

604574



## Report and Accounts

2001



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Barratt Developments PLC Annual Report and Accounts  
for the year ended 30 June 2001.  
Registered in England No. 604574.

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# Financial Highlights

Consistent growth has been achieved across all key financial performance indicators.

# Chairman's Statement

Another outstanding year for the Barratt Group. We delivered record profits and out-performed the market, significantly increasing market share and increasing sales completions by 6% at a time when total industry completions fell 8%. An excellent performance which extends to nine years our unrivalled track record of improving all of our key financial statistics. This again highlights our inherent operational strengths and our resilience to fluctuating markets.

We commenced our new financial year with record forward sales of £480m and since 1 July we have continued to out-perform the market with sales reservations up 9% year on year, which gives us confidence for the year ahead.

Group results for the year ended 30 June 2001 are as follows:-

- Pre-tax profit amounted to £178.4m against £143.9m the previous year, an increase of 24%.
- Basic earnings per share amounted to 55.1p against 43.3p the previous year, an increase of 27%.
- Final dividend of 8.91p per share will be recommended, against 8.03p the previous year, giving a total dividend for the year of 13.07p, an increase of 10%, 4.2 times covered.
- Turnover rose to £1,509m against £1,250m the previous year, an increase of 21%.
- UK completions rose to 11,310 completions, up 6%, at an average selling price of £127,400, up 13%.

- Land stocks increased from 31,700 plots to 35,100 plots, equating to 3 years' volume.
- Net cash in hand at the year end amounted to £44.9m which highlights the emphasis placed on cash management. This continued strong balance sheet position was achieved notwithstanding a £113m increased investment in our land stocks and work in progress.
- Return on capital employed was 30.7%, maintaining our position amongst the highest in the industry.

These excellent results highlight a further period of considerable progress.

The housing market had been particularly strong in the South throughout 1999, but slowed a little from April 2000 when interest rates were at their peak and Stamp Duty increased. This produced a tighter market in our first half year and against this background we produced a very creditable sales performance, increasing sales reservations by 6%, the only major housebuilder to do so.

Since 1 January and throughout the second half of our financial year interest rates trended down and the market improved and stabilised at a very satisfactory level. Total sales reservations for the year just ended increased 7% year on year. Since the start of our new financial year on 1 July, sales reservations have further improved and are now 9% up year on year, further increasing our advance sales. Modest movement in interest rates around 5% and 6% is helping to sustain a stable housing market and the highly competitive mortgage market is further enhancing affordability.

All of our regional markets are strong with sales ahead year on year and the Southern market continues to be the strongest. The Group has benefited enormously from our policy of controlled organic expansion, increasing volumes over the last nine years from less than 5,000 to over 11,000 completions and profits by an average of over 20% per annum.

This policy has seen our national network expand from 12 to 28 divisions, including four new divisions established during the year trading under our KingsOak brand, which produced 485 completions. A further three new KingsOak divisions are to be added this year and we expect these seven new divisions to contribute 1,200 completions this financial year.

We have again demonstrated our ability to respond to changing market conditions with all of our regions increasing volume and profits. Varying levels of purchaser assistance are provided to suit local market needs and achieve optimum sales rates. We continued to provide a part-exchange service, however, the overall demand for this further reduced. Over the year some

18% of our buyers took advantage of this fast and efficient service and we completed 1,940 re-sale transactions.

We produce a diverse product range to suit all market sectors, ranging from first-time buyer homes in rural communities priced from £40,000 to luxury six bedroom houses in the stockbroker belt priced at £2.9m. We are industry leaders in inner city and urban redevelopment, producing affordable homes in conjunction with Housing Associations through to luxury high-rise apartments reaching 18 storeys. Our extensive experience in developing all sectors, including mixed use developments, provides us with the widest range of developments and land-buying opportunities.

For over 25 years the Group has been an industry leader in urban redevelopment and with over 70% of our homes built on brownfield sites we comfortably exceed the Government's target of 60%. This wealth of experience, coupled with our specialist skills in dealing with the more difficult and often complex sites, positions the Group well to maximise on the current planning regime and Government emphasis on the regeneration of our towns and cities.

Despite the extensive planning delays facing the industry, our land teams have again been highly successful and have secured quality sites in locations of proven demand. During the year we acquired 14,710 plots, 30% more than we used, increasing our total land stocks to 35,100 plots, which is equal to three years' volume and in line with our growth objectives. The success of our land buying is reflected in the consistency of our results and a return on capital employed of 31%, one of the highest in our industry.

There has been considerable consolidation activity in our sector in the year involving 7 of the top 12 housebuilders. However, our successful track record in securing our land stocks and developing the business organically means that we have no requirement to purchase a land bank via company acquisition, thereby avoiding associated risks.

The Group has almost doubled its land bank over the last five years and we now have one of the largest land banks in the sector. At the same time, we have maintained a very strong balance sheet. In the year we increased shareholders' funds by 20% to £631m and at the year end we had £45m net cash in hand, notwithstanding £433m expenditure on land.

Our Californian operation continues to make good progress. Operating profits increased by 50% to £6m on turnover up by £35.8m to £107.8m. Local market conditions remain favourable with high levels of employment, good affordability and strong demand. The overall market is underpinned by a lack of supply and our sales since 1 July are in line with our expectations, further

increasing our forward order book. Our strategic emphasis on re-investing in sites of manageable investment in areas of strong demand, coupled with our substantial forward sales, gives us confidence that our results will continue to improve.

In April we sold our remaining interest in the last of our non-housing businesses, Barratt International Resorts, for £8.5m, which contributed £3.7m to pre-tax profit.

Throughout the Group we have a very strong and experienced management team which we have continued to strengthen in line with our growth. On 1 July 2001 we were pleased to announce the appointment of a new executive director to the Board, Mr Steven J Boyes, who joined the Group in 1978 and was formerly Managing Director of our highly-successful division in York and then Regional Director of Barratt Northern.

Two further Board changes are scheduled to take place later this year. Mr Basil Bean will retire from the Board at the close of our next Annual General Meeting on 15 November 2001 having reached the age of 70. He has been a non-executive director since 1997 and my Board colleagues join me in thanking him for his invaluable contribution. We are pleased to welcome a new non-executive director, Mr Michael Pescod, who will be joining the Board on 1 October 2001. He was formerly Head of Corporate Finance and a Partner at Slaughter and May and brings with him a wealth of experience in corporate and legal matters.

On behalf of the Board I would like to thank all of our employees. Our record results could not have been achieved without their hard work, skill and enthusiasm.

Looking ahead, we are benefiting greatly from our organic expansion and we are extremely well placed to continue our progress. The Group commenced the new financial year in a very strong position with a substantial increase in forward sales, up 20% to £480m. Sales reservations since 1 July continue to show a healthy increase of 9% and our selling costs compare favourably with the year just ended. Additionally, we are on course to further increase our outlets in line with our projections, all of which augurs well for our future. We have a very strong balance sheet and are well positioned to take advantage of any trading opportunities which may arise. I am confident that we will continue to outperform the market and build upon our unrivalled track record.



Chairman

26 September 2001

# Operational Review

## UK HOUSEBUILDING

This has been another year of considerable achievement. We again produced record results, improving all of our key financial statistics, in particular earnings per share, which have increased by an average of over 20% per annum compound since 1992. This performance is unrivalled in the housebuilding industry.

The Group has a network of housebuilding divisions strategically located throughout the country and during the year ended 30 June 2001 all traded very successfully and we entered the new financial year with record forward sales.

We were the only major national housebuilder to significantly increase unit completions. We sold 11,310 new homes, 6% more than the previous year, against an overall market decline of 8%. This 14% favourable swing against the market helped produce Group turnover of £1,509m, up 21%, which combined with further improved margins enabled us to produce record Group pre-tax profits of £178.4m.

Operating profits in our core activity, UK housebuilding, rose to £183.8m, a 23% increase and we again improved the operating margin from 12.9% to 13.2%. This was largely due to four factors: a high rate of sale, stringent control on overhead and building costs, skilful land buying and revenue improvements.

# Operational Review

## LAND

One of our fundamental strengths has been our ability to progressively increase our land stocks in line with our planned growth and to secure the necessary planning approvals, despite the extensive planning delays facing the industry. This has been critical to our success and our achievements in producing consistent growth.

We acquired 14,710 plots, 30% more than we used, which increased stocks by 11% to 35,100 plots, equal to three years' volume. The average plot cost of our total holding represents 22.9% of total average selling price and demonstrates our control over land expenditure.

All land is purchased according to strict criteria to ensure that all sites produce full margins. This ensures best management of Group resources, which is clearly evident in our financial results. At the year end we had £44.9m cash in hand, notwithstanding £433m expenditure on land. We again succeeded in

securing a good element on deferred terms, thereby increasing land creditors by £67m to £269m.

We maximised sales volumes on all our sites and in the year just ended 165 sites were completed and replaced by 205 new developments bringing total selling outlets at 30 June up to 360 from 320 the previous year end. We have a balanced geographical spread of outlets with 160 sites in Southern England, including 77 in and around the M25.

The Group has almost doubled its land bank over the last five years and now has one of the largest land banks in the sector. We have a strong balance sheet and we are taking advantage of the additional land buying opportunities resulting from the industry consolidations involving 7 of the top 12 housebuilders. We are confident of our ability to continue to acquire land in line with our growth objectives.

to minimise borrowing and produced a return on capital employed of 30.7%, one of the highest in the industry.

## THE MARKET

We are active throughout the country, serving all market sectors at prices from £40,000 to £2.9m.

Throughout our first half year the buoyant market experienced in the South began to moderate. Despite this the South still remained the UK's strongest market. Elsewhere in the country other regional markets remained stable. During this period we were the only major housebuilder to increase sales, up 6%. In February 2001 and during our second half year interest rates were adjusted down, thereby helping to maintain a strong market which has continued to the present time.

Total sales reservations increased by 7% year on year. Social housing reservations amounted to 7% of our total sales. Our 16 newer divisions established since 1993 continued to increase their volumes and contributed 40% of total reservations, a pleasing performance.

Looking ahead, interest rates are likely to stay low and modest movement around 5% and 6%, as has been the case over the last eight years, should ensure a continued stable housing market with only minor fluctuations. We demonstrated in 1995, 1998 and again in these results that such fluctuations do not affect our performance and demand for our homes remains strong, with sales reservations since 1 July up 9% year on year.

Average selling price for private sales was £127,400 against £112,600 last year, mainly attributable to the increase in sales from our Southern operations where the majority of our newer divisions are located. We now have a balanced geographical spread of business throughout the UK with 47% in the Midlands and North and 53% south of the Midlands.

To maintain an efficient cost base, all overheads are stringently controlled and administration overheads were maintained at only 3% of revenue. Construction cost increases are also being effectively controlled. Last year they amounted to 3.5% and they are not expected to exceed that in the current financial year.

Stock and work in progress are firmly controlled to ensure minimum levels of unsold inventory. This helps



## **PARTNERSHIPS**

We have a long commitment to partnership housing, consistent with our policy of serving all sectors of the market and again undertook a wide range of schemes with housing associations, local authorities and other agencies. We completed £54m worth of social housing on 47 schemes, which provided over 800 homes for rent, shared ownership and low-cost sale.

During the year we carried out many social housing partnership schemes throughout the country, including a number which provided affordable homes specifically for key workers such as teachers and nurses. Projects ranged from a 10-unit scheme for Nomad Housing Association on Tyneside to a major scheme at Swindon in partnership with Jephson Housing Association which will provide 123 homes for rent. In Westminster we are providing 49 apartments for rent and shared ownership in partnership with Notting Hill Housing Trust and Ujima Housing Association.

## **URBAN RENEWAL**

The Government's new planning requirements require a further shift to urban locations with higher density developments. As industry leaders in brownfield development, this provides us with a valuable competitive advantage and we are well placed to take advantage of the new market opportunities.

Well over 70% of our land has had a former use, easily exceeding Government targets. During the year we have successfully recycled a number of former use sites to provide high quality new homes and benefits to local communities and the environment.

At Chorley in Lancashire we are jointly developing a 400-acre former MoD site which will create a mixed use sustainable community with up to 2,000 new homes, representing the largest regeneration project of its kind in the North West.

# Operational Review

In Leicester we have acquired a 30-acre industrial site, which has a development potential of over 700 homes, as part of a major city centre regeneration project.

On the South Coast we have acquired one of the largest brownfield development opportunities in the South East, the former Pirelli factory at Eastleigh, which will provide 665 homes producing revenue of over £85m.

In Birmingham we have a number of city centre schemes including a spectacular 19-storey development of 383 apartments in a prime central location. An office-to-residential project is under way nearby which will provide 63 apartments in a 13-storey building.

We have also continued to take advantage of office-to-residential development opportunities in London, which have proved extremely successful in recent years. At Stratford, East London we are carrying out our 15th conversion which will create 193 apartments.

## HELPING HOMEBUYERS

We are renowned throughout the industry for our marketing skills and innovative purchase plans and we continued to provide a wide range of assistance to homebuyers, appropriate to regional market conditions.

Our purchasers greatly value our part exchange service because it provides a fast and efficient house move. We have operated part exchange in all market conditions ever since it was introduced in 1971, however in the prevailing market conditions there was a reduced demand for the service. During the year 18% of our buyers took advantage of it and we completed 1,940 resale transactions. Our long experience of part exchange enables us to respond promptly to any increased demand, thereby securing our new home sales.

We have continued to focus on our customer service procedures and we have introduced a series of new initiatives to further improve standards. We maintain close contact with our buyers, especially during the early stages of home ownership and we respond promptly to any after-sales service requests which are dealt with by dedicated Customer Care teams.

#### **AWARD-WINNING QUALITY**

A pleasing highlight of the past year has been the number of awards we have received for the quality of the product and service we provide to our purchasers. Our site management teams won a total of 26 awards for quality workmanship in the 2000/2001 National House Building Council's Pride In The Job campaign, significantly more than our market share.

We won more awards than any other builder in the What House? consumer awards, including accolades for Best Luxury House and Best Interior Layout. We were also honoured in the Daily Express Housebuilder of the Year and National Homebuilder Design Awards.

We also won seven prestigious Green Leaf Housing Awards, presented to developers who demonstrate concern for the environment. We fully consider

environmental issues when planning and building our developments. Each year we reclaim around 800 acres of land which has had a former use and we carry out extensive landscaping works, including the planting of more than 15,000 trees and the retention of existing natural features such as established hedgerows and ponds wherever possible, thereby creating and preserving habitats for wildlife.

## **TRAINING**

Wide-ranging training and development programmes are operated throughout the year. In association with industry organisations such as the Construction Industry Training Board and the National House Building Council, staff undertake a wide range of external and internal courses on construction best practice, health and safety, information technology and customer service. Site managers throughout the Group are also participating in the NHBC Site Manager Accreditation Programme - the first formal programme to establish recognised professional status for house building site managers.

Barratt are industry leaders in apprentice training, providing a planned programme of training over three years in key skill areas such as bricklaying, carpentry and plumbing, and working closely with the CITB and their Youth New Entrant Training Scheme. With over 400 apprentices currently receiving training, we are helping to provide the next generation of construction skills.

# Operational Review

## USA HOUSING

We operate in Southern California where we continue to make good progress, assisted by favourable market conditions with high levels of employment and strong demand. Operating profit increased 50% from £4m to £6m from 337 completions, up 34%. Our average selling price increased to £320,000, up 12% and this, coupled with increased volume, increased turnover to £107.8m.

We continue to re-cycle our investment into new sites of manageable investment in the strong commuter areas of San Diego County, Orange County and Riverside County. We shall continue to limit the scale of our investment and maintain our emphasis on improving margins and we have every confidence we will continue to improve our USA contribution. We entered the year with strong forward sales and sales since 1 July have continued in line with our expectations.

## CONCLUSION

The Group is extremely well placed to continue the excellent progress made over recent years.

During the year sales reservations increased by 7%, year on year, and we entered the new financial year with record forward sales of over £480m. Housing demand remains strong and since 1 July we have continued to outperform the market with sales reservations 9% up year on year.

Our ongoing land acquisition programme continues to improve the quantity and quality of our land stocks and our selling outlets are increasing as a result. Our sales rate and stock turn remain among the highest in the industry which will ensure we continue to produce a full return on shareholders' funds.

Over recent years we have clearly demonstrated our ability to consistently increase market share in varying market conditions and we are well positioned to do so again. Our strengths lie in our highly-successful land buying, our total geographic spread, our ability to service all sectors of the market, a low cost base and our strong management team.

We will continue to focus on improving earnings per share and generating shareholder value and we are confident we will build on the excellent track record we have established over the past nine years.

## Directors and Professional Advisers

### Directors

F Eaton § <i>Chairman</i>	B Bean *†§ <i>Vice-Chairman</i>	D A Pretty <i>Managing Director</i>	
P H Ashworth *†§	S J Boyes	C A Dearlove	P R Gieron
G K Hester	A E Kilburn *†§	M Pescod *†§	H Walker

\* Non-executive    † Member of the Remuneration Committee and Audit Committee    § Member of the Nomination Committee

Mr F Eaton, 51, joined the Group in 1979. He was managing director of Barratt Manchester until his appointment to the Main Board in 1988 as Chairman of the Central Region. He was appointed Group Chief Executive in July 1991 and Group Chairman in November 1997.

Mr B Bean CBE, 70, was appointed a non-executive director in May 1997. He has held positions as Chief Executive of two Government Development Corporations and as a Member of the British Waterways Board. He is a former Chairman of Admiral Homes Limited and for a period of ten years was Chief Executive of the National House Building Council, retiring in April 1997. Mr Bean is the senior independent non-executive director and was appointed Vice-Chairman in November 1997.

Mr D A Pretty, 56, initially joined the Group in 1976 and was formerly the managing director of Barratt Central London. He left the Group in 1987 to take up a position as managing director of St George PLC. He rejoined the Group and was appointed to the Main Board in 1990. In 1991 he became Chairman of the Barratt Homes Southern Region and was appointed Group Managing Director in March 1998.

Mr P H Ashworth, 63, was appointed a non-executive director in May 1997. He is the senior partner in the firm of solicitors, Field Cunningham & Co.

Mr S J Boyes, 40, joined the Group in 1978. Formerly the managing director of Barratt York, he was appointed to the Main Board in July 2001 and is Chairman of the Barratt Homes Northern Region.

Mr C A Dearlove, 49, joined the Group finance department in 1981. He was appointed to the Main Board as Group Finance Director in December 1992.

Mr P R Gieron, 47, joined the Group in 1980. Formerly the managing director of Barratt Bristol, he was appointed to the Main Board in July 1997 and is Chairman of the KingsOak Homes Region.

Mr G K Hester, 56, joined the Group in 1996 having formerly held positions as the Chief Executive of Westbury Homes Limited and as a director of the Britannia Group. He was appointed managing director of Barratt Bristol in 1996 and to the Main Board in November 1999. He is the Chairman of the Barratt Homes West Region.

Mr A E Kilburn OBE, 65, non-executive director, was appointed to the Board in April 1998. He has worked in housing for more than 40 years and has held senior positions in both local authority and housing association sectors. Formerly the Chief Executive of Home Housing Association from 1976 until his retirement in April 1998, he is currently involved in a number of charitable enterprises including the North East Civic Trust and the Northern Rock Foundation.

Mr M Pescod, 53, was appointed a non-executive director in October 2001. He was formerly a partner in, and Head of Corporate Finance for, the firm of solicitors, Slaughter and May. He is also a partner in the investment bank Gleacher & Co Limited.

Mr H Walker, 55, joined the Group in 1977 and was managing director of Barratt Manchester from 1988 until his appointment to the Main Board in July 1996. He is Chairman of the Barratt Homes Central Region.

### Secretary

Mr L Dent

### Life President

Sir Lawrence Barratt founded the first Barratt company in 1958 and was knighted for his services to the industry in 1982. He retired as Non-Executive Chairman in November 1997 assuming the role of Life President.

### Registrar

Capita IRG Plc  
Bourne House  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

Registered Auditors  
PricewaterhouseCoopers

Joint Brokers  
Cazenove & Co Ltd  
ING Barings Limited

Solicitors  
Slaughter and May

Merchant Bankers  
UBS Warburg

## Notice of Annual General Meeting

Notice is hereby given that the forty third annual general meeting of Barratt Developments PLC (the "Company") will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London, EC2Y 5BL on 15th November 2001 at 2.30pm for the following purposes:

1. To receive and adopt the reports of the auditors and directors and the accounts for the year ended 30th June 2001.
2. To declare a final dividend.  
To re-elect directors:
  3. Mr F Eaton who retires by rotation.
  4. Mr C A Dearlove who retires by rotation.
  5. Mr A E Kilburn who retires by rotation.
  6. Mr S J Boyes who retires at the first annual general meeting following his appointment by the board.
  7. Mr M Pescod who retires at the first annual general meeting following his appointment by the board.
8. To re-appoint PricewaterhouseCoopers as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.
9. To authorise the directors to fix the auditors' remuneration.

To consider and, if thought fit, pass the following resolutions of which resolution 10 will be proposed as an ordinary resolution and resolutions 11 and 12 will be proposed as special resolutions.

10. That the board be and it is generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £6,507,270 being 27.7% of the nominal value of the existing issued share capital as at 12th September 2001 provided that this authority shall expire on the date of the next annual general meeting after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
11. That, subject to the passing of resolution 10 above, the board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 9 above as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited:
  - (a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them provided that the directors may make such arrangements in respect of overseas holders of shares and in respect of fractional entitlements as they consider necessary or convenient; and
  - (b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £1,174,636 being 5% of the nominal value of the existing issued share capital as at 12th September 2001 and 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 power conferred hereby had not expired.
12. That the Company be and it is hereby generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of its ordinary shares of 10p each ("Ordinary Shares") provided always that:
  - (a) this authority is limited to a maximum number of 23,492,730 Ordinary Shares;
  - (b) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the middle market quotation for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased (exclusive of expenses); and
  - (c) the minimum price which may be paid for an Ordinary Share is 10p (exclusive of expenses).The authority hereby conferred shall, unless renewed prior to such time, expire on the earlier of the date falling eighteen months after the passing of this resolution and the conclusion of the Company's next annual general meeting, save that the Company may before such expiry enter into a new contract under which a purchase of Ordinary Shares may be completed or executed wholly or partly after such expiry and the Company may purchase Ordinary Shares in pursuance of such contract as if the authority conferred hereby had not expired.

Registered Office  
Wingrove House  
Ponteland Road  
Newcastle upon Tyne NE5 3DP

By order of the board  
L Dent  
Secretary  
11th October 2001

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 the member. A proxy need not be a member of the Company.

Pursuant to Regulation 34 of the Uncertificated Securities Regulations 1995, only those shareholders registered at 5.00pm on 13th November 2001 will be entitled to attend and vote at the meeting in respect of the numbers of shares registered in their names at that time. Subsequent changes to the register will be disregarded in determining the rights of any person to attend and vote at the meeting.

Copies of contracts of service of the directors with the Company and the register of the directors' interests will be available for inspection at the place of the meeting from 2.15pm until the conclusion of the meeting.

## Directors' Report

The directors submit their report and the accounts for the year ended 30th June 2001.

### ACTIVITIES OF THE GROUP

The group's principal activity continues to be building and development.

A full review of the group's performance and prospects can be found in the Chairman's Statement on pages 2 and 3, and in the Operational Review on pages 4 to 11.

### RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 30th June 2001 was £126.7m (2000 £100.2m). An interim dividend of 4.16p per share (2000 3.85p) was paid on 25th May 2001 and it is proposed to pay a final dividend of 8.91p per share (2000 8.03p) on 16th November 2001 to shareholders on the register at the close of business on 5th October 2001.

The dividends paid and proposed amount to £30.2m (2000 £27.3m).

### ANNUAL GENERAL MEETING

The notice of the annual general meeting on page 13 contains three resolutions relating to the Company's share capital.

Resolution number 10 requests shareholder approval to renew for one year the directors' authority to allot unissued shares in the capital of the company and Resolution number 11 requests shareholders to authorise the directors to allot shares for cash in the context of a rights issue and otherwise up to a limit equal to 5% of the issued share capital without initially offering such shares to existing shareholders. The directors consider that the Company should maintain an adequate margin of unissued shares for use, for example, in connection with a future acquisition although they have no present intention of issuing any shares except to satisfy options under the Company's share option schemes.

Under resolution number 12, the company is seeking renewal for a further year of its authority to make purchases in the market of its own ordinary shares subject to specified limits. Purchases under this authority will only be made on the London Stock Exchange and will be funded from distributable profits. Any ordinary shares so purchased will be cancelled.

In seeking this authority, the board is not indicating any commitment to buy back ordinary shares. The board will only exercise the authority if it considers that the purchases of ordinary shares can be expected to result in an increase in earnings per share and be in the best interests of shareholders generally.

### DIRECTORS AND THEIR SHAREHOLDINGS

The current directors of the company are listed on page 12. Mr S J Boyes was appointed a director on 1st July 2001 and Mr M Pescod was appointed a director on 1st October 2001, all other directors listed on page 12 held office throughout the financial year.

The beneficial interests of the directors and their families in the ordinary share capital of the company are shown below:

Ordinary shares of 10p each	30th June 2001		1st July 2000	
	Fully paid	Executive share options	Fully paid	Executive share options
F Eaton	432,102	1,124,353	437,102	924,353
B Bean	—	—	—	—
D A Pretty	56,928	535,000	54,928	395,000
P H Ashworth	5,700	—	5,700	—
C A Dearlove	19,982	746,060	17,982	606,060
P R Gieron	56,335	520,000	53,397	380,000
G K Hester	10,000	250,000	7,000	110,000
A E Kilburn	4,000	—	4,000	—
H Walker	242,610	576,381	242,610	436,381

On 1st July 2001, Mr S J Boyes held interests in 3,010 fully paid shares of 10p each, 10,552 shares of 10p each in the executive share option scheme and 110,000 shares of 10p each in the executive share option plan.

Details of movements in the directors' interests in executive share options are shown in the Remuneration Report on page 19.

On 26th September 2001 Mr F Eaton and Mr G K Hester each acquired an interest in 3,000 fully paid ordinary shares of 10p each. No other notification has been received of any change in the above interests during the period 30th June 2001 to 26th September 2001.

Under the provisions of Article 87 of the company's memorandum and articles of association, Mr F Eaton, Mr C A Dearlove and Mr A E Kilburn offer themselves for re-election. Mr S J Boyes and Mr M Pescod each vacate their office at this first annual general meeting following their appointment to the board in accordance with the provisions of Article 86 and offer themselves for re-election. In accordance with Article 83, Mr B Bean will retire at the close of the forthcoming annual general meeting having attained the age of 70 years.

At no time during or at the end of the year did any director have a material interest in a contract of significance in relation to the business of the group, other than the transactions detailed in note 24 to the accounts.



# Directors' Report

## CORPORATE GOVERNANCE

The company aspires to high standards of corporate governance in accordance with the principles of the Combined Code as appended to the UK Listing Rules, administered by the Financial Services Authority. The way in which the company applies them are as follows:-

### Directors

The board of directors, comprising seven executive and four non-executive directors, one third of whom retire by rotation each year, has overall responsibility for the maintenance and operation of group internal controls. There are four non-executive directors, Mr B Bean, Mr P H Ashworth, Mr A E Kilburn and Mr M Pescod. Mr Bean serves as senior independent director and Group Vice-Chairman. The board believes that all the non-executive directors, with the exception of Mr Ashworth, are wholly independent in that they have no business or other relationship with the group that might influence their independence of judgement. The non-executive directors do not participate in the company's performance related pay, pension or share option schemes. Mr F Eaton is both Group Chairman and Chief Executive. The board considers, however, that a balance of power and authority at the head of the company is achieved by the senior independent director, Mr B Bean, serving as Group Vice-Chairman and Mr D A Pretty as Group Managing Director. This, coupled with the experience and expertise of the four non-executive directors ensures that there is a division of responsibility between the executive function and the running of the board.

The Board meets eleven times each year and there is a formal schedule of matters specifically reserved to the board for decision or approval. All directors have access to the advice and services of the company secretary, who is a practising solicitor, and, if necessary, to independent professional advisers at the company's expense. Training is available for both new and existing directors as, and when, required.

The Board has established three standing committees, the Audit Committee, the Remuneration Committee and the Nomination Committee, the functions of which are clearly specified within defined terms of reference.

- The Audit Committee is made up of the four non-executive directors and is chaired by Mr B Bean. The committee is responsible to the board for the appraisal of the group's financial management and reporting systems and for assessing the integrity and effectiveness of its accounting procedures and internal controls. The Chairman of the Audit Committee reports all material issues arising from the internal audit programme to the board on a monthly basis, including a forward action plan, progress against which is monitored by the Audit Committee and the Board in one and three monthly follow-up reports. The Committee also keeps under review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors.
- The Remuneration Committee is also made up of the four non-executive directors and is chaired by Mr A E Kilburn. The Committee meets at least once a year and its role is to make recommendations to the board in relation to the terms of employment and remuneration of the executive directors.
- The Nomination Committee, chaired by Mr P H Ashworth, comprises the non-executive directors and the Group Chairman. The primary function of the Committee is to make recommendations to the board with regard to all new appointments and promotions to main board positions. In discharging this function the Committee aims to ensure that all directors possess a balanced range of skills, experience and expertise in order to discharge their responsibilities effectively.

As group parent, Barratt Developments PLC, through its board of directors, retains overall responsibility for the control and direction of the business and for the allocation of funding and resources. Housebuilding and development operations are delivered through a decentralised regional and divisional structure. There are currently four operating regions within Barratt Homes Limited covering England, Scotland and Wales. KingsOak Homes Limited, which has its own corporate identity and product branding, is also managed by the Group as an operating region. Each operating region including KingsOak is headed up by a Regional Chairman who also serves as an executive director at main board level. Not only does this enable the main board to remain close to, and focused on, the cutting edge of the business, it also means that the operating divisions remain in touch with the group's centre and values.

The Managing Director of each operating division and the local management team make up the divisional board, each of which is chaired by a Regional Chairman. Each divisional board meets monthly to oversee local housebuilding operations and performance. Although each division is run and monitored as a free standing business, they operate within clearly defined central parameters in relation to overall strategic direction and financial control. This tried and tested structure enables the divisions to be responsive to local demand and market conditions, whilst at the same time benefiting from the financial strength and economies of scale of a large national group.

### Directors' Remuneration

The policy and details of directors' remuneration are contained in the Remuneration Report on pages 18 and 19.

### Accountability and Audit

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2001. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board of directors is required to consider whether the company and the group is a going concern. Accordingly the board has made appropriate enquiries and is satisfied that the company and group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the financial statements.

# Directors' Report

## Internal Control System

The directors are responsible for the group's system of internal control which is designed to provide reasonable but not absolute assurance against mis-statement or loss. The key elements of the group's established control framework are:-

- A clear organisational structure with defined levels of authority and responsibility for all senior management.
- A comprehensive system of budgeting, forecasting and planning with monthly reporting to the main board and divisional boards of results and forecasts of all group operating units against budget.
- Operational procedures, control parameters and accounting policies are embodied in the Group Policy and Accounting Manuals which are issued to all divisions and are regularly reviewed and updated.
- All major land acquisitions and capital projects are subject to rigorous financial appraisal within established parameters and also to formal authorisation procedures by main board directors, divisional boards or senior management within authorities approved and reviewed by the Board.
- Key risk areas facing the business are identified and are reviewed quarterly by the Board. All key areas, including finance, land buying and the market are reported to the board each month. Risk management systems are also being enhanced in relation to group insurance and health and safety systems linked to closer monitoring of claims and incident reports.
- All systems are monitored by the internal audit function including financial, marketing and construction related matters.

The directors have reviewed the operation and effectiveness of the group's system of internal control for the year ended 30th June 2001.

## Shareholder Relations

The company maintains an open dialogue with institutional investors through meetings and visits to the company's local operations, meeting directors and divisional management. Shareholders are also apprised of the company's activities and prospects through the Annual and Interim Reports. The Annual General Meeting is used to enable private investors to discuss the company's operations and progress directly with the board.

## Compliance

The company had complied with the principles of the Combined Code throughout the year.

## EMPLOYMENT POLICY

The Board recognises that employees need to understand and contribute to the broad objectives of the business and seeks to develop good relations with employees through regular communication and consultation. Selection for employment and promotion is based on the objective assessment of ability and experience and the Group is committed to ensuring that its workplaces are free from unlawful discrimination of any sort. The Group strives to ensure that its policies and practices provide equal opportunities for all irrespective of gender, race, ethnic origin, colour, religion, physical disability, mental health, marital status or age.

The group is committed to staff training and development at all levels of the organisation and endeavours to contribute to the industry's future skills base by an extensive recruitment and training programme for apprentices. The group currently employs over 400 apprentices recruited from communities close to its areas of operation and its policy is to ensure that the majority of housebuilding sites employ apprentices.

The group works closely with the Construction Industry Training Board and the National House Building Council in training provision and a training plan is prepared annually linked to identified business priorities and objectives. Having regard to the nature of our business, particular focus is given in the training programme to construction management, trade skills, health and safety and customer care.

As a business the commitment to quality and continuous improvement is absolute. Our National Employee Award scheme forms an important part of our "Forward Through Quality" campaign which seeks to continually raise standards throughout all aspects of the business.

## HEALTH AND SAFETY

In June 2000 the Government and the Health and Safety Commission launched their "Revitalising Health and Safety Strategy Statement" with the aim of securing higher health and safety standards across all sectors. The Health and Safety Executive subsequently announced its own initiative, "Revitalising Construction - Turning Concern into Action" which set challenging targets for the reduction of accidents and work related ill health in the construction industry. The group welcomes both initiatives and the spur they provide to the sector to improve health and safety performance.

The Board, in reaffirming its commitment to the continuous improvement of its health and safety performance, agreed during the year to launch its own action plan to enhance health and safety standards across the group. A working group including a number of our most experienced senior construction and technical staff was established to take the review forward with a focus on the following key areas:-

- The Group's health and safety policy and management systems are being fully updated linked to the CITB GE700 Construction Site Safety Notes. The new arrangements will define more clearly key management responsibilities for health and safety and strengthen group standards and guidelines in relation to the key risk stages of the construction process.
- Arrangements for the identification, delivery and evaluation of health and safety training are being reviewed with training identified annually and incorporated into the group's annual training programme. Progress of health and safety training is monitored on a regular basis at divisional board meetings. Additional emphasis is being given to induction and on the job training for both the group's employees and those of its subcontractors.
- A health and safety code for subcontractors is to be introduced with a view to developing the health and safety performance and competence of the group's subcontractors.
- In order to more effectively monitor and report on overall health and safety performance improved reporting systems are being developed which, combined with increased frequency of reporting to main and divisional boards, will assist the group in determining specific and measurable targets for future performance.

## Directors' Report

### ENVIRONMENTAL POLICY

The Group recognises its responsibilities to assess and minimise the impact of its business on the environment and is working to improve the environmental performance of its products and wherever possible to restore and enhance the natural environment in which our developments are set. Our environmental policy is based on the following objectives:-

- Maximising the use of natural environmental features wherever possible in our developments.
- Minimising waste from our business operations.
- Care in the use and selection of materials and products having regard to their environmental performance.
- Ensuring our building designs set good standards in energy and water efficiency.
- Reducing the environmental risk of accidental pollution arising from our building operations.

These objectives are reflected in the planning and building of our developments. It is our policy and practice to address environmental issues in all land feasibility reports to ensure any concerns are highlighted at the earliest opportunity and so that appropriate measures can be built into the development programme, in line with best practice, to avoid or minimise any adverse environmental impact.

Site preparation and construction operations are closely monitored in conjunction with Local Authorities, the NHBC and the Environment Agency. We aim to work closely with construction teams and sub-contractors to address any issues arising from on-site activities, minimising any disruptions to local communities and encouraging efficiency.

Although these policies apply to all developments, they are even more positively pursued in relation to developments which have had a former use. Barratt has been and continues to be the industry leader in the recovery and revitalisation of this land, with the consequent benefits to both the environment and to local communities.

The Group builds over 70% of its homes on sites with a former use, well in excess of the 60% Government target, and in doing so we reclaim around 800 acres of derelict land each year. The majority of this work is in the inner cities and the regeneration reduces the need for new infrastructure, helps re-form communities nearer their workplaces and improves the quality of life and the environment.

Each year the Group makes a major contribution to the environment, carrying out extensive landscaping works. These include the planting of over 15,000 trees and the retention of natural features such as mature trees, established hedgerows, ponds and streams wherever possible, thereby creating and preserving habitats for wildlife.

In recognition of its efforts, in recent years the Group has received numerous Green Leaf Housing Awards, presented to developers who have demonstrated concern for the environment. The Group is nominated for several such awards again this year and was commended in the National Housebuilders Design Awards for the best use of a brownfield site in respect of its Prince Regents Gate development in West London.

### STATUTORY INFORMATION

At 26th September 2001 notification had been received of the following interests which exceed a 3% interest in the issued share capital of the company.

	Date of notification	Ordinary shares of 10p each	% of issued share capital
F M R Corp	03.10.00	16,784,679	7.18%
Sanford C Bernstein & Co Inc	03.10.00	12,778,475	5.47%
Barclays Plc	11.05.01	9,499,539	4.04%

No political contributions were made during the year. No charitable donations were made during the year.

### CREDITOR PAYMENTS

Each group company is responsible for agreeing the detail of terms and conditions relating to transactions with its suppliers. It is group policy to abide by the agreed terms of payment with suppliers where the goods and services have been supplied in accordance with the relevant terms and conditions of contract. Implementation of this policy resulted in a supplier payment period for the company of 46 days for its trade creditors at 30th June 2001.

### AUDITORS

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

On behalf of the board  
L Dent  
Secretary  
Newcastle upon Tyne



11th October 2001

## Remuneration Report

The members of the Remuneration Committee, throughout the year, were Mr A E Kilburn (Chairman), Mr P H Ashworth and Mr B Bean. Mr M Pescod was appointed to the Committee on 11th October 2001.

The Committee has the responsibility to consider and make recommendations to the board with regard to the executive directors' remuneration packages. In doing so, the Committee has given full consideration to Section B of the Combined Code annexed to the Listing Rules of the Financial Services Authority.

The policy is to ensure that remuneration packages are sufficient to attract, motivate and retain executive directors of a high calibre. Consideration is given to the group's performance compared with other companies in the construction sector and of total remuneration packages in those companies to ensure that total remuneration packages are comparable.

The basic salary for each executive director is reviewed annually taking into account the results achieved by the group. Annual performance related payments are made, which vary according to the extent to which group pre-tax profit levels exceed £20.0m. The executive directors also participate in a deferred bonus scheme based upon the achievement of a challenging performance target, set by the Remuneration Committee, over a 5 year period. In addition to the amounts shown below, the sum of £0.3m (2000 : £0.4m) was charged to the profit and loss account in respect of provisional amounts that may be awarded at the discretion of the Remuneration Committee at the end of the period.

The executive directors receive taxable benefits in kind covering the provision of a motor vehicle, private medical insurance and some telephone costs.

All executive directors have one year rolling contracts. There are no specific provisions for compensation on early termination. The non-executive directors' remuneration and terms of appointment are established by a committee consisting of the executive directors.

The executive directors proposed for re-election at the forthcoming annual general meeting are Mr F Eaton, Mr S J Boyes and Mr C A Dearlove, all of whom have service contracts requiring 12 months notice. Mr A E Kilburn and Mr M Pescod, the non-executive directors proposed for re-election at the forthcoming annual general meeting, have terms of appointment for one year expiring on the 17th November 2001 and on the 30th September 2002 respectively.

All executive directors are members of the group's contributory defined benefit pension scheme which entitles them, with the exception of Mr G K Hester and Mr D A Pretty, to a pension on retirement of two thirds of final pensionable salary after 40 years membership. They are also eligible for dependants' pension and insured lump sums on death in service. The final pension is calculated from the highest yearly average pensionable salary over three consecutive years during the last ten years of service.

Performance related pay has always been and continues to be an integral part of pensionable salary to provide a competitive and appropriate remuneration package for directors. Benefits in kind are not pensionable.

The pension entitlements of Mr G K Hester and Mr D A Pretty are restricted by the earnings cap imposed under the Finance Act 1989. The company agreed to review the level of early retirement benefits that would be available to Mr Pretty and has augmented such benefits within the existing approved arrangements and subject to Inland Revenue limits. The cost to the company of undertaking such augmentation was £43,333 per annum over a three year period to 30th June 2001.

The group's original Executive Share Option Scheme expired on its 10th anniversary in December 1996. In November 1997 the company adopted an Executive Share Option Plan (the Plan). The Remuneration Committee approves the grant of share options to executive directors under the Plan, taking into account individual performance and the overall performance of the group. Options are normally exercisable between 3 and 10 years from the date of grant. The exercise of the options granted under the Plan are subject to the achievement of an objective performance condition set by the Committee, namely that the growth in the earnings per share of the company over a period of three consecutive financial years should exceed the growth in the Retail Price Index by at least 6 per cent for those options granted in 1997 and 1998, increased to 9 per cent for those granted in 1999 and in 2000.

	DIRECTORS' EMOLUMENTS					DEFERRED BONUS	
	2001				2000	2001	2000
	Salary/ Fee £000	Performance Related £000	Benefits £000	Total £000	Total £000	Provisional £000	Allocations £000
F Eaton	322	224	11	557	496	60	85
B Bean	36	-	-	36	34	-	-
D A Pretty	212	170	16	398	348	45	65
P H Ashworth	27	-	-	27	26	-	-
C A Dearlove	200	170	16	386	340	45	65
P R Gieron	212	170	8	390	333	45	65
G K Hester	160	170	11	341	167	45	21
A E Kilburn	27	-	-	27	26	-	-
H Walker	212	170	12	394	349	45	65
Total	1,408	1,074	74	2,556	2,119	285	366

# Remuneration Report

## DIRECTORS' PENSION BENEFITS

	Increase in accrued pension during the year £	Transfer value of increase £	Accumulated total accrued pension at year end £
F Eaton	28,350	116,440	247,950
D A Pretty	6,690	44,020	53,290
C A Dearlove	21,450	78,730	168,510
P R Gieron	35,880	107,080	183,220
G K Hester	2,110	11,120	9,790
H Walker	1,580	(510)	161,150

The pension entitlement shown is the amount that would be paid each year on retirement based on service at the end of the current year. The increase in accrued pension during the year excludes any increase for inflation. Members of the scheme have the option of paying Additional Voluntary Contributions but neither the contributions nor the resulting benefits are included in the above table.

## DIRECTORS' SHARE OPTIONS

	During the year			At 30.06.01	Exercise Price p	Earliest Exercise	Latest Expiry
	At 30.06.00	Granted	Exercised				
F Eaton	211,060	-	-	211,060	180	28.09.96	27.09.03
	158,293	-	-	158,293	171	27.09.97	26.09.04
	65,000	-	-	65,000	271	26.04.99	25.04.06
	180,000	-	-	* 180,000	222	11.12.00	10.12.07
	110,000	-	-	* 110,000	205	15.10.01	14.10.08
	200,000	-	-	* 200,000	275	30.09.02	29.09.09
	-	200,000	-	* 200,000	273	27.10.03	26.10.10
D A Pretty	65,000	-	-	65,000	271	26.04.99	25.04.06
	120,000	-	-	* 120,000	222	11.12.00	10.12.07
	70,000	-	-	* 70,000	205	15.10.01	14.10.08
	140,000	-	-	* 140,000	275	30.09.02	29.09.09
	-	140,000	-	* 140,000	273	27.10.03	26.10.10
C A Dearlove	105,530	-	-	105,530	180	28.09.96	27.09.03
	105,530	-	-	105,530	171	27.09.97	26.09.04
	65,000	-	-	65,000	271	26.04.99	25.04.06
	120,000	-	-	* 120,000	222	11.12.00	10.12.07
	70,000	-	-	* 70,000	205	15.10.01	14.10.08
	140,000	-	-	* 140,000	275	30.09.02	29.09.09
	-	140,000	-	* 140,000	273	27.10.03	26.10.10
P R Gieron	50,000	-	-	50,000	271	26.04.99	25.04.06
	120,000	-	-	* 120,000	222	11.12.00	10.12.07
	70,000	-	-	* 70,000	205	15.10.01	14.10.08
	140,000	-	-	* 140,000	275	30.09.02	29.09.09
	-	140,000	-	* 140,000	273	27.10.03	26.10.10
G K Hester	50,000	-	-	* 50,000	222	11.12.00	10.12.07
	30,000	-	-	* 30,000	205	15.10.01	14.10.08
	30,000	-	-	* 30,000	275	30.09.02	29.09.09
	-	140,000	-	* 140,000	273	27.10.03	26.10.10
H Walker	26,381	-	-	26,381	171	27.09.97	26.09.04
	80,000	-	-	80,000	271	26.04.99	25.04.06
	120,000	-	-	* 120,000	222	11.12.00	10.12.07
	70,000	-	-	* 70,000	205	15.10.01	14.10.08
	140,000	-	-	* 140,000	275	30.09.02	29.09.09
	-	140,000	-	* 140,000	273	27.10.03	26.10.10

\*Granted under the 1997 Executive Share Option Plan.

The mid-market share price of the company was 261.5p on 1st July 2000 and 359p as at 30th June 2001. The mid-market high and low share prices of the company during the year were 369p and 201p respectively. No options of directors in office at 30th June 2001 lapsed unexercised during the year.

There were no changes in the interests of the directors shown above between 1st July 2001 and the date of this report.

On behalf of the board  
A E Kilburn  
Chairman  
Remuneration Committee

11th October 2001

# GROUP PROFIT AND LOSS ACCOUNT

## for the year ended 30th June 2001

	Note	2001 £m	2000 £m
TURNOVER: Group and share of joint venture		1,515.0	1,259.5
LESS: Share of joint venture's turnover		(5.9)	(9.5)
GROUP TURNOVER		1,509.1	1,250.0
OPERATING PROFIT	1	186.2	150.8
SHARE OF OPERATING PROFITS OF JOINT VENTURE		0.9	1.2
PROFIT ON DISPOSAL OF INTEREST IN JOINT VENTURE		3.7	-
PROFIT BEFORE INTEREST AND TAXATION		190.8	152.0
NET INTEREST PAYABLE	4	(12.4)	(8.1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	178.4	143.9
TAXATION	5	(51.7)	(43.7)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6	126.7	100.2
DIVIDENDS	7	(30.2)	(27.3)
RETAINED PROFIT	18	96.5	72.9
EARNINGS PER SHARE - BASIC	9	55.1p	43.3p
EARNINGS PER SHARE - DILUTED	9	54.7p	43.1p

All activities of the group are continuing.

There is no difference between profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

### for the year ended 30th June 2001

	2001 £m	2000 £m
Profit on ordinary activities after taxation	126.7	100.2
Currency translation differences on foreign currency net investments	1.9	1.4
Total gains and losses recognised since last annual report	128.6	101.6

# GROUP BALANCE SHEET

## at 30th June 2001

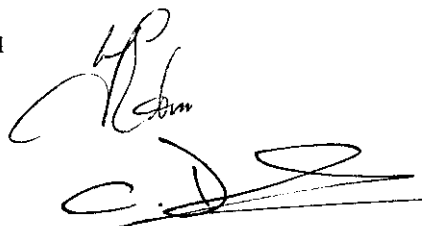
	Note	2001 £m	2000 £m
<b>FIXED ASSETS</b>			
Tangible assets	10	1.9	2.2
Investment in joint venture:			
Share of gross assets		–	9.6
Share of gross liabilities		–	(6.6)
	11	–	3.0
Other investments: interest in own shares	11	11.7	10.7
		13.6	15.9
<b>CURRENT ASSETS</b>			
Properties held for sale		4.9	4.2
Stocks	12	1,177.6	981.0
Debtors due within one year	13	28.3	17.7
Debtors due after more than one year	13	0.7	2.6
Bank and cash		86.6	46.9
		1,298.1	1,052.4
<b>CURRENT LIABILITIES</b>			
Creditors due within one year	14	(596.4)	(476.3)
<b>NET CURRENT ASSETS</b>		<b>701.7</b>	<b>576.1</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>715.3</b>	<b>592.0</b>
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	15	<b>(84.2)</b>	<b>(63.3)</b>
<b>NET ASSETS</b>		<b>631.1</b>	<b>528.7</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	23.5	23.4
Share premium	18	179.8	177.1
Profit retained	18	427.8	328.2
<b>EQUITY SHAREHOLDERS' FUNDS</b>	19	<b>631.1</b>	<b>528.7</b>

Approved by the board on 11th October 2001

F Eaton

C A Dearlove

} Directors



# GROUP CASH FLOW STATEMENT

for the year ended 30th June 2001

	Note	2001 £m	2000 £m
CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	20	132.3	51.5
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		0.6	0.3
Interest paid		(10.6)	(7.0)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(10.0)	(6.7)
TAXATION		(48.2)	(42.9)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(0.6)	(1.9)
Sale of tangible fixed assets		0.7	1.1
Purchase of investments: interest in own shares		(1.0)	(10.7)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(0.9)	(11.5)
ACQUISITIONS AND DISPOSALS			
Sale of investment in joint venture		4.8	-
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS		4.8	-
EQUITY DIVIDENDS PAID		(28.0)	(25.8)
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		50.0	(35.4)
FINANCING			
Issue of ordinary share capital		2.8	-
Decrease/(increase) in loan to joint venture due within one year		1.7	(1.0)
Decrease in debt due within one year		-	(15.8)
Increase in debt due after more than one year		1.9	26.5
NET CASH INFLOW FROM FINANCING		6.4	9.7
INCREASE/(DECREASE) IN CASH IN THE YEAR		56.4	(25.7)

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £m	2000 £m
Increase/(decrease) in cash in the year	56.4	(25.7)
Cash flow from increase in debt	(3.6)	(9.7)
Change in net funds resulting from cash flows	52.8	(35.4)
Exchange movements	(2.6)	(1.6)
Movement in net funds/(debt) in the year	50.2	(37.0)
Net (debt)/funds at beginning of year	(5.3)	31.7
Net funds/(debt) at end of year	44.9	(5.3)



## Accounting Policies

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The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are:

(a) Basis of accounting

The group prepares its accounts on an historical cost basis.

(b) Consolidation

The group accounts include the results of the holding company and all its subsidiary undertakings made up to 30th June 2001. They also include the group's share of the results of the joint venture. Prior to the introduction of Financial Reporting Standard Number 10, "Goodwill and intangible assets", goodwill arising on consolidation as a result of the acquisition of subsidiary undertakings was written off against reserves in the year of acquisition. This goodwill has not been reinstated in the balance sheet. Any goodwill written off against reserves will be charged to the profit and loss account in the event of the disposal of the related business.

(c) Turnover

Turnover comprises the total proceeds of building and development on legal completion and the value of work executed on long-term contracts during the year excluding inter-company transactions and value added tax. The sale proceeds of part exchange houses are not included in turnover.

(d) Properties held for sale

Properties held for sale, comprising properties previously held for investment, are stated at the lower of cost and net realisable value.

(e) Stocks

Stocks and work in progress, excluding long term contracting work in progress, are valued at the lower of cost and net realisable value.

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 with reasonable certainty; provision is made for any anticipated losses. Amounts by which turnover in respect of long term contracts exceed payments on account are held in debtors as amounts recoverable on contracts. Amounts received in respect of long term contracts, in excess of amounts reflected in turnover, are held in creditors as payments on account.

(f) Depreciation

Freehold properties are depreciated on a straight line basis over twenty five years. Plant is depreciated on a straight line basis over its expected useful life which ranges from one to seven years.

(g) Leased assets

Operating lease rentals are charged to the profit and loss account in equal instalments over the life of the lease.

(h) Exchange translations

Foreign currency assets and liabilities are translated into sterling at rates of exchange ruling at the year end. Trading results are translated at the average rate prevailing during the relevant period. Differences arising on the re-translation of the net investment and the results for the year are taken directly to reserves together with the differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign subsidiary undertakings. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

(i) Deferred taxation

Provision is made under the liability method for those liabilities that are expected to arise in the foreseeable future.

(j) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The effects of variations from regular cost arising from actuarial valuations of the pension scheme are spread over the expected average remaining service lives of the members of the scheme. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

(k) Fixed asset investments

Fixed asset investments are recorded at historic cost less any provision for permanent diminution in value.

## Notes to the Accounts

### 1. OPERATING PROFIT

	2001 £m	2000 £m
Group turnover	1,509.1	1,250.0
Cost of sales	(1,280.4)	(1,067.6)
Gross profit	228.7	182.4
Administrative expenses	(42.5)	(31.6)
	186.2	150.8

### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £m	2000 £m
After charging/(crediting):		
Profit on sale of fixed assets	(0.4)	(0.5)
Depreciation – tangible owned fixed assets	0.6	0.4
Operating lease charges – hire of plant, machinery and vehicles	12.7	9.8
– other	2.3	1.9
Auditors' remuneration – audit services	0.2	0.1
(company: £2,500 – (2000 £2,500))		

Auditors' remuneration for non-audit services in the year amounted to £33,000 (company: £31,000), (2000 £28,000 (company: £25,000)).

The profit on ordinary activities before taxation is stated after charging the directors' emoluments disclosed in the Remuneration Report on page 18.

### 3. ANALYSIS BY GEOGRAPHICAL AREA

	United Kingdom		USA		Total	
	2001 £m	2000 £m	2001 £m	2000 £m	2001 £m	2000 £m
Turnover by origin	1,401.3	1,178.0	107.8	72.0	1,509.1	1,250.0
Profit before interest and tax	184.8	148.0	6.0	4.0	190.8	152.0
Net assets	602.2	504.8	28.9	23.9	631.1	528.7

There is no material difference between turnover by origin and turnover by destination. In the opinion of the directors the activities of the group fall into one class of business, that of building and development.

### 4. NET INTEREST PAYABLE

	2001 £m	2000 £m
Payable: On bank loans, bills and overdrafts	13.0	8.5
Less: Receivable	(0.6)	(0.4)
	12.4	8.1

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £m	2000 £m
UK corporation tax at a rate of 30% (2000 30%):		
Current	51.5	43.2
Share of corporation tax of joint venture	0.2	0.5
	51.7	43.7

At 30th June 2001 there are unabsorbed tax losses of £51.9m (2000 £52.0m) available to set off against future trading profits of the US subsidiary undertaking with a further £2.1m (2000 £2.3m) unrealised tax losses which may be claimed as certain US subsidiary undertaking developments are progressed.

## Notes to the Accounts

### 6. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

Of the profit attributable to shareholders, £49.4m (2000 £41.2m) is dealt with in the accounts of the company. In accordance with the provisions of section 230 of the Companies Act 1985 a separate profit and loss account for the company is not presented.

### 7. DIVIDENDS

	2001 £m	2000 £m
Interim 4.16p per share paid (2000 3.85p)	9.6	8.9
Final 8.91p per share proposed (2000 8.03p)	20.6	18.4
	30.2	27.3

### 8. EMPLOYEES

	2001 £m	2000 £m
The average number of persons employed by the group in building and development, excluding sub-contractors, was 3,555 (2000 3,188).		
Employee costs (including directors) comprise:		
Wages and salaries	84.7	70.6
Social security	7.3	6.3
Pension costs	3.9	2.7
	95.9	79.6

The group operates throughout the UK a defined benefit final salary pension scheme, the assets of which are held in a separate trustee administered fund.

The pension cost has been assessed in accordance with the advice of a qualified actuary using the projected unit method in a review of the scheme as at 1st December 1999. The actuarial assumptions are that the investment return will be 2% per annum above annual salary growth. The market value of the assets of the scheme on 1st December 1999 was £77.0m. Their actuarial value, using the new assumptions, represented 104% of the value of benefits for service to the date of the review allowing for future salary increases.

In deriving a pension cost, the surplus in the scheme is being spread as fixed amounts over the future working lifetime of the existing members. For the purpose of funding the scheme, the surplus is spread over a shorter period as a level percentage of members' salaries.

The total UK employer contribution in respect of the year ended 30th June 2001 amounted to £2.9m (2000 £1.8m), while the amount charged to the profit and loss account was £3.9m (2000 £2.7m). This increased the balance sheet accrual of £2.1m at the year ended 30th June 2000, to £3.1m at 30th June 2001.

Having regard to the recommendation of the scheme Actuary as set out in the last valuation, company contributions were increased from 5% to 9% of pensionable salary with effect from 1st December 2000 and employee contributions will increase from 5% to 6% of pensionable salary from 1st December 2001.

The defined benefit final salary section of the pension scheme was closed to new members on 1st July 2001 and will be replaced by a defined contribution section of the scheme for new employees. Under the projected unit method of valuation the current service cost will increase as members approach retirement.

### 9. EARNINGS PER SHARE

Basic earnings per ordinary share is based on the profit after taxation of £126,705,000 (2000 £100,161,000) and the weighted average number of ordinary shares in issue and ranking for dividend during the year of 229,877,640 (2000 231,075,267). For diluted earnings per share, the weighted average number of shares in issue and ranking for dividend is adjusted to assume the conversion of all dilutive potential shares. The effect of the dilutive potential shares is 1,794,208 (2000 1,526,567), this gives a diluted weighted average number of shares of 231,671,848 (2000 232,601,834).

## Notes to the Accounts

### 10. TANGIBLE FIXED ASSETS

	Freehold property £m	Group Plant £m	Total £m
Cost			
At 1st July 2000	1.2	4.1	5.3
Additions	0.1	0.6	0.7
Disposals	(0.3)	(0.5)	(0.8)
At 30th June 2001	1.0	4.2	5.2
Accumulated depreciation			
At 1st July 2000	–	3.1	3.1
Provision for the year	–	0.6	0.6
Disposals	–	(0.4)	(0.4)
At 30th June 2001	–	3.3	3.3
Net book value at 30th June 2001	1.0	0.9	1.9
Net book value at 30th June 2000	1.2	1.0	2.2

### 11. FIXED ASSET INVESTMENTS

a) Investment in joint venture

On 2nd April 2001 the Group disposed of its remaining 50% interest in Barratt International Resorts Limited for a cash consideration of £8.5m of which £3.7m has been deferred until December 2001.

b) Interest in own shares

Group and Company	£m
Cost and net book value	
At 1st July 2000	10.7
Additions	1.0
At 30th June 2001	11.7

The interest in own shares comprises 4,450,000 ordinary shares in Barratt Developments PLC purchased by the Barratt Developments Employee Benefit Trust to satisfy awards made under the company's employee and executive share option plans. On 30th June 2001 the cost of these shares was 263.9 pence per share and the market value was 369 pence per share. The dividends on the shares have been waived. Details of the employee and executive share option plans are included in note 17. to the accounts on page 28.

c) Investment in subsidiary undertakings

The company has shareholdings at a cost of £60.7m (2000 £60.7m).

The principal subsidiary undertakings are set out on page 33.

### 12. STOCKS

Group	2001 £m	2000 £m
Work in progress	1,089.7	871.4
Showhouse complexes and houses awaiting legal completion	87.9	109.6
	1,177.6	981.0

## Notes to the Accounts

### 13. DEBTORS

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Due within one year				
Secured loans	2.6	0.8	—	—
Trade debtors	4.9	2.0	—	—
Amounts owed by joint venture	—	1.8	—	1.7
Amounts recoverable on contracts	3.6	2.6	—	—
Other debtors	14.8	8.5	0.4	0.2
Prepayments	2.4	2.0	0.2	0.3
	28.3	17.7	0.6	2.2
Due after more than one year				
Secured loans	0.1	0.4	—	—
Other debtors	0.6	2.2	—	—
	0.7	2.6	—	—
	29.0	20.3	0.6	2.2

### 14. CREDITORS DUE WITHIN ONE YEAR

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Bank loans and overdrafts	13.3	27.4	4.8	13.1
Trade creditors including deferred land payments	388.1	293.4	0.8	0.5
Payments on account	2.3	1.6	—	—
Corporation tax	34.8	31.8	2.8	3.0
Other taxation including social security	3.5	3.1	0.1	0.2
Proposed dividend	20.6	18.4	20.6	18.4
Other creditors	25.2	14.8	3.0	1.4
Accruals and deferred income	108.6	85.8	6.8	2.5
	596.4	476.3	38.9	39.1

### 15. CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2001 £m	2000 £m	2001 £m	2000 £m
Bank loans and overdrafts	28.4	26.5	—	—
Trade creditors including deferred land payments	55.8	36.4	—	—
Accruals and deferred income	—	0.4	—	—
	84.2	63.3	—	—

Total creditors include £25.0m (2000 £46.9m) secured on assets of the group.

### 16. FINANCIAL INSTRUMENTS

The group's financial instruments comprise borrowings, cash and various items such as trade debtors, trade creditors, etc. that arise directly from its operations, the main purpose of which is to raise finance for the group's operations. The board reviews and agrees policies for treasury management, which have remained unchanged throughout the year. It is not group policy to trade in financial instruments.

The group finances its operations through a mixture of shareholders' funds and borrowings. To ensure flexibility, the majority of the borrowings are made under pre-arranged revolving credit facilities. The group has one significant overseas subsidiary undertaking, Barratt American Inc., which operates in the USA and whose revenues and expenses are denominated exclusively in US dollars. In order to protect the group's sterling balances from the movements in the US dollar/sterling exchange rate, the group finances its net investment in this subsidiary undertaking by means of US dollar borrowings.

All short-term debtors and creditors have been, as permitted, excluded from the disclosure requirements of Financial Reporting Standard Number 13. The bank loans and overdrafts due after more than one year are repayable between two and five years.

## Notes to the Accounts

### 16. FINANCIAL INSTRUMENTS continued

The interest rate profile of the financial liabilities is: nil (2000 £11.0m) sterling, floating rate linked to the UK bank base rate; £41.7m (2000 £42.9m) US dollars, floating rate linked to either the US prime rate or Libor, decided by the group prior to any drawdown of the facilities; £55.8m (2000 £36.8m) sterling, non-interest bearing.

Sterling cash deposits of £60.0m (2000 £34.0m) comprise deposits placed on money markets at call at floating rates of interest.

The undrawn committed borrowing facilities are: £85.2m (2000 £20.7m) expiring in one year or less, £194.1m (2000 £66.2m) expiring in more than one year but not more than two years, £28.5m (2000 £188.1m) expiring in more than two years.

There is no material difference between book value and the fair value of the group's financial assets and financial liabilities as at 30th June 2001.

### 17. CALLED UP SHARE CAPITAL

	2001 £m	2000 £m
Authorised 300,000,000 ordinary shares of 10p each	30.0	30.0
Allotted and issued ordinary shares of 10p each		
Fully paid – 234,909,800 ordinary shares (2000 233,527,024)	23.5	23.4

The issued share capital of the company was increased during the year to 234,909,800 ordinary shares of 10p each by the issue of 1,382,776 ordinary shares of 10p each for a cash consideration of £2,820,129 in satisfaction of options duly exercised in accordance with the rules of the executive share option scheme and the share option plans.

As at 30th June 2001 the following options issued in accordance with the rules of the executive share option scheme, executive share option plan and the employee share option plan were outstanding:

Date of grant	Option price	Directors	Senior executives	Other employees	Not exercisable after
a)Executive share option scheme					
28.09.93	180p	316,590	–	–	27.09.03
27.09.94	171p	290,204	105,522	–	26.09.04
26.04.96	271p	325,000	–	–	25.04.06
b)Executive share option plan					
11.12.97	222p	710,000	580,000	–	10.12.07
15.10.98	205p	420,000	1,179,000	–	14.10.08
30.09.99	275p	790,000	892,000	–	29.09.09
27.10.00	273p	900,000	1,140,000	–	26.10.10
c)Employee share option plan					
10.04.00	240p	–	–	846,500	09.04.10
29.03.01	315p	–	–	1,286,500	28.03.11

In November 1999 the company adopted an employee share option plan. The board approves the grant of share options to employees under the plan which are normally exercisable between 3 and 10 years from the date of grant. The exercise of the options granted under the plan are subject to the achievement of an objective performance condition set by the board, namely that the growth in the earnings per share of the company over a period of three consecutive financial years should exceed the growth in the Retail Price Index by at least 9 per cent.

Those who have participated in the executive share option plan do not participate in the employee share option plan.

### 18. RESERVES

	Share premium £m	Profit retained £m	Total £m
Group			
At 1st July 2000	177.1	328.2	505.3
Premium on issue of ordinary equity shares under share options	2.7	–	2.7
Retained profit	–	96.5	96.5
Reinstatement of goodwill previously eliminated against reserves	–	1.2	1.2
Exchange adjustments	–	1.9	1.9
<b>At 30th June 2001</b>	<b>179.8</b>	<b>427.8</b>	<b>607.6</b>
Company			
At 1st July 2000	177.1	114.6	291.7
Premium on issue of ordinary equity shares under share options	2.7	–	2.7
Retained profit	–	19.2	19.2
Exchange adjustments	–	0.9	0.9
<b>At 30th June 2001</b>	<b>179.8</b>	<b>134.7</b>	<b>314.5</b>

The cumulative amount of goodwill written off to reserves is nil (2000 £1.2m).

## Notes to the Accounts

### 19. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2001 £m	2000 £m
Profit on ordinary activities after taxation	126.7	100.2
Dividends	(30.2)	(27.3)
	96.5	72.9
Reinstatement of goodwill previously eliminated against reserves	1.2	-
Other recognised gains and losses relating to the year	1.9	1.4
New share capital subscribed (including premium)	2.8	0.1
Net addition to equity shareholders' funds	102.4	74.4
Opening equity shareholders' funds	528.7	454.3
Closing equity shareholders' funds	631.1	528.7

### 20. CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES

	2001 £m	2000 £m
Operating profit	186.2	150.8
Profit on sale of fixed assets	(0.4)	(0.5)
Depreciation charges	0.6	0.4
Increase in properties held for sale	(0.7)	(0.5)
Increase in stocks	(190.4)	(159.4)
(Increase)/decrease in debtors	(6.4)	3.0
Increase in creditors	143.4	57.7
	132.3	51.5

### 21. ANALYSIS OF NET (DEBT)/FUNDS

	2001 £m	Cash flow £m	Exchange movement £m	2000 £m	Cash flow £m	Exchange movement £m	1999 £m
Cash at bank and in hand	86.6	39.3	0.4	46.9	(17.0)	0.3	63.6
Overdrafts	(13.3)	17.1	(3.0)	(27.4)	(8.7)	(1.9)	(16.8)
	73.3	56.4	(2.6)	19.5	(25.7)	(1.6)	46.8
Debt due after more than one year	(28.4)	(1.9)	-	(26.5)	(26.5)	-	-
Debt due within one year	-	-	-	-	15.8	-	(15.8)
Loan to joint venture due within one year	-	(1.7)	-	1.7	1.0	-	0.7
	(28.4)	(3.6)	-	-	(9.7)	-	(15.1)
Total	44.9	52.8	(2.6)	(5.3)	(35.4)	(1.6)	31.7

### 22. OPERATING LEASE OBLIGATIONS

	Group			
	2001		2000	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Annual commitments under operating leases which expire:				
Within one year	0.1	1.1	-	1.1
Between two and five years	0.6	3.8	0.4	3.1
In five years or more	0.6	0.2	0.6	0.7
	1.3	5.1	1.0	4.9

# Notes to the Accounts

## 23. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary undertakings, amounting to £35.4m at the year end (2000 £42.8m).

## 24. RELATED PARTY TRANSACTIONS

A number of partners of the firm of solicitors Field Cunningham & Co, one of whom is Mr P H Ashworth, perform development related legal work for four of the twenty eight operating divisions of the group. The firm also performs some general legal work for divisions and deals with certain specific group legal matters. All transactions with the firm have been on normal commercial terms. The amount invoiced during the year ended 30th June 2001 was £528,126 (2000 £483,993) of which £95,875 (2000 £125,856) was outstanding at the year end.

During the year Mr P R Gieron purchased a property from KingsOak Homes Limited on normal commercial terms at a price of £98,200, which was satisfied in full on legal completion of the purchase.

In accordance with the provisions of Financial Reporting Standard Number 8, Related Party Disclosures, details of transactions with subsidiary undertakings are not disclosed.

## 25. RETIREMENT BENEFITS

The valuation used for these disclosures has been based upon the most recent actuarial valuation at 1st December 1999 updated to take account of the requirements of Financial Reporting Standard Number 17 in order to assess the liabilities of the scheme at the 30th June 2001. Scheme assets are stated at their market value at 30th June 2001.

The financial assumptions used to calculate scheme liabilities are:-

Valuation method	Projected unit
Inflation rate	2.5 %
Salary increase	4.5 %
Rate of increase: for pensions in payment	2.5 %
for deferred pensions	2.5 %
Discount rate	6.25%

	Return at 30th June 2001	Value at 30th June 2001 £m
SCHEME ASSETS		
Equities	7.75%	64.4
Bonds	6.25%	12.2
Other	5.25%	2.5

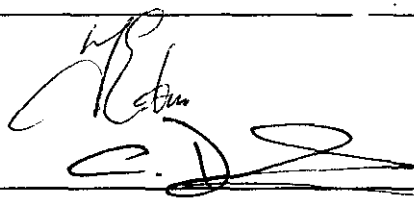
	Value at 30th June 2001 £m
Market value of assets	79.1
Present value of liabilities	88.7
Deficit	9.6
Deferred tax asset	2.9
Net pension deficit	6.7

	2001 Group £m
GROUP NET ASSETS	
Net assets excluding pension deficit	631.1
Pension deficit	6.7
Net assets including pension deficit	624.4

	2001 Group £m
GROUP RESERVES	
Profit and loss reserve excluding pension deficit	427.8
Pension deficit	6.7
Profit and loss reserve including pension deficit	421.1



# COMPANY BALANCE SHEET at 30th June 2001

	Note	2001 £m	2000 £m
<b>FIXED ASSETS</b>			
Investment in subsidiary undertakings	11	60.7	60.7
Other investments: interest in own shares	11	11.7	10.7
		72.4	71.4
<b>CURRENT ASSETS</b>			
Due from subsidiary undertakings within one year		240.3	249.3
Due from subsidiary undertakings after more than one year		61.6	61.6
Debtors due within one year	13	0.6	2.2
Bank and cash		61.8	36.1
		364.3	349.2
<b>CURRENT LIABILITIES</b>			
Due to subsidiary undertakings within one year		(59.8)	(66.4)
Creditors due within one year	14	(38.9)	(39.1)
<b>NET CURRENT ASSETS</b>		<b>265.6</b>	<b>243.7</b>
<b>NET ASSETS</b>		<b>338.0</b>	<b>315.1</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	23.5	23.4
Share premium	18	179.8	177.1
Profit retained	18	134.7	114.6
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>338.0</b>	<b>315.1</b>
Approved by the board on 11th October 2001			
F Eaton	} Directors		
C A Dearlove			

## Five Year Record and Financial Calendar

FIVE YEAR RECORD					
Year	2001	2000	1999	1998	1997
Group turnover £m	1,509.1	1,250.0	1,008.8	890.5	714.4
Profit before tax £m	178.4	143.9	112.0	93.3	70.1
Share capital and reserves £m	631.1	528.7	454.3	399.4	356.4
Per ordinary share:					
Earnings (basic) pence	55.1	43.3	33.1	27.1	19.8
Dividend pence	13.07	11.88	10.80	10.00	9.00
Net assets pence	269	226	195	171	154
Dividend cover	4.2	3.6	3.1	2.7	2.2

FINANCIAL CALENDAR			
Announcement of results:		Dividends:	
Half year	28th March 2001	Interim paid	25th May 2001
Full year	26th September 2001	Final payable	16th November 2001
Annual Report posted to shareholders	17th October 2001		
Annual General Meeting	15th November 2001		

# Independent Auditors' Report

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## Independent auditors' report to the members of Barratt Developments PLC

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. We have also audited the disclosures relating to directors' emoluments which form part of the Remuneration Report.

## Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the Chairman's Statement, the Operational Review and the corporate governance statement.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion of the effectiveness of the company's corporate governance procedures or its risk and control procedures.

## Basis of audit opinion

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

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

## Opinion

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 2001 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Newcastle upon Tyne



11th October 2001

# Group Structure and Directory

## BARRATT HOMES LTD

### NORTHERN REGION

Barratt Northern,  
Barratt House,  
Airport Industrial Estate,  
Kenton,  
Newcastle upon Tyne,  
NE3 2EQ.  
Tel: 0191 286 9866  
Fax: 0191 286 8088

Barratt East Scotland,  
Craigcrook Castle,  
Craigcrook Road,  
Edinburgh, EH4 3PE.  
Tel: 0131 336 3655  
Fax: 0131 336 2392

Barratt Leeds,  
Premier House,  
14 Royds Hall Road,  
Pavilion Business Park,  
Leeds, LS12 6AJ.  
Tel: 0113 279 0099  
Fax: 0113 279 0038

Barratt Newcastle,  
Barratt House,  
Airport Industrial Estate,  
Kenton,  
Newcastle upon Tyne,  
NE3 2EQ.  
Tel: 0191 286 9866  
Fax: 0191 271 5985

Barratt West Scotland,  
Mayfield House,  
7 Maggie Wood's Loan,  
Falkirk, FK1 5SJ.  
Tel: 01324 620011  
Fax: 01324 625916

Barratt York,  
Richmond House,  
Millfield Lane,  
Poppleton, York,  
YO26 6PH.  
Tel: 01904 797961  
Fax: 01904 781665

### CENTRAL REGION

Barratt Central,  
Worrall House,  
683 Chester Road,  
Manchester, M16 0QS.  
Tel: 0161 872 0161  
Fax: 0161 877 6070

Barratt Chester,  
Oak House, Lloyd Drive,  
Ellesmere Port,  
South Wirral, Cheshire,  
CH65 9HQ.  
Tel: 0151 357 4800  
Fax: 0151 357 4801

Barratt East Midlands,  
Broadgate House,  
Humber Road, Beeston,  
Nottingham,  
NG9 2EF.  
Tel: 0115 922 2421  
Fax: 0115 907 8301

Barratt Manchester,  
Worrall House,  
683 Chester Road,  
Manchester, M16 0QS.  
Tel: 0161 872 0161  
Sales Enq: 0161 872 6004  
Fax: 0161 848 7332

Also Sales Office at:  
333 Garstang Road, Fulwood,  
Preston, PR2 4UP.  
Tel: 01772 774411  
Fax: 01772 774461

Barratt Northampton,  
Seymour House,  
Queenswood Office Park,  
Newport Pagnell Road West,  
Northampton, NN4 7JJ.  
Tel: 01604 664 500  
Sales Enq: 01604 664545  
Fax: 01604 664 501

Barratt Sheffield,  
Thorncliffe Hall,  
Thorncliffe Park,  
Chapelton, Sheffield,  
S35 2PH.  
Tel: 0114 257 3603  
Fax: 0114 257 3604

Barratt West Midlands,  
Midland House, New Road,  
Halesowen, West Midlands,  
B63 3HY.  
Tel: 0121 585 5303  
Fax: 0121 585 5304

### WEST REGION

Barratt West,  
Barratt House,  
Almondsbury Business  
Centre, Woodlands,  
Almondsbury, Bristol,  
BS32 4QH.  
Tel: 01454 202 202  
Fax: 01454 617038

Barratt Bristol,  
Barratt House,  
Almondsbury Business  
Centre, Woodlands,  
Almondsbury, Bristol,  
BS32 4QH.  
Tel: 01454 202 202  
Sales Enq: 01454 616111  
Fax: 01454 612277

Barratt Exeter,  
Barratt House,  
Hennock Road Central,  
Marsh Barton, Exeter,  
EX2 8LL.  
Tel: 01392 439022  
Sales Enq: 01392 423014  
Fax: 01392 216104

Barratt Maidenhead,  
SC House, Vanwall Road,  
Maidenhead, Berkshire,  
SL6 4UB.  
Tel: 01628 783017  
Fax: 01628 636415

Barratt Mercia,  
5 Bow Court,  
Fletcherworth Gate,  
Coventry, CV5 6SP.  
Tel: 0247 671 7676  
Fax: 0247 671 4646

Barratt South Wales,  
Oak House, Penarth Road,  
Cardiff, CF11 8UW.  
Tel: 02920 704334  
Sales Enq: 02920 706515  
Fax: 02920 703675

Barratt Southampton,  
Barratt House,  
Bampton Court,  
Hursley Road,  
Chandlers Ford,  
Southampton, SO53 2TA.  
Tel: 02380 275275  
Fax: 02380 269922

### SOUTHERN REGION

Barratt Southern,  
Alexandra House,  
Balfour Road,  
Hounslow, Middlesex,  
TW3 1JX.  
Tel: 0208 607 1900  
Fax: 0208 577 8263

Barratt East London,  
1 Warton Road,  
Stratford, London,  
E15 2LA.  
Tel: 0208 522 5500  
Sales Enq: 0208 522 5555  
Fax: 0208 519 5536

Barratt Eastern Counties,  
6 - 8 Richmond Road,  
Chelmsford, Essex,  
CM2 6UA.  
Tel: 01245 232200  
Sales Enq: 01245 232222  
Fax: 01245 232277

Barratt North London,  
3 The Orient Centre,  
Greycaine Road,  
Watford, WD24 7JT.  
Tel: 01923 297300  
Fax: 01923 297301

Barratt South London,  
Grosvenor House,  
110 Manor Road,  
Wallington, Surrey,  
SM6 0DN.  
Tel: 0208 669 6666  
Fax: 0208 669 5299

Barratt Southern Counties,  
Barratt House, Walnut Tree  
Close, Guildford, Surrey,  
GU1 4SW.  
Tel: 01483 505533  
Fax: 01483 508602

Barratt West London,  
Alexandra House,  
Balfour Road, Hounslow,  
Middlesex, TW3 1JX.  
Tel: 0208 607 1900  
Fax: 0208 577 4366

## KINGSOAK HOMES LTD

### KINGSOAK REGION

KingsOak Regional Office,  
1st Floor, Midland House,  
New Road, Halesowen,  
West Midlands, B63 3HY.  
Tel: 0121 550 7483  
Fax: 0121 585 5535

KingsOak Milton Keynes,  
Gareley House,  
26 Rockingham Drive,  
Linford Wood, Milton Keynes,  
Bucks, MK14 6PD.  
Tel: 01908 541900  
Fax: 01908 541901

KingsOak North London,  
(as Milton Keynes)

KingsOak South Midlands,  
Units 4 & 5, Elm Court,  
Cope Drive, Meriden,  
CV5 9RG.  
Tel: 01676 525900  
Fax: 01676 525901

KingsOak South West,  
Broadway House,  
Almondsbury Business Centre,  
Woodlands, Almondsbury,  
Bristol, BS32 4QJL.  
Tel: 01454 275800  
Fax: 01454 275824

KingsOak Southampton,  
KingsOak House,  
Boyard Wood,  
Woodside Road,  
Eastleigh, Hampshire,  
SO50 4EX.  
Tel: 02380 621500  
Fax: 02380 621521

KingsOak Southern Counties,  
Rosemount House,  
West Byfleet,  
Surrey, KT14 6LB.  
Tel: 01932 353882  
Sales Enq: 01932 349740  
Fax: 01932 346431

KingsOak Thames Valley,  
KingsOak House,  
Cox Green Lane,  
Maidenhead, Berkshire,  
SL6 3BH.  
Tel: 01628 629922  
Fax: 01628 629500

KingsOak West Midlands,  
(as Regional Office)

## GROUP OFFICE

Barratt Developments PLC,  
Wingrove House,  
Ponteland Road,  
Newcastle upon Tyne,  
NE5 3DP.  
Tel: 0191 286 6811  
Fax: 0191 271 2242

### UK HOUSEBUILD

Barratt Homes Ltd,  
Wingrove House,  
Ponteland Road,  
Newcastle upon Tyne,  
NE5 3DP.  
Tel: 0191 286 6811  
Fax: 0191 271 2242

\*Barratt Construction Ltd,  
Golf Road, Ellon,  
Aberdeenshire, AB41 9AT.  
Tel: 01358 720765  
Fax: 01358 724043

## PRINCIPAL SUBSIDIARY UNDERTAKINGS

### USA

†\*\*Barratt American Inc.,  
2035 Corte Del Nogal,  
Suite 160, Carlsbad,  
California CA 92009,  
United States of America.  
Tel: 001 760 431 0800  
Fax: 001 760 929 6430

### COMMERCIAL PROPERTY

Barratt Commercial Ltd,  
Wingrove House,  
Ponteland Road,  
Newcastle upon Tyne,  
NE5 3DP.  
Tel: 0191 286 6811  
Fax: 0191 271 2242

All of the above subsidiary undertakings' principal activities are building and development. All the above are registered in England and Wales except those marked:  
\* which are registered in Scotland \*\* which is registered in USA.

All of the shares in the above are wholly owned by the parent except that marked †, which is wholly owned by a subsidiary undertaking.

Barratt Report and Accounts  
2001



[www.barratthomes.co.uk](http://www.barratthomes.co.uk)