

# NOTICE OF ANNUAL GENERAL MEE'



Notice is hereby given that the forty second annual general meeting of Barratt Developments PLC (the Company) will be held at the Plaisterers Hall, 1 London Wall, London, EC2Y 5JU on 16th November 2000 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 2000.
2. To declare a final dividend.

To re-elect directors:

3. Mr P H Ashworth who retires by rotation.
4. Mr B Bean who retires by rotation.
5. Mr P R Gieron who retires by rotation.
6. Mr G K Hester who retires at the first annual general meeting following his appointment by the board.

To consider and, if thought fit, pass the following resolutions of which resolutions 7, 8 and 9 will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions.

7. 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.
8. To authorise the directors to fix the auditors' remuneration.
9. To generally and unconditionally authorise the board 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 £6,647,298 being 28.5% of the nominal value of the existing issued share capital as at 13th September 2000 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.
10. That, subject to the passing of resolution 9 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 £1,167,635 being 5% of the nominal value of the existing issued share capital as at 13th September 2000 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.
11. That, the Company 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 23,352,702 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 quotations 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 Shares are 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 at 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  
C A Dearlove  
Secretary  
12th October 2000

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 14th November 2000 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 2000.

### 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 2000 was £100.2m (1999 £77.3m). An interim dividend of 3.85p per share (1999 3.56p) was paid on 19th May 2000 and it is proposed to pay a final dividend of 8.03p per share (1999 7.24p) on 17th November 2000 to shareholders on the register at the close of business on 6th October 2000.

The dividends paid and proposed amount to £27.3m (1999 £25.2m).

### ANNUAL GENERAL MEETING

The notice of the annual general meeting on page 13 contains two resolutions to be submitted as special business.

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 to authorise the directors to allot shares for cash up to a limit equal to 5% of the issued share capital without initially offering such shares to existing shareholders.

The board considers that there may be circumstances in which it would be advantageous to purchase ordinary shares of the company ("ordinary shares"). Accordingly, under resolution number 11, which is proposed as special resolution, the company is seeking authority to make purchases in the market of its own ordinary shares subject to specified limits. The maximum number of ordinary shares which the company may purchase pursuant to this authority is limited to 23,352,702, representing approximately 10% of the current issued share capital of the company. 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.

The authority will expire at the conclusion of the next annual general meeting. The directors would intend to renew the authority at next year's annual general meeting and make such renewal part of the regular business of subsequent annual general meetings of the company, in common with the practice of many other listed companies.

### DIRECTORS AND THEIR SHAREHOLDINGS

The current directors of the company are listed on page 12. Mr G K Hester was appointed a director on 29th November 1999, all other directors listed on page 12 held office throughout the financial year. Mr M Norton retired as a director on 31st December 1999.

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 2000		1st July 1999 or later appointment	
	Fully paid	Executive share options	Fully paid	Executive share options
F Eaton	437,102	924,353	433,202	724,353
B Bean	—	—	—	—
D A Pretty	54,928	395,000	44,928	255,000
P H Ashworth	5,700	—	5,700	—
C A Dearlove	17,982	606,060	13,982	466,060
P R Gieron	53,397	380,000	50,647	240,000
G K Hester	7,000	110,000	7,000	110,000
A E Kilburn	4,000	—	—	—
H Walker	242,610	436,381	242,610	296,381

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

No notification has been received of any change in the above interests during the period 30th June 2000 to 20th September 2000.

Under the provisions of Article 87 of the company's memorandum and articles of association, Mr P H Ashworth, Mr B Bean and Mr P R Gieron offer themselves for re-election. Mr G K Hester retires in accordance with the provisions of Article 86 and offers himself for re-election.

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

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## CORPORATE GOVERNANCE

The company recognises the importance of effective corporate governance and following the publication of the Combined Code reviewed its existing procedures. The principles of the Combined Code have been fully considered by the board. The ways in which the company applies them are as follows.

### a) Directors

The board of directors comprises six executive and three non-executive directors, one-third of whom retire by rotation each year. Mr F Eaton is Group Chairman and Chief Executive. The requirement to ensure a balance of power and authority at the head of the company was, however, recognised by the appointment of the senior independent director, Mr B Bean as Group Vice-Chairman in November 1997, and of Mr D A Pretty as Group Managing Director in March 1998. This, coupled with the experience of the three non-executive directors, justifies the combination of roles.

The board meets eleven times each year in accordance with an agreed timetable. Board papers and agendas are supplied to the board in advance of each meeting. All directors have access to the advice and services of the company secretary and, if necessary, independent professional advisers at the company's expense. Training is available for both new and existing directors as, and when, required.

There is a formal schedule of matters specifically reserved to the board for decision. The board has, however, established three standing committees, with defined terms of reference, to deal with specific matters.

The Audit Committee consists of the three non-executive directors and is chaired by Mr B Bean. It meets regularly and monitors the adequacy of the group's internal controls, accounting policies and financial reporting. It also provides a forum through which the group's external audit, finance and internal audit functions may report to the non-executive directors. Meetings of the Audit Committee with the external auditors are held in private.

The Remuneration Committee determines the terms of employment and remuneration of the executive directors. It is chaired by Mr A E Kilburn and its members are the non-executive directors.

The Nomination Committee, chaired by Mr P H Ashworth, comprises the non-executive directors and the Group Chairman. The Committee was established to make recommendations to the board with regard to all new appointments and promotions to main board positions.

### b) Directors' Remuneration

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

### c) Shareholder Relations

The company maintains dialogue with institutional shareholders through meetings and visits to the company's operations involving the directors and divisional management. Shareholders are also appraised 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.

### d) 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 2000. 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.

The Combined Code requires directors to review the effectiveness of all internal controls and the Turnbull Report was published to assist in this review. The directors have established the procedures to implement the guidance, full compliance with which is required on or after 23rd December 2000. As permitted by the Financial Services Authority, the company reports, in the intervening period, on the review of internal financial controls only.

## DIRECTORS' REPORT

The directors are responsible for the group's system of internal financial controls which is designed to provide reasonable but not absolute assurance against misstatement or loss. The key procedures in the established framework are:

1. Each operating division has a board of directors who meet formally each month chaired by a main board director.
2. There is a comprehensive budgeting, reporting and forecasting system which requires monthly reporting of results and forecasts of all operating divisions with comparisons to budget.
3. Operational procedures are embodied in the Group Policy Instructions issued to all divisions. Financial controls and procedures including information systems are detailed in *Accounting and Systems manuals*.
4. All systems are monitored by the internal audit functions including financial, marketing and construction related matters.
5. The risks facing the business are assessed on an ongoing basis and all key areas, including finance, land buying and the market are reported to the board each month.

The directors have reviewed the operation and effectiveness of the group's system of internal financial controls for the year ended 30th June 2000.

The company has complied with the principles of the Combined Code throughout the year, with the exception of Code Provision A.3.1., in that the one month period between the appointment of Mr G K Hester and the retirement of Mr M Norton resulted in the non-executive directors briefly comprising less than one-third of the board.

### EMPLOYEES

The directors recognise the importance of good communication, consultation and relations with employees. The group is structured on a decentralised basis and the management of each subsidiary implements group policies in relation thereto as determined by the main board.

It is group policy to give equal opportunities to all, regardless of race, creed, colour, religion, gender or disability, both in access to employment and opportunities within employment. We are also committed to ensuring, within the framework of the law, that our workplaces are free from unlawful discrimination.

The board believes that it has an obligation to contribute to the industry's future skills base. To this end, the group is actively engaged in a programme aimed at recruiting and training personnel in all management disciplines, in addition to employing over 300 apprentices from communities local to our operations.

### STATUTORY INFORMATION

At 20th September 2000 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	20.09.00	12,228,310	5.24%
Sanford C Bernstein & Co Inc	22.06.00	10,303,475	4.41%
Barclays Plc	08.09.00	7,302,726	3.12%

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 28 days for its trade creditors at 30th June 2000.

## DIRECTORS' REPORT

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### ENVIRONMENTAL POLICY

The group recognises its responsibilities to assess and minimise the impact of its business on the environment and, wherever possible, to restore and enhance the environment. Our objective is to communicate this policy both internally and externally, to increase environmental awareness among group employees and our suppliers, sub-contractors, professional advisers and buyers.

Environmental concerns are fully considered when planning and building our developments. It is our policy and practice to specifically address environmental issues in all land feasibility reports to ensure any concerns are highlighted at the earliest opportunity 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. The materials used in construction operations are risk assessed to avoid harmful substances and we have careful regard for materials or products which are not considered to be environmentally friendly. 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 our efforts, we regularly receive Green Leaf Housing Awards, presented to developers who have demonstrated concern for the environment. In addition, this year we also won the Best Brownfield Development in Britain award, sponsored by English Partnerships, and the Wildfowl and Wetlands Trust special award for the development which makes the most of water as part of a new housing landscape.

### AUDITORS

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



On behalf of the board  
C A Dearlove  
Secretary  
Newcastle upon Tyne

12th October 2000

## REMUNERATION REPORT

The members of the Remuneration Committee, who are all non-executive directors, are Mr A E Kilburn (Chairman), Mr P H Ashworth and Mr B Bean.

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 £0.7m has been charged to the profit and loss account in respect of provisional entitlements under the scheme.

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 P R Gieron and Mr G K Hester, both of whom have service contracts requiring 12 months notice. The non-executive directors proposed for re-election at the forthcoming annual general meeting are Mr P H Ashworth and Mr B Bean, who have terms of appointment for one year expiring on 17th November 2000.

All executive directors are members of the group's contributory pension scheme which entitles them, with the exception of 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.

Mr D A Pretty's pension entitlement is restricted by the earnings cap imposed under the Finance Act 1989. The company has agreed to review the level of early retirement benefits that would be available to him and is augmenting such benefits within the existing approved arrangements and subject to Inland Revenue limits. The additional cost to the company of undertaking such augmentation is not anticipated to exceed £44,000 per annum over a three year period, which commenced in December 1998.

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. The non-executive directors do not participate in the Plan.

### DIRECTORS' EMOLUMENTS

	2000				1999
	Salary/ Fee £000	Performance Related £000	Benefits £000	Total £000	Total £000
F Eaton	308	178	10	496	439
B Bean	34	—	—	34	33
D A Pretty	203	135	10	348	493
P H Ashworth	26	—	—	26	25
C A Dearlove	190	135	15	340	299
P R Gieron	190	135	8	333	301
G K Hester	82	79	6	167	—
A E Kilburn	26	—	—	26	25
M Norton	101	68	11	180	380
H Walker	203	135	11	349	307
Total	1,363	865	71	2,299	2,302

# 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	28,240	122,380	222,080
D A Pretty	7,650	55,520	47,060
C A Dearlove	20,560	79,350	148,680
P R Gieron	36,800	117,000	148,970
G K Hester	2,830	17,890	7,770
H Walker	5,170	27,740	161,340
M Norton	12,210	135,540	117,060

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				Exercise Price p	Earliest Exercise	Latest Expiry
	At 30.06.99	Granted	Exercised	At 30.06.00			
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
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
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
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
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
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

\*Granted under the 1997 Executive Share Option Plan.

The mid-market share price of the company was 365p on 1st July 1999 and 261.5p as at 30th June 2000. The mid-market high and low share prices of the company during the year were 376p and 172p respectively. No options of directors in office at 30th June 2000 lapsed unexercised during the year.

There were no changes in the interests of the directors shown above between 1st July 2000 and the date of this report.

On behalf of the board  
A E Kilburn  
Chairman  
Remuneration Committee



20th September 2000

**GROUP PROFIT AND LOSS ACCOUNT**  
for the year ended 30th June 2000

	Note	2000 £m	1999 £m
TURNOVER: Group and share of joint venture		1,259.5	1,016.3
LESS: Share of joint venture's turnover		(9.5)	(7.5)
GROUP TURNOVER		1,250.0	1,008.8
OPERATING PROFIT	1	150.8	115.0
SHARE OF OPERATING PROFITS OF JOINT VENTURE		1.2	1.1
PROFIT BEFORE INTEREST AND TAXATION		152.0	116.1
NET INTEREST PAYABLE	4	(8.1)	(4.1)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	143.9	112.0
TAXATION	5	(43.7)	(34.7)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6	100.2	77.3
DIVIDENDS	7	(27.3)	(25.2)
RETAINED PROFIT	18	72.9	52.1
EARNINGS PER SHARE - BASIC	9	43.3p	33.1p
EARNINGS PER SHARE - DILUTED	9	43.1p	32.9p

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 2000

	2000 £m	1999 £m
Profit on ordinary activities after taxation	100.2	77.3
Currency translation differences on foreign currency net investments	1.4	1.9
Total gains and losses recognised since last annual report	101.6	79.2



**GROUP CASH FLOW STATEMENT**  
for the year ended 30th June 2000

	Note	2000 £m	1999 £m
CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	20	51.5	46.5
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		0.3	1.9
Interest paid		(7.0)	(7.8)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(6.7)	(5.9)
TAXATION		(42.9)	(30.4)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(1.9)	(1.1)
Sale of tangible fixed assets		1.1	–
Purchase of investments: interest in own shares		(10.7)	–
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(11.5)	(1.1)
ACQUISITIONS AND DISPOSALS			
Sale of investment in subsidiary undertaking		–	1.0
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS		–	1.0
EQUITY DIVIDENDS PAID		(25.8)	(24.0)
CASH OUTFLOW BEFORE FINANCING		(35.4)	(13.9)
FINANCING			
Issue of ordinary share capital		–	0.9
(Increase)/decrease in loan to joint venture due within one year		(1.0)	1.0
Decrease in debt due within one year		(15.8)	–
Increase/(decrease) in debt due after more than one year		26.5	(5.0)
NET CASH OUTFLOW FROM FINANCING		9.7	(3.1)
DECREASE IN CASH IN THE YEAR		(25.7)	(17.0)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2000 £m	1999 £m
Decrease in cash in the year		(25.7)	(17.0)
Cash flow from (increase)/decrease in debt		(9.7)	4.0
Change in net debt resulting from cash flows		(35.4)	(13.0)
Exchange movements		(1.6)	(1.1)
Movement in net debt in the year		(37.0)	(14.1)
Net funds at beginning of year		31.7	45.8
Net (debt)/funds at end of year	21	(5.3)	31.7

**GROUP BALANCE SHEET**  
at 30th June 2000

	Note	2000 £m	1999 £m
<b>FIXED ASSETS</b>			
Tangible assets	10	2.2	1.3
Investment in joint venture:			
Share of gross assets		9.6	6.8
Share of gross liabilities		(6.6)	(4.6)
	11	3.0	2.2
Other investments: interest in own shares	11	10.7	—
		<b>15.9</b>	<b>3.5</b>
<b>CURRENT ASSETS</b>			
Properties held for sale		4.2	3.7
Stocks	12	981.0	818.3
Debtors due within one year	13	17.7	20.7
Debtors due after more than one year	13	2.6	1.3
Bank and cash		46.9	63.6
		<b>1,052.4</b>	<b>907.6</b>
<b>CURRENT LIABILITIES</b>			
Creditors due within one year	14	(476.3)	(429.5)
<b>NET CURRENT ASSETS</b>		<b>576.1</b>	<b>478.1</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>592.0</b>	<b>481.6</b>
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	15	<b>(63.3)</b>	<b>(27.3)</b>
<b>NET ASSETS</b>		<b>528.7</b>	<b>454.3</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	23.4	23.4
Share premium	18	177.1	177.0
Profit retained	18	328.2	253.9
<b>EQUITY SHAREHOLDERS' FUNDS</b>	19	<b>528.7</b>	<b>454.3</b>

Approved by the board on 12th October 2000

F Eaton  
C A Dearlove

} Directors

## NOTES TO THE ACCOUNTS

### 1. OPERATING PROFIT

	2000 £m	1999 £m
Group turnover	1,250.0	1,008.8
Cost of sales	(1,067.6)	(865.4)
Gross profit	182.4	143.4
Administrative expenses	(31.6)	(28.4)
	150.8	115.0

### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £m	1999 £m
After charging:		
Depreciation – tangible owned fixed assets	0.4	0.3
Operating lease charges – hire of plant, machinery and vehicles	9.8	7.6
– other	1.9	2.1
Auditors' remuneration – audit services (company: £2,500 – (1999 £2,500))	0.1	0.1
Auditors' remuneration for non-audit services in the year amounted to £28,000 (company: £25,000), (1999 £27,000 (company: £25,000)).		

### 3. ANALYSIS BY GEOGRAPHICAL AREA

	United Kingdom		USA		Total	
	2000 £m	1999 £m	2000 £m	1999 £m	2000 £m	1999 £m
Turnover by origin	1,178.0	952.9	72.0	55.9	1,250.0	1,008.8
Profit before interest and tax	148.0	114.5	4.0	1.6	152.0	116.1
Net assets	504.8	432.9	23.9	21.4	528.7	454.3

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

	2000 £m	1999 £m
Payable: On bank loans, bills and overdrafts	8.5	5.7
Less: Receivable	(0.4)	(1.6)
	8.1	4.1

## 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 2000. 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 intangibles", 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

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

# NOTES TO THE ACCOUNTS

## 9. EARNINGS PER SHARE

Basic earnings per ordinary share is based on the profit after taxation of £100,161,000 (1999 £77,276,000) and the weighted average number of ordinary shares in issue and ranking for dividend during the year of 231,075,267 (1999 233,150,270). 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 1,526,567 (1999 1,446,842), this gives a diluted weighted average number of shares of 232,601,834 (1999 234,597,112).

## 10. TANGIBLE FIXED ASSETS

	Freehold property £m	Group Plant £m	Total £m	Company Total Plant £m
Cost				
At 1st July 1999	0.6	3.7	4.3	0.2
Additions	1.2	0.7	1.9	–
Disposals	(0.6)	(0.3)	(0.9)	(0.2)
<b>At 30th June 2000</b>	<b>1.2</b>	<b>4.1</b>	<b>5.3</b>	<b>–</b>
Accumulated depreciation				
At 1st July 1999	–	3.0	3.0	0.2
Provision for the year	–	0.4	0.4	–
Disposals	–	(0.3)	(0.3)	(0.2)
<b>At 30th June 2000</b>	<b>–</b>	<b>3.1</b>	<b>3.1</b>	<b>–</b>
<b>Net book value at 30th June 2000</b>	<b>1.2</b>	<b>1.0</b>	<b>2.2</b>	<b>–</b>
Net book value at 30th June 1999	0.6	0.7	1.3	–

## 11. FIXED ASSET INVESTMENTS

### a) Investment in joint venture

The group holds 50% of the ordinary £1 shares and 50% of the 5% cumulative preference £1 shares in Barratt International Resorts Limited, whose principal business is leisure property.

### b) Interest in own shares

Group and Company	£m
Cost and net book value	
At 1st July 1999	–
Additions	10.7
<b>At 30th June 2000</b>	<b>10.7</b>

The interest in own shares comprises 4,100,000 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. The cost and market value of these shares at 30th June 2000 was 261.5 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 (1999 £60.7m).

The principal subsidiary undertakings are set out on page 33.

## 12. STOCKS

Group	2000 £m	1999 £m
Work in progress	871.4	690.8
Showhouse complexes and houses awaiting legal completion	109.6	127.5
	<b>981.0</b>	<b>818.3</b>

## NOTES TO THE ACCOUNTS

### 5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £m	1999 £m
UK corporation tax at a rate of 30% (1999 30.75%):		
Current	43.2	35.1
Share of corporation tax of joint venture	0.5	0.5
	43.7	35.6
Overseas corporation taxes:		
Over provision in respect of previous years	–	(0.9)
	43.7	34.7

At 30th June 2000 there are unabsorbed tax losses of £52.0m (1999 £50.7m) available to set off against future trading profits of the US subsidiary undertaking with a further £2.3m (1999 £3.4m) unrealised tax losses which may be claimed as certain US subsidiary undertaking developments are progressed.

### 6. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

Of the profit attributable to shareholders, £41.2m (1999 £94.2m) 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

	2000 £m	1999 £m
Interim 3.85p per share paid (1999 3.56p)	8.9	8.3
Final 8.03p per share proposed (1999 7.24p)	18.4	16.9
	27.3	25.2

### 8. EMPLOYEES

	2000 £m	1999 £m
The average number of persons employed by the group in building and development, excluding sub-contractors, was 3,188 (1999 2,941).		
Employee costs (including directors) comprise:		
Wages and salaries	70.6	62.3
Social security	6.3	5.5
Pension costs	2.7	2.2
	79.6	70.0

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 1996. The latest actuarial valuation of the scheme has been adjusted to allow for the abolition of UK equity dividend tax credits for pension schemes announced in the 2nd July 1997 Budget. 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 1996 was £50,400,000. Their actuarial value, using the new assumptions, represented 119% 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 2000 amounted to £1,797,000 (1999 £1,541,000), while the amount charged to the profit and loss account was £2,690,000 (1999 £2,153,000). This increased the balance sheet accrual of £1,199,000 at the year ended 30th June 1999, to £2,092,000 at 30th June 2000.

## NOTES TO THE ACCOUNTS

### 16. FINANCIAL INSTRUMENTS continued

The interest rate profile of the financial liabilities is: £11.0m (1999 £0.8m) sterling, floating rate linked to the UK bank base rate; £42.9m (1999 £31.8m) US dollars, floating rate linked to either the US prime rate or Libor, decided by the group prior to any drawdown of the facilities; £36.8m (1999 £27.3m) sterling, non-interest bearing.

Sterling cash deposits of £34.0m (1999 £58.8m) comprise deposits placed on money markets at call.

The undrawn committed borrowing facilities are: £20.7m (1999 £58.3m) expiring in one year or less, £66.2m (1999 £71.2m) expiring in more than one year but not more than two years, £188.1m (1999 £100.0m) 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 2000.

### 17. CALLED UP SHARE CAPITAL

	2000 £m	1999 £m
Authorised 300,000,000 ordinary shares of 10p each	30.0	30.0
Allotted and issued ordinary shares of 10p each		
Fully paid – 233,527,024 ordinary shares (1999 233,506,472)	23.4	23.4

The issued share capital of the company was increased during the year to 233,527,024 ordinary shares of 10p each by the issue of 20,552 ordinary shares of 10p each for a cash consideration of £39,394 in satisfaction of options duly exercised in accordance with the rules of the executive share option scheme and executive share option plan.

As at 30th June 2000 the following options issued in accordance with the rules of the executive share option scheme, executive share option plan and the employees share option plan were outstanding:

Date of grant	Option price	Directors	Senior executives	Other employees	Not exercisable after
a) Executive share option scheme					
23.10.91	55p	–	79,148	–	22.10.01
15.10.92	63p	–	42,210	–	14.10.02
28.09.93	180p	316,590	–	–	27.09.03
27.09.94	171p	290,204	189,940	–	26.09.04
26.04.96	271p	325,000	–	–	25.04.06
b) Executive share option plan					
11.12.97	222p	710,000	1,730,000	–	10.12.07
15.10.98	205p	420,000	1,470,000	–	14.10.08
30.09.99	275p	790,000	1,030,000	–	29.09.09
c) Employee share option plan					
10.04.00	240p	–	–	1,050,500	09.04.10

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 1999	177.0	253.9	430.9
Premium on issue of ordinary equity shares under share options	0.1	–	0.1
Retained profit	–	72.9	72.9
Exchange adjustments	–	1.4	1.4
<b>At 30th June 2000</b>	<b>177.1</b>	<b>328.2</b>	<b>505.3</b>
Company			
At 1st July 1999	177.0	100.4	277.4
Premium on issue of ordinary equity shares under share options	0.1	–	0.1
Retained profit	–	13.9	13.9
Exchange adjustments	–	0.3	0.3
<b>At 30th June 2000</b>	<b>177.1</b>	<b>114.6</b>	<b>291.7</b>

The cumulative amount of goodwill written off to reserves is £1.2m (1999 £1.2m).

## NOTES TO THE ACCOUNTS

### 13. DEBTORS

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £m
Due within one year				
Secured loans	0.8	0.1	–	–
Trade debtors	2.0	3.8	–	–
Amounts owed by joint venture	1.8	0.7	1.7	0.6
Amounts recoverable on contracts	2.6	3.1	–	–
Other debtors	8.5	11.4	0.2	1.2
Prepayments	2.0	1.6	0.3	0.1
	17.7	20.7	2.2	1.9
Due after more than one year				
Secured loans	0.4	0.4	–	–
Other debtors	2.2	0.9	–	–
	2.6	1.3	–	–
	20.3	22.0	2.2	1.9

### 14. CREDITORS DUE WITHIN ONE YEAR

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £m
Bank loans and overdrafts	27.4	32.6	13.1	23.2
Trade creditors including deferred land payments	293.4	238.7	0.5	0.5
Payments on account	1.6	5.8	–	–
Corporation tax	31.8	31.4	3.0	1.5
Other taxation including social security	3.1	2.9	0.2	0.6
Proposed dividend	18.4	16.9	18.4	16.9
Other creditors	14.8	22.0	1.4	1.0
Accruals and deferred income	85.8	79.2	2.5	3.0
	476.3	429.5	39.1	46.7

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

	Group		Company	
	2000 £m	1999 £m	2000 £m	1999 £m
Bank loans and overdrafts	26.5	–	–	–
Trade creditors including deferred land payments	36.4	27.3	–	–
Accruals and deferred income	0.4	–	–	–
	63.3	27.3	–	–

Total creditors include £46.9m (1999 £42.0m) 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.

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 debtors and creditors due in under one year 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

### 23. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary undertakings, amounting to £42.8m at the year end (1999 £9.4m).

### 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 three of the twenty seven operating divisions of the group. The firm also performs some general legal work for these three 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 2000 was £483,993 (1999 £330,522) of which £125,856 (1999 £25,090) was outstanding at the year end.

The value of services rendered and goods sold during the year by the group to Barratt International Resorts Limited, a joint venture company, amounted to £1,563,545 (1999 £200,389). At 30th June 2000, the amounts owed by Barratt International Resorts Limited to the group amounted to £137,925 (1999 £205,680). In addition, during the year the company also advanced working capital loans to Barratt International Resorts Limited. The balance owing to the company at 30th June 2000 amounted to £1,759,000 (1999 £729,000).

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

## FIVE YEAR RECORD AND FINANCIAL CALENDAR

### FIVE YEAR RECORD

Year	2000	1999	1998	1997	1996
Group turnover £m	1,250.0	1,008.8	890.5	714.4	634.3
Profit before tax £m	143.9	112.0	93.3	70.1	52.1
Share capital and reserves £m	528.7	454.3	399.4	356.4	332.0
Per ordinary share:					
Earnings (basic) pence	43.3	33.1	27.1	19.8	17.8
Dividend pence	11.88	10.80	10.00	9.00	8.25
Net assets pence	226	195	171	154	143
Dividend cover	3.6	3.1	2.7	2.2	2.0

### FINANCIAL CALENDAR

#### Announcement of results:

Half year

22nd March 2000

Full year

20th September 2000

#### Dividends:

Interim paid

19th May 2000

Final payable

17th November 2000

Annual Report posted to shareholders

18th October 2000

Annual General Meeting

16th November 2000

## NOTES TO THE ACCOUNTS

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

	2000 £m	1999 £m
Profit on ordinary activities after taxation	100.2	77.3
Dividends	(27.3)	(25.2)
	72.9	52.1
Other recognised gains and losses relating to the year	1.4	1.9
New share capital subscribed (including premium)	0.1	0.9
Net addition to equity shareholders' funds	74.4	54.9
Opening equity shareholders' funds	454.3	399.4
Closing equity shareholders' funds	528.7	454.3

### 20. CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES

	2000 £m	1999 £m
Operating profit	150.8	115.0
Profit on sale of fixed assets	(0.5)	-
Depreciation charges	0.4	0.3
Increase in properties held for sale	(0.5)	(0.2)
Increase in stocks	(159.4)	(145.5)
Decrease/(increase) in debtors	3.0	(1.1)
Increase in creditors	57.7	78.0
	51.5	46.5

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

	2000 £m	Cash flow £m	Exchange movement £m	1999 £m	Cash flow £m	Non cash movement £m	Exchange movement £m	1998 £m
Cash at bank and in hand	46.9	(17.0)	0.3	63.6	(4.5)	-	(0.2)	68.3
Overdrafts	(27.4)	(8.7)	(1.9)	(16.8)	(12.5)	-	-	(4.3)
	19.5	(25.7)	(1.6)	46.8	(17.0)	-	(0.2)	64.0
Debt due after more than one year	(26.5)	(26.5)	-	-	5.0	15.8	(0.9)	(19.9)
Debt due within one year	-	15.8	-	(15.8)	-	(15.8)	-	-
Loan to joint venture due within one year	1.7	1.0	-	0.7	(1.0)	-	-	1.7
	(24.8)	(9.7)	-	(15.1)	4.0	-	(0.9)	(18.2)
Total	(5.3)	(35.4)	(1.6)	31.7	(13.0)	-	(1.1)	45.8

### 22. OPERATING LEASE OBLIGATIONS

	Group			
	2000		1999	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Annual commitments under operating leases which expire:				
Within one year	-	1.1	0.2	0.7
Between two and five years	0.4	3.1	0.5	3.0
In five years or more	0.6	0.7	0.7	0.1
	1.0	4.9	1.4	3.8

Barratt Developments PLC  
GROUP BALANCE SHEET US\$  
at 30th June 2000

	2000 \$m	1999 \$m
<b>FIXED ASSETS</b>		
Tangible assets	3.2	1.9
Investment in joint venture:		
Share of gross assets	13.9	9.9
Share of gross liabilities	(9.5)	(6.7)
	4.4	3.2
Other investments: interest in own shares	15.5	-
	23.1	5.1
<b>CURRENT ASSETS</b>		
Properties held for sale	6.1	5.4
Stocks	1,422.4	1,186.5
Debtors due within one year	25.7	30.0
Debtors due after more than one year	3.8	1.9
Bank and cash	68.0	92.2
	1,526.0	1,316.0
<b>CURRENT LIABILITIES</b>		
Creditors due within one year	(690.7)	(622.8)
<b>NET CURRENT ASSETS</b>	835.3	693.2
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	858.4	698.3
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	(91.8)	(39.6)
<b>NET ASSETS</b>	766.6	658.7
<b>CAPITAL AND RESERVES</b>		
Share capital	33.9	33.9
Share premium	256.8	256.7
Profit retained	475.9	368.1
<b>EQUITY SHAREHOLDERS' FUNDS</b>	766.6	658.7

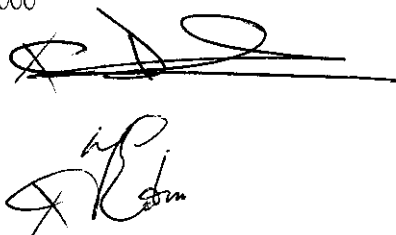
**COMPANY BALANCE SHEET**  
at 30th June 2000

	Note	2000 £m	1999 £m
<b>FIXED ASSETS</b>			
Investment in subsidiary undertakings	11	60.7	60.7
Other investments: interest in own shares	11	10.7	–
		<b>71.4</b>	<b>60.7</b>
<b>CURRENT ASSETS</b>			
Due from subsidiary undertakings within one year		249.3	353.2
Due from subsidiary undertakings after more than one year		61.6	61.6
Debtors due within one year	13	2.2	1.9
Bank and cash		36.1	58.5
		<b>349.2</b>	<b>475.2</b>
<b>CURRENT LIABILITIES</b>			
Due to subsidiary undertakings within one year		(66.4)	(188.4)
Creditors due within one year	14	(39.1)	(46.7)
		<b>243.7</b>	<b>240.1</b>
<b>NET CURRENT ASSETS</b>		<b>243.7</b>	<b>240.1</b>
<b>NET ASSETS</b>		<b>315.1</b>	<b>300.8</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	23.4	23.4
Share premium	18	177.1	177.0
Profit retained	18	114.6	100.4
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b>315.1</b>	<b>300.8</b>

Approved by the board on 12th October 2000

F Eaton  
C A Dearlove

} Directors



# AUDITORS' REPORT

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## Auditors' report to the members of Barratt Developments PLC

We have audited the financial statements on pages 20 to 31 which have been prepared under the historical cost convention and the accounting policies set out on page 23. We have also audited the disclosures relating to emoluments, share options and pension benefits of the directors which form part of the Remuneration Report on pages 18 and 19.

## Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 15, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

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 United Kingdom Companies Act. 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.

We review whether the statement on pages 15 and 16 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Financial Services Authority, 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 on the effectiveness of the company's or group'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.

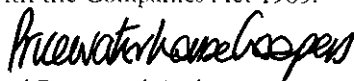
## Opinion

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 2000 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



12th October 2000