UK GAAP	US GAAP
Fair value of securities Positions in debt securities and equity shares are stated at cost less provision for diminution in value. The cost of dated investment securities is adjusted for the amortisation of premiums or discount on purchase. Investment securities are those intended for use on a continuing basis by the Group. Movements resulting from changes in foreign currency exchange rates are reflected in the profit and loss account.	Under SFAS 115, debt and marketable equity securities are classified as one of three types. Trading securities are carried at fair value with changes in fair value taken through profit and loss; where there is the ability and intent to hold to maturity, such securities are recorded at amortised cost (only debt securities may be held to maturity); and those held for continuing use in the business, but available for sale, which are carried at fair value with movements in fair value recorded in shareholders' equity, unless any losses constitute an other than temporary impairment difference, in which case the change is reflected in profit and loss account. Under EITF 96-15, as amended by SFAS 133, the change in value of available for sale securities as a result of changes in foreign currency exchange rates is reflected in shareholders' equity. Under US GAAP all short sold security positions are marked to market and the unrealised gain or loss is reflected in the profit and loss account.
Loan origination Costs associated with loan origination, for example incentives in the form of cashbacks and discounts, are written off as incurred as permitted by the British Bankers Association Statement of Recommended Practice (SORP) on Advances.	SFAS 91 requires incremental direct costs of loan origination to be deferred and amortised over the life of the loan as an adjustment to interest income.
Dividend payable 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 declared.
Taxation Profit before tax and the tax charge for the year includes tax at the effective rate on the shareholders' interest in the long-term assurance fund.	Income before tax and the tax charge do not include such adjustments for tax.
Acceptances Acceptances are bills that the drawee has agreed to pay. They are not recorded within the balance sheet.	Acceptances and the related customer liabilities are recorded within the balance sheet.
Transfer and servicing of financial assets Under FRS 5, where a transaction involving a previously recognised asset transfers to others (a) all significant rights or other access to benefits relating to that asset and (b) all significant exposure to the risks inherent in those benefits, the entire asset should cease to be recognised.	Under SFAS 140, control passes where the following criteria are met: (a) the assets are isolated from the transferor (the seller) i.e. they are beyond the reach of the transferor, even in bankruptcy or other receivership, (b) the transferee (the buyer) has the right—free of any conditions that constrain it from taking advantage of the right—to pledge or exchange the assets, and (c) the transferor does not maintain effective control over the transferred assets. Transfers of assets not deemed as sales cause a gross-up of the balance sheet to show the assets transferred as remaining on the balance sheet. In addition, non-cash collateral received on certain stock lending transactions results in a balance sheet gross-up under the provisions of FAS 140.
Extinguishment of liabilities Under FRS 5, a liability is extinguished if an entity's obligation to transfer economic benefits is satisfied, removed or is no longer likely to occur. Satisfaction would encompass an "in-substance" defeasance transaction where liabilities are satisfied from the cash flows arising from essentially risk free assets transferred by the debtor to an irrevocable defeasance trust.	Under SFAS 140, a debtor may de-recognise a liability if and only if either (a) the debtor pays the creditor and is relieved of its obligation for the liability, or (b) the debtor is legally released from being the primary obligor under the liability either financially or by the creditor. SFAS 140 does not allow for the de-recognition of a liability by means of an "in-substance" defeasance transaction or if it is no longer believed likely that the liability will be settled.

UK GAAP	US GAAP
Netting Under FRS 5, items should be 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.	Under FASB interpretation No (FIN) 39, netting is only permitted where there is a legal right of set-off and an intention to settle on a net basis. In addition, under FIN 41, repurchase and reverse repurchase agreements may only be netted where they have the same explicit settlement date specified at the inception of the agreement. Netting presentation differences exist between UK and US GAAP in relation to repurchase and reverse repurchase agreements, securities lending and borrowing agreements, receivables and payables in respect of unsettled trades, long and short securities, and cash collateral held against derivatives.
Own shares Own shares are holdings of Barclays PLC listed shares reacquired on the open market. Shares are purchased by employee benefit trusts or held as part of the trading equity operations and shown as assets where Barclays retains the risks and rewards of ownership. They are	ARB31 requires shares purchased at balance sheet date to be held at cost and deducted from equity.

carried at cost less impairment or fair value respectively.

Restructuring of business provisions

In accordance with FRS 3 and FRS 12, provisions have been made for any direct costs and net future operating losses arising from a business that management is committed to restructure, sell or terminate, has a detailed formal plan for exit, and has raised a valid expectation of carrying out the restructuring plan.

Emerging Issues Task Force (EITF) 94-3 and Staff Accounting Bulletin (SAB) 100 set out specific conditions which must be met to enable liabilities relating to restructuring, sale or involuntary terminations to be recognised in the period management approve the termination plan. In respect of costs other than employee termination benefits, the basic requirements for recognition at the date of commitment to the plan to terminate are that they are not associated with, or do not benefit, activities that will be continued.

Computer software developed or obtained for internal use

The Group's general policy is to write-off such expenditure as incurred except where the software is required to facilitate the use of new hardware. Capitalised amounts are recorded as tangible fixed assets.

AICPA Statement of Position (SOP) 98-1 requires certain costs incurred in respect of software for internal use to be capitalised and subsequently amortised over its useful life. Capitalised amounts are reviewed regularly for impairment.

Derivatives

Where a derivative is documented and evidenced as reasonably expected to match or eliminate risk from a transaction, hedge accounting is applied. Profits or losses on that derivative are included in the relevant income or expense category as part of the yield on that transaction.

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

SFAS 133 requires all derivatives to be recorded at fair value. If certain conditions are met then the derivative may be designated as a fair value or cash flow hedge. The change in value of the fair value hedge is recorded in income along with the change in fair value of the hedged asset or liability. The change in value of a cash flow hedge is recorded in other comprehensive income and reclassified to income as the hedged cash flows affect earnings. Barclays has chosen not to update the documentation of hedges to comply fully with the requirements of SFAS 133.

Certain terms and conditions of hybrid contracts which themselves would be standalone derivatives are bifurcated from the underlying hybrid contract and fair valued if they are not clearly and closely related to the contract they are contained in. These are referred to as embedded derivatives.

Investment contracts

In accordance with FRS 5, 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 consolidated balance sheet.

The legal form of these products is similar to insurance contracts, which are accounted for in accordance with SFAS 97. Accordingly, the assets and liabilities associated with these products are recorded on the balance sheet.

Consolidation of special purpose entities

Entities should be consolidated when they are under the control of the reporting entity. Under FRS 2 control is the ability to direct the financial and operating policies of the entity with a view to gaining economic benefit and may be exercised through majority voting rights or other means. Under FRS 5 control may also be evidenced by the party that receives the benefits of the net assets of the entity where financial and operating policies are predetermined.

Entities should be consolidated when they are under the control of the reporting entity. This is presumed when the reporting entity is the majority owner. However, this presumption can be rebutted in certain circumstances, if the entity meets criteria set out in EITF 90-15, EITF 96-21 and in relation to Qualifying Special Purpose Entities under the provisions of FAS 140. In cases where the reporting entity is not the majority owner, entities may still be required to be consolidated in certain circumstances if they fail to meet the criteria set out in EITF Topic D-14 to avoid consolidation.

Earnings per share

Basic earnings per share (EPS) is net income per weighted average share in issue. Diluted EPS measures the effect that existing options would have on the basic EPS if they were to be exercised, by increasing the number of ordinary shares.

The basic EPS under US GAAP differs only to the extent that income under US GAAP differs. In addition, the Diluted EPS differs as the increased shares are reduced by the number of shares that could be bought (using the average market price over the year) with the assumed exercise proceeds (actual proceeds arising on exercise plus unamortised compensation costs, where appropriate). Any options that are antidilutive are excluded from this calculation.

Cash flow statement

The cashflow statement is prepared according to the requirements of FRS 1 (revised). It defines cash as cash and balances at central banks and loans and advances to banks repayable on demand.

The cash flow statement for US GAAP is prepared under SFAS 95, as amended by SFAS 104. This defines cash being inclusive of cash equivalents which are short-term highly liquid investments that are both readily convertible into known amounts of cash and that are so near maturity that they present insignificant risk of changes in value because of changes in interest rates.

The two statements differ with regard to the classification of items within the cash flow statement and with regard to the definition of cash.

	Classification under FRS 1 (revised)	Classification under SFAS 95/104
Dividends received	Returns on investment and servicing of finance	Operating activities
Dividends paid—equity	Equity dividends paid	Financing activities
Tax paid	Taxation	Operating activities
Net change in loans and advances, including finance lease receivables	Operating activities	Investing activities

Net change in deposits and debt securities in issue	Operating activities	Financing activities

Applicable developments in US GAAP

SFAS 143: "Accounting for Asset Retirement Obligations"

SFAS 143 was issued in June 2001. It requires a provision to be raised for the legal obligation in relation to the other-than-temporary removal of a tangible fixed asset, at fair value, when incurred. It is effective for Barclays from 1st January 2003. It is not expected to have a material impact on the financial statements.

SFAS 146: "Accounting for costs associated with exit or disposals"

SFAS 146 was issued in June 2002 and is effective for Barclays from 1st January 2003 and addresses the financial accounting and reporting for costs associated with exit or disposal activities. This standard requires that the fair value of a liability for a cost associated with an exit or disposal activity be recognised when the liability is incurred and nullifies EITF 94-3 which requires the recognition of a liability at the date of an entity's commitment to an exit plan. This is not expected to have a material effect on the Group's results.

SFAS 147: "Accounting of certain financial institutions, an amendment to SFAS 72 and 144 and FIN 9"

SFAS 147 was issued on 1st October 2002 and amends the requirements of FASB 72 and 144 and FIN 9. It requires that for acquisitions of financial institutions that occur after 1st October 2002 and which meet the definitions of a business combination, the excess of assumed liabilities over acquired assets should be treated as goodwill rather than as an unidentifiable intangible asset. In addition the standard requires that long term customer relationship intangible assets of financial institutions should be subject to the same impairment tests as required by FAS 144 "Impairment of Disposal of Long-Lived Assets. The effect of the adoption in 2002 was not material".

SFAS 148: "Accounting for share-based compensation-transition and disclosures"

SFAS 148 was issued on 1st January 2003. It amends SFAS 123 to provide alternate methods of transition for entities voluntarily adopting a fair value based method of accounting for stock-based employee compensation. It also amends the disclosure provisions of SFAS 123. Barclays adopted the fair value method of accounting for stock-based employee compensation from 1st January 1996 and therefore is not affected by this standard.

EITF Issue 02-03 "Issues involved in accounting for derivative contracts held for trading purposes and contracts involved in Energy Trading and Risk Management activities"

The EITF discussed issue 02-03 through much of 2002 and reached a final consensus at the 25th October meeting. The FASB staff's view on the impact of the consensus on non-energy derivative contracts was clarified at the 21st November 2002 meeting.

The principal requirement affecting Barclays is that, for energy derivative contracts with effect from July 2002 and non-energy contracts with effect from 21st November 2002, where the fair value is not determined using either observable market prices or models which use market-observable variables as inputs, the unrealised gain or loss at inception on new contracts should not be recognised. The impact on the reported results for 2002 was not material.

FIN 45: Guarantor's accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others.

FIN 45 was issued on 25th November 2002. It addresses disclosure requirements for guarantors in respect of guarantees issued (including guarantees embedded in other contracts) and requires recognition of a liability to be recognised for all obligations assumed under guarantees issued.

The disclosure requirements are effective for periods ending after 15th December 2002 and are reflected on page 185 in this report. The measurement requirements are effective for guarantees issued from 1st January 2003. Barclays is currently assessing the impact this will have on future reporting.

FIN 46: Consolidation of variable interest entities.

FIN 46 was issued on 17th January 2003. This addresses the criteria to be applied when determining whether certain special purpose entities (variable interest entities) should be consolidated and requires disclosures to be made if the involvement with an unconsolidated variable interest entity is significant. The interpretation is effective for interests in vehicles acquired after 31st January 2003. The disclosure requirements of the interpretation are effective for interests Barclays has acquired before 1st February 2003 for the year ended 31st December 2003. The guidance may be applied prospectively with a cumulative effect adjustment in the period of initial application or by restating comparatives with a cumulative effect adjustment in the first year restated.

Barclays is assessing the impact of FIN 46 on all entities with which it is involved. Management's assessment of the possible impact as regards consolidation or deconsolidation is ongoing. Where it has been identified as possible that entities will be consolidated or that the relationship with such an entity will need to be disclosed once the new pronouncement is effective, the relationships are discussed on page 183.

	Note	2002	2001	2000
			(£ millions)	
Attributable profit of Barclays PLC Group (UK GAAP)		**2,230**	2,465	2,473
Prior year adjustment (UK GAAP)	(y)	**—**	(19)	(28)
		2,230	2,446	2,445
Goodwill	(a)	**237**	5	(12)
Core deposit intangibles	(b)	**(64)**	(64)	(12)
Pension cost	(c)	**(195)**	(203)	(193)
Post-retirement benefits	(c)	**(18)**	(17)	(15)
Leasing—lessor		**(7)**	9	(14)

Leasing—lessee		**(10)**	(3)	3
Deferred tax	(d),(y)	**(32)**	30	(175)
Share compensation schemes	(e),(y)	**(82)**	(81)	(44)
Shareholders' interest in the long-term assurance fund	(f)	**109**	87	(20)
Provisions for restructuring of business	(l)	**(22)**	23	15
Disposal of investments		**—**	(3)	(12)
Extinguishment of liabilities		**(159)**	—	—
Revaluation of property		**5**	1	4
Business Combinations	(k)	**206**	—	—
Internal use software	(n)	**(207)**	70	123
Internal hedging	(o)	**—**	—	148
Derivatives	(q)	**553**	278	—
Fair value of securities	(h)	**(276)**	(39)	—
Foreign exchange on available for sale securities	(p)	**152**	210	—
Loan origination		**31**	43	17
Fair value amortisation credit	(s)	**8**	8	1
Consolidation of special purpose entities		**—**	72	(72)
Tax effect on the above UK/US GAAP reconciling items		**17**	(177)	8
Net income (US GAAP)		**2,476**	2,695	2,195

Barclays PLC Group	Note	p	p	p
Basic earnings per 25p ordinary share	(g)	**37.4**	40.5	36.3
Diluted earnings per 25p ordinary share	(g)	**37.2**	40.1	35.9

	Note	2002	2001
		(£ millions)	
Equity shareholders' funds (UK GAAP)		**15,205**	14,508
Prior year adjustment (UK GAAP)	(y)	**—**	(23)
		15,205	14,485
Goodwill	(a)	**298**	71
Core deposit intangibles	(b)	**(140)**	(76)
Pension cost	(c)	**(848)**	(462)
Post-retirement benefits	(c)	**(50)**	(32)
Leasing—lessor		**(166)**	(159)
Leasing—lessee		**—**	10
Deferred tax	(d),(y)	**—**	32
Share compensation schemes	(e)	**—**	(191)
Shareholders' interest in the long-term assurance fund	(f),(y)	**(549)**	(658)
Revaluation of property	(i)	**(241)**	(313)
Fair value of securities	(h)	**515**	387
Dividend payable		**787**	728
Own shares		**(59)**	(6)
Extinguishment of liabilities		**(159)**	—
Provisions for restructuring of business	(l)	**16**	38
Internal use software	(n)	**81**	288
Derivatives	(q)	**1,273**	628
Loan origination		**91**	60
Fair value amortisation credit	(s)	**17**	9
Tax effect on the above UK/US GAAP reconciling items		**(56)**	(26)
Shareholders' equity (US GAAP)		**16,015**	14,813

Selected financial data, adjusted from UK GAAP to reflect the main differences from US GAAP, is given on page 203.

(a) Goodwill

On 1st January 2002, the Group implemented SFAS 141 "Business Combinations" and SFAS 142 "Goodwill and other tangible assets". The Group reviewed the carrying value of its goodwill as at 1st January 2002 and considered that there was no impairment to be recognised. From the date of implementation, goodwill is no longer amortised. Due to significant changes in the operating environments of certain subsidiaries, further impairment tests were conducted based on expected future earnings and the value of comparable businesses and an impairment charge of £24m was made during the year. The effect on net income of applying this standard to previous periods would have been:

	2001	2000
	(£ millions)	
Reported net income	2,695	2,195
Goodwill amortisation	199	40
Net income	2,894	2,235

The current carrying value of goodwill for US GAAP purposes has been allocated as follows to the reportable business segments of the Group:

	2002
	(£ millions)
Personal Financial Services	**2,712**

Barclays Private Clients	**629**
Barclaycard	**224**
Business Banking	**41**
Barclays Africa	**7**
Barclays Capital	**47**
Barclays Global Investors	**201**
Other Operations	**10**
	3,871

(b) Core deposit intangible

	2002	2001
	(£ millions)	
Balance bought forward	**374**	438
Additions	**8**	—
Amortisation charged to profit and loss	**(64)**	(64)
Balance carried forward	**318**	374

The core deposit intangible consists of £310m in relation to the acquisition of Woolwich plc and £8m in respect of the transaction that created FirstCaribbean. These amounts are allocated to the Personal Financial Services and Barclays Private Clients respectively for the purposes of conducting impairment reviews under SFAS 142.

(c) Pension cost and post-retirement benefits

The disclosures below reflect the amendments to the requirements of SFAS 87 and SFAS 106 arising from SFAS 132 "Employers' Disclosures about Pensions and Other Post-retirement Benefits".

The excess of pension plan assets over the projected benefit obligation, as at the transition date, is recognised as a reduction of pension expense on a prospective basis over approximately 15 years.

The provisions of US GAAP have only been applied to the main UK pension scheme, the UK Retirement Fund (previously known as the Barclays Bank (1964) Pension Fund) and the Woolwich Pension Fund based on a valuation date of 30th September 2002. The following analysis relates to the UK Retirement Fund (1964 Pension Scheme and retirement investment scheme) and the Woolwich pension fund which makes up approximately 95% of all the Group's schemes in terms of assets and actuarial liabilities. The impact on income of applying US GAAP on the other Group schemes is considered to be immaterial.

The components of the pension and post-retirements expense which arise under US GAAP are as follows:

	2002		2001		2000	
	Pensions	Post-retirement benefits	Pensions	Post-retirement benefits	Pensions	Post retirement benefits
			(£ millions)			
Components of net periodic benefit cost						
Service cost	**275**	**1**	374	1	352	1
Interest cost	**624**	**18**	652	11	591	9
Expected return on plan assets	**(807)**	**—**	(854)	—	(788)	—
Amortisation of transition adjustment	**(23)**	**2**	(23)	2	(23)	2
Curtailment and termination benefits	**76**	**2**	(5)	—	—	—
Recognised net actuarial (gain)/deficit	**—**	**10**	—	3	—	4
Net periodic benefit cost	**145**	**33**	144	17	132	16

For measurement purposes, the calculation assumes a 12% and 4.75% annual rate of increase in the per capita cost of covered medical benefits and dental benefits respectively for pensioners in schemes in the US. The medical benefit rate is further assumed to reduce steadily each year to 4.75% in 2007 and remain at that level thereafter.

For pensioners in schemes in the UK a 4.75% annual rate of increase in the per capita cost of covered medical benefits was assumed.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one percentage point change in assumed health care trend rates would have the following effects for 2002.

	1% increase	1% decrease
	(£ millions)	
Effect on total of service and interest cost components	**3**	**(3)**
Effect on post-retirement benefit obligation	**52**	**(46)**

The following table presents the estimated funded status of the pension schemes and post-retirement benefits (the latter are unfunded) under US GAAP:

2002		2001		2000	
Pensions	Post-retirement benefits	Pensions	Post-retirement benefits	Pensions	Post-retirement benefits
		(£ millions)			

Change in benefit obligation						
Benefit obligation at beginning of year	**10,789**	**295**	13,361	184	10,872	176
Adjustment for RIS	**—**	**—**	—	—	74	—
Service cost	**275**	**1**	374	1	352	1
Interest cost	**624**	**13**	652	11	591	9
Plan participants' contributions	**6**	**—**	7	—	4	—
Curtailment and termination benefits	**76**	**—**	(24)	—	—	—
Actuarial (gain)/loss	**941**	**28**	(3,159)	111	1,846	9
Benefits paid	**(415)**	**(16)**	(422)	(12)	(378)	(11)
Benefit obligation at end of year	**12,296**	**321**	10,789	295	13,361	184
Change in plan assets						
Fair value of plan assets at beginning of year	**11,135**	**—**	13,452	—	11,337	—
Adjustment for RIS	**—**	**—**	—	—	74	—
Actual return on plan assets	**(618)**	**—**	(1,981)	—	1,414	—
Employer contribution/transfers	**44**	**16**	97	12	1,001	11
Curtailment adjustment	**—**	**—**	(18)	—	—	—
Plan participants' contributions	**6**	**—**	7	—	4	—
Benefits paid	**(415)**	**(16)**	(422)	(12)	(378)	(11)
Fair value of plan assets at end of year	**10,152**	**—**	11,135	—	13,452	—
Funded status	**(2,144)**	**(321)**	346	(295)	91	(184)
Unrecognised transition amount	**(12)**	**13**	(35)	18	(57)	19
Unrecognised net actuarial (gain)/loss	**1,590**	**182**	(774)	164	(371)	57
Accrued benefit cost	**(566)**	**(126)**	(463)	(113)	(337)	(108)

The accumulated benefit obligations are £10,909m resulting in a minimum liability (excess of accumulated benefit obligations over market value of assets) of £757m. The accumulated benefit obligation exceeds the accrued benefit cost by £191m. This has been charged through other comprehensive income.

Pension plan assets are invested primarily in equities, fixed interest securities and property.

Further details of the post-retirement health care expense under UK GAAP are given in note 5 to the accounts.

In accordance with US GAAP requirements, the actuaries for the pensions plan used the following assumptions on a weighted average basis; discount rate of 5.3% (2001: 6.0%, 2000: 5.0%), rate of compensation increase of 3.75% (2001: 4.0%, 2000: 4.5%), and expected long-term rate of return on plan assets of 6.8% (2001: 7.5%, 2000: 6.5%).

In accordance with the US GAAP requirements, the accounting for the post-retirement benefits charge assumed a discount rate of 5.3% (2001: 6.0%, 2000: 5.0%) for UK benefits and 6.75% (2001: 7.25%, 2000: 7.5%) for US benefits, on a weighted average basis.

(d) Deferred tax

In accordance with SFAS No. 109 "Accounting for Income Taxes", the components of the net US GAAP deferred tax liability are as follows:

	2002	2001
	(£ millions)	
Deferred tax liabilities:		
Leasing transactions	**(766)**	(816)
Capital allowances	**—**	—
In respect of UK/US GAAP reconciling items	**(332)**	(160)
Other	**(266)**	(284)
Total deferred tax liabilities	**(1,364)**	(1,260)
Deferred tax assets:		
Specific allowances	**15**	39
General allowance	**245**	201
Tax losses	**203**	183
Capital allowances	**108**	14
In respect of UK/US GAAP reconciling items	**254**	139
Other	**159**	218
Total deferred tax assets before valuation allowance	**984**	794
Less: valuation allowance	**(159)**	(139)
Deferred tax assets less valuation allowance	**825**	655
Net deferred tax liability under US GAAP	**(539)**	(605)

(i) The main components of the tax charge attributable to continuing operations are shown in note 10 to the accounts. Included in the tax effect on net income of UK/US GAAP reconciling items for 2002 is a credit amount of £59m relating to deferred tax (2001: £61m, 2000: £58m).

(ii) The valuation allowance relates to the Group's capital losses and unrelieved overseas tax losses. These assets will be recognised in the future when it becomes likely that they will be utilised.

(e) Share compensation schemes

The SFAS 123 charge for the fair value of options granted since 1995 is £82m (2001: £81m, 2000: £44m).

The ESOS, SAYE, ISOP, the BGI Equity Ownership Plan (EOP), the Woolwich ESOP and the Woolwich SAYE scheme fall within the scope of SFAS 123.

Analysis of the movement in the number and weighted average exercise price of options are set out below. The prior year comparatives for all the schemes apart from the BGI Equity ownership plan have been restated to take into account the subdivision of each ordinary share of £1 each into four ordinary shares of 25p each.

	Executive Share Option Scheme (a)				SAYE Share Option Scheme (a)			
	Number (000's)		Weighted average ex. price (£)		Number (000's)		Weighted average ex. price (£)	
	2002	2001	2002	2001	2002	2001	2002	2001
Outstanding at beginning of year	**9,546**	14,352	**4.04**	3.89	**123,441**	132,458	**3.29**	2.92
Granted in the year	**—**	—	**—**	—	**30,216**	25,741	**3.50**	4.12
Exercised in the year	**(1,066)**	(4,085)	**3.56**	3.51	**(20,087)**	(27,066)	**3.22**	2.30
Less: Forfeited in the year	**(312)**	(721)	**4.33**	4.06	**(6,675)**	(7,692)	**3.51**	3.05
Outstanding at end of year	**8,168**	9,546	**4.09**	4.04	**126,895**	123,441	**3.34**	3.29

	Incentive Share Option Scheme plan (a)				BGI Equity ownership plan (b)			
	Number (000's)		Weighted average ex. price (£)		Number (000's)		Weighted average ex. price (£)	
	2002	2001	2002	2001	2002	2001	2002	2001
Outstanding at beginning of year	**42,523**	15,024	**4.83**	3.91	**13,407**	5,535	**7.87**	6.11
Granted in the year	**36,397**	28,215	**5.14**	5.15	**5,885**	8,498	**10.92**	8.98
Exercised in the year	**—**	—	**—**	—	**(659)**	(162)	**6.36**	6.11
Less: Forfeited in the year	**(1,327)**	(716)	**4.77**	4.37	**(824)**	(464)	**8.33**	7.95
Outstanding at end of year	**77,593**	42,523	**4.98**	4.83	**17,809**	13,407	**8.91**	7.87

	Woolwich ESOP scheme (a)				Woolwich SAYE scheme (a)			
	Number (000's)		Weighted average ex. price (£)		Number (000's)		Weighted average ex. price (£)	
	2002	2001	2002	2001	2002	2001	2002	2001
Outstanding at beginning of year	**10,448**	12,024	**3.79**	3.80	**4,529**	6,262	**3.18**	3.16
Granted in the year	**—**	—	**—**	—	**—**	—	**—**	—
Exercised in the year	**(1,522)**	(1,500)	**3.97**	3.84	**(504)**	(1,553)	**3.30**	3.10
Less: Forfeited in the year	**(141)**	(76)	**3.50**	3.87	**(261)**	(180)	**3.28**	3.17
Outstanding at end of year	**8,785**	10,448	**3.77**	3.79	**3,764**	4,529	**3.16**	3.18

	Woolwich ESOP (c)				Woolwich SAYE scheme (c)			
	Number (000's)		Weighted average ex. price (£)		Number (000's)		Weighted average ex. price (£)	
	2002	2001	2002	2001	2002	2001	2002	2001
Outstanding at beginning of year or upon acquisition if earlier	—	1,300	—	3.27	—	673	—	2.93
Rolled over into Barclays options	—	—	—	—	—	—	—	—
or cancelled for cash	—	—	—	—	—	—	—	—
Exercised in the year	—	(671)	—	3.22	—	(160)	—	2.87
Less: Forfeited in the year	—	(629)	—	3.32	—	(513)	—	2.95
Outstanding at end of year	—	—	—	—	—	—	—	—

Notes

(a) Options granted over Barclays PLC shares
(b) Options granted over BGI UK Holdings Limited shares
(c) Options granted over Woolwich plc shares

The disclosures of options outstanding only relate to those granted from 1995 onwards.

The range of exercise prices, weighted average fair values at the date of grant and the weighted average remaining contractual life for options outstanding at the balance sheet date are as follows:

2002				2001			
Exercise	Weighted average exercise	Weighted average	Weighted average remaining	Exercise	Weighted average exercise	Weighted average	Weighted average remaining

	price range (£)	price (£)	fair value (£)	life Years	price range (£)	price (£)	fair value (£)	life Years
Executive Share Option Scheme (a)	**1.76-4.45**	**4.09**	**1.13**	**6**	1.76-4.45	4.04	1.14	6
SAYE Share Option Scheme (a)	**1.57-4.11**	**3.33**	**1.85**	**3**	1.57-3.56	3.29	1.68	3
Incentive Share Option Plan (a)	**3.77-5.62**	**4.98**	**2.06**	**7**	3.77-4.22	4.83	1.94	9
BGI Equity Ownership Plan (b)	**6.11-10.92**	**8.91**	**3.03**	**9**	6.11-8.98	7.87	3.18	9
The Woolwich SAYE scheme (a)	**3.08-3.37**	**3.16**	**2.48**	**1**	3.08-3.37	3.18	2.44	2
The Woolwich ESOP (a)	**3.29-4.22**	**3.77**	**2.71**	**7**	3.29-4.22	3.79	2.68	8

Fair values for the ISOP, ESOS, SAYE, the Woolwich ESOP, the Woolwich SAYE and the BGI EOP are calculated at the date of grant using a binomial model which produces similar results to the Black-Scholes model. The significant weighted average assumptions used to estimate the fair value of the options granted in 2002 are as follows:

	ISOP	SAYE	BGI EOP (b)
Risk-free interest rate	**5.56**	**4.68**	**4.01**
Expected life (years)	**10**	**4**	**10**
Expected volatility	**51**	**59**	**—**

The range, weighted average exercise price, weighted average remaining contractual life and number of options outstanding, including those exercisable at year end (see page 178), are as follows:

Executive Price Range	Weighted average exercise price (£)	Weighted average remaining life Years	Number of options outstanding
Executive Share Option Scheme			
£1.50—£2.49	**2.04**	**4**	**260,000**
£2.50—£3.49	**3.47**	**5**	**611,068**
£3.50—£4.49	**4.22**	**8**	**7,296,804**
SAYE Share Option Scheme (a)			
£1.50—£2.49	**1.80**	**2**	**11,580,052**
£2.50—£3.49	**3.13**	**4**	**44,939,898**
£3.50—£4.49	**3.72**	**4**	**70,375,808**
BGI Equity Ownership Plan (b)			
£6.00—£9.99	**7.92**	**8**	**11,924,117**
£10.00—£13.99	**10.92**	**10**	**5,885,000**
Incentive Share Option Plan (a)			
£3.50—£4.49	**3.91**	**8**	**16,140,600**
£4.50—£5.49	**5.26**	**8**	**61,452,192**
Woolwich ESOP (a)			
£2.50—£3.49	**3.29**	**7**	**1,876,984**
£3.50—£4.49	**3.67**	**7**	**6,907,976**
Woolwich SAYE scheme (a)			
£2.50—£3.49	**3.16**	**1**	**3,764,117**

Notes

(a) Options granted over Barclays PLC shares
(b) Options granted over BGI UK Holdings Limited shares

The range, weighted average exercise price and number of options exercisable at the year end are as follows:

Exercise Price Range	Weighted average exercise price (£)	Number of options
Executive Share Option Scheme		
£1.50—£2.49	**2.04**	**260,000**
£2.50—£3.49	**3.47**	**611,068**
£3.50—£4.49	**4.28**	**6,595,980**
SAYE Share Option Scheme		
£1.50—£2.49	**1.57**	**5,394,840**
£2.50—£4.49	**3.36**	**1,429,500**
BGI Equity Ownership Plan		
£6.11—£8.98	**7.48**	**5,420,898**
Woolwich SAYE Scheme		
£2.50—£3.49	**—**	**—**
Woolwich ESOP		
£3.50—£4.49	**3.67**	**6,907,976**

The expected dividends for all schemes are assumed to grow in line with the expected increases in share prices for the industry sector until exercise.

The ESOS is a long-term incentive scheme and was available by invitation to certain senior executives of the Group with grants usually made annually. Options were issued at the market price at the date of the grant without any discount, calculated in accordance with the rules of the Scheme, and are normally exercisable between three and ten years from that date. No further awards are made under ESOS.

Eligible employees in the UK may participate in the SAYE. Under this Scheme, employees may enter into contracts to save up to £250 per month and, at the expiry of a fixed term of three, five or seven years, have the option to use these savings to acquire shares in the Company at a discount, calculated in accordance with the rules of the scheme. The discount is currently 20% of the market price at the date the options were granted.

The ISOP has been introduced to replace the ESOS. It is open by invitation to the employees and Directors of Barclays

PLC. Options are granted at the market price at the date of grant calculated in accordance with the rules of the Plan, and are normally exercisable between three and ten years from that date. The final number of shares over which the option may be exercised will be determined by reference to set performance criteria. The number of shares under option represents the maximum possible number that may be exercised.

The BGI Equity Ownership Plan is extended to senior employees of BGI. The exercise price of the options is determined by formula at the date of grant and is not less than the market value of the share at the time of grant. The options are granted over shares in BGI UK Holdings Limited, a subsidiary of Barclays Bank PLC. Options are normally not exercisable until vesting, with a third of the options held becoming exercisable at each anniversary of grant. Options lapse ten years after grant. At 31st December 2002 17.8m (2001: 13.4m) options were outstanding under the terms of the BGI Equity Ownership Plan enabling certain members of staff to subscribe for shares in BGIUK Holdings Limited between 2002 and 2011 at prices between £6.11 and £10.92.

The Woolwich ESOP and SAYE schemes have similar terms to the Barclays ESOS and SAYE schemes described above, issuing options over shares in Woolwich plc. No further awards will be made under either of these schemes. Following the acquisition of Woolwich plc by Barclays PLC holders of options under these two schemes were able to rollover the options for an option on the same terms, except for the withdrawal of the performance criteria, over Barclays shares, obtain a cash payment in exchange for cancellation of the options or choose to exercise the options at any time up to 24th April 2001. Upon exercise of an option over Woolwich plc shares, the option holder received £1.64 in cash and 0.1175 Barclays shares for each Woolwich share available under the option.

(f) Shareholders' interest in the long-term assurance fund

The adjustment to US GAAP net income in 2002 of £109m (2001: £87m, 2000: (£20m)) reflects the impact of the closure of the UK activity to new business.

(g) Earnings per share

	2002			2001			2000		
	Income	Weighted average Share no.	Per-Share amount	Income	Weighted average Share no.	Per-Share amount	Income	Weighted average Share no.	Per-Share amount
	(£m)	(in millions)	(Pence)	(£m)	(in millions)	(Pence)	(£m)	(in millions)	(Pence)
Basic EPS									
Net income (US GAAP) available to ordinary shareholders	**2,476**	**6,626**	**37.4**	2,695	6,651	40.5	2,195	6,055	36.3
Effect of dilutive securities									
Employee share options		**40**			60			52	
Other schemes		**(6)**			4			8	
Diluted EPS	**2,476**	**6,660**	**37.2**	2,695	6,715	40.1	2,195	6,115	35.9

The effect of applying SFAS 142 to the previous periods would have been:

	2001	2000
	(pence)	
Reported basic EPS	40.5	36.3
Goodwill amortisation	3.0	0.7
Adjusted basic EPS	43.5	37.0
Reported Diluted EPS	40.1	35.9
Goodwill amortisation	3.0	0.7
Adjusted Diluted EPS	43.1	36.6

UK EPS is detailed in note 13. Of the total number of employees' share options existing at the year end, the following were not included in the dilution calculation above because they were antidilutive:

	2002	2001	2000
		(in millions)	
Number of options	**80**	52	68

Certain incentive plan shares have been excluded from the calculation of the basic EPS as the trustee has waived all dividend and voting rights. These shares are subsequently brought into the diluted earnings per share calculation (called "Other schemes") above.

(h) Fair value of securities

Unlisted investment equity securities are outside the scope of SFAS 115 "Accounting for Certain Investments in Debt and Equity Securities" and continued to be carried at cost of £456m at 31st December 2002 (2001: £121m). The fair value of these securities was £456m (2001: £126m). Included within fair value of securities is an adjustment of (£276m) (2001: (£39m), 2000: £nil) relating to mark to market of short positions.

All quoted investment securities are classified as being "available for sale" unless the Group has a clear intention and ability to hold them to maturity. Other debt securities are classified as trading securities (see note 18).

There were no material gross gains or gross losses realised on the transfer of debt and equity securities from the available for sale category into the trading category in 2002 or 2001.

(i) Revaluation of property

In 1990, £449m of property revaluation reserve was capitalised by the issue of bonus shares.

(j) Loan impairment and disclosure

SFAS 114 applies only to impaired loans, the measurement of which is based upon the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's observable market value, or the fair value of the collateral if the loan is collateral dependent. Smaller balance homogeneous consumer loans that are collectively evaluated for impairment are outside the scope of SFAS 114, as are debt securities and leases. At 31st December 2002, the element of impaired loans outside the scope of SFAS 114 amounted to £1,922m (2001: £2,670m).

In accordance with SFAS 114, the Group's total impaired loans are those reported as non-performing on page 36, less impaired loans outside the scope of SFAS 114, and amount to £2,604m at 31st December 2002 (2001: £1,201m). Credit risk provisions of £1,335m, estimated in accordance with SFAS 114, were held against these loans (2001: £705m). The average level of such impaired lendings in 2002 was £2,147m (2001: £1,093m).

Where cash received represents the realisation of security, or there is doubt regarding the recovery of a loan, such receipts are treated as repayments of the loan principal. Otherwise, cash received in respect of impaired loans is recognised as interest income. Estimated interest income which was recognised in 2002 on impaired loans within the scope of SFAS 114 was £5m (2001: £36m).

SFAS 114 modifies the accounting for in-substance foreclosure, in that collateralised debts where the Group takes physical possession of the collateral, regardless of formal insolvency procedures, would be reclassified as if the collateral had been acquired for cash. At 31st December 2002, under US GAAP, the amount of collateral recorded at the lower of the book value of the debt or the fair value of the collateral that would be reclassified as "other real estate owned" was £6m (2001: £17m), as "other assets" was £nil (2001: £78m) and as equity was £6m (2001: £nil).

Included within loans and advances to customers are £830m (2001: £887m) which are held with the intention of resale.

(k) Business combination

On 11th October 2002, Barclays and Canadian Imperial Bank of Commerce completed the combination of their retail, corporate and offshore banking operations and created FirstCaribbean International Bank. Under both UK and US GAAPs Barclays accounts for the resulting interest as an associate. The transaction generated a gain of £206m under both UK and US GAAP, the gain being recorded through the Statement of Total Recognised Gains and Losses for UK GAAP under UITF 31 but in the profit and loss account under US GAAP (APB 29 and EITF 01-02). The net assets of the businesses transferred by Barclays to the new entity are not materially different under US GAAP.

Barclays share of the adjustments FirstCaribbean International Bank made to reflect its net income and net assets on a US GAAP basis of £6m are included in the appropriate reconciling item.

(l) Restructuring

During 2002, 2001 and 2000, the Group has implemented programmes to reduce the workforce. Costs under these programmes, in all three years, have primarily been incurred in Personal Financial Services, Barclays Private Clients and Business Banking. In addition, significant costs were also incurred in Other operations (during 2001 and 2000) and Barclays Capital (2001). The restructuring programmes are largely focused on activities within the UK involving a reshaping of the Group's operations through the centralisation of core processes and the application of new technologies.

During 2002, a restructuring charge of £187m (2001: £171m, 2000: £232m) was booked under UK GAAP, reflecting severance and other termination costs of £124m (2001: £114m, 2000: £171m), costs in connection with planned disposition of certain facilities £27m (2001: £38m, 2000: £27m) and other related costs of £36m (2001: £19m, 2000: £34m). Of the 2002 charge, £5m has been disallowed for US GAAP purposes. Of the 2001 charge, £11m was disallowed in 2001 and £4m charged in 2002. Of the 2000 charge £10m was disallowed in 2000, £13m was disallowed in 2001 and £19m was charged in 2002.

(m) Other EITF 94-3 disclosures

For exit plans which meet the conditions of EITF 94-3 as clarified by SAB 100, the US GAAP balance sheet liability at 31st December 2002 would have been £68m (2001: £88m) of which £31m (2001: £50m) was in respect of staff reduction costs covering 800 employees (2001: 1,100), £29m (2001: £35m) in respect of the planned disposition of certain facilities and £8m (2001: £3m) covering other related costs. Costs paid in the year to 31st December 2002 amounted to £132m (2001: £107m) in respect of a staff reduction of 2,600 employees (2001: 2,500), £37m (2001: £52m) relating to disposition of facilities and £31m, (2001: £18m) for other related costs.

(n) Internal use software

	2002		2001	
	(£ millions)			
Additional US GAAP shareholders' funds brought forward		**288**		218
Expenditure to be capitalised under US GAAP	**60**		186	
Amortisation	**(136)**		(110)	
Write-offs	**(131)**		(6)	
(Debit)/Credit to US GAAP net income		**(207)**		70
Additional US GAAP shareholders' funds carried forward		**81**		288

A review of costs capitalised in previous years and useful lives assigned has been undertaken in 2002. Capitalised costs which are no longer considered recoverable have been written off.

(o) Internal hedging

The adjustment in the year 31st December 2000 relates to marking to market internal hedging transactions involving derivatives, entered into from 1st January 1999, that had not been passed directly to market. Under UK GAAP, these transactions are measured as hedges on an accrual accounting basis in accordance with the accounting treatment of the transactions being hedged. These activities are described more fully on pages 51 to 54.

From 1st January 2001, internal hedging transactions that have not been passed directly to the market are included within the derivatives adjustment. The impact of such positions on shareholders' funds at 31st December 2001 forms part of the derivatives adjustment reported from the application of SFAS 133 (see q below).

(p) Foreign exchange differences on available for sale securities

Within individual legal entities Barclays holds securities in a number of different currencies which are classified as available for sale. In general, no foreign exchange exposure arises from this because, although the value of the assets changes in sterling terms according to the exchange rate, there is an identical offsetting change in the sterling value of the related funding. Under UK GAAP both the assets and the liabilities are generally translated at closing exchange rates and the differences between historical book value and current value are reflected in the profit and loss account.

Under US GAAP, the change in value of the investments is taken directly to reserves while the offsetting change in sterling terms of the borrowing is taken to profit and loss.

A similar difference arises where foreign currency assets are covered using forward contracts but where the Group does not manage these hedges to conform with the detailed US designation requirements. Prior to 2001, all these differences were included within the derivatives adjustment.

The impact of this requirement is to transfer net foreign exchange gains or losses on currency securities from net income to other comprehensive income. No difference between the Group's UK and US GAAP shareholder's equity arises from this transfer.

(q) Derivatives

SFAS 133 requires all derivatives to be recorded at fair value. If certain conditions are met then the derivative may be designated as a fair value hedge or cashflow hedge. Barclays has chosen not to update the documentation of hedges to fully comply with the requirements of SFAS 133 and therefore, in general, economic hedge relationships do not qualify for treatment as hedges under US GAAP. Accordingly, adjustments in current or past periods to US GAAP net income in respect of derivatives which qualify for hedge accounting under UK GAAP, are not necessarily indicative of the magnitude or direction of such adjustments to US GAAP net income in subsequent periods.

The adjustment to net income is composed of the following elements:

	2002	2001	Transition
		(£ millions)	
Mark to market adjustment	**548**	431	45
Embedded derivatives	**109**	(28)	(62)
Deferred gains and losses	**12**	33	(61)
Amortisation of fair value hedge	**(156)**	(128)	—
Reclassification of gains and losses from Other comprehensive income to net income	**40**	28	—
Hedges of available for sale securities	**—**	—	20
	553	336	(58)

(r) Consolidation

The Group has certain sponsored entities that do not meet the consolidation criteria of quasi-subsidiaries under FRS 5 but nevertheless fall to be consolidated under US GAAP. Total assets increase by £2,738m (2001: £2,748m).

In January 2003, the FASB issued FIN 46. This pronouncement modifies the framework for determining consolidation of certain entities that meet the definition of a "variable interest entity". This is met where the entity either does not have sufficient equity of the appropriate nature to support its expected losses, or the third party equity capital lacks certain characteristics which would be expected to be present within a controlling financial interest.

Entities which do not meet this definition would continue to apply the voting interest model and Barclays would generally consolidate when it has a controlling financial interest.

Under the variable interest model promulgated by FIN 46, all ownership, contractual and other pecuniary interests in the entity are evaluated to determine which of the holders, if any, hold a variable interest which will absorb the majority of the expected losses, expected residual returns, or both. This holder is the "primary beneficiary" of the variable interest entity and would be required to consolidate the entity.

The provisions of FIN 46 are immediately effective for variable interest entities created after 31st January 2003. The standard must be applied to all entities beginning in the first fiscal year after 15th June 2003.

For those variable interest entities which are in existence prior to 31st January 2003, and where Barclays has a significant variable interest or it is reasonably possible that Barclays would have to consolidate the entity on application of FIN 46, a transitional disclosure is required which quantifies the maximum exposure to loss as a consequence of Barclays involvement with the entity. The maximum exposure to loss represents a "worst case" scenario in the event that all such vehicles simultaneously fail. It does not provide an indication of ongoing exposure which is managed within the Group's risk management framework.

Where a maximum exposure to loss is quoted this represents the Group's total exposure and includes both drawn and undrawn lending facilities. The Group's exposure is determined by changes in the value of the variable interests it holds within these entities, which primarily comprise liquidity, credit enhancements, derivative transactions and financing arrangements.

The following is a summary of the nature, purpose, size and activities of those entities with which Barclays is currently involved, and which are expected to be impacted by FIN 46:

Multi-seller conduit programs

Barclays creates, administers and provides liquidity and credit enhancements to several commercial paper conduit programs, primarily in the United States. These conduits provide clients access to liquidity in the commercial paper markets by allowing them to sell consumer or trade receivables to the conduit, which then issues commercial paper to investors to fund the purchase. The conduits have sufficient collateral, credit enhancements and liquidity support to maintain an investment grade rating for the commercial paper.

The total assets of these conduits are £16,090m of which £3,086m are already consolidated by the Group under US GAAP. The maximum loss associated with the Group's relationships is £15,681m which includes commitments to provide liquidity to these vehicles to a maximum of £12,271m. These would be required to be provided in the event of the conduit's access to funding markets being restricted.

Management's initial assessment is that these multi-seller conduits in their current form would be required to be consolidated by the Group upon implementation of FIN 46.

Other securitisations

The Group provides financing to assist companies with the formation of client originated asset securitisation. These entities have minimal equity and rely upon funding in the form of senior notes to purchase the assets for securitisation. Since the Group only provides senior lending, the notes typically are not expected to absorb the first risk of loss. In addition, the Group has securitised some of its retail lending portfolio using entities established solely for that purpose. In some cases the funding of these entities has been provided by third party lenders, in others the lending has been provided by the Group.

Total maximum exposure to loss to these entities is £5,138m, total assets of the entities concerned is £5,222m, of which £2,710m are already consolidated by the Group under US GAAP.

Client intermediation

As a financial intermediary, the Group is involved in structuring transactions to meet investor and client needs. These transactions may involve entities that fall within the scope of FIN 46 structured by either Barclays or the client and that are used to modify cash flows of third party assets to create investments with specific risk or return profiles, or to assist clients in the efficient management of other risks. These transactions may include derivative instruments, and often contain contractual clauses to enable Barclays to terminate the transaction under certain circumstances, for example if the legal or accounting basis on which the transaction was completed changes. In addition, Barclays invests as a limited partner in lessor partnerships, specifically to acquire assets for leasing.

Total assets included within the entities structured by Barclays is £1,396m, of which £996m is already consolidated under US GAAP. The Group's maximum exposure to loss to these entities is £888m.

Credit structuring

The Group structures investments to provide specific risk profiles to investors. This may involve the sale of credit exposures, often by way of credit derivatives, to an entity which that entity subsequently funds by issuing securities. These securities may initially be held by Barclays prior to sale outside of the Group.

The maximum exposure to loss and total assets associated with these entities is £1,243m and £2,893m respectively. £2,881m of these assets are already consolidated under US GAAP.

Property and construction finance

In the normal course of business Barclays will often lend to entities formed to isolate the assets and cashflows associated with the particular project being funded. An example of these transactions is the Private Finance Initiative, which was launched by the UK Government in 1992 as a mechanism for pooling private capital and public sector resources to fund medium and large-scale projects including public buildings, transport infrastructure, information systems and the provision of vehicles and equipment. These are often structured such that the funding of the contracts are through an entity that is potentially subject to FIN 46. The maximum exposure to loss associated with these structures is £294m, and total assets of the associated entities is £278m.

Private equity transactions

In order to enable the Group to participate in private equity transactions, it is often necessary to structure deals using holding companies specifically set-up to facilitate the sale and purchase of shares or assets in the target company. The Group has acquired interests in these entities, which are included within debt or equity securities.

The maximum loss to such entities is £310m, which have total assets of £1,862m. These vehicles are not currently consolidated under US GAAP as they do not constitute a controlling interest under existing consolidation principles.

Fund of funds

The group uses fund platforms that are used by a limited number of independent third parties predominantly to facilitate their tailored hedge fund investment strategies. At any time, the Group may hold a significant proportion of the trust units issued by a fund platform which constitute variable interest in the fund.

These entities have assets under management of £288m. The maximum exposure to loss to these entities is £186m.

(s) Fair value amortisation credit

Fair value adjustments that are different from those in the UK are amortised over the expected life of the relevant asset/liability. This resulted in an additional credit of £8m (2001: £8m, 2000: £1m) under USGAAP.

(t) Collateral

The Group enters into reverse repos (see page 81) and stock borrowing transactions which are accounted for as collateralised loans. It is the Group's policy to seek collateral at the outset equal to 100% to 105% of the loan amount. The level of collateral held is monitored daily and further collateral calls made to bring the level of cash held and the market value of collateral in line with the loan balance.

Under certain transactions including reverse repo and stock borrowing transactions the Group is allowed to sell or repledge the collateral held. At 31st December 2002, the fair value of collateral held was £109bn (2001: £76bn) of which £93bn (2001: £76bn) related to items that have been sold or repledged.

The Group also enters into repos (see page 81) and stock lending transactions which are accounted for as secured borrowings. At 31st December 2002, the Group had given £53bn (2001: £55bn) of its assets as collateral in respect of these transactions. Of the total collateral given £36bn (2001: £41bn) was on terms which gave the recipient the right to sell or repledge comprising debt securities of £34bn (2001: £37bn) and equity securities of £2bn (2001: £4bn). The residual £17bn (2001: £14bn) was on terms by which the counterparty cannot sell or repledge and related to debt securities.

For the pledge of collateral to secure on-balance sheet liabilities see note 42 and in relation to contingent liabilities generally in support of the performance of a customer to third parties see note 45.

(u) Provisions for bad and doubtful debts

During 2002, there was a net write-back of £2m (2001: £9m charge, 2000: £nil) in respect of credit losses on derivatives. None of the year end specific provisions related to credit losses on derivatives (2001: £nil).

At 31st December 2002, £43m of the general provision (2001: £26m) was held in respect of off-balance sheet exposures (including derivatives).

The specific provision for contingent liabilities and commitments is £14m (2001: £12m).

(v) Guarantees

An element of Barclays normal banking business is to issue guarantees on behalf of its customers. In almost all cases, Barclays will hold collateral against the exposure, have a right of recourse to the customer or both. In addition, Barclays also issues guarantees on it own behalf. The major categories of these guarantees are:

Financial guarantees

These are given to banks and financial institutions on behalf of customers to secure loans, overdrafts and other banking facilities. These are commonly called facility guarantees.

Included within this category are stock borrowing indemnities. These relate to funds managed by Barclays on behalf of clients, which participate in stock lending programmes. Barclays indemnifies the clients against any losses incurred by the clients resulting from borrower default. Collateral, principally cash, is maintained against all stock borrowing transactions ranging from 102% to 105% of the securities loaned with adjustments to collateral made daily. It is possible that the exposure could exceed the collateral provided should the value of the security rise concurrently with the default of the borrowers.

Standby letters of credit

These are irrevocable commitments to pay a third party, on behalf of our customers, the value of which on demand is subject to certain criteria being complied with. Any amounts paid are debited to the customers accounts. These contracts are used when required in substitution of guarantees due to a greater acceptability in the beneficiary country.

Other guarantees

This category includes the following types of contracts:

Performance guarantees—a guarantee given by the bank on behalf of a customer, undertaking to pay a certain sum if our customer has failed to carry out the terms or certain terms of the contract.

Advance payment guarantees—enables the beneficiary to demand repayment of an advance in funds in certain circumstances.

Tender guarantees—provided during a tender process to lend support to a customer's commitment to a tender process.

Customs and Excise—guarantees provided to HM Customs and Excise to cover a customer's liability, most commonly for import duties.

Retention guarantees—similar to advance payments but are used to secure early release of retained contract payments.

The table below provides the maturity analysis of the above guarantees:

	Less than one year	One to three years	Four to five years	Over five years	Total
	(£ millions)				
Financial Guarantees	**8,044**	**958**	**285**	**366**	**9,653**
Standby Letters of Credit	**4,037**	**1,288**	**850**	**215**	**6,390**
Other Guarantees	**5,884**	**983**	**668**	**379**	**7,914**

Credit Card Guarantees

Under the Consumer Credit Act of 1974, Barclays may be liable to customers to refund payments made for unsatisfactory goods or services or unfulfilled contracts where payment was made through a credit card. The maximum liability that Barclays could have is the total credit limits marked to customers of £29,208m. These limits are included within commitments with a maturity of less than one year, as the limit can be revoked at any time.

Warranties and indemnities given as part of acquisition and disposal activity

Warranties and indemnities are routinely provided to counterparties as part of the terms and conditions required in a