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MERCANTILE GROUP PLC
(formerly Barclays Bank UK Limited)

REPORT AND ACCOUNTS

31 DECEMBER 1987



MERCANTILE GROUP PLC
(formerly Barclays Bank UK Limited)

DIRECTORS

S G Erlington (Chairman)
S W Buckley (Managing Director)
T M Clark
J F G Emms
The Hon S H Fortescue
Mrs R E J Gilmore
B C Hassell
R S Jones
The Hon T J Manners
C H Manton
C H Tidbury
A G Tritton

MERCANTILE GROUP PLC
(formerly Barclays Bank UK Limited)

DIRECTORS' REPORT

The Directors submit their annual report together with the audited accounts of the Company for the year ended 31 December 1987.

ACTIVITIES

During the year the Company ceased to advise on and monitor the UK banking business of the Barclays Group. On 7 December 1987 the Company ceased to be an authorised institution within the terms of the Banking Act 1987. The deposits previously accepted by the Company have been taken over by Barclays Bank PLC.

SUBSEQUENT EVENTS

On 1 January 1988 the Company issued 30,000,000 shares of £1 each to Barclays Bank PLC as the purchase price for Barclays Bank PLC's investment in Mercantile Credit Company Limited, and on the same date the Company was re-registered as a public company and changed its name to Mercantile Group PLC.

RESULTS AND DIVIDEND

The Directors report that the Company has made neither profit nor loss on transactions entered into during the year ended 31 December 1987. The Directors do not recommend the payment of a dividend.

DIRECTORS

The names of the present Directors of the Company who were appointed on 1 January 1988 appear on page 1.

The following Directors served during the year:

J G Quinton (resigned 31 December 1987)
A R F Buxton (resigned 31 December 1987)
D S G Adam (retired 1 June 1987)
Mrs M E Baker (resigned 31 December 1987)
A F Barrett (resigned 31 December 1987)
Sir Timothy Bevan (resigned 31 December 1987)
T J Bradley (resigned 31 December 1987)
Ms A Burdus (resigned 31 December 1987)
I G Butler (resigned 31 December 1987)
R P Dawson (resigned 31 December 1987)
P B Ellwood (resigned 31 December 1987)
S G Errington (resigned 31 December 1987; re-appointed 1 January 1988)
The Hon S H Fortescue (resigned 31 December 1987; re-appointed 1 January 1988)
N E Foster (resigned 31 December 1987)
F R Goodenough (resigned 31 December 1987)
W J Gordon (resigned 31 December 1987)
A W Guest (retired 19 March 1987)
The Hon R C R Hoyer Millar (resigned 31 December 1987)
P E Leslie (resigned 31 December 1987)
G R Miller (resigned 31 December 1987)
G Milligan (resigned 31 December 1987)
D R Pelly (resigned 31 December 1987)
O H Rout (resigned 31 December 1987)
A J de N Rudge (resigned 31 December 1987)
R J Sale (resigned 14 March 1987)
Sir James Spooner (resigned 31 December 1987)
J H Thornton (resigned 31 December 1987)
C H Tidbury (resigned 31 December 1987; re-appointed 1 January 1988)
Sir Ian Trethowan (resigned 31 December 1987)
A G Tritton (resigned 31 December 1987; re-appointed 1 January 1988)
Lord Vinson of Roddam Dene LVO (resigned 31 December 1987)
Sir Douglas Wass (resigned 22 April 1987)
J H C Whicker (resigned 31 December 1987)

MERCANTILE GROUP PLC
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DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS IN SHARES AS DEFINED BY THE COMPANIES ACT 1985

The names of those who were Directors of the Company on 31 December 1987 and who were not also Directors of Barclays PLC, with particulars of their interests (as defined by the Companies Act 1985 and according to the register maintained thereunder) in the shares of Barclays PLC are set out below:


	At 1 January 1987 (or at the date of election to the Board if later)		At 31 December 1987	
	Ordinary shares	Staff shares	Ordinary shares	Staff shares
Mrs M E Baker	1,500		1,500	
T J Bradley	1,679		1,957	
Ms A Burdus	-		-	
R P Dawson	3,508	250	3,830	250
P B Ellwood	-		-	
S G Errington	9,447		10,435	
The Hon S H Fortescue	4,244		5,231	
N E Foster	5,604		6,591	
W J Gordon	2,738	250	3,092	250
The Hon R C R Hoyer Millar	4,721		4,709	
G R Miller	640	250	1,608	250
G Milligan	2,844		2,804	
J H Thornton (non-beneficial)	2,985 5,200	25	3,210 5,200	25
Sir Ian Trethowan	-		-	
Lord Vinson of Roddam Dene LVO	2,400		2,400	
J H C Whicker	3,518		2,902	

The Directors of the Company who were first appointed on 1 January 1988 and who were not also Directors of Barclays PLC, with particulars of their interests (as defined by the Companies Act 1985 and according to the register maintained thereunder) in the shares of Barclays PLC are set out below.

	At 1 January 1988 Ordinary shares
S W Buckley	3,630
T M Clark	399
J F G Emms	-
Mrs R E J Gilmore	-
B C Hassell	2,057
R S Jones	5,249
The Hon. T J Manners	-
C H Manton	6,705

AUDITORS

In accordance with sections 384 and 388 of the Companies Act 1985, Special Notice having been given, a resolution proposing the appointment of Deloitte Haskins and Sells as Auditors of the Company in place of the retiring Auditors Price Waterhouse will be put to the Annual General Meeting.


C F Shoolbred
Secretary

Elizabethan House, Great Queen Street
London

2 March 1988

REPORT OF THE AUDITORS TO THE MEMBERS OF
MERCANTILE GROUP PLC
(formerly Barclays Bank UK Limited)

We have audited the accounts on pages 5 to 7 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's affairs at 31 December 1987 and of its results for the year then ended and comply with the Companies Act 1985.

Prin Waterhouse

Chartered Accountants

2 March 1988

MERCANTILE GROUP PLC
(formerly Barclays Bank UK Limited)

PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 31 DECEMBER 1987

	1987	1986
	£'000	£'000
Interest receivable	3,382	4,431
Interest payable	<u>3,382</u>	<u>4,431</u>
	<u>-</u>	<u>-</u>

The Board of Directors approved the accounts set out on pages 5 to 7 on
2 March 1988.

MERCANTILE GROUP PLC
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BALANCE SHEET AT 31 DECEMBER 1987

	1987	1986
	£'000	£'000
CURRENT ASSETS		
Balance due from holding company	1,000	1,000
Advance to fellow subsidiary	-	40,626
	<u>1,000</u>	<u>41,626</u>
CURRENT LIABILITIES		
Customers' deposit accounts	-	500
Accrued interest	-	4
Balances due to holding company	-	40,122
	-	<u>40,626</u>
NET CURRENT ASSETS	<u>1,000</u>	<u>1,000</u>

Representing:

SHARE CAPITAL

Authorised 31 million
(1936 : 1 million)
Ordinary Shares of £1 each

Issued and fully paid
1 million Ordinary shares of £1 each

1,000

1,000

John
Monk

)
)
) DIRECTORS



MERCANTILE GROUP PLC
(formerly Barclays Bank UK Limited)

NOTES ON THE ACCOUNTS - 31 DECEMBER 1987

1. The accounts have been prepared under the historic cost convention and in accordance with Sections 257 to 260 of, and Schedule 9 to, the Companies Act 1985.
2. No emoluments were paid to the Directors by the Company and there are no lendings to or material contracts with Directors.

Certain Directors, including the then Chairman, who served during the year were also Directors of Barclays Bank PLC. Their emoluments, which were paid by Barclays Bank PLC, appear in the accounts of that company. The information below relates to those Directors of the Company who served during the year and were not also executive Directors of Barclays Bank PLC.

Fifteen Directors waived emoluments totalling £55,329 (1986 : twelve Directors : £51,396).

Directors' emoluments including pension scheme contributions (paid by Barclays Bank PLC):

	1987 £'000	1986 £'000
Fees	40	43
Management services	<u>1,069</u>	<u>1,045</u>

Emoluments in respect of the Directors
excluding pension scheme contributions were:

	<u>101</u>	<u>98</u>
Highest paid Director		

Other Directors whose remuneration fell
within the scales:

	Numbers	Numbers
Up to £5,000	8	8
£5,001 to £10,000	1	1
£15,001 to £20,000	2	-
£40,001 to £45,000	-	1
£45,001 to £50,000	1	4
£50,001 to £55,000	1	-
£55,001 to £60,000	1	1
£60,001 to £65,000	2	-
£65,001 to £70,000	-	1
£75,001 to £80,000	2	1
£80,001 to £85,000	1	2
£85,001 to £90,000	1	1
£90,001 to £95,000	1	1
£100,001 to £105,000	2	-

3. All expenses, other than interest, were borne by the holding company.
4. The ultimate holding company is Barclays PLC which is incorporated in Great Britain.