bases and the disclosure requirements of UK GAAP relating to financial instruments and insurance contracts.

Effects of the transition to IFRS

A description of the differences between UK GAAP and IFRS accounting policies is set out on pages 80 to 91. Reconciliations of balance sheets prepared under UK GAAP and IFRS at 1st January 2004, 30th June 2004 and 31st December 2004 are included on pages 65 to 79. Reconciliations of the profit and loss account prepared in accordance with UK GAAP and prepared in accordance with IFRS for the periods ending 30th June 2004 and 31st December 2004 are included on pages 61 to 64. In addition, a reconciliation of the

Edgar Filing: BARCLAYS PLC - Form 6-K

amount of shareholders' equity at 1st January 2005, before and after the application of IAS 32, IAS 39 and IFRS 4, and an explanation of the effects of their application on the opening 2005 balance sheet, is presented on pages 65 to 70.

Provisional accounting policies expected to be applied from 1st January 2005 and used in the preparation of this document

1. Consolidation

Subsidiaries

The consolidated financial statements combine the financial statements of Barclays PLC and all its subsidiaries, including certain special purpose entities where appropriate, made up to 31st December. Entities qualify as subsidiaries where the Group has the power to exercise control over the financial and operating policies of the entity. In particular, entities qualify as subsidiaries where the Group has the power to govern the financial and operating policies of the entity, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group controls another entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the purchase of subsidiaries. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed, plus any costs directly related to the acquisition. The excess of the cost of an acquisition over the Group's share of the fair value of the identifiable net assets acquired is recorded as goodwill. See 11 on page 53 for the accounting policy for goodwill. Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Group for the purposes of the consolidation.

Associates and joint ventures

An associate is an entity in which the Group has significant influence, but not control over, the operating and financial management policy decisions. This is generally demonstrated by the Group holding in excess of 20%, but no more than 50%, of the voting rights.

A joint venture is a venture in which the Group has a contractual arrangement with one or more parties to undertake activities typically, though not necessarily, through entities which are subject to joint control.

The Group's investment in associates and joint ventures is initially recorded at cost and increased (or decreased) each year by the Group's share of the post acquisition net income (or loss), or other movements reflected directly in the equity of the associated or jointly controlled entity. Goodwill arising on the acquisition of an associate or joint venture is included in the cost of the investment (net of any accumulated impairment loss). When the Group's share of losses in an associate or joint venture equals or exceeds the recorded interest, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group's share of the results of associates and joint ventures after tax is based on financial statements made up to a date not earlier than three months before the balance sheet date, adjusted to conform with the

Edgar Filing: BARCLAYS PLC - Form 6-K

accounting policies of the Group. Unrealised gains on transactions are eliminated to the extent of the Group's interest in the investee. Unrealised losses are also eliminated unless the transaction provides evidence of impairment in the asset transferred.

2. Foreign currency translation

The consolidated financial statements are presented in sterling, which is the functional currency of the parent company.

Items included in the financial statements of each of the Group's entities are measured using their functional currency, being the currency of the primary economic environment in which the entity operates.

Foreign currency transactions are translated into the appropriate functional currency using the exchange rates prevailing at the dates of the transactions. Balances denominated in foreign currencies are retranslated at the rate prevailing at the period end. Foreign exchange gains and losses resulting from the retranslation and settlement of these items are recognised in the income statement except for qualifying cash flow hedges or hedges of net investments. See 9 on page 50 for the policies on hedge accounting.

Non-monetary assets that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Exchange differences on equities and similar non-monetary items held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on equities classified as available-for-sale financial assets and non-monetary items, are included directly in equity.

For the purposes of translation into the reporting currency, assets, liabilities and equity of foreign operations are translated at the closing rate, and items of income and expense are translated into sterling at the rates prevailing on the dates of the transactions, or average rates of exchange where these approximate to actual rates.

The exchange differences arising on the translation of a foreign operation are included in cumulative translation reserves within shareholders' equity and included in the profit or loss on disposal or partial disposal of the operation.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are maintained in foreign currency, translated at the closing rate and are included in hedges of net investments where appropriate.

3. Interest, fees and commissions and other income

Interest

Interest income is recognised in interest receivable in the income statement for all interest-bearing financial instruments classified as held to maturity, available for sale or other loans and advances using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The application of the method has the effect of recognising income (and expense) receivable (or payable) on the

Edgar Filing: BARCLAYS PLC - Form 6-K

instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

In calculating effective interest, the Group estimates cash flows (using projections based on its experience of customers' behaviour) considering all contractual terms of the financial instrument but excluding future credit losses. Fees, including those for early redemption, are included in the calculation to the extent that they can be measured and are considered to be an integral part of the effective interest rate. Cash flows arising from the direct and incremental costs of issuing financial instruments are also taken into account in the calculation. Where it is not possible to otherwise estimate reliably the cash flows or the expected life of a financial instrument, the Group has reference to the payments or receipts specified in the contract, and the full contractual term.

Fees and commissions

Unless included in the effective interest calculation, fees and commissions are recognised on an accruals basis when the service has been provided. Fees and commissions not integral to effective interest arising from negotiating, or participating in the negotiation of a transaction with a third party, such as the acquisition of loans, shares or other securities or the purchase or sale of businesses, are recognised on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognised based on the applicable service contracts. Asset management fees related to investment funds are recognised over the period the service is provided. The same principle is applied to the recognition of income from wealth management, financial planning and custody services that are continuously provided over an extended period of time.

Commitment fees, together with related direct costs, for loan facilities where draw down is probable are deferred and recognised as an adjustment to the effective interest on the loan once drawn. Commitment fees in relation to facilities where draw down is not probable are recognised over the term of the commitment.

Mortgage indemnity premiums

Mortgage indemnity premiums received are included in the effective interest rate on the associated loan.

Insurance premiums

Insurance premiums are recognised in the period earned.

Net trading income

Income arises from the margins which are achieved through market making and customer business and from changes in market value caused by movements in interest and exchange rates, equity prices and other market variables. Trading positions are held at fair value and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions.

Lending related fees and commissions payable and incentives

Fees and commissions payable to introducers in respect of obtaining lending business, where these are direct and incremental costs related to the issue of a financial instrument, are included in interest income as part of the effective interest rate.

4. Financial assets and liabilities

Edgar Filing: BARCLAYS PLC - Form 6-K

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss; loans and receivables; held to maturity investments and available for sale financial assets. Management determines the classification of financial assets and liabilities at initial recognition.

Financial assets at fair value through profit or loss

A financial asset classified in this category is acquired primarily for the purpose of selling in the short term (held for trading) or if so designated by management (designated under the fair value option). Derivatives are fair valued through profit or loss unless they are designated as cash flow hedges or hedges of net investments. The assets may be either held for trading or otherwise designated as held at fair value on inception. The assets are recognised initially at fair value and transaction costs are taken directly to the income statement. Gains and losses arising from changes in fair value are included directly in the income statement. The assets are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Purchases and sales of investments are recognised on trade date, being the date on which the Group commits to purchase or sell the asset.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available for sale. They arise when the Group provides money or services directly to a customer with no intention of trading the loan. Loans and receivables are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method (see 3 on page 44). They are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Held to maturity

Held to maturity investments are non-derivative financial assets with fixed or determinable payments that the Group's management has the intention and ability to hold to maturity. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently valued at amortised cost, using the effective interest method (see 3 on page 44). They are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Available for sale

Available for sale investments are non-derivative financial investments that are designated as available for sale and are not categorised into any of the other categories described above. They are initially recognised at fair value including direct and incremental transaction costs. They are subsequently held at fair value. Gains and losses arising from changes in fair value are included as a separate component of equity until sale when the cumulative gain or loss is transferred to the income statement. Interest determined using the effective interest method (see 3 on page 44), impairment losses and translation differences on monetary items are recognised in the income statement. The investments are derecognised when the rights to receive cash flows have expired or the Group has transferred substantially all the risks and rewards of ownership.

Edgar Filing: BARCLAYS PLC - Form 6-K

Where the classification of an asset requires it to be stated at fair value, this is determined by reference to the quoted bid value in an active market wherever possible. Where no such active market exists for the particular asset, the Group uses a valuation technique to arrive at the fair value, including the use of prices obtained in recent arms' length transactions, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants.

Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities, which are held at fair value through profit or loss. As noted on page 40, the Group will consider applying the fair value option to certain financial liabilities when this is permitted.

5. Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a portfolio of financial assets is impaired. A financial asset or portfolio of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the balance sheet date ('a loss event') and that loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated. Objective evidence that a financial asset or a portfolio is impaired includes observable data that comes to the attention of the Group about the following loss events:

- a) significant financial difficulty of the issuer or obligor;
- b) a breach of contract, such as a default or delinquency in interest or principal payments;
- c) the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- (i) adverse changes in the payment status of borrowers in the portfolio;
- (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

For loans and receivables and assets held to maturity, the amount of impairment loss is measured as the difference between the asset's carrying

Edgar Filing: BARCLAYS PLC - Form 6-K

amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The amount of the loss is recognised using an allowance account and the amount of the loss is included in the income statement.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflect the cash flows that may result from foreclosure costs for obtaining and selling the collateral, whether or not foreclosure is probable.

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors. These characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the counterparty's ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of the contractual cash flows of the assets in the group and historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Following impairment, interest income is recognised using the original effective rate of interest which was used to discount the future cash flows for the purpose of measuring the impairment loss.

When a loan is uncollectable, it is written off against the related provision for loan impairment. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

Assets acquired in exchange for loans and advances in order to achieve an orderly realisation are accounted for as a disposal of the loan and an acquisition of an asset. Where control is obtained over an entity as a result of the transaction, the entity is consolidated. Any further impairment of the assets or business acquired is treated as an impairment of the relevant asset or business and not as an impairment of the original instrument.

In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether impairment exists. Where such evidence exists, the cumulative net loss that has been previously recognised directly in equity is removed from equity and recognised in the income statement. In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as all other financial

Edgar Filing: BARCLAYS PLC - Form 6-K

assets. Reversals of impairment of debt securities are recognised in the income statement. Reversals of impairment of equity shares are not recognised in the income statement, increases in the fair value of equity shares after impairment are recognised directly in equity.

6. Sale and repurchase agreements (including stock borrowing and lending)

Investment and other securities may be lent or sold subject to a commitment to repurchase them (a 'repo'). Such securities are retained on the balance sheet when substantially all the risks and rewards of ownership remain with the Group, and the counterparty liability is included separately on the balance sheet as appropriate.

Similarly, where the Group borrows or purchases securities subject to a commitment to resell them (a 'reverse repo') but does not acquire the risks and rewards of ownership, the transactions are treated as collateralised loans, and the securities are not included in the balance sheet.

The difference between sale and repurchase price is accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

Securities borrowed are not recognised in the financial statements, unless these are sold to third parties, at which point the obligation to repurchase the securities is recorded as a trading liability at fair value and any subsequent gain or loss included in Net trading income.

7. Securitisation transactions

Certain Group undertakings have issued debt securities or have entered into funding arrangements with lenders in order to finance specific loans and advances to customers.

All such financial instruments continue to be held on the Group balance sheet, and a liability recognised for the proceeds of the funding transaction, unless:

- a) a fully proportional share of all or specifically identified cash flows are transferred to the lender, in which case, that proportion of the asset is derecognised;
- b) substantially all the risks and returns associated with the financial instruments have been transferred, in which case, the assets are derecognised in full; or
- c) if a significant portion, but not all, of the risks and rewards have been transferred, the asset is derecognised entirely if the transferee has the practical ability to sell the financial asset or recognised only to the extent of the Group's continuing involvement in the asset.

Transactions undertaken prior to 1st January 2004 that were accounted for on the basis of linked presentation under UK GAAP have been represented by separate recognition of the gross assets and the related funding from that date.

8. Collateral and netting

The Group enters into master netting agreements with counterparties whenever possible and, when appropriate, obtains collateral. Master agreements provide that, if an event of default occurs, all outstanding transactions with the counterparty will fall due and all amounts outstanding will be settled on a net basis.

Collateral

Edgar Filing: BARCLAYS PLC - Form 6-K

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities.

The Group also receives collateral in the form of cash or securities in respect of other credit instruments, such as stock borrowing contracts, and derivative contracts in order to reduce credit risk. Collateral received in the form of securities is not recorded on the balance sheet. Collateral received in the form of cash is recorded on the balance sheet with a corresponding liability or asset. These items are assigned to deposits received from banks or other counterparties in the case of cash collateral received, and to loans and advances to banks or customers in the case of cash collateral paid away. Any interest payable or receivable arising is recorded as interest payable or interest income respectively.

Netting

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise an asset and settle the liability simultaneously. This is not generally the case with master agreements, and the related assets and liabilities are presented gross in the balance sheet.

9. Derivatives and hedge accounting

Derivatives are used to hedge interest rate, exchange rate, commodity, and equity exposures and exposures to certain indices such as house price indices and retail price indices related to non-trading positions. In addition, the use of derivatives and their sale to customers as risk management products is an integral part of the Group's trading activities. Derivatives entered into for hedging purposes and for trading purposes include foreign exchange, interest rate, credit, equity and commodity derivatives mainly in the form of swaps, forwards, options and combinations of these instrument types.

Derivatives

Derivatives are measured initially at fair value and subsequently remeasured to fair value. Fair values are obtained from quoted prices prevailing in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models as appropriate. All derivatives are included in assets when their fair value is positive, and liabilities when their fair value is negative, unless there is the legal ability and intention to settle net.

Profits or losses are only recognised on initial recognition of derivatives when there are observable current market transactions or valuation techniques are based on observable market inputs.

Embedded derivatives

Some hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract, and the hybrid contract itself is not carried at fair value, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement.

Edgar Filing: BARCLAYS PLC - Form 6-K

Hedge accounting

Where derivatives are held for risk management purposes, and when transactions meet the criteria specified in IAS 39, the Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation as appropriate to the risks being hedged.

When a financial instrument is designated as a hedge, the Group formally documents the relationship between the hedging instrument and hedged item as well as its risk management objectives and its strategy for undertaking the various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group discontinues hedge accounting when:

- a) it is determined that a derivative is not, or has ceased to be, highly effective as a hedge;
- b) the derivative expires, or is sold, terminated, or exercised;
- c) the hedged item matures or is sold or repaid; or
- d) a forecast transaction is no longer deemed highly probable.

In certain circumstances, the Group may decide to cease hedge accounting even though the hedge relationship continues to be highly effective by no longer designating the financial instrument as a hedge.

To the extent that the changes in the fair value of the hedging derivative differ from changes in the fair value of the hedged risk in the hedged item; or the cumulative change in the fair value of the hedging derivative differs from the cumulative change in the fair value of expected future cash flows of the hedged item, the hedge is deemed ineffective. The amount of ineffectiveness, (taking into account the timing of the expected cash flows, where relevant) provided it is not so great as to disqualify the entire hedge for hedge accounting, is recorded in the income statement.

Fair value hedge accounting

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

If the hedge no longer meets the criteria for hedge accounting, the fair value hedging adjustment cumulatively made to the carrying value of the hedged item is, for items carried at amortised cost, amortised over the period to maturity of the previously designated hedge relationship using the effective interest method. For available for sale items this fair value hedging adjustment remains in equity until the hedged item affects profit or loss.

If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement.

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially directly in shareholders' equity, and recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

Edgar Filing: BARCLAYS PLC - Form 6-K

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

Hedges of net investments

Hedges of net investments in foreign operations, including monetary items that are accounted for as part of the net investment, are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is recognised directly in equity and the ineffective portion is recognised immediately in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement on the disposal or partial disposal of the foreign operation.

Hedges of net investments may include non-derivative liabilities as well as derivative financial instruments.

Derivatives that do not qualify for hedge accounting

Derivative contracts entered into as economic hedges that do not qualify for hedge accounting are held at fair value through profit or loss.

Hedge accounting is not generally applied to credit derivatives that are purchased to reduce credit risk for large portfolios of originated loans but is used in specific circumstances where the hedge accounting requirements are met.

10. Property, plant and equipment

Property and equipment is stated at cost less accumulated depreciation and provisions for impairment, if any. Additions and subsequent expenditures are capitalised only to the extent that they enhance the future economic benefits expected to be derived from the assets.

Depreciation is provided on the depreciable amount of items of property and equipment on a straightline basis over their estimated useful lives. The depreciable amount is the gross carrying amount, less the estimated residual value at the end of its economic life.

The Group generally uses the following annual rates in calculating depreciation:

| | |
|---|--|
| Freehold buildings and long-leasehold property (more than 50 years to run) | 2% |
| Leasehold property (less than 50 years to run) | Over the remaining life of the leases |
| Costs of adaptation of freehold and leasehold property* | 10% |
| Equipment installed in freehold and leasehold property* | 10% |
| Computers and similar equipment | 20-33% |
| Fixtures and fittings and other equipment | 20% |

*Where leasehold property has a remaining useful life of less than 10 years, costs of adaptation and installed equipment are depreciated over the remaining life of the lease.

Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are

Edgar Filing: BARCLAYS PLC - Form 6-K

kept under review to take account of any change in circumstances.

When deciding on depreciation rates and methods, the principal factors that the Group takes into account are the expected rate of technological developments and expected market requirements for, and the expected pattern of usage of, the assets. When reviewing residual values, the Group estimates the amount that it would currently obtain for the disposal of the asset, after deducting the estimated cost of disposal if the asset were already of the age and condition expected at the end of its useful life.

No depreciation is provided on freehold land, although, in common with all long-lived assets, it is subject to impairment testing, if deemed appropriate.

11. Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiary and associated entities and joint ventures, and represents the excess of the fair value of the purchase consideration and direct costs of making the acquisition, over the fair value of the Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

For the purpose of calculating goodwill, fair values of acquired assets, liabilities and contingent liabilities are determined by reference to market values or by discounting expected future cash flows to present value. This discounting is either performed using market rates or by using risk-free rates and risk adjusted expected future cash flows.

Goodwill is capitalised and reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. Goodwill is allocated to cash-generating units for the purpose of impairment testing. Goodwill on the acquisitions of associates and joint ventures is included in the amount of the investments. Gains and losses on the disposal of an entity include the carrying amount of the goodwill relating to the entity sold.

Computer software

Computer software is stated at cost, less amortisation and provisions for impairment, if any.

The identifiable and directly associated external and internal costs of acquiring and developing software are capitalised where the software is controlled by the Group, and where it is probable that future economic benefits that exceed its cost will flow from its use over more than one year. Costs associated with maintaining software are recognised as an expense when incurred.

Capitalised computer software is amortised over 3 to 5 years.

12. Impairment of property, plant and equipment and intangible assets

At each balance sheet date, or more frequently where events or changes in circumstances dictate, property, plant and equipment and intangible assets, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. Goodwill is subject to an impairment review as at the balance sheet date each year. The impairment review comprises a comparison of the carrying amount of the asset with its recoverable amount: the higher of the asset's or the cash-generating unit's net selling price and its value in use. Net selling price is calculated by

Edgar Filing: BARCLAYS PLC - Form 6-K

reference to the amount at which the asset could be disposed of in a binding sale agreement in an arm's length transaction evidenced by an active market or recent transactions for similar assets. Value in use is calculated by discounting the expected future cash flows obtainable as a result of the asset's continued use, including those resulting from its ultimate disposal, at a market-based discount rate on a pre-tax basis.

The carrying values of fixed assets and goodwill are written down by the amount of any impairment and this loss is recognised in the income statement in the period in which it occurs. A previously recognised impairment loss relating to a fixed asset may be reversed in part or in full when a change in circumstances leads to a change in the estimates used to determine the fixed asset's recoverable amount. The carrying amount of the fixed asset will only be increased up to the amount that it would have been had the original impairment not been recognised. Impairment losses on goodwill are not reversed. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets.

13. Financial guarantees

Financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities ('facility guarantees'), and to other parties in connection with the performance of customers under obligations related to contracts, advance payments made by other parties, tenders, retentions and the payment of import duties.

Financial guarantees are initially recognised in the financial statements at fair value on the date that the guarantee was given. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned over the period, and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantees at the balance sheet date.

Any increase in the liability relating to guarantees is taken to the income statement in Provisions for undrawn contractually committed facilities and guarantees. Any liability remaining is recognised in the income statement when the guarantee is discharged, cancelled or expires.

This represents a change in accounting policy from 1st January 2004, from that applied under UK GAAP and results in financial guarantees being recognised and measured in accordance with the principles set out in the proposed amendments to IAS 39 on financial guarantees. This change in policy has had an immaterial impact on the 2004 income statement and earnings per share, and has reduced retained earnings by GBP34m as at 1st January 2004.

14. Issued debt and equity securities

Issued financial instruments or their components are classified as liabilities where the substance of the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder, to exchange financial instruments on terms that are potentially unfavourable or to satisfy the obligation otherwise than by the exchange of a fixed amount of cash or another financial asset for a fixed number of equity shares. Issued financial instruments, or their components, are classified as equity where they meet the definition of equity and confer on the holder a residual interest in the assets of the Group. The components of issued financial instruments that contain both liability and equity elements are accounted for separately with the equity component being assigned the residual amount after deducting from the

Edgar Filing: BARCLAYS PLC - Form 6-K

instrument as a whole the amount separately determined as the fair value of the liability component.

Financial liabilities are carried at amortised cost using the effective interest method (see 3 above). Derivatives embedded in financial liabilities are accounted for as set out in 9 above.

Equity instruments, including share capital, are initially recognised at net proceeds, after deducting transaction costs and any related income tax. Dividend and other payments to equity holders are deducted from equity, net of any related income tax.

15. Share capital

Share issue costs

Incremental costs directly attributable to the issue of new shares or options or the acquisition of a business are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Barclays PLC (the Company) shareholders.

Treasury shares

Where the Company or any member of the Group purchases the Company's share capital, the consideration paid is deducted from shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

16. Insurance and investment contracts

The Group has allocated its wealth management products into insurance contracts and investment contracts depending on the level of insurance risk in the products. The Group has applied IFRS 4, 'Insurance Contracts' to its insurance contracts. Financial assets and liabilities relating to investment contracts, and assets backing insurance contracts are classified and measured as appropriate under IAS 39, 'Financial Instruments: Recognition and Measurement'. IFRS 4 permits insurance contracts to be accounted for in accordance with UK GAAP accounting policies. However, from 1st January 2004 the Group has chosen to change its accounting policy in relation to insurance contracts to use the Modified Statutory Solvency Basis rather than the Embedded Value basis to account for insurance policies in the UK. This change will result in insurance contracts and investment contracts being accounted for on a similar basis and represents the most appropriate accounting policy in the circumstances. This change in policy has reduced other operating income by GBP47m in 2004 and has reduced retained earnings by GBP592m as at 1st January 2004. The impact on earnings per share is immaterial. Overseas wealth management products have also been allocated between insurance contracts and investment contracts. Overseas insurance contract liabilities are measured on an actuarial basis in accordance with the requirements in the countries concerned and as permitted by IFRS 4.

The significant policies comprising the Modified Statutory Solvency Basis are as follows:

Claims

Claims and surrenders are accounted for when notified. Maturities on the

Edgar Filing: BARCLAYS PLC - Form 6-K

policy maturity date and regular withdrawals are accounted for when due.

Long term business provision

The long term business provision is determined by the appointed actuary following his investigation of the long term fund and is calculated annually on a statutory solvency basis to comply with UK and other regulatory requirements. The calculation uses a cash flow method for unit linked insurance policies for determining mortality and expense reserves. For conventional policies a gross premium valuation is used.

Reinsurance

Long-term insurance business is ceded to reinsurers under contracts to transfer part or all of one or more of the following risks: mortality, investment, persistency and expenses. Such contracts are accounted for as insurance contracts.

17. Leases

Lessor

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership, with or without ultimate legal title, are classified as finance leases. When assets are held subject to a finance lease, the present value of the lease payments, discounted at the rate of interest implicit in the lease, is recognised as a receivable. The difference between the total payments receivable under the lease and the present value of the receivable is recognised as unearned finance income, which is allocated to accounting periods under the pre-tax net investment method to reflect a constant periodic rate of return.

Assets leased to customers under agreements which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. The leased assets are included within property, plant and equipment on the Group's balance sheet and depreciation is provided on the depreciable amount of these assets on a systematic basis over their estimated useful lives. Lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate.

Lessee

Operating lease rentals payable are recognised as an expense in the income statement on a straight-line basis over the lease term unless another systematic basis is more appropriate.

18. Employee benefits

The Group provides employees worldwide with post retirement benefits mainly in the form of pensions. The Group operates a number of pension schemes which may be funded or unfunded and of a defined contribution or defined benefit nature. In addition, the Group contributes, according to local law in the various countries in which it operates, to Governmental and other plans which have the characteristics of defined contribution plans.

For defined benefit schemes, actuarial valuation of each of the scheme's obligations using the projected unit credit method and the fair valuation of each of the scheme's assets are performed annually using consistent assumptions. The difference between the fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date, together with adjustments for any unrecognised actuarial losses and

Edgar Filing: BARCLAYS PLC - Form 6-K

past service cost, is recognised as a liability in the balance sheet. An asset, arising for example, as a result of past over funding or the performance of the plan investments, is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions.

Cumulative actuarial gains and losses in excess of the greater of 10% of the assets or 10% of the obligations of the plan are recognised in the income statement over the remaining average service lives of the employees of the related plan on a straight-line basis.

For defined contribution schemes, the Group recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

The Group also provides healthcare to certain retired employees, which are accrued as a liability in the financial statements over the period of employment, using a methodology similar to that for defined benefit pension plans.

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably.

All expenses related to employee benefits are recognised in the income statement in staff costs, which is included within operating expenses.

19. Share-based payments to employees

The Group engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the shares or share options granted on the date of the grant. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that the services are received, which is the vesting period. The fair value of the options granted is determined using option pricing models, which take into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the Barclays PLC share price over the life of the option and other relevant factors. Except for those which include terms related to market conditions, vesting conditions included in the terms of the grant are not taken into account in estimating fair value. Non-market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the income statement reflects the number of vested shares or share options. Where vesting conditions are related to market conditions, the charges for the services received are recognised regardless of whether or not the market related vesting condition is met, provided that the non-market vesting conditions are met.

20. Provisions

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated.

When a leasehold property ceases to be used in the business, provision is made, where the unavoidable costs of the future obligations relating to the

Edgar Filing: BARCLAYS PLC - Form 6-K

lease are expected to exceed anticipated rental income. The net costs are discounted using market rates of interest to reflect the long-term nature of the cash flows.

Provision is made for the anticipated cost of restructuring, including redundancy costs, when an obligation exists. An obligation exists when the Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by starting to implement the plan or announcing its main features. The provision raised is normally utilised within nine months.

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events or present obligations where the transfer of economic benefit is uncertain or cannot be reliably measured. Contingent liabilities are not recognised but are disclosed unless they are remote.

21. Income taxes, including deferred income taxes

Income tax payable on taxable profits ('current tax') is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is regarded as recoverable by offset against current or future taxable profits.

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

22. Segment reporting

Business segments are distinguishable components of the Group that provide products or services that are subject to risks and rewards that are different to those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to different risks and rewards that are different to those of components operating in other economic environments. Business segments are the primary reporting segments.

23. Cash and cash equivalents

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than 3 months.

24. Trust activities

The Group commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from the financial statements, as they are not assets of the Group.

Edgar Filing: BARCLAYS PLC - Form 6-K

DETAILED RECONCILIATIONS

The pages that follow contain detailed reconciliations of UK GAAP to IFRS in accordance with IFRS 1. The reconciliations contain two columns for each period as well as the UK GAAP and IFRS results. The reclassify column includes re-classification and re-analysis of amounts from their UK GAAP profit and loss account and balance sheet lines to the appropriate IFRS income statement and balance sheet lines. The remeasure column sets out the effects of the recognition and measurement changes required by the transition to IFRS. The remeasure columns are further analysed into the type of adjustment.

Differences between UK GAAP and IFRS on pages 80 to 91 provide more information on each type of adjustment and are referenced in the remeasure analysis.

Income statements

Full-year ended 31st December 2004

Half-year ended 31st December 2004

Half-year ended 30th June 2004

Remeasure analysis

Full-year ended 31st December 2004

Half-year ended 31st December 2004

Half-year ended 30th June 2004

Balance sheets

As at 1st January 2005 - assets

As at 31st December 2004 - assets

As at 30th June 2004 - assets

As at 1st January 2004 - assets

As at 1st January 2005 - liabilities

As at 31st December 2004 - liabilities

As at 30th June 2004 - liabilities

As at 1st January 2004 - liabilities

As at 1st January 2005 - shareholders' equity

As at 31st December 2004 - shareholders' equity

As at 30th June 2004 - shareholders' equity

As at 1st January 2004 - shareholders' equity

Remeasure analysis

As at 1st January 2005 - assets

As at 1st January 2005 - liabilities

As at 1st January 2005 - shareholders' equity

As at 31st December 2004 - assets

As at 31st December 2004 - liabilities

As at 31st December 2004 - shareholders' equity

As at 30th June 2004 - assets

As at 30th June 2004 - liabilities

As at 30th June 2004 - shareholders' equity

As at 1st January 2004 - assets

As at 1st January 2004 - liabilities

As at 1st January 2004 - shareholders' equity

BARCLAYS PLC

Income statement reconciliations for periods ending in 2004.

Edgar Filing: BARCLAYS PLC - Form 6-K

Full-year ended 31st December 2004

| | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm | IFRS GBPm |
|--|-----------------|--------------------|-------------------|--------------|
| Interest income | 13,665 | - | 215 | 13,880 |
| Interest expense | (6,823) | - | (224) | (7,047) |
| | ----- | ----- | ----- | ----- |
| Net interest income | 6,842 | - | (9) | 6,833 |
| | ----- | ----- | ----- | ----- |
| Fee and commission income | 5,672 | - | (112) | 5,560 |
| Fee and commission expense | (706) | - | 44 | (662) |
| | ----- | ----- | ----- | ----- |
| Net fee and commission income | 4,966 | - | (68) | 4,898 |
| | ----- | ----- | ----- | ----- |
| Dealing profits | 1,493 | (1,493) | - | - |
| Net trading income | - | 1,493 | (6) | 1,487 |
| Net investment income | - | 308 | 740 | 1,048 |
| | ----- | ----- | ----- | ----- |
| Principal transactions | - | 1,801 | 734 | 2,535 |
| Net premiums from insurance contracts | - | 211 | 831 | 1,042 |
| | ----- | ----- | ----- | ----- |
| Other operating income | 644 | (519) | (15) | 110 |
| Total operating income | 13,945 | - | 1,473 | 15,418 |
| | ----- | ----- | ----- | ----- |
| Impairment loss on loans and advances and other credit risk provisions | (1,091) | (2) | - | (1,093) |
| Provisions for contingent liabilities and commitments | (2) | 2 | - | - |
| | ----- | ----- | ----- | ----- |
| Net operating income | 12,852 | - | 1,473 | 14,325 |
| | ----- | ----- | ----- | ----- |
| Net claims and benefits on insurance contracts | - | - | (1,310) | (1,310) |
| Operating expenses | - | (8,350) | (186) | (8,536) |
| Administrative expenses-staff costs | (4,998) | 4,998 | - | - |
| Administrative | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | |
|---|---------|-------|-------|---------|
| expenses-other | (2,758) | 2,758 | - | - |
| Depreciation and goodwill amortisation | (594) | 594 | - | - |
| Share of results of associates and joint ventures | 56 | (10) | 10 | 56 |
| Exceptional items | 45 | (45) | - | - |
| Profit on disposal of associates and joint ventures | - | 45 | - | 45 |
| Profit before tax | 4,603 | (10) | (13) | 4,580 |
| Tax | (1,289) | 10 | - | (1,279) |
| Dividends | (1,538) | - | 1,538 | - |
| Profit for the year | 1,776 | - | 1,525 | 3,301 |
| Profit attributable to minority interests | 46 | - | 1 | 47 |
| Profit attributable to shareholders | 1,730 | - | 1,524 | 3,254 |
| | 1,776 | - | 1,525 | 3,301 |

Half-year ended 31st December 2004

Half-year ended 3

| | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm | IFRS GBPm | UK GAAP GBPm | Reclassify GBPm | R |
|-------------------------------|-----------------|--------------------|-------------------|--------------|-----------------|--------------------|---|
| Interest income | 7,202 | - | 113 | 7,315 | 6,463 | - | |
| Interest expense | (3,701) | - | (114) | (3,815) | (3,122) | - | |
| Net interest income | 3,501 | - | (1) | 3,500 | 3,341 | - | |
| Fee and commission income | 2,952 | - | (65) | 2,887 | 2,720 | - | |
| Fee and commission expense | (364) | - | 35 | (329) | (342) | - | |
| Net fee and commission income | 2,588 | - | (30) | 2,558 | 2,378 | - | |
| Dealing profits | 687 | (687) | - | - | 806 | (806) | |
| Net trading income | - | 687 | (3) | 684 | - | 806 | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | |
|--|---------|---------|-------|---------|---------|---------|
| Net investment income | - | 131 | 594 | 725 | - | 177 |
| Principal transactions | - | 818 | 591 | 1,409 | - | 983 |
| Net premiums from insurance contracts | - | 84 | 422 | 506 | - | 127 |
| Other operating income | 317 | (215) | (38) | 64 | 327 | (304) |
| Total operating income | 7,093 | - | 944 | 8,037 | 6,852 | - |
| Impairment loss on loans and advances and other credit risk provisions | (502) | (2) | - | (504) | (589) | - |
| Provisions for contingent liabilities and commitments | (2) | 2 | - | - | - | - |
| Net operating income | 6,589 | - | 944 | 7,533 | 6,263 | - |
| Net claims and benefits on insurance contracts | - | - | (896) | (896) | - | - |
| Operating expenses | - | (4,439) | (123) | (4,562) | - | (3,911) |
| Administrative expenses-staff costs | (2,601) | 2,601 | - | - | (2,397) | 2,397 |
| Administrative expenses-other | (1,532) | 1,532 | - | - | (1,226) | 1,226 |
| Depreciation and goodwill amortisation | (306) | 306 | - | - | (288) | 288 |
| Share of results of associates and joint ventures | 42 | (6) | 6 | 42 | 14 | (4) |
| Exceptional items | - | - | - | - | 45 | (45) |
| Profit on disposal of associates and joint ventures | - | - | - | - | - | 45 |
| Profit before tax | 2,192 | (6) | (69) | 2,117 | 2,411 | (4) |
| Tax | (614) | 6 | (26) | (634) | (675) | 4 |
| Dividends | (1,010) | - | 1,010 | - | (528) | - |
| Profit for the year | 568 | - | 915 | 1,483 | 1,208 | - |
| Profit attributable to minority interests | 26 | - | 1 | 27 | 20 | - |
| Profit attributable to shareholders | 542 | - | 914 | 1,456 | 1,188 | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | |
|-----|---|-----|-------|-------|---|
| 568 | - | 915 | 1,483 | 1,208 | - |
|-----|---|-----|-------|-------|---|

BARCLAYS PLC

Analysis of remeasure column in income statement reconciliation for full-year to 31st December 2004.

Full-year 31st December 2004

| Notes | Consolidation (a) GBPm | Life assurance (b) GBPm | Goodwill (d) GBPm | Share based payments (e) GBPm | Pensions (f) GBPm | Intangible assets (g) GBPm | Financ guarant G |
|--|------------------------------|----------------------------------|-------------------------|---|-------------------------|-------------------------------------|------------------------|
| Interest income | 228 | - | - | - | - | - | |
| Interest expense | (219) | - | - | - | - | - | |
| Net interest income | 9 | - | - | - | - | - | |
| Fee and commission income | (90) | - | - | - | - | - | |
| Fee and commission expense | 44 | - | - | - | - | - | |
| Net fee and commission income | (46) | - | - | - | - | - | |
| Dealing profits | - | - | - | - | - | - | |
| Net trading income | (6) | - | - | - | - | - | |
| Net investment income | 4 | 717 | - | - | - | - | |
| Principal transactions | (2) | 717 | - | - | - | - | |
| Net premiums from insurance contracts | 151 | 680 | - | - | - | - | |
| Other operating income | 14 | (47) | - | - | - | - | |
| Total operating income | 126 | 1,350 | - | - | - | - | |
| Impairment loss on loans and advances and other credit risk provisions | - | - | - | - | - | - | |
| Provisions for contingent liabilities and commitments | - | - | - | - | - | - | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | |
|---|------|---------|-----|------|-------|------|
| Net operating income | 126 | 1,350 | - | - | - | - |
| Net claims and benefits on insurance contracts | (51) | (1,259) | - | - | - | - |
| Operating expenses | (74) | (142) | 293 | (49) | (174) | (31) |
| Administrative expenses-staff costs | - | - | - | - | - | - |
| Administrative expenses-other | - | - | - | - | - | - |
| Depreciation and goodwill amortisation | - | - | - | - | - | - |
| Share of results of associates and joint ventures | - | - | 7 | - | - | - |
| Exceptional items | - | - | - | - | - | - |
| Profit on disposal of associates and joint ventures | - | - | - | - | - | - |
| Profit before tax | 1 | (51) | 300 | (49) | (174) | (31) |
| Tax | - | (64) | - | - | 52 | 9 |
| Dividends | - | - | - | - | - | - |
| Profit for the year | 1 | (115) | 300 | (49) | (122) | (22) |
| Profit attributable to minority interests | 1 | - | - | - | - | - |
| Profit attributable to shareholders | - | (115) | 300 | (49) | (122) | (22) |
| | 1 | (115) | 300 | (49) | (122) | (22) |

| Notes | Other GBPm | Total remeasure GBPm |
|----------------------------|---------------|----------------------------|
| Interest income | - | 215 |
| Interest expense | - | (224) |
| Net interest income | - | (9) |
| Fee and commission income | - | (112) |
| Fee and commission expense | - | 44 |
| Net fee and commission | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|--|-------|---------|
| income | - | (68) |
| | ----- | ----- |
| Dealing profits | - | - |
| Net trading income | - | (6) |
| Net investment income | (2) | 740 |
| | ----- | ----- |
| Principal transactions | (2) | 734 |
| | ----- | ----- |
| Net premiums from insurance contracts | - | 831 |
| Other operating income | - | (15) |
| | ----- | ----- |
| Total operating income | (2) | 1,473 |
| | ----- | ----- |
| Impairment loss on loans and advances and other credit risk provisions | - | - |
| Provisions for contingent liabilities and commitments | - | - |
| | ----- | ----- |
| Net operating income | (2) | 1,473 |
| | ----- | ----- |
| Net claims and benefits on insurance contracts | - | (1,310) |
| Operating expenses | - | (186) |
| Administrative expenses-staff costs | - | - |
| Administrative expenses-other | - | - |
| Depreciation and goodwill amortisation | - | - |
| Share of results of associates and joint ventures | 3 | 10 |
| Exceptional items | - | - |
| Profit on disposal of associates and joint ventures | - | - |
| | ----- | ----- |
| Profit before tax | 1 | (13) |
| | ----- | ----- |
| Tax | - | - |
| Dividends | - | 1,538 |
| | ----- | ----- |
| Profit for the year | 1 | 1,525 |
| | ----- | ----- |
| Profit attributable to minority interests | - | 1 |
| Profit attributable to shareholders | 1 | 1,524 |
| | ----- | ----- |
| | 1 | 1,525 |
| | ----- | ----- |

BARCLAYS PLC

Analysis of remeasure column in income statement reconciliation for half-year to 31st December 2004.

Edgar Filing: BARCLAYS PLC - Form 6-K

| Notes | Half-year ended 31st December 2004 | | | | | | | | |
|--|------------------------------------|-------------------------------|-------------------------|-------------------------------------|-------------------------|----------------------------------|-------------------------------------|------------------------|--------------------------|
| | Consolidation (a) GBPm | Life Assurance (b) GBPm | Goodwill (d) GBPm | Share based payments (e) GBPm | Pensions (f) GBPm | Intangible assets (g) GBPm | Financial guarantees (h) GBPm | Leasing (i) GBPm | Dividends (j) GBPm |
| Interest income | 119 | - | - | - | - | - | 10 | (16) | - |
| Interest expense | (111) | - | - | - | - | - | - | (3) | - |
| Net interest income | 8 | - | - | - | - | - | 10 | (19) | - |
| Fee and commission income | (50) | - | - | - | - | - | (12) | (3) | - |
| Fee and commission expense | 35 | - | - | - | - | - | - | - | - |
| Net fee and commission income | (15) | - | - | - | - | - | (12) | (3) | - |
| Dealing profits | - | - | - | - | - | - | - | - | - |
| Net trading income | (3) | - | - | - | - | - | - | - | - |
| Net investment income | 3 | 582 | - | - | - | - | - | 11 | - |
| Principal transactions | - | 582 | - | - | - | - | - | 11 | - |
| Net premiums from insurance contracts | 61 | 361 | - | - | - | - | - | - | - |
| Other operating income | 11 | (59) | - | - | - | - | - | 10 | - |
| Total operating income | 65 | 884 | - | - | - | - | (2) | (1) | - |
| Impairment loss on loans and advances and other credit risk provisions | - | - | - | - | - | - | - | - | - |
| Provisions for contingent liabilities and commitments | - | - | - | - | - | - | - | - | - |
| Net operating income | 65 | 884 | - | - | - | - | (2) | (1) | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | | | |
|---|------|-------|-----|------|------|------|-----|-----|-----|
| Net claims and benefits on insurance contracts | (23) | (873) | - | - | - | - | - | - | - |
| Operating expenses | (37) | (91) | 147 | (32) | (84) | (22) | - | (4) | |
| Administrative expenses-staff costs | - | - | - | - | - | - | - | - | - |
| Administrative expenses-other | - | - | - | - | - | - | - | - | - |
| Depreciation and goodwill amortisation | - | - | - | - | - | - | - | - | - |
| Share of results of associates and joint ventures | - | - | 3 | - | - | - | - | - | - |
| Exceptional items | - | - | - | - | - | - | - | - | - |
| Profit on disposal of associates and joint ventures | - | - | - | - | - | - | - | - | - |
| Profit before tax | 5 | (80) | 150 | (32) | (84) | (22) | (2) | (5) | |
| Tax | 4 | (64) | - | - | 26 | 6 | 1 | 1 | |
| Dividends | - | - | - | - | - | - | - | - | 1,0 |
| Profit for the year | 9 | (144) | 150 | (32) | (58) | (16) | (1) | (4) | 1,0 |
| Profit attributable to minority interests | 1 | - | - | - | - | - | - | - | - |
| Profit attributable to shareholders | 8 | (144) | 150 | (32) | (58) | (16) | (1) | (4) | 1,0 |
| | 9 | (144) | 150 | (32) | (58) | (16) | (1) | (4) | 1,0 |

Half-year ended
31st December
2004

| Notes | Other | | Total |
|---------------------|-------|-------|-----------|
| | GBPM | GBPM | remeasure |
| Interest income | - | 113 | |
| Interest expense | - | (114) | |
| Net interest income | - | (1) | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|--|-----|-------|
| Fee and commission income | - | (65) |
| Fee and commission expense | - | 35 |
| Net fee and commission income | - | (30) |
| Dealing profits | - | - |
| Net trading income | - | (3) |
| Net investment income | (2) | 594 |
| Principal transactions | (2) | 591 |
| Net premiums from insurance contracts | - | 422 |
| Other operating income | - | (38) |
| Total operating income | (2) | 944 |
| Impairment loss on loans and advances and other credit risk provisions | - | - |
| Provisions for contingent liabilities and commitments | - | - |
| Net operating income | (2) | 944 |
| Net claims and benefits on insurance contracts | - | (896) |
| Operating expenses | - | (123) |
| Administrative expenses-staff costs | - | - |
| Administrative expenses-other | - | - |
| Depreciation and goodwill amortisation | - | - |
| Share of results of associates and joint ventures | 3 | 6 |
| Exceptional items | - | - |
| Profit on disposal of associates and joint ventures | - | - |
| Profit before tax | 1 | (69) |
| Tax | - | (26) |
| Dividends | - | 1,010 |
| Profit for the year | 1 | 915 |
| Profit attributable to minority interests | - | 1 |
| Profit attributable to shareholders | 1 | 914 |
| | 1 | 915 |

Edgar Filing: BARCLAYS PLC - Form 6-K

BARCLAYS PLC

Analysis of remeasure column in income statement reconciliation for half-year to 30th June 2004.

Half-year ended 30th June 2004

| Notes | Consolidation (a) GBPm | Life assurance (b) GBPm | Goodwill (d) GBPm | Share based payments (e) GBPm | Pensions (f) GBPm | Intangible assets (g) GBPm | Financ guarant G |
|--|------------------------------|----------------------------------|-------------------------|---|-------------------------|-------------------------------------|------------------------|
| Interest income | 109 | - | - | - | - | - | |
| Interest expense | (108) | - | - | - | - | - | |
| Net interest income | 1 | - | - | - | - | - | |
| Fee and commission income | (40) | - | - | - | - | - | |
| Fee and commission expense | 9 | - | - | - | - | - | |
| Net fee and commission income | (31) | - | - | - | - | - | |
| Dealing profits | - | - | - | - | - | - | |
| Net trading income | (3) | - | - | - | - | - | |
| Net investment income | 1 | 135 | - | - | - | - | |
| Principal transactions | (2) | 135 | - | - | - | - | |
| Net premiums from insurance contracts | 90 | 319 | - | - | - | - | |
| Other operating income | 3 | 12 | - | - | - | - | |
| Total operating income | 61 | 466 | - | - | - | - | |
| Impairment loss on loans and advances and other credit risk provisions | - | - | - | - | - | - | |
| Provisions for contingent liabilities and commitments | - | - | - | - | - | - | |
| Net operating income | 61 | 466 | - | - | - | - | |
| Net claims and benefits on insurance contracts | (28) | (386) | - | - | - | - | |
| Operating expenses | (37) | (51) | 146 | (17) | (90) | (9) | |
| Administrative expenses-staff costs | - | - | - | - | - | - | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | |
|---|-------|-------|-------|-------|-------|-------|
| Administrative expenses-other | - | - | - | - | - | - |
| Depreciation and goodwill amortisation | - | - | - | - | - | - |
| Share of results of associates and joint ventures | - | - | 4 | - | - | - |
| Exceptional items | - | - | - | - | - | - |
| Profit on disposal of associates and joint ventures | - | - | - | - | - | - |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Profit before tax | (4) | 29 | 150 | (17) | (90) | (9) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Tax | (4) | - | - | - | 26 | 3 |
| Dividends | - | - | - | - | - | - |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Profit for the year | (8) | 29 | 150 | (17) | (64) | (6) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Profit attributable to minority interests | - | - | - | - | - | - |
| Profit attributable to shareholders | (8) | 29 | 150 | (17) | (64) | (6) |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | (8) | 29 | 150 | (17) | (64) | (6) |
| | ----- | ----- | ----- | ----- | ----- | ----- |

| Notes | Other GBPm | Total remeasure GBPm |
|--|---------------|----------------------------|
| Interest income | - | 102 |
| Interest expense | - | (110) |
| | ----- | ----- |
| Net interest income | - | (8) |
| | ----- | ----- |
| Fee and commission income | - | (47) |
| Fee and commission expense | - | 9 |
| | ----- | ----- |
| Net fee and commission income | - | (38) |
| | ----- | ----- |
| Dealing profits | - | - |
| Net trading income | - | (3) |
| Net investment income | - | 146 |
| | ----- | ----- |
| Principal transactions | - | 143 |
| | ----- | ----- |
| Net premiums from insurance contracts | - | 409 |
| Other operating income | - | 23 |
| | ----- | ----- |
| Total operating income | - | 529 |
| | ----- | ----- |
| Impairment loss on loans and advances and other credit risk provisions | - | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|---|-------|-------|
| Provisions for contingent liabilities and commitments | - | - |
| | ----- | ----- |
| Net operating income | - | 529 |
| | ----- | ----- |
| Net claims and benefits on insurance contracts | - | (414) |
| Operating expenses | - | (63) |
| Administrative expenses-staff costs | - | - |
| Administrative expenses-other | - | - |
| Depreciation and goodwill amortisation | - | - |
| Share of results of associates and joint ventures | - | 4 |
| Exceptional items | - | - |
| Profit on disposal of associates and joint ventures | - | - |
| | ----- | ----- |
| Profit before tax | - | 56 |
| | ----- | ----- |
| Tax | - | 26 |
| Dividends | - | 528 |
| | ----- | ----- |
| Profit for the year | - | 610 |
| | ----- | ----- |
| Profit attributable to minority interests | - | - |
| Profit attributable to shareholders | - | 610 |
| | ----- | ----- |
| | - | 610 |
| | ----- | ----- |

BARCLAYS PLC

Balance sheet - assets reconciliation as at periods from 1st January 2004 - 1st January 2005.

| | IFRS (except IAS 32/39 & IFRS 4) | 1st January 2005 | | | 31st December 2005 | |
|--|---|------------------|-----------|-------|--------------------|------------|
| | | Reclassify | Remeasure | IFRS | UK GAAP | Reclassify |
| ASSETS | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Cash and balances at central banks | 1,753 | - | 1,485 | 3,238 | 1,753 | - |
| Items in the course of collection from other banks | 1,772 | - | - | 1,772 | 1,772 | - |
| Treasury bills and | | | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | |
|--------------------|---------|-----------|---------|---------|---------|---------|
| other | | | | | | |
| eligible bills | 6,658 | (6,658) | - | - | 6,658 | - |
| Trading portfolio | | | | | | |
| assets | - | 112,356 | 885 | 113,241 | - | - |
| Non-trading | | | | | | |
| financial | | | | | | |
| instruments fair | | | | | | |
| valued through | | | | | | |
| profit and loss: | | | | | | |
| - held on own | | | | | | |
| account | - | - | 2,367 | 2,367 | - | - |
| - held in respect | | | | | | |
| of linked | | | | | | |
| liabilities to | | | | | | |
| customers under | | | | | | |
| investment | | | | | | |
| contracts | - | - | 63,124 | 63,124 | - | - |
| Derivative | | | | | | |
| financial | | | | | | |
| instruments | - | 17,958 | 76,382 | 94,340 | - | - |
| Loans and advances | | | | | | |
| to banks | 80,632 | (60,804) | 5,900 | 25,728 | 75,131 | - |
| Loans and advances | | | | | | |
| to customers | 262,409 | (64,408) | 12,958 | 210,959 | 254,946 | - |
| Debt securities | 130,311 | (130,311) | - | - | 127,428 | - |
| Equity shares | 11,399 | (11,399) | - | - | 12,166 | - |
| Available for sale | | | | | | |
| financial | | | | | | |
| investments | - | 46,523 | 1,968 | 48,491 | - | - |
| Reverse repurchase | | | | | | |
| agreements and | | | | | | |
| cash collateral on | | | | | | |
| securities | | | | | | |
| borrowed | - | 119,399 | 20,175 | 139,574 | - | - |
| Other assets | 25,915 | (21,812) | (508) | 3,595 | 22,154 | 5,078 |
| Insurance assets, | | | | | | |
| including | | | | | | |
| unit-linked assets | 8,576 | (844) | (7,579) | 153 | - | 8,378 |
| Investments in | | | | | | |
| associates and | | | | | | |
| joint ventures | 429 | - | - | 429 | 409 | - |
| Goodwill | 4,518 | - | - | 4,518 | - | 4,295 |
| Intangible assets | 139 | - | - | 139 | 4,295 | (4,295) |
| Property, plant | | | | | | |
| and equipment | 2,282 | - | - | 2,282 | 1,921 | - |
| Prepayments and | | | | | | |
| accrued income | - | - | - | - | 5,078 | (5,078) |
| Deferred tax | | | | | | |
| assets | 1,388 | - | 254 | 1,642 | - | - |
| Retail life-fund | | | | | | |
| assets | | | | | | |
| attributable to | | | | | | |
| policyholders | - | - | - | - | 8,378 | (8,378) |
| Total assets | 538,181 | - | 177,411 | 715,592 | 522,089 | - |

30th June 2004

1st January

Edgar Filing: BARCLAYS PLC - Form 6-K

| ASSETS | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm | IFRS GBPm | UK GAAP GBPm | Reclassify GBPm | Remea |
|---|-----------------|--------------------|-------------------|--------------|-----------------|--------------------|-------|
| Cash and balances at central banks | 1,829 | - | - | 1,829 | 1,726 | - | |
| Items in the course of collection from other banks | 2,527 | - | - | 2,527 | 2,006 | - | |
| Treasury bills and other eligible bills | 6,547 | - | - | 6,547 | 7,177 | - | |
| Trading portfolio assets | - | - | - | - | - | - | |
| Non-trading financial instruments fair valued through profit and loss: | | | | | | | |
| - held on own account | - | - | - | - | - | - | |
| - held in respect of linked liabilities to customers under investment contracts | - | - | - | - | - | - | |
| Derivative financial instruments | - | - | - | - | - | - | |
| Loans and advances to banks | 76,677 | - | 6,357 | 83,034 | 61,924 | - | 5 |
| Loans and advances to customers | 247,073 | - | 4,980 | 252,053 | 226,819 | - | 3 |
| Debt securities | 117,387 | - | 2,453 | 119,840 | 97,393 | - | 2 |
| Equity shares | 9,365 | - | (766) | 8,599 | 7,859 | - | |
| Available for sale financial investments | - | - | - | - | - | - | |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - | - | - | - | - | |
| Other assets | 17,665 | 4,575 | (896) | 21,344 | 19,736 | 3,921 | |
| Insurance assets, including unit-linked assets | - | 7,911 | 254 | 8,165 | - | 8,077 | |
| Investments in associates and joint ventures | 429 | - | 13 | 442 | 428 | - | |
| Goodwill | - | 4,263 | 135 | 4,398 | - | 4,406 | |
| Intangible assets | 4,263 | (4,263) | 62 | 62 | 4,406 | (4,406) | |
| Property, plant and equipment | 1,746 | - | 362 | 2,108 | 1,790 | - | |
| Prepayments and accrued income | 4,575 | (4,575) | - | - | 3,921 | (3,921) | |
| Deferred tax assets | - | - | 1,383 | 1,383 | - | - | 1 |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | |
|---|---------|---------|--------|---------|---------|---------|----|
| Retail life-fund assets attributable to policyholders | 7,911 | (7,911) | - | - | 8,077 | (8,077) | |
| Total assets | 497,994 | - | 14,337 | 512,331 | 443,262 | - | 11 |

BARCLAYS PLC

Balance sheet - liabilities reconciliation as at periods from 1st January 2004 - 1st January 2005.

| LIABILITIES | 1st January 2005 | | | 31st December 2004 | | | |
|--|---------------------------------------|-----------------|----------------|--------------------|--------------|-----------------|----------------|
| | IFRS (except IAS 32/39 & IFRS 4) GBPm | Reclassify GBPm | Remeasure GBPm | IFRS GBPm | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm |
| Deposits from banks | 111,024 | (42,390) | 6,101 | 74,735 | 111,024 | - | - |
| Items in the course of collection due to other banks | 1,205 | - | - | 1,205 | 1,205 | - | - |
| Customer accounts | 217,492 | (34,078) | 11,074 | 194,488 | 217,718 | - | (226) |
| Trading portfolio liabilities | - | 53,903 | 5,211 | 59,114 | - | - | - |
| Liabilities to customers under investment contracts | - | - | 64,609 | 64,609 | - | - | - |
| Derivative financial instruments | - | 18,289 | 76,929 | 95,218 | - | - | - |
| Debt securities in issue | 83,842 | 273 | (3,361) | 80,754 | 67,806 | - | 16,036 |
| Repurchase agreements and cash collateral on securities lent | - | 78,351 | 20,231 | 98,582 | - | - | - |
| Other liabilities | 82,936 | (74,567) | 1,490 | 9,859 | 75,981 | 6,582 | 373 |
| Accruals and deferred income | - | - | - | - | 6,582 | (6,582) | - |
| Current tax liabilities | 621 | - | - | 621 | 584 | - | 37 |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | |
|--|---------|-----|---------|---------|---------|---------|---------|
| Insurance contract liabilities including unit-linked liabilities | 8,377 | - | (4,781) | 3,596 | - | 8,378 | (1) |
| Subordinated liabilities: | | | | | | | |
| - Undated loan capital-non convertible | 6,149 | 98 | (2,039) | 4,208 | 6,149 | - | - |
| - Dated loan capital-conver tible to preference shares | 15 | - | - | 15 | 15 | - | - |
| - Dated loan capital-non convertible | 6,113 | 121 | 149 | 6,383 | 6,113 | - | - |
| Deferred tax liabilities | 1,362 | - | 3 | 1,365 | 738 | - | 624 |
| Other provisions for liabilities | 416 | - | (13) | 403 | 467 | - | (51) |
| Dividend Retirement benefit liabilities | - | - | - | - | 1,011 | - | (1,011) |
| Retail-life fund liabilities to policyholders | 1,865 | - | - | 1,865 | - | - | 1,865 |
| | - | - | - | - | 8,378 | (8,378) | - |
| Total liabilities | 521,417 | - | 175,603 | 697,020 | 503,771 | - | 17,646 |

| LIABILITIES | 30th June 2004 | | | | 1st January 2004 | | | |
|--|----------------|-----------------|----------------|-----------|------------------|-----------------|----------------|----|
| | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm | IFRS GBPm | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm | |
| Deposits from banks | 115,836 | - | - | 115,836 | 94,092 | - | - | 9 |
| Items in the course of collection due to other banks | 1,442 | - | - | 1,442 | 1,286 | - | - | |
| Customer accounts | 206,204 | - | (34) | 206,170 | 184,868 | - | (72) | 18 |
| Trading portfolio liabilities | - | - | - | - | - | - | - | |
| Liabilities to | - | - | - | - | - | - | - | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | | |
|----------------|---------|---------|--------|---------|---------|---------|--------|-------|
| customers | | | | | | | | |
| under | | | | | | | | |
| investment | | | | | | | | |
| contracts | | | | | | | | |
| Derivative | - | - | - | - | - | - | - | - |
| financial | | | | | | | | |
| instruments | | | | | | | | |
| Debt | | | | | | | | |
| securities in | | | | | | | | |
| issue | 55,280 | - | 14,151 | 69,431 | 49,569 | - | 11,900 | 6 |
| Repurchase | | | | | | | | |
| agreements and | | | | | | | | |
| cash | | | | | | | | |
| collateral on | | | | | | | | |
| securities | | | | | | | | |
| lent | - | - | - | - | - | - | - | - |
| Other | | | | | | | | |
| liabilities | 74,262 | 5,212 | 72 | 79,546 | 69,000 | 4,983 | 85 | 7 |
| Accruals and | | | | | | | | |
| deferred | | | | | | | | |
| income | 5,212 | (5,212) | - | - | 4,983 | (4,983) | - | - |
| Current tax | | | | | | | | |
| liabilities | 680 | - | 17 | 697 | 497 | - | 17 | |
| Insurance | | | | | | | | |
| contract | | | | | | | | |
| liabilities | | | | | | | | |
| including | | | | | | | | |
| unit-linked | | | | | | | | |
| liabilities | - | 7,911 | 33 | 7,944 | - | 8,077 | (54) | |
| Subordinated | | | | | | | | |
| liabilities: | | | | | | | | |
| - Undated loan | | | | | | | | |
| capital- | | | | | | | | |
| non | | | | | | | | |
| convertible | 6,233 | - | - | 6,233 | 6,310 | - | - | |
| - Dated loan | | | | | | | | |
| capital-conver | | | | | | | | |
| tible | | | | | | | | |
| to | | | | | | | | |
| preference | | | | | | | | |
| shares | 15 | - | - | 15 | 17 | - | - | |
| - Dated loan | | | | | | | | |
| capital- | | | | | | | | |
| non | | | | | | | | |
| convertible | 6,220 | - | - | 6,220 | 6,012 | - | - | |
| Deferred tax | | | | | | | | |
| liabilities | 665 | - | 619 | 1,284 | 646 | - | 611 | |
| Other | | | | | | | | |
| provisions for | | | | | | | | |
| liabilities | 393 | - | (64) | 329 | 369 | - | 11 | |
| Dividend | 529 | - | (529) | - | 879 | - | (879) | |
| Retirement | | | | | | | | |
| benefit | | | | | | | | |
| liabilities | - | - | 2,028 | 2,028 | - | - | 1,885 | |
| Retail-life | | | | | | | | |
| fund | | | | | | | | |
| liabilities to | | | | | | | | |
| policyholders | 7,911 | (7,911) | - | - | 8,077 | (8,077) | - | |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total | | | | | | | | |
| liabilities | 480,882 | - | 16,293 | 497,175 | 426,605 | - | 13,504 | 44 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

BARCLAYS PLC

Balance sheet - shareholders' equity reconciliation as at periods from
1st January 2004 - 1st January 2005.

| | 1st January 2005 | | | 31st December 2004 | | | |
|---|---|--------------------|-------------------|--------------------|-----------------|--------------------|-------------------|
| | IFRS (except IAS 32/ 39 & IFRS 4) GBPm | Reclassify GBPm | Remeasure GBPm | IFRS GBPm | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm |
| SHAREHOLDERS' EQUITY | | | | | | | |
| Called up share capital | 1,614 | - | - | 1,614 | 1,614 | - | - |
| Share premium account | 5,524 | - | - | 5,524 | 5,524 | - | - |
| Less: Treasury shares | (119) | - | - | (119) | - | (119) | - |
| Available for sale reserve | - | - | 314 | 314 | - | - | - |
| Revaluation reserve | - | - | - | - | 24 | (24) | - |
| Cashflow hedging reserve | - | - | 302 | 302 | - | - | - |
| Capital redemption reserve | 309 | - | - | 309 | 309 | - | - |
| Other capital reserve | 617 | - | - | 617 | 617 | - | - |
| Translation reserve | (58) | - | - | (58) | - | (58) | - |
| Retained earnings | 7,983 | - | (1,244) | 6,739 | 9,329 | 201 | (1,547) |
| Shareholders' equity excluding minority interests | 15,870 | - | (628) | 15,242 | 17,417 | - | (1,547) |
| Minority interests | 894 | - | 2,436 | 3,330 | 901 | - | (7) |
| Total shareholders' equity | 16,764 | - | 1,808 | 18,572 | 18,318 | - | (1,554) |
| Total liabilities and shareholders' | | | | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| equity | 538,181 | - | 177,411 | 715,592 | 522,089 | - | 16,092 |
|---|--------------|-----------------|----------------|-----------|--------------|-----------------|----------------|
| 30th June 2004 | | | | | | | |
| 1st January 2004 | | | | | | | |
| SHAREHOLDERS' EQUITY | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm | IFRS GBPm | UK GAAP GBPm | Reclassify GBPm | Remeasure GBPm |
| Called up share capital | 1,613 | - | - | 1,613 | 1,642 | - | - |
| Share premium account | 5,437 | - | - | 5,437 | 5,417 | - | - |
| Less: | | | | | | | |
| Treasury shares | - | (115) | - | (115) | - | (84) | - |
| Available for sale reserve | - | - | - | - | - | - | - |
| Revaluation reserve | 24 | (24) | - | - | 24 | (24) | - |
| Cashflow hedging reserve | - | - | - | - | - | - | - |
| Capital redemption reserve | 305 | - | - | 305 | 274 | - | - |
| Other capital reserve | 617 | - | - | 617 | 617 | - | - |
| Translation reserve | - | (43) | - | (43) | - | - | - |
| Retained earnings | 8,938 | 182 | (1,956) | 7,164 | 8,400 | 108 | (1,734) |
| Shareholders' equity excluding minority interests | 16,934 | - | (1,956) | 14,978 | 16,374 | - | (1,734) |
| Minority interests | 178 | - | - | 178 | 283 | - | - |
| Total shareholders' equity | 17,112 | - | (1,956) | 15,156 | 16,657 | - | (1,734) |
| Total liabilities and shareholders' equity | 497,994 | - | 14,337 | 512,331 | 443,262 | - | 11,770 |

Edgar Filing: BARCLAYS PLC - Form 6-K

BARCLAYS PLC

Analysis of remeasure column in balance sheet - assets as at 1st January 2005.

| As at 1st January 2005 | | | | | | | |
|--|---|----------------|-------------------------------|---------------------------|------------------------------|-------------------------------|--|
| Notes | Derivatives, financial instruments and hedge accounting (n), (o) | Netting (p) | Capital instruments (q) | Loan impairment (r) | Effective interest (s) | Insurance contracts (t) | Derecognition and financial liabilities (u) |
| ASSETS | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Cash and balances at central banks | - | - | - | - | - | 1,485 | |
| Items in the course of collection from other banks | - | - | - | - | - | - | |
| Treasury bills and other eligible bills | - | - | - | - | - | - | |
| Trading portfolio assets | (8) | 5,211 | - | - | - | - | (4,311) |
| Non-trading financial instrument fair valued through profit and loss: | | | | | | | |
| - held on own account | 25 | - | - | - | - | 2,342 | |
| - held in respect of linked liabilities to customers under investment contracts | - | - | - | - | - | 63,124 | |
| Derivative financial instruments | 483 | 75,899 | - | - | - | - | |
| Loans and advances to banks | - | 5,602 | - | (1) | - | - | 29 |
| Loans and advances to customers | 39 | 12,957 | 1 | (23) | (16) | - | |
| Debt securities | - | - | - | - | - | - | |
| Equity | | | | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | |
|--|------------|----------------|----------|-------------|------------|---------------|----------------|
| securities | - | - | - | - | - | - | - |
| Available for sale financial investments | 819 | - | - | - | - | - | 1,149 |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | 20,175 | - | - | - | - | - |
| Other assets | (456) | 23 | - | - | (54) | - | - |
| Insurance assets, including unit-linked assets | - | - | - | - | - | - | (7,579) |
| Investments in associates and joint ventures | - | - | - | - | - | - | - |
| Goodwill | - | - | - | - | - | - | - |
| Intangible assets | - | - | - | - | - | - | - |
| Property, plant and equipment | - | - | - | - | - | - | - |
| Prepayments and accrued income | - | - | - | - | - | - | - |
| Deferred tax assets | 93 | - | 2 | - | 62 | - | - |
| Retail life-fund assets attributable to policyholders | - | - | - | - | - | - | - |
| Total assets | 995 | 119,867 | 3 | (24) | (8) | 60,521 | (3,949) |

BARCLAYS PLC

Analysis of remeasure column in balance sheet - liabilities as at 1st January 2005.

As at 1st January 2005

| Derivatives, financial instruments and hedge accounting | Netting | Capital instruments | Loan impairment | Effective interest | Insurance contracts | Derecognition and financial liabilities |
|---|---------|---------------------|-----------------|--------------------|---------------------|---|
| | | | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| Notes | (n), (o) | (p) | (q) | (r) | (s) | (t) | (u) |
|--|----------|--------|---------|-------|-------|---------|---------|
| LIABILITIES | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Deposits from banks | 76 | 7,726 | - | - | - | - | (1,701) |
| Items in the course of collection due to other banks | - | - | - | - | - | - | - |
| Customer accounts | (1,049) | 11,420 | 49 | - | - | 514 | 140 |
| Trading portfolio liabilities | - | 5,211 | - | - | - | - | - |
| Liabilities to customers under investment contracts | - | - | - | - | - | 64,609 | - |
| Derivative financial instruments | 1,546 | 75,313 | - | - | 77 | - | (7) |
| Debt securities in issue | 76 | - | 10 | - | 3 | - | (3,450) |
| Reverse repurchase agreements and cash collateral on securities lent | 56 | 20,175 | - | - | - | - | - |
| Other liabilities | 29 | 22 | (4) | - | 49 | 78 | 1,316 |
| Accruals and deferred income | - | - | - | - | - | - | - |
| Current tax liabilities | - | - | - | - | - | - | - |
| Insurance contract liabilities including unit-linked liabilities | - | - | - | - | - | (4,781) | - |
| Subordinated liabilities: | | | | | | | |
| - Undated loan capital-non convertible | 7 | - | (2,051) | - | 5 | - | - |
| - Dated loan capital-non convertible to preference shares | - | - | - | - | - | - | - |
| - Dated loan capital-non convertible | 146 | - | - | - | 3 | - | - |
| Deferred tax liabilities | - | - | - | - | - | 3 | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | |
|---|-----|---------|---------|---|-----|--------|---------|
| Other provisions for liabilities | - | - | - | - | - | - | (13) |
| Dividend Retirement benefit liabilities | - | - | - | - | - | - | - |
| Retail-life fund liabilities to policyholders | - | - | - | - | - | - | - |
| Total liabilities | 887 | 119,867 | (1,996) | - | 137 | 60,423 | (3,715) |

BARCLAYS PLC

Analysis of remeasure column in balance sheet - shareholders' equity as at 1st January 2005.

| | As at 1st January 2005 | | | | | | |
|---|---|---------|---------------------|-----------------|--------------------|---------------------|-----------------------|
| | Derivatives, financial instruments and hedge accounting | Netting | Capital instruments | Loan impairment | Effective interest | Insurance contracts | Derecog and fin liabi |
| Notes | (n), (o) | (p) | (q) | (r) | (s) | (t) | |
| SHAREHOLDERS' EQUITY | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | |
| Called up share capital | - | - | - | - | - | - | - |
| Share premium account | - | - | - | - | - | - | - |
| Less: Treasury shares | - | - | - | - | - | - | - |
| Available for sale reserve | 314 | - | - | - | - | - | - |
| Revaluation reserve | - | - | - | - | - | - | - |
| Cashflow hedging reserve | 302 | - | - | - | - | - | - |
| Capital redemption reserve | - | - | - | - | - | - | - |
| Other capital reserve | - | - | - | - | - | - | - |
| Translation reserve | - | - | - | - | - | - | - |
| Retained earnings | (506) | - | (439) | (24) | (145) | 98 | |
| Shareholders' equity excluding minority interests | 110 | - | (439) | (24) | (145) | 98 | |
| Minority | | | | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | |
|--|-------|---------|-------|-------|-------|--------|
| interests | (2) | - | 2,438 | - | - | - |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total shareholders' equity | 108 | - | 1,999 | (24) | (145) | 98 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total liabilities and shareholders' equity | 995 | 119,867 | 3 | (24) | (8) | 60,521 |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- |

BARCLAYS PLC

Analysis of remeasure column in balance sheet - assets as at 31st December 2004.

| | As at 31st December 2004 | | | | | | |
|---|--------------------------|-------------------|----------|----------------------------|----------|----------------------|-------------------------|
| | Consoli dation | Life assurance | Goodwill | Share based payments | Pensions | Intangible assets | Financial guarantees |
| Notes | (a) | (b) | (d) | (e) | (f) | (g) | (h) |
| ASSETS | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Cash and balances at central banks | - | - | - | - | - | - | - |
| Items in the course of collection from other banks | - | - | - | - | - | - | - |
| Treasury bills and other eligible bills | - | - | - | - | - | - | - |
| Trading portfolio assets | - | - | - | - | - | - | - |
| Non-trading financial instruments fair valued through profit and loss: | | | | | | | |
| - held on own account | - | - | - | - | - | - | - |
| - held in respect of linked liabilities to customers under investment contracts | - | - | - | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - |
| Loans and advances to banks | 5,376 | 125 | - | - | - | - | - |
| Loans and | | | | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | |
|--|---------------|--------------|------------|----------|-------------|-----------|------------|
| advances to customers | 8,026 | - | - | - | - | - | - |
| Debt securities | 2,883 | - | - | - | - | - | - |
| Equity shares | (768) | - | - | - | - | - | - |
| Available for sale financial investments | - | - | - | - | - | - | - |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - | - | - | - | - | - |
| Other assets | 246 | (877) | - | 5 | (843) | (49) | 201 |
| Insurance assets, including unit-linked assets | 41 | 157 | - | - | - | - | - |
| Investments in associates and joint ventures | - | - | 7 | - | - | - | - |
| Goodwill | - | - | 223 | - | - | - | - |
| Intangible assets | - | - | 71 | - | - | 68 | - |
| Property, plant and equipment | - | - | - | - | - | - | - |
| Prepayments and accrued income | - | - | - | - | - | - | - |
| Deferred tax assets | 536 | - | - | - | 756 | - | 12 |
| Retail life-fund assets attributable to policyholders | - | - | - | - | - | - | - |
| Total assets | 16,340 | (595) | 301 | 5 | (87) | 19 | 213 |

As at 31st December 2004

| Notes | Other | | Total | |
|--|-----------|--|-------|--|
| | remeasure | | | |
| ASSETS | GBPm | | GBPm | |
| Cash and balances at central banks | - | | - | |
| Items in the course of collection from other banks | - | | - | |
| Treasury bills and other eligible bills | - | | - | |
| Trading portfolio assets | - | | - | |
| Non-trading financial instruments fair valued | - | | - | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|---|-------|---------|
| through profit and loss: | | |
| - held on own account | - | - |
| - held in respect of linked liabilities to customers under investment contracts | - | - |
| Derivative financial instruments | - | - |
| Loans and advances to banks | - | 5,501 |
| Loans and advances to customers | 55 | 7,463 |
| Debt securities | - | 2,883 |
| Equity shares | 1 | (767) |
| Available for sale financial investments | - | - |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - |
| Other assets | - | (1,317) |
| Insurance assets, including unit-linked assets | - | 198 |
| Investments in associates and joint ventures | 13 | 20 |
| Goodwill | - | 223 |
| Intangible assets | - | 139 |
| Property, plant and equipment | - | 361 |
| Prepayments and accrued income | - | - |
| Deferred tax assets | - | 1,388 |
| Retail life-fund assets attributable to policyholders | - | - |
| ----- | ----- | ----- |
| Total assets | 69 | 16,092 |
| ----- | ----- | ----- |

BARCLAYS PLC

Analysis of remeasure column in balance sheet - liabilities as at 31st December 2004.

| | As at 31st December 2004 | | | | | | | |
|------------------------|--------------------------|----------------|----------|----------------------|----------|-------------------|----------------------|-------|
| | Consolidation | Life assurance | Goodwill | Share based payments | Pensions | Intangible assets | Financial guarantees | L |
| Notes | (a) | (b) | (d) | (e) | (f) | (g) | (h) | |
| LIABILITIES | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Deposits from banks | - | - | - | - | - | - | - | - |
| Items in the course of | - | - | - | - | - | - | - | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | |
|--|---------------|------------|----------|-------------|--------------|----------|------------|
| collection due to other banks | | | | | | | |
| Customer accounts | (226) | - | - | - | - | - | - |
| Trading portfolio liabilities | - | - | - | - | - | - | - |
| Liabilities to customers under investment contracts | - | - | - | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - |
| Debt securities in issue | 16,036 | - | - | - | - | - | - |
| Repurchase agreements and cash collateral on securities lent | - | - | - | - | - | - | - |
| Other liabilities | 90 | 35 | - | (22) | - | - | 247 |
| Accruals and deferred income | - | - | - | - | - | - | - |
| Current tax liabilities | - | 37 | - | - | - | - | - |
| Insurance contract liabilities including unit-linked liabilities | 40 | (41) | - | - | - | - | - |
| Subordinated liabilities: | | | | | | | |
| - Undated loan capital-non convertible | - | - | - | - | - | - | - |
| - Dated loan capital-convertible to preference shares | - | - | - | - | - | - | - |
| Dated loan capital-non convertible | - | - | - | - | - | - | - |
| Deferred tax liabilities | 536 | 82 | - | - | - | 6 | - |
| Other provisions for liabilities | 27 | - | - | - | (133) | - | - |
| Dividend Retirement benefit liabilities | - | - | - | - | 1,865 | - | - |
| Retail-life fund liabilities to policyholders | - | - | - | - | - | - | - |
| Total liabilities | 16,503 | 113 | - | (22) | 1,732 | 6 | 247 |

Edgar Filing: BARCLAYS PLC - Form 6-K

As at 31st December 2004

| Notes | Other | Total remeasure |
|--|-------|--------------------|
| LIABILITIES | GBPm | GBPm |
| ----- | ----- | ----- |
| Deposits from banks | - | - |
| Items in the course of collection due to other banks | - | - |
| Customer accounts | - | (226) |
| Trading portfolio liabilities | - | - |
| Liabilities to customers under investment contracts | - | - |
| Derivative financial instruments | - | - |
| Debt securities in issue | - | 16,036 |
| Repurchase agreements and cash collateral on securities lent | - | - |
| Other liabilities | - | 373 |
| Accruals and deferred income | - | - |
| Current tax liabilities | - | 37 |
| Insurance contract liabilities including unit-linked liabilities | - | (1) |
| Subordinated liabilities: | | |
| - Undated loan capital-non convertible | - | - |
| - Dated loan capital- convertible to preference shares | - | - |
| Dated loan capital-non convertible | - | - |
| Deferred tax liabilities | - | 624 |
| Other provisions for liabilities | 55 | (51) |
| Dividend | - | (1,011) |
| Retirement benefit liabilities | - | 1,865 |
| Retail-life fund liabilities to policyholders | - | - |
| ----- | ----- | ----- |
| Total liabilities | 55 | 17,646 |
| ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

BARCLAYS PLC

Analysis of remeasure column in balance sheet - shareholders' equity as at 31st December 2004.

| | | As at 31st December 2004 | | | | | | | | |
|--|--|--------------------------|-------|------|-------|----------|------------|-------|-------|------|
| | | Consoli | Life | Good | Share | Pensions | Intangible | Finan | Leas | Div |
| | | dation | assur | will | based | | assets | cial | ing | dend |
| | | | ance | | pay | | | garan | | |
| | | | | | ments | | | tees | | |
| Notes | | (a) | (b) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| SHAREHOLDERS' EQUITY | | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Called up share capital | | - | - | - | - | - | - | - | - | - |
| Share premium account | | - | - | - | - | - | - | - | - | - |
| Less: Treasury shares Available for sale reserve | | - | - | - | - | - | - | - | - | - |
| Revaluation reserve | | - | - | - | - | - | - | - | - | - |
| Cashflow hedging reserve | | - | - | - | - | - | - | - | - | - |
| Capital redemption reserve | | - | - | - | - | - | - | - | - | - |
| Other capital reserve | | - | - | - | - | - | - | - | - | - |
| Translation reserve | | - | - | - | - | - | - | - | - | - |
| Retained earnings | | (156) | (708) | 301 | 27 | (1,819) | 13 | (34) | (196) | 1,01 |
| Shareholders' equity excluding minority interest | | (156) | (708) | 301 | 27 | (1,819) | 13 | (34) | (196) | 1,01 |
| Minority interest | | (7) | - | - | - | - | - | - | - | - |
| Total shareholders' equity | | (163) | (708) | 301 | 27 | (1,819) | 13 | (34) | (196) | 1,01 |
| Total liabilities and shareholders' equity | | 16,340 | (595) | 301 | 5 | (87) | 19 | 213 | (173) | |

As at 31st December 2004

| | | Other | Total |
|----------------------|--|-------|-----------|
| | | | remeasure |
| Notes | | GBPm | GBPm |
| SHAREHOLDERS' EQUITY | | GBPm | GBPm |
| | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|--|-------|---------|
| Called up share capital | - | - |
| Share premium account | - | - |
| Less: Treasury shares | - | - |
| Available for sale reserve | - | - |
| Revaluation reserve | - | - |
| Cashflow hedging reserve | - | - |
| Capital redemption reserve | - | - |
| Other capital reserve | - | - |
| Translation reserve | - | - |
| Retained earnings | 14 | (1,547) |
| ----- | ----- | ----- |
| Shareholders' equity excluding minority interest | 14 | (1,547) |
| ----- | ----- | ----- |
| Minority interest | - | (7) |
| ----- | ----- | ----- |
| Total shareholders' equity | 14 | (1,554) |
| ----- | ----- | ----- |
| Total liabilities and shareholders' equity | 69 | 16,092 |
| ----- | ----- | ----- |

BARCLAYS PLC

Analysis of remeasure column in balance sheet - assets as at 30th June 2004.

| Notes | As at 30th June 2004 | | | | | | | | |
|--|----------------------|--------------------|--------------|--------------------------|--------------|-----------------------|--------------------------|-------------|--------------|
| | Consolidation (a) | Life assurance (b) | Goodwill (d) | Share based payments (e) | Pensions (f) | Intangible assets (g) | Financial guarantees (h) | Leasing (i) | Dividend (j) |
| ASSETS | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Cash and balances at central banks | - | - | - | - | - | - | - | - | - |
| Items in the course of collection from other banks | - | - | - | - | - | - | - | - | - |
| Treasury bills and other eligible bills | - | - | - | - | - | - | - | - | - |
| Trading portfolio assets | - | - | - | - | - | - | - | - | - |
| Non-trading financial instruments fair valued through profit and | - | - | - | - | - | - | - | - | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | | | |
|---|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| loss: | | | | | | | | | |
| - held on own account | - | - | - | - | - | - | - | - | - |
| - held in respect of linked liabilities to customers under investment contracts | - | - | - | - | - | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - | - | - |
| Loans and advances to banks | 6,352 | 5 | - | - | - | - | - | - | - |
| Loans and advances to customers | 5,504 | - | - | - | - | - | - | - | (609) |
| Debt securities | 2,453 | - | - | - | - | - | - | - | - |
| Equity shares Available for sale financial investments | (769) | - | - | - | - | - | - | - | - |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - | - | - | - | - | - | - | - |
| Other assets | 218 | (637) | - | (6) | (614) | (8) | 157 | (6) | |
| Insurance assets, including unit-linked assets | 39 | 215 | - | - | - | - | - | - | - |
| Investments in associates and joint ventures | - | - | 3 | - | - | - | - | - | - |
| Goodwill | - | - | 135 | - | - | - | - | - | - |
| Intangible assets | - | - | 13 | - | - | 49 | - | - | - |
| Property, plant and equipment | - | - | - | - | - | - | - | - | 362 |
| Prepayments and accrued income | - | - | - | - | - | - | - | - | - |
| Deferred tax assets | 553 | - | - | - | 732 | - | 14 | 84 | |
| Retail life-fund assets attributable to policyholders | - | - | - | - | - | - | - | - | - |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total assets | 14,350 | (417) | 151 | (6) | 118 | 41 | 171 | (169) | |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

As at 30th June 2004

| | Other | Total |
|--------|-------|-----------|
| | | remeasure |
| Notes | | |
| ASSETS | GBPm | GBPm |
| ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|---|-------|--------|
| Cash and balances at central banks | - | - |
| Items in the course of collection from other banks | - | - |
| Treasury bills and other eligible bills | - | - |
| Trading portfolio assets | - | - |
| Non-trading financial instruments fair valued through profit and loss: | - | - |
| - held on own account | - | - |
| - held in respect of linked liabilities to customers under investment contracts | - | - |
| Derivative financial instruments | - | - |
| Loans and advances to banks | - | 6,357 |
| Loans and advances to customers | 85 | 4,980 |
| Debt securities | - | 2,453 |
| Equity shares | 3 | (766) |
| Available for sale financial investments | - | - |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - |
| Other assets | - | (896) |
| Insurance assets, including unit-linked assets | - | 254 |
| Investments in associates and joint ventures | 10 | 13 |
| Goodwill | - | 135 |
| Intangible assets | - | 62 |
| Property, plant and equipment | - | 362 |
| Prepayments and accrued income | - | - |
| Deferred tax assets | - | 1,383 |
| Retail life-fund assets attributable to policyholders | - | - |
| ----- | ----- | ----- |
| Total assets | 98 | 14,337 |
| ----- | ----- | ----- |

BARCLAYS PLC

Analysis of remeasure column in balance sheet - liabilities as at 30th June 2004.

As at 30th June 2004

| Consoli | Life | Good | Share | Pensions | Intangible | Finan | Leas | Div |
|---------|-------|------|-------|----------|------------|-------|------|------|
| dation | assur | will | based | | assets | cial | ing | dend |
| | ance | | pay | | | garan | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| Notes | (a) | (b) | (d) | ments (e) | (f) | (g) | tees (h) | (i) | (j) |
|--|--------|------|------|--------------|-------|------|-------------|------|------|
| LIABILITIES | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Deposits from banks | - | - | - | - | - | - | - | - | - |
| Items in the course of collection due to other banks | - | - | - | - | - | - | - | - | - |
| Customer accounts | (82) | 48 | - | - | - | - | - | - | - |
| Trading portfolio liabilities | - | - | - | - | - | - | - | - | - |
| Liabilities to customers under investment contracts | - | - | - | - | - | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - | - | - |
| Debt securities in issue | 14,151 | - | - | - | - | - | - | - | - |
| Repurchase agreements and cash collateral on securities lent | - | - | - | - | - | - | - | - | - |
| Other liabilities | (160) | 25 | - | (17) | - | - | 201 | 23 | - |
| Accruals and deferred income | - | - | - | - | - | - | - | - | - |
| Current tax liabilities | - | 17 | - | - | - | - | - | - | - |
| Insurance contract liabilities including unit-linked liabilities | 39 | (6) | - | - | - | - | - | - | - |
| Subordinated liabilities: | | | | | | | | | |
| - Undated loan capital-non convertible | - | - | - | - | - | - | - | - | - |
| - Dated loan capital-convertible to preference shares | - | - | - | - | - | - | - | - | - |
| - Dated loan capital-non convertible | - | - | - | - | - | - | - | - | - |
| Deferred tax liabilities | 566 | 38 | - | - | - | 15 | - | - | - |
| Other provisions for liabilities | - | - | - | - | (149) | - | - | - | - |
| Dividend Retirement benefit liabilities | - | - | - | - | 2,028 | - | - | - | - |
| Retail-life fund liabilities to policyholders | - | - | - | - | - | - | - | - | - |
| Total | | | | | | | | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | | | |
|-------------|--------|-------|-------|-------|-------|-------|-------|-------|-------|
| liabilities | 14,514 | 122 | - | (17) | 1,879 | 15 | 201 | 23 | (52) |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |

As at 30th June 2004

| | Other | Total remeasure |
|--|-------|--------------------|
| Notes | | |
| LIABILITIES | GBPm | GBPm |
| ----- | ----- | ----- |
| Deposits from banks | - | - |
| Items in the course of collection due to other banks | - | - |
| Customer accounts | - | (34) |
| Trading portfolio liabilities | - | - |
| Liabilities to customers under investment contracts | - | - |
| Derivative financial instruments | - | - |
| Debt securities in issue | - | 14,151 |
| Repurchase agreements and cash collateral on securities lent | - | - |
| Other liabilities | - | 72 |
| Accruals and deferred income | - | - |
| Current tax liabilities | - | 17 |
| Insurance contract liabilities including unit-linked liabilities | - | 33 |
| Subordinated liabilities: | | |
| - Undated loan capital-non convertible | - | - |
| - Dated loan capital-convertible to preference shares | - | - |
| - Dated loan capital-non convertible | - | - |
| Deferred tax liabilities | - | 619 |
| Other provisions for liabilities | 85 | (64) |
| Dividend | - | (529) |
| Retirement benefit liabilities | - | 2,028 |
| Retail-life fund liabilities to policyholders | - | - |
| ----- | ----- | ----- |
| Total liabilities | 85 | 16,293 |
| ----- | ----- | ----- |

Edgar Filing: BARCLAYS PLC - Form 6-K

BARCLAYS PLC

Analysis of remeasure column in balance sheet - shareholders' equity as at 30th June 2004.

| As at 30th June 2004 | | | | | | | | | |
|--|---------------|----------------|----------|----------------------|----------|-------------------|----------------------|---------|----------|
| Notes | Consolidation | Life assurance | Goodwill | Share based payments | Pensions | Intangible assets | Financial guarantees | Leasing | Dividend |
| | (a) | (b) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| SHAREHOLDERS' EQUITY | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Called up share capital | - | - | - | - | - | - | - | - | - |
| Share premium account | - | - | - | - | - | - | - | - | - |
| Less: Treasury shares Available for sale reserve | - | - | - | - | - | - | - | - | - |
| Revaluation reserve | - | - | - | - | - | - | - | - | - |
| Cashflow hedging reserve | - | - | - | - | - | - | - | - | - |
| Capital redemption reserve | - | - | - | - | - | - | - | - | - |
| Other capital reserve | - | - | - | - | - | - | - | - | - |
| Translation reserve | - | - | - | - | - | - | - | - | - |
| Retained earnings | (164) | (539) | 151 | 11 | (1,761) | 26 | (30) | (192) | 52 |
| Shareholders' equity excluding minority interest | (164) | (539) | 151 | 11 | (1,761) | 26 | (30) | (192) | 52 |
| Minority interest | - | - | - | - | - | - | - | - | - |
| Total shareholders' equity | (164) | (539) | 151 | 11 | (1,761) | 26 | (30) | (192) | 52 |
| Total liabilities and shareholders' equity | 14,350 | (417) | 151 | (6) | 118 | 41 | 171 | (169) | |

| As at 30th June 2004 | | |
|----------------------|-------|-----------------|
| Notes | Other | Total remeasure |
| SHAREHOLDERS' EQUITY | GBPm | GBPm |
| | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|--|-------|---------|
| Called up share capital | - | - |
| Share premium account | - | - |
| Less: Treasury shares | - | - |
| Available for sale reserve | - | - |
| Revaluation reserve | - | - |
| Cashflow hedging reserve | - | - |
| Capital redemption reserve | - | - |
| Other capital reserve | - | - |
| Translation reserve | - | - |
| Retained earnings | 13 | (1,956) |
| ----- | ----- | ----- |
| Shareholders' equity excluding minority interest | 13 | (1,956) |
| ----- | ----- | ----- |
| Minority interest | - | - |
| ----- | ----- | ----- |
| Total shareholders' equity | 13 | (1,956) |
| ----- | ----- | ----- |
| Total liabilities and shareholders' equity | 98 | 14,337 |
| ----- | ----- | ----- |

Part 4

BARCLAYS PLC

Analysis of remeasure column in balance sheet - assets as at 1st January 2004.

| Notes | As at 1st January 2004 | | | | | | | | | |
|--|------------------------|----------------|----------|----------------------|----------|-------------------|----------------------|---------|----------|-------|
| | Consolidation | Life assurance | Goodwill | Share based payments | Pensions | Intangible assets | Financial guarantees | Leasing | Dividend | |
| | (a) | (b) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | |
| ASSETS | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Cash and balances at central banks | - | - | - | - | - | - | - | - | - | - |
| Items in the course of collection from other banks | - | - | - | - | - | - | - | - | - | - |
| Treasury bills and other eligible bills | - | - | - | - | - | - | - | - | - | - |
| Trading portfolio assets | - | - | - | - | - | - | - | - | - | - |
| Non-trading financial instruments fair valued through profit and loss: | | | | | | | | | | |
| - held on own account | - | - | - | - | - | - | - | - | - | - |
| - held in respect of linked liabilities to | - | - | - | - | - | - | - | - | - | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | | | |
|-------------------------|--------|-------|------|---|-------|----|-----|-------|-------|
| customers | | | | | | | | | |
| under investment | | | | | | | | | |
| contracts | | | | | | | | | |
| Derivative financial | - | - | - | - | - | - | - | - | - |
| instruments | | | | | | | | | |
| Loans and | | | | | | | | | |
| advances to | | | | | | | | | |
| banks | 5,036 | 33 | - | - | - | - | - | - | - |
| Loans and | | | | | | | | | |
| advances to | | | | | | | | | |
| customers | 4,447 | - | - | - | - | - | - | - | (576) |
| Debt | | | | | | | | | |
| securities | 2,503 | - | - | - | - | - | - | - | - |
| Equity shares | (768) | - | - | - | - | - | - | - | - |
| Available for sale | - | - | - | - | - | - | - | - | - |
| financial investments | | | | | | | | | |
| Reverse repurchase | - | - | - | - | - | - | - | - | - |
| agreements and cash | | | | | | | | | |
| collateral on | | | | | | | | | |
| securities borrowed | | | | | | | | | |
| Other assets | 304 | (783) | - | - | (588) | - | 138 | - | - |
| Insurance | | | | | | | | | |
| assets, | | | | | | | | | |
| including | | | | | | | | | |
| unit-linked | | | | | | | | | |
| assets | 40 | 157 | - | - | - | - | - | - | - |
| Investments in | - | - | - | - | - | - | - | - | - |
| associates and joint | | | | | | | | | |
| ventures | | | | | | | | | |
| Goodwill | - | - | (13) | - | - | - | - | - | - |
| Intangible | | | | | | | | | |
| assets | - | - | 14 | - | - | - | 50 | - | - |
| Property, | | | | | | | | | |
| plant and | | | | | | | | | |
| equipment | - | - | - | - | - | - | - | - | 333 |
| Prepayments and accrued | - | - | - | - | - | - | - | - | - |
| income | | | | | | | | | |
| Deferred tax | | | | | | | | | |
| assets | 548 | - | - | - | 705 | - | 14 | 81 | |
| Retail life-fund assets | - | - | - | - | - | - | - | - | - |
| attributable to | | | | | | | | | |
| policyholders | | | | | | | | | |
| ----- | | | | | | | | | |
| Total assets | 12,110 | (593) | 1 | - | 117 | 50 | 152 | (162) | |
| ----- | | | | | | | | | |

As at 1st January 2004

| Notes | Total remeasure | |
|------------------------|--------------------|-------|
| | Other | |
| ASSETS | GBPm | GBPm |
| ----- | ----- | ----- |
| Cash and balances at | - | - |
| central banks | | |
| Items in the course of | - | - |
| collection from other | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|---|-------|--------|
| banks | | |
| Treasury bills and other eligible bills | - | - |
| Trading portfolio assets | - | - |
| Non-trading financial instruments fair valued through profit and loss: | | |
| - held on own account | - | - |
| - held in respect of linked liabilities to customers under investment contracts | - | - |
| Derivative financial instruments | - | - |
| Loans and advances to banks | - | 5,069 |
| Loans and advances to customers | 82 | 3,953 |
| Debt securities | - | 2,503 |
| Equity shares | 3 | (765) |
| Available for sale financial investments | - | - |
| Reverse repurchase agreements and cash collateral on securities borrowed | - | - |
| Other assets | - | (929) |
| Insurance assets, including unit-linked assets | - | 197 |
| Investments in associates and joint ventures | 10 | 10 |
| Goodwill | - | (13) |
| Intangible assets | - | 64 |
| Property, plant and equipment | - | 333 |
| Prepayments and accrued income | - | - |
| Deferred tax assets | - | 1,348 |
| Retail life-fund assets attributable to policyholders | - | - |
| ----- | ----- | ----- |
| Total assets | 95 | 11,770 |
| ----- | ----- | ----- |

BARCLAYS PLC

Analysis of remeasure column in balance sheet - liabilities as at 1st January 2004.

As at 1st January 2004

 Consoli Life Good Share Pensions Intangible Finan Leas Div

Edgar Filing: BARCLAYS PLC - Form 6-K

| Notes | (a) | (b) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
|--|--------|------|------|------|-------|------|------|------|------|
| LIABILITIES | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Deposits from banks | - | - | - | - | - | - | - | - | - |
| Items in the course of collection due to other banks | - | - | - | - | - | - | - | - | - |
| Customer accounts | (72) | - | - | - | - | - | - | - | - |
| Trading portfolio liabilities | - | - | - | - | - | - | - | - | - |
| Liabilities to customers under investment contracts | - | - | - | - | - | - | - | - | - |
| Derivative financial instruments | - | - | - | - | - | - | - | - | - |
| Debt securities in issue | 11,900 | - | - | - | - | - | - | - | - |
| Repurchase agreements and cash collateral on securities lent | - | - | - | - | - | - | - | - | - |
| Other liabilities | (159) | 38 | - | (1) | - | - | 185 | 26 | (|
| Accruals and deferred income | - | - | - | - | - | - | - | - | - |
| Current tax liabilities | - | 17 | - | - | - | - | - | - | - |
| Insurance contract liabilities including unit-linked liabilities | 40 | (94) | - | - | - | - | - | - | - |
| Subordinated liabilities: | | | | | | | | | |
| Undated loan capital-non convertible | - | - | - | - | - | - | - | - | - |
| - Dated loan capital-convertible to preference shares | - | - | - | - | - | - | - | - | - |
| - Dated loan capital-non convertible | - | - | - | - | - | - | - | - | - |
| Deferred tax liabilities | 558 | 38 | - | - | - | 15 | - | - | - |
| Other provisions for liabilities | - | - | - | - | (71) | - | - | - | - |
| Dividend Retirement benefit liabilities | - | - | - | - | 1,885 | - | - | - | (87 |
| Retail-life fund liabilities to policyholders | - | - | - | - | - | - | - | - | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | | | | | | | | |
|-------------------|--------|-----|---|-----|-------|----|-----|----|------|
| Total liabilities | 12,267 | (1) | - | (1) | 1,814 | 15 | 185 | 26 | (88) |
|-------------------|--------|-----|---|-----|-------|----|-----|----|------|

As at 1st January 2004

| Notes | As at 1st January 2004 | |
|--|------------------------|--------------------|
| | Other | Total remeasure |
| LIABILITIES | GBPm | GBPm |
| Deposits from banks | - | - |
| Items in the course of collection due to other banks | - | - |
| Customer accounts | - | (72) |
| Trading portfolio liabilities | - | - |
| Liabilities to customers under investment contracts | - | - |
| Derivative financial instruments | - | - |
| Debt securities in issue | - | 11,900 |
| Repurchase agreements and cash collateral on securities lent | - | - |
| Other liabilities | - | 85 |
| Accruals and deferred income | - | - |
| Current tax liabilities | - | 17 |
| Insurance contract liabilities including unit-linked liabilities | - | (54) |
| Subordinated liabilities: | | |
| Undated loan capital-non convertible | - | - |
| - Dated loan capital-convertible to preference shares | - | - |
| - Dated loan capital-non convertible | - | - |
| Deferred tax liabilities | - | 611 |
| Other provisions for liabilities | 82 | 11 |
| Dividend | - | (879) |
| Retirement benefit liabilities | - | 1,885 |
| Retail-life fund liabilities to policyholders | - | - |

Edgar Filing: BARCLAYS PLC - Form 6-K

| | | |
|-------------------------------------|----------------------|--------------------------|
| ----- Total liabilities ----- | ----- 82 ----- | ----- 13,504 ----- |
|-------------------------------------|----------------------|--------------------------|

BARCLAYS PLC

Analysis of remeasure column in balance sheet - shareholders' equity as at 1st January 2004.

| | As at 1st January 2004 | | | | | | | | | |
|--|------------------------|-----------------------|--------------|--------------------------------|----------|----------------------|---------------------------------|-------------|-------------|------|
| Notes | Consoli dation | Life assur ance | Good will | Share based pay ments | Pensions | Intangible assets | Finan cial guaran tees | Leas ing | Div dend | |
| | (a) | (b) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | |
| SHAREHOLDERS' EQUITY | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm | GBPm |
| Called up share capital | - | - | - | - | - | - | - | - | - | - |
| Share premium account | - | - | - | - | - | - | - | - | - | - |
| Less: Treasury shares | - | - | - | - | - | - | - | - | - | - |
| Available for sale reserve | - | - | - | - | - | - | - | - | - | - |
| Revaluation reserve | - | - | - | - | - | - | - | - | - | - |
| Cashflow hedging reserve | - | - | - | - | - | - | - | - | - | - |
| Capital redemption reserve | - | - | - | - | - | - | - | - | - | - |
| Other capital reserve | - | - | - | - | - | - | - | - | - | - |
| Translation reserve | - | - | - | - | - | - | - | - | - | - |
| Retained earnings | (157) | (592) | 1 | 1 | (1,697) | 35 | (33) | (188) | 88 | |
| Shareholders' equity excluding minority interest | (157) | (592) | 1 | 1 | (1,697) | 35 | (33) | (188) | 88 | |
| Minority interest | - | - | - | - | - | - | - | - | - | - |
| Total shareholders' equity | (157) | (592) | 1 | 1 | (1,697) | 35 | (33) | (188) | 88 | |
| Total liabilities and shareholders' equity | 12,110 | (593) | 1 | - | 117 | 50 | 152 | (162) | | |

Edgar Filing: BARCLAYS PLC - Form 6-K

As at 1st January 2004

| Notes | Other | Total remeasure |
|--|-------|--------------------|
| SHAREHOLDERS' EQUITY | GBPm | GBPm |
| Called up share capital | - | - |
| Share premium account | - | - |
| Less: Treasury shares | - | - |
| Available for sale reserve | - | - |
| Revaluation reserve | - | - |
| Cashflow hedging reserve | - | - |
| Capital redemption reserve | - | - |
| Other capital reserve | - | - |
| Translation reserve | - | - |
| Retained earnings | 13 | (1,734) |
| Shareholders' equity excluding minority interest | 13 | (1,734) |
| Minority interest | - | - |
| Total shareholders' equity | 13 | (1,734) |
| Total liabilities and shareholders' equity | 95 | 11,770 |

BARCLAYS PLC

Differences between UK GAAP and IFRS

The significant differences between the Group's UK accounting policies and IFRS accounting policies summarised below.

UK GAAP

IFRS

(a) Consolidation and presentation

The Group financial statements consolidate the assets, liabilities and the profits and

The Group financial statements consolidate the assets, liabilities and the profits and losses of subsidiaries using the

Edgar Filing: BARCLAYS PLC - Form 6-K

losses of subsidiaries using the acquisition method. A subsidiary is an acquisition method. Entities which do not qualify as subsidiaries but which in substance give rise to benefits that are in essence no different from those that would arise were the entity a subsidiary, are included in the consolidated financial statements.

In accordance with FRS 5, securitisation transactions which qualified are accounted for on the basis of linked presentation.

Linked presentation is not available under IFRS. Therefore, the gross assets and the related funding are presented separately.

(b) Life assurance

In order to reflect the different nature of the shareholders' and policyholders' interests in the retail long-term assurance business, the value of the long-term assurance business attributable to other shareholders is included in Other assets and the assets and liabilities attributable to policyholders are classified under separate headings in the consolidated balance sheet.

The retail long-term assurance business is consolidated on a line-by-line basis with assets, liabilities and income and expenditure, whether attributable to shareholders or attributable to policyholders, being included in the lines that reflect their nature.

The value of the shareholders' interest in the retail long-term assurance fund represents an estimate of the net present value of the profits inherent in the in-force policies, embedded value accounting. All life assurance products are accounted for in the same way; there is no distinction between investment contracts and insurance contracts.

In accordance with IFRS from 2005, life assurance products are divided into investment contracts, which are accounted for under IAS 39 and insurance contracts, which under IFRS 4 continue to be accounted for under UK GAAP. The life fund is closed to new business and the volume of contracts which fall to be accounted for as insurance contracts under IFRS is not significant. Therefore, it was considered more appropriate to change the accounting policy for insurance contracts to a Modified Statutory Solvency Basis. This change will allow the insurance contracts to be accounted for on a similar basis to investment contracts from 2005. This change in policy applies from 1st January 2004 and the Modified Statutory Solvency Basis has been applied to all contracts, whether they will be classified as insurance contracts or as investment contracts in 2005.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

Edgar Filing: BARCLAYS PLC - Form 6-K

(c) Investments in associated companies and joint ventures

Investments in associated companies and joint ventures are accounted for using the equity method where the Group has the ability to exert significant influence and actually does so. Where incurred, losses are recognised in full.

Investments in associates and joint ventures are accounted for using the equity method where the Group has the ability to exert significant influence or control jointly. Losses are recognised up to the point where the investment in the entity or joint venture has been eliminated, and subsequent profits only to the extent that unrecognised cumulative losses have been made good.

Before using the equity accounting method, adjustments are made to ensure that the results of associates and joint ventures have been prepared based on Group accounting policies. The difference between accounts prepared using UK GAAP policies and IFRS policies has resulted in a restatement of the investments in associates and joint ventures as at 1st January 2004.

(d) Goodwill

Goodwill arising on acquisitions of subsidiaries and associated companies and joint ventures is capitalised and amortised through the profit and loss account on a straight-line basis over its expected economic life. Capitalised goodwill is written off when judged to be impaired. Prior to 1998, goodwill arising on the acquisition of subsidiaries was eliminated directly against reserves.

Goodwill arising on acquisitions of subsidiaries and associates and joint ventures is capitalised and tested annually for impairment.

Amounts recognised in the UK GAAP balance sheet at 1st January 2004 have been carried forward without adjustment into the balance sheet prepared in accordance with IFRS as deemed cost after being tested for impairment. Goodwill previously written off to reserves in accordance with UK GAAP has not been reinstated on the balance sheet. Goodwill amortised under UK GAAP in 2004 has been written back in the 2004 IFRS financial statements.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(e) Share based payment

Edgar Filing: BARCLAYS PLC - Form 6-K

Where shares are purchased, the difference between the purchase price and any contribution made by the employee is charged to the profit and loss account in the period to which it relates. Where shares are issued or options granted, the charge made to the profit and loss account is the difference between the fair value at the time the award is made and any contribution made by the employee. For these purposes, fair value is equal to intrinsic value.

An annual charge is made in the income statement for share options and other share based payments based on the fair value of options granted or shares awarded on the date of the grant or award. This charge is spread over the period the employees' services are received, which is the vesting period. The fair value of the options granted is determined using option pricing models.

(f) Pensions and other post retirement benefits

Pension costs, based on actuarial assumptions, are calculated so as to allocate the cost of providing benefits over the average remaining service lives of the employees.

For defined benefit schemes, an actuarial valuation of the scheme obligation and the fair value of the plan assets are made annually and the difference between fair value of the plan assets and the present value of the defined benefit obligation at the balance sheet date, together with adjustments for any unrecognised actuarial losses and past service cost is recognised as a liability in the balance sheet.

Cumulative actuarial gains and losses in excess of the greater of 10% of the plan assets or 10% of the obligations of the plan are recognised in the income statement over the remaining average service lives of the employees of the related plan, on a straight-line basis.

At 1st January 2004, pension assets and liabilities have been recognised in full.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(g) Intangible assets other than goodwill

The Group writes off the cost of computer software unless the software is required to facilitate the use of new hardware. Capitalised amounts are included with the hardware within Fixed assets.

IFRS requires the capitalisation of both external and directly related internal costs where the software will result in a directly measurable intangible asset. Amounts capitalised are amortised over their estimated useful lives. Computer software is amortised at a rate of 20 - 33% per year.

Where software developed is not integral

Edgar Filing: BARCLAYS PLC - Form 6-K

to the related hardware, the costs are classified as an intangible asset.

At 1st January 2004, qualifying amounts previously written off under UK GAAP have been recognised as intangible assets and the 2004 income statement has been adjusted accordingly.

For acquisitions arising after 1st January 2004, intangible assets which are required to be recognised separately from goodwill in accordance with IFRS 3 have been transferred from goodwill to intangible assets as at the date of acquisition.

Intangible assets acquired before 1st January 2004 have been reclassified from goodwill to intangible assets.

(h) Financial guarantees

Credit related instruments (other than credit derivatives) are treated as contingent liabilities and these are not shown on the balance sheet unless, and until, the Group is called upon to make a payment under the instrument. Fees received for providing these instruments are taken to profit over the life of the instrument and reflected in fees and commissions receivable.

Financial guarantees (other than credit derivatives) are initially recognised in the financial statements at fair value on the date that the guarantee was given. Subsequent to initial recognition, the bank's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned over the period, and the best estimate of the expenditure required to settle any financial obligation arising as a result of the guarantees at the balance sheet date.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(i) Leasing

Group as Lessor

Group as Lessor

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership other than legal title are classed as finance leases. All other leases are classified as operating leases.

Assets leased to customers under agreements which transfer substantially all the risks and rewards of ownership other than legal title are classed as finance leases. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded as Loans and advances to customers at the amount of

Amounts due from lessees under finance leases are recorded as Loans and advances to customers at the

Edgar Filing: BARCLAYS PLC - Form 6-K

the Group's net investment in the lease.

amount of Group's net investment in the lease.

Finance lease income is recognised so as to give a constant periodic rate of return on the net cash investment in the lease taking into account tax payments and receipts associated with the lease.

Finance lease income is recognised so as to give a constant rate of return on the net cash investment, without taking account of tax payments and receipts ('the pre tax actuarial method').

Rental income from operating leases is recognised on a straight line basis over the term of the lease unless another systematic basis is more appropriate.

The assets held for operating leases are included within the Group's property, plant and equipment and depreciated over their useful economic lives. Lease income is recognised on a straight line basis over the term of the lease unless another systematic basis is more appropriate.

Group as Lessee

Group as Lessee

Assets held on finance leases are capitalised where the lease transfers the risks and rewards of ownership to the Group. This is achieved generally where the lease payments, when discounted at the rate of interest implicit in the lease, constitute substantially all, generally not less than 90%, of the fair value of the leased asset at the date of the inception of the lease, and the primary lease term equates to the useful life of the asset. Leases related to land and buildings do not qualify for capitalisation, since the useful life of land is not finite.

Assets held on finance leases are capitalised where the lease transfers the risks and rewards of ownership to the Group. The conditions for capitalisation are the same as UK GAAP, except that IFRS requires the land and buildings elements of leases to be assessed separately to determine whether the buildings element should be capitalised. This has not resulted in any significant change to the classification or measurement of assets or liabilities arising from finance leases where the Group is lessee.

Lease incentives are spread over the period to the next rent review.

Lease incentives are spread over the term of the lease.

(j) Dividends

Dividends declared after the period end are recorded in the period to which they relate.

Dividends are recorded in the period in which they are approved by the Company's shareholders.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(k) Deferred tax

Deferred tax is provided in full for all material timing differences that have not reversed at the balance sheet date. Provision is not made for

Deferred tax is provided in full based on the concept of temporary differences, including items such as the revaluation of property and the

Edgar Filing: BARCLAYS PLC - Form 6-K

specific items which are not expected to result in taxable income in the future, namely gains on the revaluation of property and the unremitted earnings of subsidiary and associated companies. unremitted earnings of subsidiaries and associated companies where the Group is not able to control their distribution policies.

(l) Other credit risk provisions

Provision balances for bad and doubtful debts include provisions raised with respect to undrawn contractually committed facilities and guarantees. Provisions raised with respect to undrawn contractually committed facilities and guarantees (other credit risk provisions) are presented separately from impairment losses on loans and advances.

In 2004, the other credit risk provisions have been presented separately from provision balances for bad and doubtful debts. However, the measurement of these provisions is unchanged from UK GAAP.

(m) Property, plant and equipment

Property, plant and equipment is carried at either original cost or subsequent valuation, less depreciation calculated on the revalued amount where applicable. From 1st January 2000, following the introduction of FRS 15, the revalued book amounts were retained without subsequent revaluation subject to the requirement to test for impairment. The carrying value of property, plant and equipment included in the UK GAAP balance sheet at 1st January 2004 has been carried forward into the IFRS balance sheet without adjustment as deemed cost. Depreciation is charged in a manner consistent with UK GAAP.

Depreciation is charged on the cost or revalued amounts of freehold and long leasehold properties over their estimated economic lives.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

Effects of the application of IAS 32, IAS 39 and IFRS 4

The significant differences between the Group's UK GAAP accounting policies and IFRS accounting policies applied to the treatment of financial instruments and insurance contracts, which have been incorporated into the opening balance sheet as at 1st January 2005, are as follows:

UK GAAP

IFRS

(n) Derivatives and hedge accounting

Derivatives used for hedging purposes are measured on an accruals basis consistent with the assets, liabilities, positions or IAS 39 requires all derivatives to be recorded at fair value. Provided all hedge accounting conditions are met and the hedging relationship is deemed to be

Edgar Filing: BARCLAYS PLC - Form 6-K

future cash flows being hedged. The gains and losses on these instruments (arising from changes in fair value) are not recognised in the profit and loss account immediately as they arise. Such gains are either not recognised in the balance sheet or are recognised and carried forward. When the hedged transaction occurs, the gain or loss is recognised in the profit and loss account at the same time as the hedged item.

effective, the derivative may be designated as a fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation. The change in value of the fair value hedge is recorded in income along with the change in fair value, relating to the hedged risk, of the hedged asset or liability. The change in value of a cash flow hedge is recorded in equity, to the extent it is effective and recycled to income as the hedged cash flows affect the income statement. The change in value of a net investment hedge is recorded in the translation reserve to the extent the hedge is effective and only released to the income statement when the underlying investment is sold.

Derivatives that are not hedge accounted are recorded at fair value, with changes in fair value recorded in the profit and loss account.

As at 1st January 2005, all hedging derivatives have been recognised at fair value and adjustments have been made to hedged items where fair value hedge accounting will be applied. Hedges have been designated and documented in compliance with IFRS and, where possible, US GAAP with hedge accounting applied from that date. Where hedges were in place under UK GAAP that have not been designated as hedges under IFRS, adjustments have been made to the hedged item or equity to reflect the hedged position as at 31st December 2004.

Products which contain embedded derivatives are valued with reference to the total product inclusive of the derivative element.

Some hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract, and the host contract itself is not carried at fair value, the embedded derivative is bifurcated and reported at fair value with gains and losses being recognised in the income statement.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(n) Derivatives and hedge accounting (continued)

At 1st January 2005, all embedded derivatives or the whole contracts containing embedded derivatives have been included on the balance sheet at fair value.

Edgar Filing: BARCLAYS PLC - Form 6-K

(o) Classification and measurement of financial instruments

Financial instruments are generally divided into banking book, which are carried at cost, and trading book, which are carried at fair value.

Positions in investment debt securities and investments in equity shares are stated at cost less provision for diminution in value. Investment securities are those intended for use on a continuing basis by the Group.

IAS 39 requires all financial assets to be classified at initial acquisition and subsequently measured in accordance with the classification:

| Classification | Measurement basis |
|-----------------------------------|--|
| Held to maturity | Amortised cost less impairment |
| Loan or receivable | Amortised cost less impairment |
| Available for sale | Fair value - gains and losses included shareholders' equity until disposal or impairment |
| Fair value through profit or loss | Fair value - gains and losses included statement |

In addition, any financial asset may be designated as fair valued through profit and loss at initial acquisition.

Financial liabilities are classified as held for trading or are carried at amortised cost.

Investment securities and equity shares are generally classified as available for sale.

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price, unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or is based on a valuation technique whose variables include only data from observable markets.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(o) Classification and measurement of financial instruments (continued)

At 1st January 2005, financial instruments have been classified and measured in accordance with IAS 39. In general, financial instruments included in the

Edgar Filing: BARCLAYS PLC - Form 6-K

trading book under UK GAAP have been classified as held for trading, banking book loans and receivables have been classified as loans or receivables and investment securities have been classified as available for sale.

In addition, the fair value of certain trading derivatives has been restated to eliminate any profits recognised that are not evidenced by reference to data from observable markets.

(p) Netting

Under FRS 5, items are aggregated into a single item where there is a right to insist on net settlement and the debit balance matures no later than the credit balance.

Financial assets and liabilities are offset and the net amount reported in the balance sheet if, and only if, there is currently a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis at all times, or to realise an asset and settle the liability simultaneously.

The application of IFRS has resulted in certain transactions that qualified for netting under UK GAAP, being presented on a gross basis from 1st January 2005. The primary differences include derivative assets and liabilities subject to master netting agreements, repurchase contracts and cash collateral balances.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(q) Capital instruments

Under FRS 4, capital instruments are classified as debt if they contain an obligation, including a contingent obligation, to transfer economic benefits to another party.

Issued financial instruments are classified as liabilities where the substance of the contractual arrangement results in the Group having a present obligation to either deliver cash or another financial asset to the holder. In the absence of such an obligation, the financial instrument is classified as equity.

The application of IFRS has resulted in certain funding instruments that were included in undated loan capital under UK GAAP being reclassified as equity from 1st January 2005. Where the instruments have been reclassified, they have been remeasured to net proceeds at the date of issue and the subsequent foreign currency movements have been eliminated.

(r) Loan impairment

Edgar Filing: BARCLAYS PLC - Form 6-K

Specific provisions are raised when the creditworthiness of a borrower has deteriorated such that the recovery of the whole or part of an outstanding advance is in serious doubt. Specific provisions are generally raised on an individual basis, although specific provisions may be raised on a portfolio basis for homogeneous assets and where statistical techniques are appropriate. General provisions are raised to cover losses which are judged to be present in loans and advances at the balance sheet date, but which have not been specifically identified as such.

If collection of interest is doubtful, it is credited to a suspense account and excluded from interest income in the profit and loss account. The suspense account in the balance sheet is netted against the relevant loan.

Impairment losses are recognised where there is evidence of impairment as a result of one or more loss events that have occurred after initial recognition, and where these events have had an impact on the estimated future cash flows of the financial asset or portfolio of financial assets. Impairment of loans and receivables is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Impairment is measured individually for assets that are individually significant and on a collective basis for portfolios with similar risk characteristics.

Under IFRS, all impairment allowances are calculated in the same manner and there is no distinction between general and specific provisions.

The overall change in the total level of credit impairment is not material. The application of IFRS has resulted in re-analysis of UK GAAP general and specific provisions into IFRS impairment allowances and the reallocation of impairment allowances within the businesses.

Interest on impaired loans is recognised using the original effective interest rate, being the rate used to discount the estimated future cash flows for the purpose of calculating impairment.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(s) Effective interest

Interest is recognised in the income statement as it accrues. Fee income relating to loans and advances is recognised so as to match the cost of providing a continuing service, together with a reasonable profit margin. Where fees are charged in lieu of interest, it is recognised as

The effective interest method is a method of calculating the amortised cost of a financial asset or liability (or group of assets and liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts the expected future cash payments or receipts through the expected

Edgar Filing: BARCLAYS PLC - Form 6-K

interest receivable on a level yield basis over the life of the advance. Costs associated with the acquisition of financial assets are either spread over the anticipated life of the loans or recognised as incurred, depending on the nature of the cost.

life of the financial instrument, or when appropriate, a shorter period, to the net carrying amount of the instrument. The method results in all fees relating to the origination or settlement of the loan that are in the nature of interest and all direct and incremental costs associated with origination being recognised over the expected life of the loan. The application of the method has the effect of recognising income (or expense) receivable (or payable) on the instrument evenly in proportion to the amount outstanding over the period to maturity or repayment.

(t) Insurance contracts

Certain products offered to institutional pension funds are accounted for as investment products when the substance of the investment is that of managed funds. The assets and related liabilities are excluded from the consolidated balance sheet in order to reflect this substance.

From 1st January 2005, life assurance products are divided into investment contracts and insurance contracts. Investment contracts are accounted for under IAS 39 and insurance contracts are accounted for under the Modified Statutory Solvency Basis. The income and expense and assets and liabilities that arise on the investment contracts are presented separately from those arising under insurance contracts.

Where the legal form of the asset management products offered to institutional pension funds is an insurance contract, the assets and corresponding liabilities associated with these products are recorded on the balance sheet as investment contracts.

BARCLAYS PLC

Differences between UK GAAP and IFRS (continued)

UK GAAP

IFRS

(u) Derecognition and financial liabilities

Under FRS 5, a liability is derecognised if an entity's obligation to transfer economic benefits is satisfied, removed or is no longer likely to occur.

A financial liability is extinguished when and only when the obligation is discharged, cancelled or expires. A financial asset can be removed from the balance sheet only where the derecognition conditions have been met, including a requirement to continue to recognise financial assets only to the extent of any continuing involvement in them after the transfer.

The application of IFRS has resulted in certain customer accounts being remeasured as at 1st January 2005 to reflect the entire legal obligation. In addition, certain customer loyalty provisions, which meet the

Edgar Filing: BARCLAYS PLC - Form 6-K

definition of financial liabilities, have been re-classified from provisions to financial liabilities and re-measured accordingly.

Certain securitisation structures that qualified for linked presentation under UK GAAP in 2004, and which were presented on a gross basis under IFRS in 2004, qualified for derecognition on a 'continuing involvement' basis under IFRS from 1st January 2005 and have been substantially removed from the balance sheet from that date.

BARCLAYS PLC

OTHER INFORMATION

Registered office

54 Lombard Street, London, EC3P 3AH, England, United Kingdom. Tel: +44 (0)20 7699 5000.

Company number: 48839.

With effect from 31st May 2005, the registered office will move to:

1 Churchill Place, London, E14 5HP, England, United Kingdom. Tel: +44 (0)20 7116 1000.

Website

www.barclays.com

Registrar

The Registrar to Barclays PLC, The Causeway, Worthing BN99 6DA. Tel: + 44 (0) 870 609 4535.

Listing

The principal trading market for Barclays PLC ordinary shares is the London Stock Exchange. Ordinary shares are also listed on the New York Stock Exchange and the Tokyo Stock Exchange. Trading on the New York Stock Exchange is in the form of ADSs under the ticker symbol 'BCS'. Each ADS represents four ordinary shares of 25p each and is evidenced by an ADR. The ADR depositary is The Bank of New York whose international telephone number is +1-610-382-7836, whose domestic telephone number is 1-888-BNY-ADRS and whose address is The Bank of New York, Investor Relations, PO Box 11258, Church Street Station, New York, NY 10286-1258.

Filings with the SEC

Statutory accounts for the year ended 31st December 2004, which also include certain information required for the joint Annual Report on Form 20-F of Barclays PLC and Barclays Bank PLC to the US Securities and Exchange Commission (SEC), can be obtained from Corporate Communications, Barclays Bank PLC, 200 Park Avenue, New York, NY 10166 or from the Head of Investor Relations at Barclays registered office address, shown above. Copies of the Form 20-F are also available from the Barclays Investor Relations' website (details below) and from the SEC's website (www.sec.gov).

For further information please contact:

Investor Relations

Mark Merson/James S Johnson
+44 (0) 20 7116 5752/2927

Media Relations

Pam Horrell/Jo Thethi
+44 (0) 20 7116 6132/6217

Edgar Filing: BARCLAYS PLC - Form 6-K

More information on Barclays can be found on our website at the following address:www.investorrelations.barclays.co.uk