



1983
Annual Report
Barratt Developments PLC

Barratt Developments PLC

Financial Highlights

	1983 £m	1982 £m
Turnover	512.9	385.8
Profit before taxation	52.2	40.2
Share capital and reserves	242.1	175.7
Net borrowings	27.2	66.8
Dividends per share	7.41p	6.17p

Financial Calendar

Announcement of results and dividends:

Half year

March

Full year

September

Dividends paid:

Interim

May

Final

November

Annual Report posted to shareholders

October

Annual General Meeting

November

Directors and Advisers

Sir Lawrie Barratt
Chairman and Managing Director

W.H. Bruce
Deputy Chairman

A.F. Rawson

R.W.R. James, F.C.A., A.T.I.I.

J.S.R. Swanson

T. Van Ree, F.I.O.B., M.B.I.M.

K.A. Janes

M. Norton

M.C. Chapman, F.C.A.
Group Financial Controller and Secretary

Registrar

Lloyds Bank Plc
Registrar's Department
Goring-by-Sea
Worthing, West Sussex BN12 6DA

Bankers

Barclays
Clydesdale
Lloyds
Midland
National Westminster
Royal Bank of Scotland
Williams & Glyn's
Bank of America
First Interstate
Security Pacific National

Auditors

Deloitte Haskins & Sells

Solicitors

Slaughter and May

Brokers

Cazenove & Co.

Merchant Bankers

S.G. Warburg & Co. Ltd.

Contents

Notice of Annual General Meeting	4
Chairman's Statement	5-6
Directors' Report	7-9
Auditors' Report	10
Group Profit and Loss Account	11
Group Balance Sheet	12
Statement of Source and Application of Funds	13
Accounting Policies	14
Notes to the Financial Statements	15-22
Company Balance Sheet	23
Group Current Cost Accounts	24-26
Historic Ten Year Record	27

Notice of Annual General Meeting

Notice is hereby given that the twenty-fifth Annual General Meeting of the company will be held at the Savoy Hotel, Strand, London WC2 on Wednesday, 23rd November 1983 at 12.00 noon, for the following purposes:

1. To receive and adopt the directors' report and the financial statements for the year ended 30th June 1983.
2. To declare a dividend.
3. To re-elect directors: Mr. T. Van Ree and Mr. K.A. Janes who retire by rotation, and Mr. M. Norton who retires at the first Annual General Meeting following his appointment.
4. To re-appoint Deloitte Haskins & Sells, the retiring auditors, and to authorise the directors to fix their remuneration.
5. To consider and, if thought fit, to pass the following resolution as a special resolution:
That the power conferred upon the board pursuant to section 18 of the Companies Act 1980 by the special resolution no. 3 passed at the extraordinary general meeting of the company held on 27th May, 1983, pursuant to the authority conferred by the ordinary resolution no. 2 passed at the said extraordinary general meeting, to allot equity securities (within the meaning of section 17 of the Act) as if sub-section (1) of the said section 17 did not apply to such allotment, be renewed on the same terms save that the renewed power (i) shall be limited, in substitution for the limitation contained in sub-paragraph (b) of the said special resolution no. 3, to the allotment (otherwise than pursuant to sub-paragraph (a) of the said special resolution no. 3) of equity securities up to an aggregate nominal value of £1,000,000; and (ii) shall expire on the date of the next annual general meeting of the company after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the board may allot equity securities in pursuance of such offer or agreement as if the renewed power had not expired.

By order of the board
M.C. Chapman
Secretary

Registered Office
Wingrove House
Ponteland Road
Newcastle upon Tyne NE5 3DP
28th October 1983

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him.

The following documents will be available for inspection at the registered office, during business hours from the date of this Notice until the date of the Annual General Meeting, and on that day they will be available for inspection at the place of the meeting from 11.45 a.m. until the conclusion of the meeting:

1. Copies of contracts of service of the directors with the company.
2. A statement of all transactions of directors (and of their family interests) in the share capital of the company for the past year.

The directors to be re-elected hold five year service contracts effective from the following dates: 1st January 1983 Mr. T. Van Ree, 1st January 1981 Mr. K.A. Janes, 1st March 1983 Mr. M. Norton.

Directors' Report

The directors have pleasure in submitting their report and the financial statements for the year ended 30th June 1983.

Activities of the group

The group's principal activities are building and development, and property investment.

During the year the planned expansion of the group has continued to produce satisfactory results. The building and development turnover has increased by 33% due to a combination of further growth in existing companies and the establishment of new subsidiaries, principally in the south east of England. The group increased its involvement in leisure property with the acquisition of Multi-Ownership & Hotels Limited in August 1982.

The growth of the property investment portfolio has continued and enabled this sector to make a useful contribution.

The group balance sheet was considerably strengthened in November 1982 by a rights issue which raised £45.9m. These funds are being selectively used to finance the continued expansion of the group's activities.

The directors are confident that the group will be successful in achieving the expansion planned for the current financial year in all aspects of its business.

Results

	Turnover		Profit before tax	
	1983 £m	1982 £m	1983 £m	1982 £m
Building and development	508.4	382.4	50.2	38.6
Property investment	4.5	3.4	2.0	1.6
	<u>512.9</u>	<u>385.8</u>	<u>52.2</u>	<u>40.2</u>

The American region contributed £60.2m to turnover and £1.4m to profit before taxation in the year ended 30th June 1983.

Dividends and profit retained

The directors recommend payment of a final dividend on 24th November 1983 to shareholders on the register at close of business on 17th October 1983 of 5.31p per share. This together with the interim dividend of 2.10p per share will make a total of 7.41p which represents an increase in dividends per share of 20 per cent.

The dividends paid and proposed amount to £13.2m and the retained profit is £20.4m.

Investment properties

On 30th June 1983 the group internally revalued its completed investment properties and credited the resulting surplus of £0.8m to reserves.

Employee share participation scheme

The directors have allocated £1.3m (1982 £0.9m) to the scheme for the year ended 30th June 1983 on the basis of £700 for each qualifying employee. The trustees have the power to purchase shares after 20th September 1983 although at the date of this report none of the 1983 shares had been allotted to individuals.

Directors' Report continued

Directors and their shareholdings

The directors who held office throughout the year were:

Sir Lawrie Barratt	J.S.R. Swanson
W.H. Bruce	T. Van Ree
A.F. Rawson	K.A. Janes
R.W.R. James	

Mr. M. Norton was appointed a director on 1st March 1983.

Directors' beneficial interests in the shares of the company were as follows:

	30th JUNE 1983			1st JULY 1982 or date of appointment		
	ORDINARY SHARES OF 10p EACH			ORDINARY SHARES OF 10p EACH		
	executive share incentive scheme			executive share incentive scheme		
	fully paid	1p paid	fully paid	fully paid	1p paid	fully paid
Sir Lawrie Barratt	2,287,268	—	—	1,143,271	—	—
W.H. Bruce	284,108	—	—	161,691	—	—
A.F. Rawson	19,738	10,000	36,874	8,079	10,000	13,437
R.W.R. James	23,178	4,100	15,116	7,911	4,100	5,508
J.S.R. Swanson	33,018	4,100	15,116	12,011	4,100	5,508
T. Van Ree	11,944	4,100	15,116	3,230	4,100	5,508
K.A. Janes	265,280	—	—	110,388	—	—
M. Norton	1,114	—	—	557	—	—

No notification has been received of any change in the above interests during the period from 30th June 1983 to the date of this report except that on 3rd October 1983 Mr. A.F. Rawson exercised his option to convert 7,500 1p paid shares and 27,654 fully paid shares under the executive share incentive scheme into 35,154 fully paid ordinary shares.

All the directors are eligible for inclusion in the employee share participation scheme.

No contracts of significance in relation to the company's business in which the directors of the company had an interest subsisted at any time during the year.

Statutory information

According to notification received by the company the Norwich Union Insurance Group holds 5.2% of the issued capital. The directors are not aware that any other person or corporation holds 5%, or more, of the issued share capital.

It is group policy to give fair consideration to the employment needs of disabled people and to comply with any current legislation with regard to disabled persons.

The company is not a close company under the provisions of the Income and Corporation Taxes Act 1970.

Charitable donations of £18,925 were made during the year.

The group gave £10,000 to the Conservative and Unionist party during the year.

Directors' Report continued

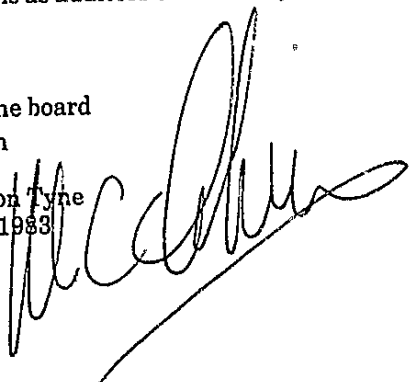
Share capital

In order to allow the directors to allot up to £1,000,000 of the nominal value of the authorised share capital, being 5%, without initially offering such shares to existing shareholders the authority of shareholders must be obtained at each annual general meeting. Accordingly shareholders are being asked at the forthcoming annual general meeting to renew the directors' authority in accordance with the Companies Act 1980. There is no present intention of issuing any further shares except those which may be issued under the company's executive share incentive scheme.

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the annual general meeting.

On behalf of the board
M.C. Chapman
Secretary
Newcastle upon Tyne
28th October 1983



Auditors' Report

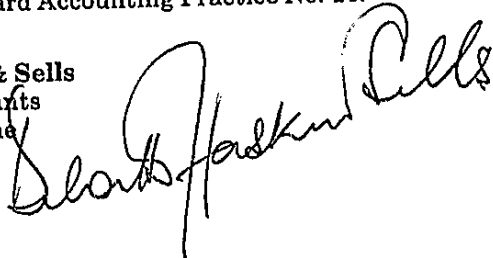
To the members of Barratt Developments PLC

We have audited the financial statements on pages 11 to 23 in accordance with approved auditing standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30th June 1983 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

In our opinion the abridged supplementary current cost financial statements on pages 24 to 26 have been properly prepared, in accordance with the policies and methods described, to give the information required by Statement of Standard Accounting Practice No. 16.

Deloitte Haskins & Sells
Chartered Accountants
Newcastle upon Tyne
28th October 1983

A large, stylized handwritten signature in dark ink, likely belonging to a member of the Deloitte Haskins & Sells firm, is written over the printed name and date.

Group Profit and Loss Account

for the year ended 30th June 1983	Note	1983 £m	1982 £m
Turnover	1	<u>512.9</u>	<u>385.8</u>
Profit on ordinary activities before taxation	1	52.2	40.2
Tax on profit on ordinary activities	4	<u>18.6</u>	<u>8.1</u>
Profit on ordinary activities after taxation		33.6	32.1
Dividends	5	<u>13.2</u>	<u>9.1</u>
Profit retained		<u>20.4</u>	<u>23.0</u>
 Dividend cover		 2.5	 3.5
Earnings per share	8		
Before taxation		31.1p	26.2p
After taxation		20.0p	20.9p

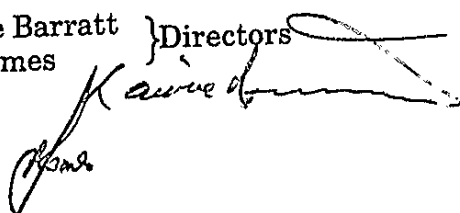
Group Balance Sheet

at 30th June 1988	Note	1983 £m	1982 £m
Fixed assets			
Tangible assets	9	89.4	76.3
Investment properties	10	4.8	3.4
Other		<u>94.2</u>	<u>79.7</u>
Current assets			
Stocks	11	298.6	257.8
Debtors	12	38.1	26.1
Bank and cash deposits		56.8	9.8
		<u>393.5</u>	<u>293.7</u>
Current liabilities			
Creditors due within one year	13	177.3	140.8
		<u>216.2</u>	<u>152.9</u>
Net current assets			
Total assets less current liabilities		310.4	232.6
Creditors due after more than one year	14	65.7	56.2
Provision for liabilities and charges	15	2.6	0.7
		<u>242.1</u>	<u>175.7</u>
Capital and reserves			
Called up share capital	16	17.8	7.4
Share premium		80.7	45.2
Revaluation surplus		19.7	18.9
Exchange gain		3.5	1.8
Profit retained	17	120.4	102.4
		<u>242.1</u>	<u>175.7</u>
Net assets per share	8	136p	115p

Approved by the board on 28th October 1983.

Sir Lawrie Barratt
R.W.R. James

} Directors



Statement of Source and Application of Funds

for the year ended 30th June 1983	1983 £m	1982 £m
Source		
Profit on ordinary activities before taxation	52.2	40.2
Items not involving the movement of funds	3.0	1.2
Generated from operations	<u>55.2</u>	<u>41.4</u>
Funds from other sources		
Rights issue	45.9	—
Taxation in subsidiaries at date of acquisition	—	2.0
Funds available	<u>101.1</u>	<u>43.4</u>
Application		
Investment properties and fixed assets	15.0	22.8
Taxation	7.2	4.1
Dividends	10.4	7.7
Cost of control	2.4	—
	<u>35.0</u>	<u>34.6</u>
Increase in working capital		
Stocks	40.8	43.8
Debtors	12.0	5.5
Creditors excluding dividends and taxation	(26.4)	(22.3)
Movement in net liquid funds:		
Increase (Decrease)	<u>39.7</u>	<u>(18.2)</u>
	<u>101.1</u>	<u>43.4</u>

The details of the acquisition are shown in note 19.

Accounting Policies

(a) Basis of accounting

The company prepares its financial statements on the historic cost basis of accounting including the revaluation of certain fixed assets and investment properties. Supplementary accounts are prepared on the current cost basis of accounting.

(b) Consolidation

- (i) The group financial statements include the results of the holding company and all its subsidiary companies.
- (ii) Results of subsidiary companies acquired during the year are included from the effective date of acquisition. On the acquisition of a company fair values are attributed to the net assets acquired. The difference between the consideration paid and these values is transferred to reserves.

(c) Turnover

Turnover represents legal completions of new houses and amounts invoiced for other income, excluding inter-company transactions.

(d) Basis of taking profit

- (i) Building and development profit is taken on legal completion.
- (ii) Profit on contracting is taken on short term contracts when completed, and for long term contracts attributable profit is taken when the final outcome can be foreseen; provision is made for any anticipated losses.

(e) Interest payable

Interest is written off when incurred except:

- (i) In accordance with accounting standards and practice of the United States of America, interest relating to work in progress in that country is included in cost.
- (ii) When included in the cost of investment property under development.

(f) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. In accordance with Statement of Standard Accounting Practice No. 9 long term contracting work in progress includes attributable overheads and profit earned to date less foreseeable losses.

(g) Investment properties

Completed investment properties are included in the balance sheet at their open market value. Properties under development are stated at cost including attributable overheads and interest.

(h) Fixed assets

- (i) Freehold properties are not depreciated as it is policy to maintain them to such a standard that the estimated residual value is not less than book value.
- (ii) Short leasehold properties are depreciated over the unexpired term of the lease.
- (iii) Plant is depreciated on a straight line basis over its expected useful life which ranges from one to ten years.

(i) Exchange translations

The assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the year end and the results are translated at the average rate for the year. Gains and losses arising from translation are transferred to reserves.

(j) Deferred taxation

Provision is made for all liabilities that may arise in the foreseeable future.

Notes to the Financial Statements

1. Profit on ordinary activities before taxation

	1983 £m	1982 £m
Turnover	512.9	385.8
Cost of sales	420.3	312.8
Gross profit	92.6	73.0
Administrative expenses	33.3	22.6
Interest (note 3)	7.1	10.2
	52.2	40.2

2. Profit on ordinary activities before taxation is stated

	1983 £m	1982 £m
After charging:	0.9	0.8
Directors' management remuneration	1.1	1.0
Depreciation	8.1	6.1
Plant hire	0.4	0.3
Auditors' remuneration		1.6
After crediting:	2.0	
Property investment income		

3. Interest

	1983 £m	1982 £m
Payable:		10.8
On bank loans and overdrafts	11.3	1.7
Repayable within 5 years not by instalments	1.6	3.2
Repayable within 5 years by instalments	1.4	
Repayable wholly or partly in more than 5 years	14.3	15.7
	4.8	1.7
Less: Receivable		1.1
Included in the cost of investment properties under development	1.5	2.7
gross of tax relief £0.8m (1982 £0.6m)	0.9	
Increase in interest carried in work in progress	7.1	10.2

4. Tax on profit on ordinary activities

	1983 £m	1982 £m
United Kingdom:	17.6	8.7
Corporation tax at a rate of 52%	0.5	0.2
Transfer to deferred taxation		(0.8)
Overseas:	0.5	
Transfer to (from) deferred taxation	18.6	8.1

The taxation charge for the year has been reduced by £9.4m (1982 £9.5m) because of stock relief and other timing differences.

Notes to the Financial Statements continued

5. Dividends	1983 £m	1982 £m
Paid 2.10p per share	3.7	2.5
Proposed 5.31p per share	9.5	6.6
	<u>13.2</u>	<u>9.1</u>

6. Employees and directors	1983 £m	1982 £m
(a) Cost		
Wages and salaries	45.5	36.0
Social security	4.0	3.3
Pension	1.7	1.2
	<u>51.2</u>	<u>40.5</u>

(b) Number

The average number of persons employed by the group was:

	1983 Number	1982 Number
Building and development	5,228	4,633
Property investment	51	49
	<u>5,279</u>	<u>4,682</u>

In addition the group employed a substantial number of persons through sub-contractors on developments.

(c) Pension obligation

The group pension schemes cover the obligation to provide pensions to those eligible. Based on the latest actuarial valuations it is considered that the present funding arrangements are satisfactory and adequate to meet the future liabilities of the schemes.

7. Directors' and senior employees

The emoluments of the chairman were £137,918 (1982 £127,401).

Remuneration of other directors and senior U.K. employees:

	Number of directors			Number of employees	
	1983	1982		1983	1982
£25,001— £30,000	1	—	£30,001—£35,000	18	18
£30,001— £35,000	—	1	£35,001—£40,000	14	28
£35,001— £40,000	—	4	£40,001—£45,000	23	17
£40,001— £45,000	—	1	£45,001—£50,000	28	4
£45,001— £50,000	4	—	£50,001—£55,000	19	6
£50,001— £55,000	1	—	£55,001—£60,000	9	2
£55,001— £60,000	1	—	£60,001—£65,000	4	1
£60,001— £65,000	1	—	£65,001—£70,000	5	1
£65,001— £70,000	—	—	£70,001—£75,000	1	—
£70,001— £75,000	—	—	£75,001—£80,000	2	—
£75,001— £80,000	—	—			

Notes to the Financial Statements

8. Earnings and net assets per share

The earnings per share calculations are based on earnings of £52.2m (1982 £40.2m) before taxation, £33.6m (1982 £32.1m) after taxation and 167,857,372 ordinary shares on a weighted average (1982 74,027,973 adjusted to 153,267,024).

The net assets per share at 30th June 1983 are calculated on shareholders' funds of £242.1m (1982 £175.7m) and 177,695,820 ordinary shares (1982 74,027,973 adjusted to 153,267,024).

9. Investment properties

	Completed	Under development	Ground rents	Total
	£m	£m	£m	£m
Cost and valuation	55.7	17.2	3.4	76.3
At 1st July 1982	0.5	11.1	0.7	12.3
Additions	1.1	(1.1)	—	—
Completed during the year	0.8	—	—	0.8
Revaluation surplus	—	—	—	—
At 30th June 1983	58.1	27.2	4.1	89.4
Consisting of:	38.4	17.6	4.1	60.1
Freehold	19.7	9.6	—	29.3
Long leasehold	58.1	27.2	4.1	89.4
Consisting of:	—	27.2	4.1	31.3
Cost	58.1	—	—	58.1
Valuation on 30th June 1983	58.1	27.2	4.1	89.4

The group's portfolio of completed investment properties was internally valued on 30th June 1983 on an open market basis by the managing directors of the respective property subsidiaries, D.A. Billson, F.R.I.C.S., F.J. Hutchins, F.R.I.C.S. and I.G. McCallum, F.R.I.C.S.

The historic cost of the completed investment properties is £36.5m (1982 £34.2m).

At 30th June 1983 the group had authorised and contracted for £6.1m (1982 £7.5m) and authorised but not contracted £7.0m (1982 £3.9m) of expenditure on investment properties.

Notes to the Financial Statements *continued*

10. Fixed assets	Property	Plant	Group Total	Company Total
	£m	£m	£m	£m
Cost and valuation	1.2	6.6	7.8	0.6
At 1st July 1982	0.2	1.0	1.2	—
Additions	1.2	0.5	1.7	—
Acquisitions	—	0.8	0.8	—
Disposals				
At 30th June 1983	2.6	7.3	9.9	0.6
Consisting of:				
Cost	2.1	7.3	9.4	0.6
Valuation 1976	0.5	—	0.5	—
	2.6	7.3	9.9	0.6
Accumulated depreciation	0.1	5.0	5.1	0.3
Net book value at 30th June 1983	2.5	2.3	4.8	0.3
Net book value at 30th June 1982	1.2	2.2	3.4	0.4

Property consists of freehold £1.8m and short leasehold £0.7m.

11. Stocks	1983 £m	1982 £m
Work in progress: building and development	203.0	178.2
long term contracting	31.0	21.4
Showhouse complexes and houses awaiting legal completion	91.1	78.5
Long term contracting payments on account	(29.5)	(20.3)
	<u>298.6</u>	<u>257.8</u>

Stocks include capitalised interest of £9.6m (1982 £5.9m).

Notes to the Financial Statements continued

12. Debtors	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
Due within one year	10.2	8.2	—	—
Trade debtors	—	—	25.1	12.0
Amounts owed by subsidiary companies	8.0	5.8	1.5	0.3
Other debtors	3.0	1.9	0.7	0.2
Prepayments	21.2	15.9	27.3	12.5
Due after more than one year	16.9	10.2	—	—
Secured loans	—	—	4.0	4.9
Advance corporation tax recoverable	—	—	—	—
	<u>38.1</u>	<u>26.1</u>	<u>31.3</u>	<u>17.4</u>

Debtors include an amount of £5,000 (1982 £10,000) advanced by a subsidiary to a director to assist his house purchase on relocation in the group which has subsequently been repaid.

13. Creditors due within one year	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
Bank loans and overdrafts	40.1	34.2	0.6	0.6
Trade creditors	49.7	34.0	—	—
Payroll taxation including social security	1.6	1.4	—	—
Corporation tax	6.6	4.1	0.2	0.1
Advance corporation tax	5.6	3.9	5.6	3.9
Dividends payable	9.4	6.6	9.4	6.6
Other creditors	44.6	42.6	2.2	1.6
Accruals	19.7	14.0	0.2	2.2
	<u>177.3</u>	<u>140.8</u>	<u>18.2</u>	<u>15.0</u>

Notes to the Financial Statements continued

14. Creditors due after more than one year

	Group		Company	
	1993	1982	1983	1982
	£m	£m	£m	£m
Bank loans	43.9	42.4	13.7	13.3
Corporation tax	6.9	1.6	0.8	0.2
Other creditors	14.9	12.2	—	—
	<u>65.7</u>	<u>56.2</u>	<u>14.5</u>	<u>13.5</u>

Bank loans at interest rates related to normal base rates include:

Repayable by instalments

Within 1 to 2 years

Within 2 to 5 years

After 5 years

Not repayable by instalments

Within 1 to 2 years

Within 2 to 5 years

After 5 years

	Group	
	1983	1982
	£m	£m
Repayable by instalments	3.0	3.0
Within 1 to 2 years	5.2	9.2
Within 2 to 5 years	3.1	4.2
After 5 years	—	—
Not repayable by instalments	7.8	—
Within 1 to 2 years	24.8	20.4
Within 2 to 5 years	—	5.6
After 5 years	<u>43.9</u>	<u>42.4</u>
Other creditors include:		
Repayable, other than by instalments, in more than 5 years at interest rates from NIL to 5.5%	<u>2.2</u>	<u>4.3</u>

Total creditors include £111.6m (1982 £100.5m) secured on the assets of the group.

15. Provision for liabilities and charges

Deferred taxation

United Kingdom:

Timing differences

Advance corporation tax recoverable

Overseas:

Timing differences

	1983	1982
	£m	£m
Timing differences	6.1	5.6
Advance corporation tax recoverable	(4.0)	(4.9)
Overseas:		
Timing differences	0.5	—
	<u>2.6</u>	<u>0.7</u>

If the group property portfolio was to be realised at book value a taxation liability of £7.5m (1982 £8.3m) would arise. There is a contingent liability in respect of deferred taxation on other timing differences not provided amounting to £2.7m (1982 NIL).

Notes to the Financial Statements continued

	1983 £m	1982 £m
16. Called up share capital		
Authorised: 200,000,000 ordinary shares of 10p each	<u>20.0</u>	<u>10.0</u>
Allotted and issued ordinary shares of 10p each		
Fully paid— 177,695,820 ordinary shares	<u>17.8</u>	<u>7.4</u>
— 112,826 restricted ordinary shares		
1p paid — 30,600 ordinary shares		

The movement on the issued share capital of the company during the year was as follows:

- Rights issue of 14,819,937 fully paid 10p ordinary shares at £3.20 per share in October 1982 for a net consideration of £45.9m.
- Capitalisation issue of 88,919,623 ordinary shares to existing shareholders in April 1983 on the basis of one ordinary share of 10p for every ordinary share.

	Group		Company	
	1983 £m	1982 £m	1983 £m	1982 £m
17. Reserves				
At 1st July 1982	168.3	142.5	52.1	51.9
Profit retained for the year	20.4	23.0	(0.5)	1.7
Revaluation surplus	0.8	3.0	—	—
Gain on exchange rates	1.7	1.3	—	—
Rights issue	44.4	—	44.4	—
Capitalisation issue	(8.9)	(1.5)	(8.9)	(1.5)
Cost of control	(2.4)	—	—	—
	<u>224.3</u>	<u>168.3</u>	<u>87.1</u>	<u>52.1</u>
At 30th June 1983				
Consisting of:	80.7	45.2	80.7	45.2
Share premium	19.7	3.9	—	—
Revaluation surplus	3.5	1.8	—	—
Exchange gain	120.4	102.4	3.4	6.9
Profit retained	<u>224.3</u>	<u>168.3</u>	<u>87.1</u>	<u>52.1</u>

	1983 £m	1982 £m
18. Investment in subsidiaries		
Shareholdings at cost less amounts written off	<u>15.2</u>	<u>15.2</u>
Net amounts due from subsidiary companies	<u>44.2</u>	<u>46.2</u>
	<u>59.4</u>	<u>61.4</u>

The principal subsidiary companies are set out on page 33 of the group profile.

Notes to the Financial Statements continued

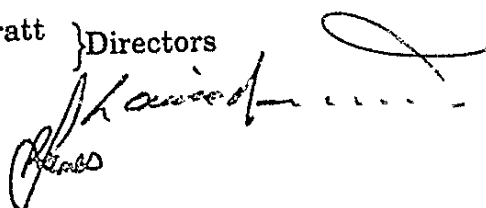
19. Acquisition	1983 £m	1982 £m
Net assets acquired by the group	1.5	—
Fixed assets	3.8	8.2
Stocks	—	0.1
Debtors	(1.7)	(1.3)
Bank overdrafts	(1.5)	(0.8)
Creditors	—	(2.0)
Deferred taxation	2.4	—
Cost of control	<u>4.5</u>	<u>4.2</u>

Company Balance Sheet

at 30th June 1983	Note	1983 £m	1982 £m
Fixed assets	10	0.3	0.4
Tangible assets	18	59.4	61.4
Investment in subsidiaries		<u>59.7</u>	<u>61.8</u>
 Current assets	12	31.3	17.4
Debtors		46.8	9.1
Bank and cash deposits		<u>78.1</u>	<u>26.5</u>
 Current liabilities	13	18.2	15.0
Creditors due within one year		<u>59.9</u>	<u>11.5</u>
Net current assets			
 Total assets less current liabilities	14	119.6	73.3
Creditors due after more than one year		14.5	13.5
Provision for liabilities and charges		0.2	0.3
		<u>104.9</u>	<u>59.5</u>
 Capital and reserves	16	17.8	7.4
Called up share capital		80.7	45.2
Share premium	17	6.4	6.9
Profit retained		<u>104.9</u>	<u>59.5</u>

Approved by the board on 28th October 1983.

Sir Lawrie Barratt } Directors
R.W.R. James



Current Cost Accounting Policies

(a) Basis of accounting

The company prepares its supplementary current cost financial statements on the basis of its historical cost accounting policies as modified below.

(b) Cost of sales

The adjustment has been calculated either by use of government indices or, in the case of land held for development, by internal revaluations. Work in progress is included in the balance sheet at replacement cost.

(c) Monetary working capital

The adjustment has been calculated using government indices on the element of work in progress not included in the cost of sales adjustment, debtors and trade creditors.

(d) Gearing

This adjustment is calculated on a group basis excluding exempt property companies and reduces the current cost adjustments to the proportion of the net operating assets which have been financed by borrowings.

(e) Fixed assets

Property has been internally revalued. Any other adjustments are immaterial.

Group Current Cost Profit and Loss Account

for the year ended 30th June 1983	1983 £m	1982 £m
Turnover	<u>512.9</u>	<u>500.0</u>
Historic cost profit before interest	59.3	50.4
Current cost operating adjustments	<u>13.2</u>	<u>4.8</u>
Current cost operating profit	46.1	45.6
Gearing adjustment	4.4	1.8
Interest payable	<u>7.1</u>	<u>10.2</u>
Current cost profit before taxation	43.4	37.2
Taxation	<u>18.6</u>	<u>8.1</u>
Current cost profit after taxation	24.8	29.1
Dividends	<u>13.2</u>	<u>9.1</u>
Current cost profit retained	<u>11.6</u>	<u>20.0</u>
 Dividend cover	 1.9	 3.2
 Current cost earnings per share		
Before taxation	25.8p	24.3p
After taxation	14.8p	19.0p

Group Current Cost Balance Sheet

at 30th June 1983	1983 £m	1982 £m
Fixed assets		
Tangible assets	89.4	76.3
Investment properties	6.9	4.3
Other	<u>95.4</u>	<u>80.6</u>
Current assets	303.8	263.9
Stocks	94.9	35.9
Other	<u>398.7</u>	<u>299.8</u>
Current liabilities	177.3	140.8
Creditors due within one year	<u>221.4</u>	<u>159.0</u>
Net current assets	316.8	239.6
Total assets less current liabilities	65.7	56.2
Creditors due after more than one year	2.6	0.7
Provision for liabilities and charges	<u>248.5</u>	<u>182.7</u>
Capital and reserves	17.8	7.4
Called up share capital	230.7	175.3
Reserves	<u>248.5</u>	<u>182.7</u>
Net assets per share	140p	119p

Notes to the Current Cost Accounts

	1983 £m	1982 £m
1. Operating adjustments		
Cost of sales	13.8	4.3
Monetary working capital	<u>(0.6)</u>	<u>0.5</u>
	13.2	4.8
2. Reserves	175.3	151.5
At 1st July 1982	11.6	23.0
Retained current cost profit	(0.6)	(2.0)
Unrealised adjustments	8.8	3.0
Realised adjustments	35.6	2.8
Other historical cost adjustments	<u>230.7</u>	<u>175.3</u>
At 30th June 1983		
Consisting of:		
Share premium	80.7	45.2
Unrealised historical cost	23.2	20.7
Unrealised current cost	6.4	7.0
Realised current cost	19.5	10.7
Revenue reserves	<u>100.9</u>	<u>91.7</u>
	230.7	175.3

Historic Ten Year Record

Year	Turnover £m	Profit before tax £m	Share capital and reserves £m	Per ordinary share		
				earnings pence	gross dividend pence	net assets pence
				20.0	10.6	136
1983	512.9	52.2	242.1	20.9	8.5	115
1982	385.8	40.2	175.7	23.9	6.9	97
1981	284.7	30.5	148.4	16.5	5.2	69
1980	220.4	24.7	80.2	14.6	4.4	55
1979	163.2	18.2	69.9	11.2	3.7	47
1978	122.2	11.2	55.9	7.1	3.2	40
1977	99.3	7.4	38.4	9.0	2.9	36
1976	81.8	9.7	33.7	4.1	2.5	18
1975	44.6	6.1	12.4	5.8	1.6	16
1974	31.8	6.5	7.8			

Earnings, gross dividend and net assets per share have been adjusted to take account of the rights and bonus issues.

“The changes taking place in this country’s housing scene are considerable and offer enormous opportunities to the whole industry to embark upon great areas of innovation, to improve the quality and quantity of our housing stock. The changes are being brought about because people’s attitudes towards housing are changing, and not least because we have a Government committed to creating a capital-owning democracy. These changes will stimulate further improvements in building techniques and in sales and marketing efforts, resulting in a strengthening of the industry as a whole and at the end of the day, a better deal for the house buyer. I am confident that with the improvements taking place there will be a continuing upsurge of private sector housing and home-ownership will increase for many years to come.”

SIR LAWRIE BARRATT
APRIL 1983

