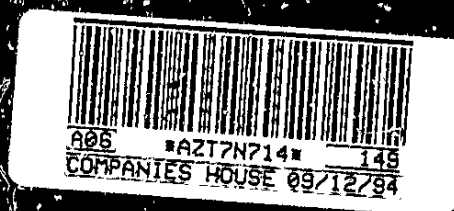


BARRATT
REPORT AND
ACCOUNTS

1994

604574




BARRATT



Sir Lawrie Barratt, Chairman and Frank Eaton, Group Chief Executive, with homes from the new Premier Collection at Richmond Gardens, Newcastle upon Tyne, where quality of construction was recognised in August 1994 by an NHBC "Top 100" Award.

Glover: Lakeside Grange, Weybridge, Surrey. An exceptional development of luxury, architecturally-designed 2 to 5 bedroom houses, set in 22 acres of impressive land and historic parkland. Work commenced on this £12 million development 18 months ago and all 54 properties sold ahead of construction, priced from £140,000 to £400,000. Lakeside Grange has won several quality and design awards, including the supreme award in the London Evening Standard 1994 New Homes Awards.

CONTENTS

Barratt Developments PLC
Annual Report and Accounts
for the year ended 30th June 1994.
Registered in England No. 604574.

Chairman's Statement	2-3
Chief Executive's Review	4-11
Directors and Professional Advisers	12
Notice of Annual General Meeting	13
Directors' Report	14-16
Auditors' Report	16
Accounting Policies	17
Group Profit and Loss Account	18
Statement of Total Recognised Gains and Losses	18
Group Balance Sheet	19
Cash Flow Statement	20
Notes to the Accounts	21-29
Company Balance Sheet	30
Group Structure and Directory	31-32
Five Year Record and Financial Calendar	32

CHAIRMAN'S STATEMENT



Sir Lawrie Barratt at Summerfields, Chester-le-Street, in the North East of England, where 10 fully-furnished show houses are on display. This flagship show village is one of four created to mark the nationwide launch of the new Barratt Premier Collection range of 70 house styles.

In reporting Group results for the year ended 30th June 1994, it is pertinent to reflect that over three years have passed since the Main Board was restructured on 29th July 1991. The business plan to restore the fortunes of the Barratt Group over three years has been very successfully accomplished within our projected timescale. Amidst this challenging task for management, in March 1993 we announced a Three Year Growth Plan to be implemented from 1st July 1993. I am pleased to report on a very satisfactory year's trading for the year ended 30th June 1994 which also covered the first year of our Three Year Growth Plan.

- Pre-tax profit amounted to £35.2m against £20.4m the previous year, an increase of 73%.
- Turnover amounted to £400m against £325m the previous year. In the UK we achieved 5,752 legal completions plus a further 517 in the USA, against 4,988 and 354 respectively the previous year.

- Total debt on and off balance sheet amounted to £10m (gearing 5%) against £43m (gearing 22%) the previous year.
- A final dividend of 4p per share will be recommended against 3p the previous year, giving total dividends for the year of 6p, against 4p the previous year, an increase of 50%. Dividend cover for the year is again over two times.
- Earnings per share amounted to 12.9p against 9.3p the previous year, an increase of 39%.

In our core activity of UK housing, the major achievement affecting profit growth during the year was the return to profitable trading of our Southern Region subsidiaries, after substantial losses over the previous four years. We also benefited from the slight strengthening of the UK housing market in achieving our increase in volume. We made further progress in eliminating our historic land stocks and each month we benefit from new sites brought into development which provide a more balanced product range and yield full margins. We continued our long established part-exchange service very successfully and during the year effected 2,731 resale completions.

In the USA our principal objective was again to bring more of our dormant sites into development so as to continue winding down the static investment. Our strategy of terminating all joint venture involvement was vigorously progressed and is now almost completed. The market in California continued to be very difficult and we incurred an operating loss of £2m, including the losses on the joint venture activities. More importantly, however, we effected a further significant reduction in our USA debt and, as a consequence of our increased sales, a further good reduction in excess land stocks was achieved. Since entering the California market in 1990 we have sold over 13,000 houses and until recent times operated very profitably.

Our Leisure property Division incurred a further small loss but should shortly benefit from the measures adopted to improve profitability. The very high standards of our six leisure resorts in the UK and three in Spain stand us in good stead when discretionary spending improves.

Our Scottish based contracting division had a successful year and produced an increased contribution to Group profits. Whilst the division continues to operate in a very competitive market, its reputation for quality construction is a great strength.

Our commercial property division also operated successfully during the year, generating a good profit contribution to the Group; excellent progress was made in profitably disposing of a further 2 investment properties and its only joint venture commercial property.

All action necessary during the year for the fulfilment of our Three Year Growth Plan up to June 1996 was completed. Fundamental to increasing UK housing completions to 8,000 a year by June 1996 was the strengthening of our UK network of housing subsidiaries and the expansion of our land stocks. Four new housing subsidiaries have now been established, bringing the national network to 16. Our UK land stocks have been increased to 16,202 plots against 13,591, a level which I am confident is adequate to achieve the volume projected in the Growth Plan.

It is particularly pleasing to report that the increased investment in land and work in progress in the UK has been funded internally, notwithstanding the further decrease in total Group debt. This investment in our future was achieved at a very realistic cost, in spite of the considerable increase in land purchase activity by our major competitors, who have funded the bulk of these purchases by the issue of new equity. Our land buying success was greatly assisted by the fact that over half of our UK land purchases comprise land having had a former use. The Barratt Group led the way in urban regeneration in the mid 1970s and I am convinced our management have the skill to exploit the extensive opportunities which exist in the recycling of land.

All elements are in place for continuous improvement in UK housing activity. Unemployment continues to decline, mortgage rates remain historically low and affordability is at its best at present. In these steadily improving conditions, I foresee new house-build volume and the real UK housing market momentum increasing over the next

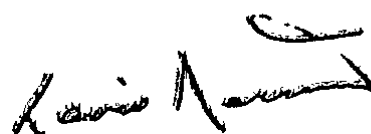
year by about 10%. House prices are now increasing in line with earnings and the increased activity in the housing market will gain momentum as confidence is restored.

The successful launch of our exciting new range of product, allied with the unrivalled service we give to our home-buyers, will be great strengths in the fulfilment of our Three Year Growth Plan.

I would like to pay tribute to Frank Eaton, our Group Chief Executive, under whose leadership our management team at all levels work extremely well and efficiently, and who together have brought about the transformation of the Group over the past three years.

The progress we have made in increasing earnings per share has come purely from trading, as has the dramatic reduction in Group debt. Our priority is still to improve earnings per share and generate shareholder value. Management's achievement is well illustrated by the fact that Barratt almost alone in the UK's building industry has not called upon shareholders for cash via a rights issue or share placement amidst the surfeit of paper issued throughout the industry over the past three years. In fact, Barratt has not resorted to shareholders via a rights issue since 1982, nor has any additional equity, other than through the exercise of executive options, been issued over this twelve year period.

I returned to the Group to re-assume the role of Executive Chairman on a full-time basis on 29th July 1991 for a period of three years which expired on 31st July last. I have now entered into a new three year service agreement as Non Executive Chairman, which expires on 31st July 1997. I shall be devoting at least 50% of my time to the Group and I am totally confident that under Frank Eaton's outstanding leadership a strong future for the Group is assured.



Chairman

29th September 1994

GROUP CHIEF EXECUTIVE'S REVIEW



Frank Eaton, Group Chief Executive and Sir George Young, then Housing Minister, who officially opened this new Premier Collection show village at Glade Wood, Middleton, Greater Manchester, on 8th July 1994.

Substantial progress has been made towards the completion of the Group's recovery and the achievement of our Three Year Growth Plan. Pre-tax profit increased 73% to £35.2 million as turnover and margins both rose by over 20% and debt fell to £10 million, 5% gearing.

In our core activity, UK housebuilding, all divisions increased their profit contribution, producing a 30% strengthening of the operating margin to 10.4%. The Group's overall improvement results from our management strategy of stringent controls on overheads and borrowings, trading through developments producing poor returns, and bringing the new, more profitable, sites into production. These actions, coupled with the sale of commercial property, have produced a further cash inflow from operating activities amounting to £44 million in the year and £196 million over three years.

Overall borrowings, on and off balance sheet, reduced to £10 million (5% gearing) from £43 million (22% gearing), notwithstanding the acquisition of £134 million of land in the year. This compares with borrowings of £205 million (120% gearing) three years ago, prior to the restructuring of



Wallace Park, Stirling, Central Scotland. One of four flagship Premier Collection show villages which have attracted more than 50,000 visitors within three months of opening. Each has ten fully furnished show houses in a landscaped 'village green' setting.



At the time of the 1994-95 financial year, Barratt's sales were up 10% on the previous year, with a 10% increase in the number of plots sold, and a 10% increase in the number of plots sold.

the Group. In our continued pursuit of overall cost savings, administrative costs were down to 3.9% of revenue, against 4.5% for the previous year. All development costs have been contained without any significant increase in the year just ended. Prudent management of the Group's land stocks resulted in a 19% increase in UK land stocks to 16,202 plots, which is consistent with our policy of maintaining a strong forward land bank to meet the requirements of our Three Year Growth Plan.

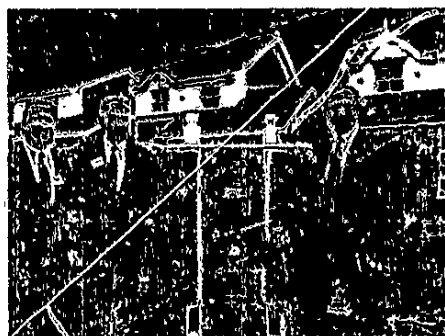
UK HOUSING

Sales completions increased to 5,782, a 794 unit and 16% increase on the previous year's total of 4,988, at an average selling price of £74,900. This

level of sales exceeds our Growth Plan projection of 5,750. The most significant improvement occurred in our Southern Region which, after four years of losses, produced a useful contribution, benefiting from a virtual elimination of old sites and the ongoing introduction of new developments. Throughout the Group, sales continued to benefit from our part exchange facility, which provides an unrivalled service to our customers and 2,731 resales were completed. Sales overheads reduced by 2%, benefiting from the introduction of more new developments and the improving market. A total of 79 sites were completed, making a total of 221 developments completed over a period of three years. During the year we acquired 8,393 plots, 45% more than we used, which increased our land stocks from 13,591 to 16,202 plots.



First-time buyer properties from the new Premier Collection, which comprises 70 individually designed homes ranging from 2 to 6 bedrooms, to suit all market sectors.



Highbury, Basingstoke. Sir Norman Foster, Chairman of the National House Building Council, Sir Lawrence Barratt and David Pretty, Chairman of Barratt Southern, at the opening of this new Premier Collection show village on 8th July 1994.



Chalfield Park, Cardiff. The Secretary of State for Wales, John Redwood and Sir Lawrie Barratt with first buyer, Caroline Nightingale, on this development of 90 houses, where 60 are already sold within a year.

Brighton Manna. Work started earlier this year on a new £12 million phase of 130 waterfront homes on this major development. These properties, the first to be built for three years, were an immediate success and have consistently sold ahead of construction with prices starting at £60,000.

The housing market stabilised during 1993 and through 1994 steadily strengthened in tandem with the improving economy. All elements are in place for this market improvement to gain momentum and since 1st January 1994 house prices have been rising in line with earnings. Affordability ratios and mortgage costs are the best for two decades. The success achieved in increasing our sales performance in the year ended 30th June 1994 has continued into the new financial year with sales throughout the first quarter having increased again by 16% over last year.

The commencement of the new financial year also marked the nationwide launch of our new Premier Collection of 70 house styles, which represents a £35 million investment in the housing market. The new range was unveiled on 8th July with the simultaneous opening of four flagship show villages, each with ten fully-furnished show houses on display. Together with smaller show areas on 100 developments they make up the largest exhibition of brand new housing ever seen in Britain. The four show villages are located at Stirling, Central Scotland; Middleton, Greater Manchester; Chester-le-Street in the North East; and



Basingstoke, Hampshire. In the three months since opening, the show villages have attracted over 50,000 visitors.

The 8th July launch was the culmination of a comprehensive two year product development programme, during which prototypes were built and perfected. The new designs range from 1 to 6 bedrooms to suit all market sectors and replace the original Premier Collection, which was launched in 1985 and proved to be a long-standing sales success. We have improved upon the best of those original designs, combining traditional cottage-style exteriors with the latest interiors. We are building what the customer wants: traditional homes with extra features at value-for-money prices ranging from £45,000 to £400,000. The reaction from buyers has been extremely positive with available properties being reserved ahead of construction. This has given us increased confidence that the new range will keep Barratt at the leading edge of housing design and make a major contribution to the achievement of our Three Year Growth Plan.

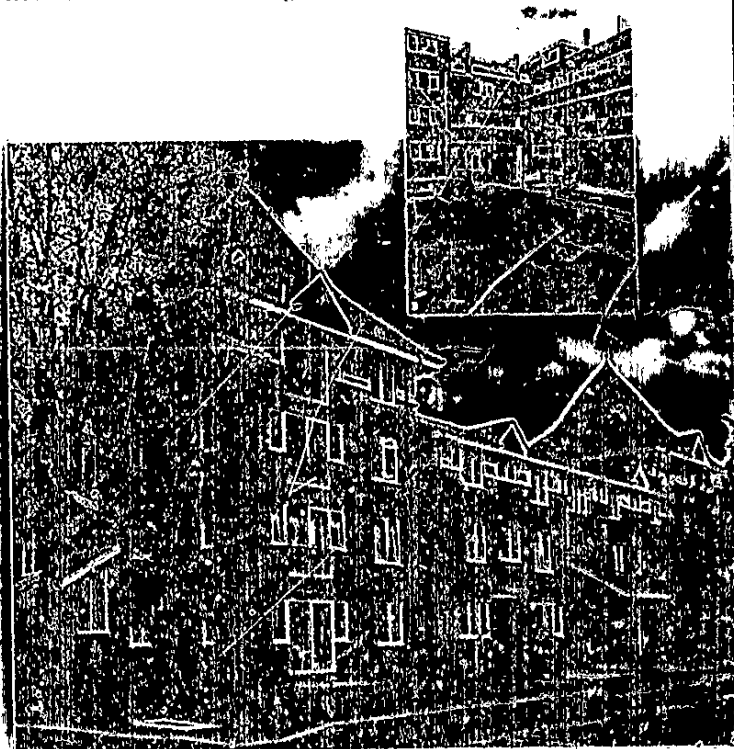


Swallowfields, Taunton, Devon. The "Shrewsbury" 4 bedroom home from the new Barratt Premier Collection offers space and features to suit the growing family, including an en-suite, breakfast room and utility room.

PARTNERSHIPS

The Group continues to participate actively in partnership developments involving central government, local authorities, housing associations, lending institutions and other agencies. Throughout the UK we are producing a variety of schemes. These range from projects of six units, offering affordable housing in rural communities, through to major urban redevelopment schemes of over 800 units providing much-needed modern housing to replace defective and dilapidated stock.

Partnerships can produce developments with a variety of tenures. We are developing a £38 million partnership project at Grange Heights, Gosport, where work commenced in January 1994 to redevelop surplus MOD quarters into 736 homes for rent, shared ownership and low-cost sale. Consistent with our policy of serving all sectors of the housing market, more than 700 partnership houses were completed in the year. In the last decade, Barratt partnership developments have created over 11,000 homes in the social housing sector.

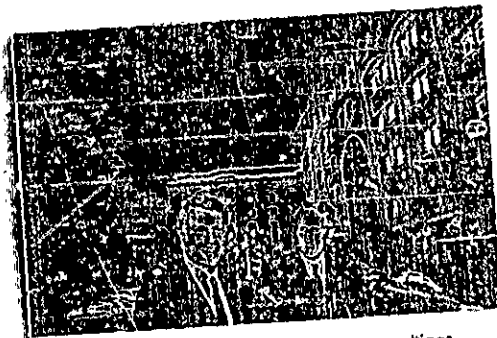


Bonehill Estate, London SE10. This £50 million regeneration scheme is one of the UK's largest partnership projects and will eventually provide 850 new homes, with over 650 for rent. Working in partnership with the local authority and two housing associations, Barratt is building 110 5 bedroom homes and have completed 400 to date.

GROUP CHIEF EXECUTIVE'S REVIEW

URBAN RENEWAL

The Group's diversity of product and its commitment to urban renewal is clearly demonstrated by the variety of projects completed over the last two decades and currently in progress, amounting to over 50% of output. These have included the conversion of disused industrial premises, redevelopment of clearance sites and the recycling of derelict land to provide high quality homes in a variety of price ranges, plus employment for the local community. We have worked in partnership with development corporations on many projects, helping to transform areas of dereliction and creating improved environments. In Wanstead, London E11, we are converting a hospital building as part of a



The Maltings, Edinburgh. This listed former maltings building is being converted into 114 apartments, priced from £46,950. The £7 million project was opened on 1st September 1994 by Scottish Office Housing Minister, Lord James Douglas-Hamilton (right), pictured with Michael Norton, Chairman of Barratt Northern.

development of 64 homes. Work began in February and already two thirds of the development is sold, at prices from £70,000. At Waterloo Warehouse, Liverpool, work has started on the final phase of our award-winning conversion of a 120-year-old listed dock building. The £30 million project is creating 214 high quality apartments. Opportunities exist to continue this positive contribution to the regeneration of our run-down inner cities. A further area of opportunity is the availability of vacant modern office buildings now surplus to demand. Over 35 million square feet of accommodation exists, some of which can be readily converted into residential development. Last month we began work on converting a City office building at Royal Tower Lodge, London, close to Tower Bridge, which will create 41 apartments priced from £80,000.

QUALITY BUILDING

The Group's emphasis on achieving the highest standards is again reflected in the 1994 National House Building Council's "Pride In The Job" campaign, where Barratt site management teams received 31 "Top 100" Awards and Commendations for quality workmanship - more than any other builder and equivalent to twice our market share. T. H. H. H.

Sovereign View, London. Barratt completed the first house in London Docklands in 1982 and has since been the only consistently active developer, completing 2,200 homes. Award-winning Sovereign View has been an outstanding success, with 260 of the 301 homes sold in 18 months, priced from £65,000 to £190,000. A now adjoining scheme of 85 homes, Pageant Steps, will provide a combined £38 million development with almost a half-mile of Thames frontage.



awards are the most covered in the industry and provide an independent endorsement of the quality of workmanship evident throughout the Barratt Group. During the year we have also won awards for housing design, development landscaping and customer service, including the supreme award in the London Evening Standard 1994 New Homes Awards.

MARKETING

Helping to make house purchase easier has always been the cornerstone of our marketing philosophy and helped us build and sell over 100,000 houses throughout the UK during the 1980s, substantially more than any other builder. We first introduced helpful purchase plans such as the Barratt Home Exchange Service and the £250 And Move In Scheme in 1971 and they have assisted thousands of people to become homeowners or move up the property ladder. Our product and service package sets us apart from others in the industry, as does our practice of using high profile media. Throughout last year we ran a series of advertising campaigns promoting our nationwide spread of housing developments and highlighting how we can help buyers to overcome obstacles to house purchase. This proved to be a cost-effective means of communication, creating an increased awareness of the product and service we offer.

CONTRACTING

Barratt Construction, the general building and civil engineering subsidiary of the Group, undertakes projects for a wide variety of clients throughout Scotland and has completed a diverse range of projects, including hotels, offices, housing and student accommodation. The company is a multi-disciplined contractor offering a complete construction service and has an experienced design and build team. Barratt Construction is recognised for its high standards and efficient service, completing contracts on time. Despite difficult trading conditions in the contracting industry, the company again produced a good contribution to the Group's results.



Television commercials featuring the famous Barratt helicopter help to communicate the benefits of buying a new Barratt house.

COMMERCIAL PROPERTY

Barratt Commercial is the Group's property development subsidiary and has operated successfully within the commercial property field for more than 30 years. The company generated a good profit contribution to the Group in the year. There were three main disposals, including our interest in a commercial property joint venture, which all produced a small profit over book value and the remaining portfolio is producing a good rental income. The company provides a complete design, build and sales/lease package and recently received planning approval for a prestigious 61,000 sq ft office development in the centre of Aberdeen, which is now available for pre-letting.



Triple Kirks, Aberdeen. This prestigious office development benefits from a prime city centre location. It will offer 61,000 sq ft of office accommodation with secure parking for 121 cars. Planning approval was recently received and the development is now available for pre-letting.

GROUP CHIEF EXECUTIVE'S REVIEW

LEISURE

Barratt International Resorts Limited, the Group's leisure subsidiary, has nine excellent leisure resorts in the UK and Spain. Each is located in an area of outstanding natural beauty and offers high quality accommodation and extensive year-round recreational facilities. The company's performance improved considerably in the year and it is now well placed to benefit from any general economic recovery with the resultant increased spend on holidays and leisure. The number of Barratt timeshare owners rose to 28,000 and the company also substantially increased the volume of apartment rentals. Owners can exchange holidays either within the Barratt network or at resorts worldwide, using an international network.

USA HOUSING

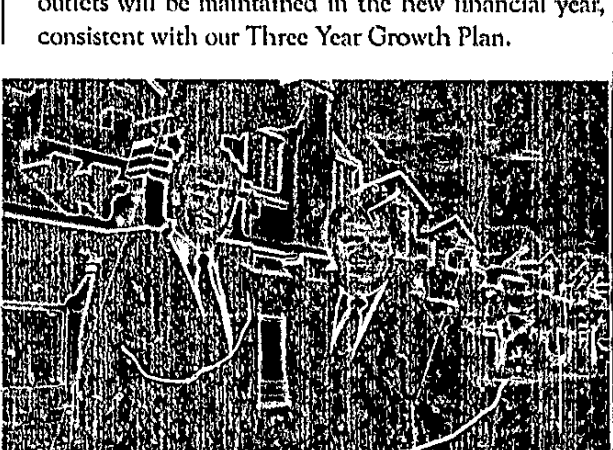
The USA division, which operates throughout Southern California, made good progress towards recovery, increasing sales completions by 46% from 354 to 517 units and reducing investment in land and work in progress. Bank debt was further reduced from \$37 million to \$18 million, while joint venture debt, which three years ago amounted to \$49 million, was almost eliminated during the year.

Action taken to consolidate operations and reduce investment has been effective. At the beginning of the year we had static investment in 10 dormant sites and substantial interests in a number of joint ventures. This investment has been greatly reduced with only 30 houses in the joint venture developments to complete and dormant sites reduced to seven, of which three will be commenced this financial year. Over the last three years, we have completed 15 sites and land stocks have been reduced from 4,600 to 3,000 plots, which is to a level consistent with our Three Year Plan.

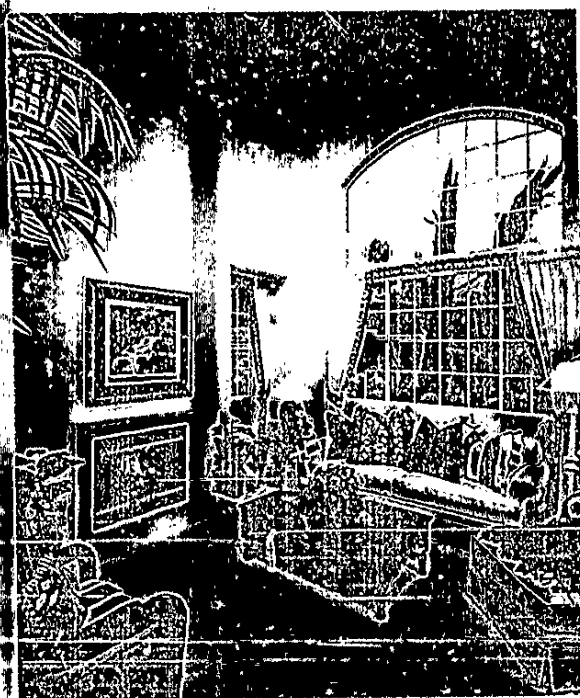
The Californian housing market has been extremely difficult over the past four years. During the past six months, house prices have stabilised, while sales of both new and existing homes are increasing and house price to earnings ratios are the best for two decades. These favourable market factors, together with our ongoing emphasis on trading through the poor contribution large investment sites and the introduction of new full margin developments, will ensure a progressive rebuilding of volume and profitability. The company is now strongly placed to move forward. A level of 15 selling outlets will be maintained in the new financial year, consistent with our Three Year Growth Plan.



Leila Playa, one of three superb Barratt leisure timeshare resorts on the Mediterranean coastline. Close to Marbella, they all offer high quality accommodation and extensive leisure facilities.



Mirasol, Mission Viejo, Orange County, California. Group Chief Executive Frank Eaton and Barratt American President, Michael D. Pattinson, at Mirasol, one of the latest selling projects in Orange County. Launched in September 1993 a total of 94 townhomes were sold within a year, priced from \$145,000 to \$180,000.

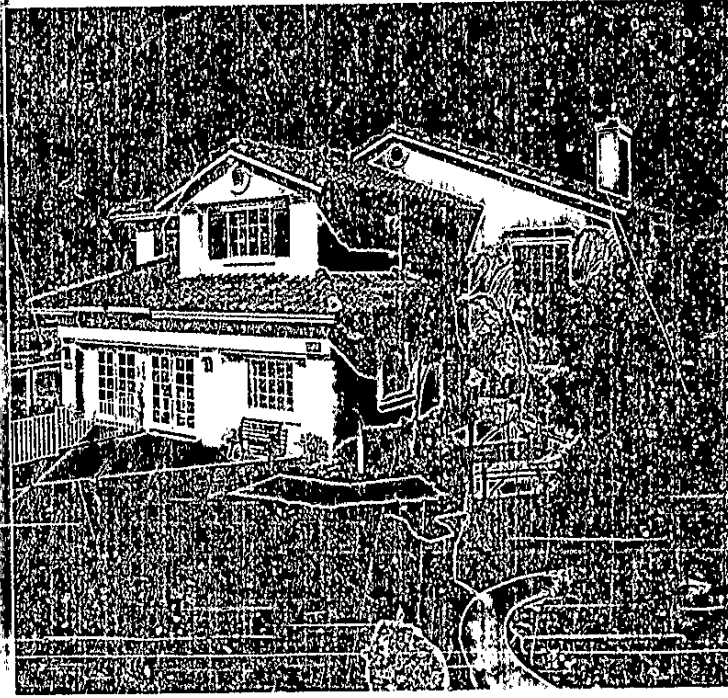


Melrose, Mission Viejo, Orange County. An exciting new concept of detached family homes priced between \$179,000 and \$204,000. The development of 130 homes was launched in September 1994.

CONCLUSION

The year just ended marks the first of our Three Year Growth Plan to expand our business in the UK from 5,000 to 8,000 units by June 1996 and in the USA from 350 to 700 units during the same period. We have fully achieved our first year objectives with the sales completions effected in both the UK and USA. As part of our strategy to rebuild UK volume, the network of housebuilding subsidiaries is being increased by six. The first four subsidiaries are now fully operational with a further two planned for July 1995. Our Growth Plan also provides for the progressive rebuilding of our pre-tax margins to a level of 10% by July 1996 and again good progress has been achieved with margins increased by 42%, from 5% to 7.1%.

In the UK we have for the most part eliminated loss-making developments and are now benefiting from the ongoing increase in new developments producing full margins and increased volume. We have also secured a substantial increase in land stocks. We have an exciting new range of product, designed to take us through the 1990s, complemented



Mirada, Moreno Valley, Riverside County. This development of 267 detached family homes is priced from \$126,000 to \$225,000 and is currently the most successful project in the Moreno Valley.

by the highest quality standards of construction, for which the Barratt Group is renowned. In the USA we have implemented the same strategy that has worked successfully in the UK, increasing volume in order to reduce our investment and improve profitability.

To continue our success in this low-inflationary environment, we are determined to maintain a low cost-base offering our customers value for money, with an outstanding choice of product and unrivalled service. We shall rigidly control all investment in land, stock and work in progress, thereby maintaining low levels of borrowing and gearing. To achieve our objectives we have at all levels the depth of management experience and skill required. I am confident that these are the ingredients that will continue the sound progress the Group has made in recent years to achieving our volume and profit growth.

Frank Eaton

Frank Eaton
Group Chairman

23rd September 1994

DIRECTORS AND PROFESSIONAL ADVISERS

Directors

Sir Lawrence Barratt *†‡§
Chairman

A W Tait OBE *†‡§
Deputy Chairman

F Eaton ‡
Chief Executive

M Norton
Deputy Chief Executive

F W Crawley *†‡§

D A Pretty

C A Dearlove

* Non-executive

† Member of the Remuneration Committee

‡ Member of the Nomination Committee

§ Member of the Audit Committee

Non-Executive Directors

Sir Lawrence Barratt, 66, founded the first Barratt company in 1958. After more than 30 years service he retired as Chairman and Chief Executive of Barratt Developments PLC in December 1988, when he became Life President. He returned to the role of Executive Chairman in July 1991, stepping down from executive duties on 31st July 1994 to assume the position of Non-Executive Chairman for a term of three years, expiring on 31st July 1997.

A W Tait OBE, 71, was appointed a non-executive director in 1988. The former Chairman of the National House Building Council, the Housing Research Foundation, and the New Homes Environmental Group, he is currently Chairman of Johnson Fry Property Limited, the Home Buyers' Advisory Service Limited and the Cost Reduction Partnership.

F W Crawley, 68, was appointed a non-executive director in 1988. The former Deputy Chief Executive of Lloyds Bank Plc, he is now Chairman of the Alliance & Leicester Building Society, and of Girobank PLC.

Secretary
F Brown

Registrar
Independent Registrars Group Limited
Broseley House
Newlands Drive
Witham, Essex
CM8 2UL

Auditors
Coopers & Lybrand

Solicitors
Slaughter and May

Brokers
Cazenove & Co
NatWest Securities

Merchant Bankers
S G Warburg & Co

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the thirty-sixth annual general meeting of the company will be held at the Plaisterers Hall, 1 London Wall, London, EC2Y 5JU on 17th November 1994 at 2.30pm for the following purposes:

ORDINARY BUSINESS - RESOLUTIONS

1. To receive and adopt the directors' report and accounts for the year ended 30th June 1994.
2. To declare a dividend.
3. To re-elect a director, Mr A W Tait, who has attained the age of 70 years, and who retires by rotation.
4. To re-appoint Coopers & Lybrand, the retiring auditors, and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS - RESOLUTIONS

To consider and, if thought fit, pass the following resolutions of which resolution 5 will be proposed as an ordinary resolution and resolution 6 will be proposed as a special resolution.

5. 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 £1,868,984 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.
6. That, subject to the passing of resolution 5 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 5 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 interest 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 £906,550 being 5% of the nominal value of the existing issued share capital 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.

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

By order of the board
F Brown
Secretary
21st October 1994

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company.

The following documents will be available for inspection at the registered office, during business hours, from the date of this notice until the date of the annual general meeting, and on that day they will be available for inspection at the place of the meeting from 2.15pm until the conclusion of the meeting:

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

DIRECTORS' REPORT

The directors submit their report and the accounts for the year ended 30th June 1994.

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 will be found in the Chairman's Statement on pages 2 and 3, and the Chief Executive's Review on pages 4 to 11.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 30th June 1994 was £23.3m (1993 £16.8m). An interim dividend of 2p per share (1993 1p) was paid on 27th May 1994 and it is proposed to pay a final dividend of 4p per share (1993 3p) on 18th November 1994 to shareholders on the register at the close of business on 20th October 1994.

The dividends paid and proposed amount to £10.9m (1993 £7.2m). The profit retained is £12.4m (1993 £9.6m) as shown in note 19 to the accounts.

ANNUAL GENERAL MEETING

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

The two resolutions (numbers 5 and 6 respectively) request 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.

DIRECTORS AND THEIR SHAREHOLDINGS

The directors of the company at 30th June 1994, all of whom have been directors for the whole year ended on that date, are listed on page 12.

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 1994		1st July 1993	
	fully paid	executive share option scheme	fully paid	executive share option scheme
Sir Lawrence Barratt	1,263,738	400,000	1,263,738	200,000
A W Tait	11,000	—	11,000	—
F Eaton	112,102	600,000	112,102	400,000
M Norton	109,116	300,000	52,616	400,000
F W Crawley	2,000	—	2,000	—
D A Pretty	14,519	300,000	14,519	200,000
C A Dearlove	1,186	240,000	1,186	140,000

Details of movements in the interests in the executive share option scheme are shown in note 9.

No notification has been received of any change in the above interests during the period 30th June 1994 to 21st September 1994.

Upon expiry of Sir Lawrence Barratt's service contract as an executive director, Sir Lawrence was appointed a non-executive director for a further three year period with effect from 1st August 1994.

Under the provisions of article 81 of the company's memorandum and articles of association Mr A W Tait retires and offers himself for re-election.

Mr Tait's term of appointment expires on 31st December 1995.

During the year the company maintained liability insurance for its directors and officers.

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.

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CORPORATE GOVERNANCE

The company's system of corporate governance, which is summarised below, reflects and complies with the Code of Best Practice issued in December 1992 by the Cadbury Committee on the Financial Aspects of Corporate Governance, apart from the provisions relating to the reporting by directors on internal control and going concern; compliance awaits the development and publication of further guidance. During the year the company did not formally comply with paragraphs 1.4 and 4.3 of the Code but these two matters have since been addressed, as referred to below, thereby completing compliance with the Code.

The board of directors, now comprising the four executive and three non-executive directors, meets regularly throughout the year. The board is responsible for overall group strategy, acquisition and divestment policy, and consideration of significant financing matters. It reviews the strategic direction of the group, its annual budgets and progress towards achievement of those budgets. The board had previously agreed the matters specifically reserved to them for decision. Following a recent review of these matters a formal schedule has been agreed upon.

The board has established three standing committees. Each committee operates within defined terms of reference. The principal committees are the Audit Committee and the Remuneration Committee. A Nomination Committee will deal with appointments and promotions to main board positions. Trading companies are managed by separate boards of directors chaired by a main board director.

The Audit Committee consisted of only the two non-executive directors until, as previously agreed, Sir Lawrence Barratt assumed the position of non-executive chairman of the group. The Committee now consists of the three non-executive directors and is chaired by F W Crawley. 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 reviews the terms and conditions of the executive directors. It is chaired by AW Tait and its members are the non-executive directors.

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 fair consideration to the employment needs of disabled people and to comply with current legislation with regard to disabled persons.

STATUTORY INFORMATION

At 21st September 1994 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
Provident Mutual	02.09.94	7,500,385	4.14%

The company is not a close company under the provisions of the Income and Corporation Taxes Act 1988. No charitable donations were made during the year. No political contributions were made during the year.

DIRECTORS' REPORT

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Coopers & Lybrand as auditors to the company will be put to the annual general meeting.

On behalf of the board
F Brown, Secretary
Newcastle upon Tyne

13th October 1994

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To Barratt Developments PLC

We have reviewed the directors' statement on page 15 concerning the company's compliance with the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance, insofar as it relates to those paragraphs of the Code which the London Stock Exchange has specified for our review. We carried out our review having regard to the Bulletin 'Disclosures relating to corporate governance' issued by the Auditing Practices Board.

Our procedures primarily comprised enquiry of appropriate directors and officers and examination of relevant documents. We are not required to review, and have not reviewed, the effectiveness of the company's governance procedures.

Based on our review we have satisfied ourselves that the directors' statement appropriately reflects the company's compliance with the paragraphs of the Code.

Coopers & Lybrand
Coopers & Lybrand

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

13th October 1994

AUDITORS' REPORT

To the members of Barratt Developments PLC

We have audited the accounts on pages 17 to 31 and the details of the principal associated undertakings and joint ventures on page 32.

Respective responsibilities of directors and auditors

As described on page 15 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the group's and 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 30th June 1994 and of the profit, total recognised gains and losses, and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand
Coopers & Lybrand

Chartered Accountants and Registered Auditors
Newcastle upon Tyne

13th October 1994

ACCOUNTING POLICIES

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. They also include the group's share of the results of associated undertakings.
- (c) **Turnover**
Turnover comprises the total proceeds of building and development on legal completion and the value of work executed on 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.
Land purchases are included in stocks and work in progress on legal completion. Deposits on land not yet legally completed are also included in stocks and work in progress.
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 receivable 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 not depreciated as it is policy to maintain them to such a standard that the estimated residual value, based on prices prevailing at the time of acquisition or subsequent directors' valuation, is not less than book value. Any permanent diminution in the value of such properties is charged to the profit and loss account. 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.

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 30th June 1994

	Note	1994 £m	1993 £m
TURNOVER		498.9	405.3
OPERATING PROFIT	1	40.7	27.3
SHARE OF (LOSSES)/PROFIT OF ASSOCIATED UNDERTAKINGS	12	(0.2)	0.4
PROFIT BEFORE INTEREST AND TAXATION		40.5	27.7
INTEREST PAYABLE	4	(5.3)	(7.3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	35.2	20.4
TAXATION	5	(11.9)	(3.6)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6	23.3	16.8
DIVIDENDS	7	(10.9)	(7.2)
RETAINED PROFIT	19	12.4	9.6
EARNINGS PER SHARE	10	12.9p	9.3p

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

	1994 £m	1993 £m
Profit on ordinary activities after taxation	23.3	16.8
Currency translation differences on foreign currency net investments	(0.6)	2.4
Total gains and losses recognised since last annual report	22.7	19.2

GROUP BALANCE SHEET
at 30th June 1994

	Note	1994 £m	1993 £m
FIXED ASSETS			
Tangible assets	11	5.7	5.2
Investment in associated undertakings	12	3.3	6.1
		9.0	11.3
CURRENT ASSETS			
Properties held for sale		5.5	11.6
Stocks	13	341.6	315.0
Debtors due within one year	14	25.0	18.1
Debtors due after more than one year	14	11.0	16.5
Bank and cash		34.1	27.6
		417.2	388.8
CURRENT LIABILITIES			
Creditors due within one year	15	159.4	166.1
NET CURRENT ASSETS		257.8	222.7
TOTAL ASSETS LESS CURRENT LIABILITIES			
		266.8	234.0
CREDITORS DUE AFTER MORE THAN ONE YEAR	16	61.4	41.4
PROVISION FOR LIABILITIES AND CHARGES	17	—	0.1
NET ASSETS		205.4	192.5
CAPITAL AND RESERVES			
Called up share capital	18	18.1	18.1
Share premium	19	86.0	84.9
Profit retained	19	101.3	89.5
EQUITY SHAREHOLDERS' FUNDS	20	205.4	192.5

Approved by the board on 13th October 1994

Sir Lawrence Barratt } Directors
C A Dearlove

Lawrence Barratt
C A Dearlove

CASH FLOW STATEMENT
for the year ended 30th June 1994

	Note	1994 £m	1993 £m
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	21	43.6	56.9
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1.1	3.6
Interest paid		(6.5)	(12.4)
Dividends paid		(9.0)	(5.4)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(14.4)	(14.2)
TAXATION			
UK Corporation tax paid		(5.6)	(1.7)
Overseas taxation recovered		-	1.7
TAX PAID		(5.6)	-
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(1.0)	(0.2)
Sale of associated undertaking		2.5	-
Purchase of subsidiary undertaking (net of cash and cash equivalents acquired)		-	(1.0)
Capital contributions to associated undertakings		(0.4)	(1.6)
Distributions from associated undertakings		0.4	1.7
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		1.5	(1.1)
NET CASH INFLOW BEFORE FINANCING		25.1	41.6
FINANCING			
Issue of ordinary share capital		(1.1)	(0.1)
Decrease in bills payable		10.0	5.0
Decrease in bank loans		12.2	14.0
NET CASH OUTFLOW FROM FINANCING	22	21.0	18.9
INCREASE IN CASH AND CASH EQUIVALENTS	23	4.1	22.7
		25.1	41.6

NOTES TO THE ACCOUNTS

1. OPERATING PROFIT

	1994 £m	1993 £m
Turnover	498.9	405.3
Cost of sales	438.9	359.9
Gross profit	60.0	45.4
Administrative expenses	19.3	18.1
	<u>40.7</u>	<u>27.3</u>

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED

	1994 £m	1993 £m
After charging:		
Directors' remuneration	1.2	1.0
- emoluments	-	0.1
- compensation for loss of office	0.4	0.5
Depreciation	4.0	3.9
- tangible owned fixed assets	1.5	1.6
Operating lease charges	0.1	0.1
- hire of plant, machinery and vehicles		
- other		
Auditors' remuneration	0.1	0.1
- audit services		
(company: £2,250 - (1993 £2,250))		
After crediting:		
Rental income	1.7	2.3

Auditors' remuneration for non-audit services in the year amounted to £26,000 (company: £20,000), (1993 £25,000 (company: £20,000)).

3. ANALYSIS BY GEOGRAPHICAL AREA

	United Kingdom		USA		Total	
	1994 £m	1993 £m	1994 £m	1993 £m	1994 £m	1993 £m
Turnover by origin	437.8	372.7	61.1	32.6	498.9	405.3
Profit/(loss) before interest and tax	42.5	28.4	(2.0)	(0.7)	40.5	27.7
Net assets/(liabilities)	217.0	201.4	(11.6)	(8.9)	205.4	192.5

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. INTEREST PAYABLE

	1994 £m	1993 £m
Payable: On bank loans and overdrafts		
Repayable within 5 years not by instalments	6.1	8.1
Repayable within 5 years by instalments	0.3	0.9
	<u>6.4</u>	<u>9.0</u>
Less: Receivable	1.1	1.7
	<u>5.3</u>	<u>7.3</u>

NOTES TO THE ACCOUNTS

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £m	1993 £m
UK corporation tax at a rate of 33% (1993 33%):		
Current	13.4	5.0
Deferred	(0.1)	-
Over provision in respect of previous years:		
Current	(1.4)	(1.4)
	11.9	3.6

At 30th June 1994 there are unabsorbed tax losses of £1.3m (1993 £10.2m) available to set off against future trading profits of certain UK subsidiary undertakings. In addition there are unabsorbed tax losses of £24.0m (1993 £13.2m) available to set off against future trading profits of the US subsidiary undertaking with a further £12.9m (1993 £14.6m) unrealised tax losses which may be claimed as certain US subsidiary undertaking developments are progressed.

6. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

	1994 £m	1993 £m
The profit attributable to shareholders is dealt with in the accounts of:		
The company	9.2	8.1
Subsidiary undertakings	14.3	8.3
Associated undertakings	(0.2)	0.4
	23.3	16.8

In accordance with the provisions of the Companies Act 1985 a separate profit and loss account for the company is not presented.

7. DIVIDENDS

	1994 £m	1993 £m
Interim 2p per share paid (1993 1p)	3.6	1.8
Final 4p per share proposed (1993 3p)	7.3	5.4
	10.9	7.2

8. EMPLOYEES

	1994 £m	1993 £m
The average number of persons employed by the group in building and development, excluding sub-contractors, was 2,300 (1993 2,200).		
Employee costs (including directors) comprise:		
Wages and salaries	34.4	31.9
Social security	3.3	2.9
Pension costs	0.8	0.8
	38.5	35.6

The group operates throughout the UK a defined benefit final salary 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 1991. The main long term actuarial assumptions were that the investment return would be 9.0% per annum and that salary increases, inclusive of promotion, would average 7.5% per annum. The market value of the assets of the scheme on 1st December 1991 was £25.6m. The actuarial value of these assets represented 131% of the value of the benefits for service to the date of the valuation allowing for future salary increases.

In deriving the 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 1994 amounted to £741,000 (1993 £778,000), while the amount charged to the profit and loss account was £797,000 (1993 £843,000). This increased the balance sheet provision of £32,500, at the year ending 30th June 1993, to £88,500 at 30th June 1994.

NOTES TO THE ACCOUNTS

9. DIRECTORS

	Chairman		Highest paid director		All directors	
	1994	1993	1994	1993	1994	1993
	£000	£000	£000	£000	£000	£000
Executive directors' remuneration:						
Salary	232	212	220	200	872	813
Performance related payments	21	-	31	11	130	43
Taxable benefits	2	1	7	7	41	34
	255	213	258	218	1043	890
Pension costs	30	30	11	14	63	71
	285	243	269	232	1106	961
Non-executive directors' fees:	-	-	-	-	49	45
Total directors' remuneration	285	243	269	232	1155	1006

The earnings of the executive directors reflect recommendations by the Remuneration Committee, made up of non-executive directors, who take into account earnings in comparable companies, results achieved by individuals, the performance of the group, and the fact that, by the terms of their service contracts, the executive directors are entitled to commission payments based on pre-tax profit levels above minimum base levels.

Executive directors are members of the group's contributory pension scheme which entitles them to a pension on retirement of two-thirds of pensionable salary after 40 years membership. They are eligible for dependants' pension and insured lump sums on death in service.

Share Options

The Remuneration Committee approves the grant of options to executive directors under the group's executive share option scheme. Since 1988 it has been company policy not to grant options to non-executive directors.

Options held by directors over the company's ordinary shares at 30th June 1994 were as follows:

Date of Grant	Option Price	Sir Lawrence Barratt	F Eaton	M Norton	D A Pretty	C A Dearlove
	pence	000's	000's	000's	000's	000's
17.12.86	155	-	60	-	-	25
08.10.87	225	-	140	-	-	-
23.10.91	58	100	100	100	100	75
15.10.92	67	100	100	100	100	40
28.09.93	190	200	200	100	100	100
		400	600	300	300	240

During the period only one executive director, M Norton, exercised an option granted in December 1986 over 200,000 shares at an exercise price of 155p.

Options are normally exercisable between three and ten years from the date of grant.

The remuneration of United Kingdom directors, (excluding pension contributions), including the chairman and highest paid director was in the range below:

	Number of Directors			Number of Directors	
	1994	1993		1994	1993
£ 15,001 - £ 20,000	-	1	£175,001 - £180,000	-	1
£ 20,001 - £ 25,000	1	1	£185,001 - £190,000	1	-
£ 25,001 - £ 30,000	1	-	£205,001 - £210,000	1	-
£ 30,001 - £ 35,000	-	1	£210,001 - £215,000	-	1
£ 35,001 - £ 40,000	-	1	£215,001 - £220,000	-	1
£ 40,001 - £ 45,000	1	-	£220,001 - £225,000	1	-
£ 45,001 - £ 50,000	-	1	£225,001 - £230,000	1	-

10. EARNINGS PER SHARE

The earnings per share calculation is based on a profit after taxation of £23.3m (1993 £16.8m) and 180.5m ordinary equity shares (1993 180.5m), being the weighted average number of shares in issue and ranking for dividend during the year.

NOTES TO THE ACCOUNTS

11. TANGIBLE FIXED ASSETS

	Freehold Property £m	Group Plant £m	Total £m	Company Total Plant £m
Cost				
At 1st July 1993	4.7	6.3	11.0	0.1
Additions	0.5	0.5	1.0	-
Disposals	-	(1.1)	(1.1)	-
Exchange adjustments	(0.1)	-	(0.1)	-
At 30th June 1994	5.1	5.7	10.8	0.1
Accumulated depreciation				
At 1st July 1993	0.1	5.7	5.8	0.1
Provision for the year	-	0.4	0.4	-
Disposals	-	(1.1)	(1.1)	-
At 30th June 1994	0.1	5.0	5.1	0.1
Net book value at 30th June 1994	5.0	0.7	5.7	-
Net book value at 30th June 1993	4.6	0.6	5.2	-

12. INVESTMENT IN ASSOCIATED UNDERTAKINGS

Group	Long Term Joint Ventures £m	Associated Undertakings £m	Loans to Associated Undertakings £m	Total £m
Cost				
At 1st July 1993	3.0	0.2	4.4	7.6
Additions	0.4	-	-	0.4
Distributions	(0.1)	-	(0.3)	(0.4)
Exchange movements	(0.1)	-	-	(0.1)
Sale of interest in associate	-	-	(2.5)	(2.5)
At 30th June 1994	3.2	0.2	1.6	5.0
Share of post acquisition reserves				
At 1st July 1993	0.4	(1.2)	-	(0.8)
Movements in year	(0.5)	-	-	(0.5)
Sale of interest in associate	-	0.4	-	0.4
At 30th June 1994	(0.1)	(0.8)	-	(0.9)
Amounts written off				
At 1st July 1993	(0.7)	-	-	(0.7)
Movements in year	-	-	(0.1)	(0.1)
At 30th June 1994	(0.7)	-	(0.1)	(0.8)
Net book value at 30th June 1994	2.4	(0.6)	1.5	3.3
Net book value at 30th June 1993	2.7	(1.0)	4.4	6.1

On 30th November 1993 Barratt Commercial (Chepstow) Limited disposed of its interest in Severn Link Developers Limited for a total consideration of £2.5m against a book value of its investment of £2.2m. Prior to the disposal Barratt held a 50% interest in the undertaking along with Hanson Properties Limited.

The principal associated undertakings and joint ventures are set out on page 32.

NOTES TO THE ACCOUNTS

13. STOCKS

Group	1994 £m	1993 £m
Work in progress	218.2	202.8
Showhouse complexes and houses awaiting legal completion	106.4	103.9
Properties in Business Expansion Schemes	17.0	8.3
	<u>341.6</u>	<u>315.0</u>

In September 1993 the group supported a further two Business Expansion Scheme companies to provide assured tenancy housing, both of which were fully subscribed at a total of £10.0m. A major portion of this amount was used to purchase properties at market value from various Barratt subsidiaries. The group has given a guarantee that there will be sufficient cash resources available for distribution from the four BES companies in 1998 and 1999 to provide the BES investors with a guaranteed return per share. As the guarantee is in place the sale of the properties has not been recognised in these accounts. The properties are held in the balance sheet at their original cost of £17.0m (1993 £8.3m). The sale proceeds of £18.9m (1993 £9.2m) are held in creditors and the profit attributable to the properties of £1.9m (1993 £0.9m) has not been recognised in these accounts.

14. DEBTORS

	Group 1994 £m	Group 1993 £m	Company 1994 £m	Company 1993 £m
Due within one year				
Secured loans	4.9	1.8	-	-
Trade debtors	10.0	7.2	-	-
Amounts recoverable on contracts	0.7	0.6	-	-
Other debtors	6.3	5.0	1.0	2.0
Prepayments	1.6	1.6	0.1	0.1
Corporation tax recoverable	1.5	1.9	0.9	0.1
	<u>25.0</u>	<u>18.1</u>	<u>2.0</u>	<u>2.2</u>
Due after more than one year				
Secured loans	8.1	11.9	-	-
Advance corporation tax recoverable	1.8	2.5	1.8	-
Other debtors	1.1	2.1	-	-
	<u>11.0</u>	<u>16.5</u>	<u>1.8</u>	<u>-</u>
	<u>36.0</u>	<u>34.6</u>	<u>3.8</u>	<u>2.2</u>

15. CREDITORS DUE WITHIN ONE YEAR

	Group 1994 £m	Group 1993 £m	Company 1994 £m	Company 1993 £m
Bank loans and overdrafts	15.3	43.2	-	-
Trade creditors including deferred land payments	80.7	66.2	-	-
Payments on account	1.5	1.5	-	-
Payroll taxation including social security	1.3	1.1	-	-
Corporation tax	10.5	5.8	-	-
Advance corporation tax	2.7	2.1	2.7	-
Proposed dividend	7.3	5.4	7.3	5.4
Other creditors	9.6	10.3	1.2	1.2
Accruals and deferred income	30.5	30.5	2.0	2.1
	<u>159.4</u>	<u>166.1</u>	<u>13.2</u>	<u>8.7</u>

NOTES TO THE ACCOUNTS

16. CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Bank loans	25.6	8.7	7.8	8.1
Trade creditors including deferred land payments	17.3	11.5	-	-
Bills payable	-	10.0	-	10.0
Other creditors	1.2	2.0	-	-
Accruals and deferred income	17.3	9.2	-	-
	<u>61.4</u>	<u>41.4</u>	<u>7.8</u>	<u>18.1</u>

The bank loans are advances under long term revolving credit facilities and on repayment can be replaced at the company's option by further advances.

	Group	
	1994 £m	1993 £m
Bank loans at interest rates related to normal base rates include amounts due:		
Between 1 and 2 years	1.6	0.6
Between 2 and 5 years	24.0	8.1
	<u>25.6</u>	<u>8.7</u>

	Group	
	1994 £m	1993 £m
Other creditors include:		
Repayable, other than by instalments, between 2 and 5 years at an interest rate of 5.5%	0.8	1.1

Total creditors include £55.9m (1993 £89.4m) secured by a floating charge over the assets of the group.

17. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	1994 £m	1993 £m	1994 £m	1993 £m
Deferred taxation:				
Tax allowances in excess of depreciation	-	0.1	-	-
Other timing differences	-	-	-	0.2
	<u>-</u>	<u>0.1</u>	<u>-</u>	<u>0.2</u>

Full provision has been made for deferred taxation. The company liability arises on intra group items and is eliminated on consolidation.

NOTES TO THE ACCOUNTS

18. CALLED UP SHARE CAPITAL

	1994 £m	1993 £m
Authorised 200,000,000 ordinary shares of 10p each	20.0	20.0
Allotted and issued ordinary shares of 10p each		
Fully paid – 181,275,157 ordinary shares	18.1	18.1

The issued share capital of the company was increased during the year to 181,275,157 ordinary shares of 10p each by the issue of 735,000 ordinary shares of 10p each for a consideration of £1,125,940 (see note 19) in satisfaction of options duly exercised in accordance with the rules of the executive share option scheme.

As at 30th June 1994 the following options issued in accordance with the rules of the executive share option scheme were outstanding:

Date of Grant	Option Price	Directors	Senior Executives	Not Exercisable After
17.12.1986	155p	85,000	282,500	16.12.1996
08.10.1987	225p	140,000	180,000	07.10.1997
06.04.1988	192p	–	25,000	05.04.1998
27.10.1988	176p	–	75,000	26.10.1998
23.10.1991	58p	475,000	2,035,000	22.10.2001
15.10.1992	67p	440,000	1,020,000	14.10.2002
28.09.1993	190p	700,000	–	27.09.2003

19. RESERVES

	Share premium £m	Profit retained £m	Total £m
Group			
At 1st July 1993	84.9	89.5	174.4
Premium on issue of ordinary equity shares	1.1	–	1.1
Retained profit	–	12.4	12.4
Exchange adjustments	–	(0.6)	(0.6)
At 30th June 1994	86.0	101.3	187.3
Company			
At 1st July 1993	84.9	34.6	119.5
Premium on issue of ordinary equity shares	1.1	–	1.1
Retained loss	–	(1.7)	(1.7)
Exchange adjustments	–	(0.9)	(0.9)
At 30th June 1994	86.0	32.0	118.0

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	1994 £m	1993 £m
Profit on ordinary activities after taxation	23.3	16.8
Dividends	(10.9)	(7.2)
	12.4	9.6
Other recognised gains and losses relating to the year-net	(0.6)	2.4
New share capital issued (including premium)	1.1	0.1
Net addition to equity shareholders' funds	12.9	12.1
Opening equity shareholders' funds	192.5	180.4
Closing equity shareholders' funds	205.4	192.5

NOTES TO THE ACCOUNTS

21. NET CASH INFLOW FROM OPERATING ACTIVITIES

	1994 £m	1993 £m
Operating profit	40.7	27.3
Depreciation charges	0.4	0.5
(Increase)/decrease in stocks	(28.8)	24.8
Decrease in properties held for sale	6.1	0.5
Increase in debtors	(2.7)	(0.9)
Increase in creditors	27.9	4.7
	43.6	56.9

All activities of the group are continuing.

22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bills payable and bank loans	Share capital (including premium)	Total	Bills payable and bank loans	Share capital (including premium)	Total
	1994 £m	1994 £m	1994 £m	1993 £m	1993 £m	1993 £m
At 1st July	59.3	103.0	162.3	59.4	102.9	162.3
Issue of ordinary share capital	-	1.1	1.1	-	0.1	0.1
Decrease in bills payable	(10.0)	-	(10.0)	(5.0)	-	(5.0)
Decrease in bank loans	(12.1)	-	(12.1)	(14.0)	-	(14.0)
Bank loans of acquired subsidiary undertakings	-	-	-	7.0	-	7.0
Exchange adjustments	(1.3)	-	(1.3)	11.9	-	11.9
At 30th June	35.9	104.1	140.0	59.3	103.0	162.3

23. CASH AND CASH EQUIVALENTS

	1994 £m	Change In Year £m	1993 £m	Change In Year £m	1992 £m
a) Analysis of balances as shown in the balance sheet					
Bank and cash	34.1	6.5	27.6	23.1	4.5
Bank loans and overdrafts payable within one year	(15.3)	27.9	(43.2)	(3.1)	(40.1)
	18.8	34.4	(15.6)	20.0	(35.6)
Less: Financing included in bank loans and overdrafts payable within one year	10.3	(30.3)	40.6	2.7	37.9
	29.1	4.1	25.0	22.7	2.3
b) Analysis of changes during year					
At 1st July	25.0	2.3	(1.8)		
Net cash inflow	4.1	22.7	4.1		
At 30th June	29.1	25.0	2.3		

NOTES TO THE ACCOUNTS

24. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

The company has shareholdings at cost of £18.1m (1993 £18.1m).
The principal subsidiary undertakings are set out on page 31.

25. OPERATING LEASE OBLIGATIONS

	Group			
	1994		1993	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Annual commitments:				
Operating leases which expire:				
Within one year	0.1	0.7	0.1	0.2
Between two and five years	0.2	1.6	0.1	2.1
In five years or more	0.7	—	0.8	—
	1.0	2.3	1.0	2.3

26. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary undertakings amounting to £19.9m (1993 £19.7m). In addition there are contingent liabilities in respect of guarantees relating to certain subsidiaries entered into in the normal course of business. Certain subsidiary undertakings have commitments for the purchase of trading stock entered into in the normal course of business.

The US subsidiary undertaking has two sites under development through joint venture agreements on which only 38 units remain to legally complete. In the normal course of business the partners in one of these joint ventures are jointly and severally liable for bank loans to finance the development. The total external finance in this US joint venture at 30th June 1994 was £0.3m (1993 £1.3m). Adequate provision has been made in respect of the group's interest in the joint ventures as at 30th June 1994 and the directors consider that the possibility of any material loss accruing to the subsidiary undertaking as a result of these arrangements is unlikely.

There is an unprovided potential charge to Californian unitary tax in the sum of £2.0m (1993 £2.0m). The group continues to oppose the imposition of this tax on its US subsidiary undertaking on the basis that the criteria for a unitary business are not satisfied. Therefore it is uncertain whether or not any liability will arise.

COMPANY BALANCE SHEET
at 30th June 1994

	Note	1994 £m	1993 £m
FIXED ASSETS			
Investment in subsidiary undertakings	24	18.1	18.1
		<u>18.1</u>	<u>18.1</u>
CURRENT ASSETS			
Due from subsidiary undertakings within one year		123.3	151.6
Due from subsidiary undertakings after more than one year		99.5	99.5
Debtors due within one year	14	2.0	2.2
Debtors due after more than one year	14	1.8	-
Bank and cash		26.8	13.1
		<u>253.4</u>	<u>266.4</u>
CURRENT LIABILITIES			
Due to subsidiary undertakings within one year		114.4	119.9
Creditors due within one year	15	13.2	8.7
NET CURRENT ASSETS		<u>125.8</u>	<u>137.8</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		143.9	155.9
CREDITORS DUE AFTER MORE THAN ONE YEAR	16	7.8	18.1
PROVISION FOR LIABILITIES AND CHARGES	17	-	0.2
NET ASSETS		<u>136.1</u>	<u>137.6</u>
CAPITAL AND RESERVES			
Called up share capital	18	18.1	18.1
Share premium	19	86.0	84.9
Profit retained	19	32.0	34.6
EQUITY SHAREHOLDERS' FUNDS		<u>136.1</u>	<u>137.6</u>

Approved by the board on 13th October 1994

Sir Lawrence Barratt
C A Dearlove } Directors

Lawrence Barratt
C. Dearlove

GROUP STRUCTURE AND DIRECTORY

PRINCIPAL SUBSIDIARY UNDERTAKINGS

GROUP OFFICE

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

COMMERCIAL PROPERTY

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

LEISURE PROPERTY

*Barratt International
Resorts Ltd,
Grosvenor House,
110 Manor Road,
Wallington,
Surrey,
SM6 0DW.
Tel: 0181 773 2111
Fax: 0181 669 3212

USA

**Barratt American Inc.,
2035 Corte Del Nogal,
Suite 160,
Carlsbad,
California CA92009,
United States of America.
Tel: 001 619 431 0800
Fax: 001 619 429 6430

UK NORTHERN REGION

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

**Barratt East Scotland Ltd,
Bellhaven House,
Marshall Place,
Perth,
PI 12 8BE.
Tel: 01738 622484
Fax: 01738 444155

Barratt Leeds Ltd,
86 Bradford Road,
Idle,
Bradford,
BD10 8TD.
Tel: 01274 617621
Fax: 01274 618940

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

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

Barratt York Ltd,
Richmond House,
Millfield Lane,
Poppleton,
York,
YO2 6PH.
Tel: 01904 707961
Fax: 01904 781665

*Barratt Construction Ltd,
4 Newton Terrace,
Glasgow,
G3 7PJ.
Tel: 0141 204 3500
Fax: 0141 204 3525

Also at:

Cloir Road,
Ellon,
Aberdeenshire,
AB41 9AT.
Tel: 01358 720765
Fax: 01358 724241

UK CENTRAL REGION

*Barratt Central Ltd,
Midland House,
New Road,
Halesowen,
West Midlands,
B63 3HY.
Tel: 0121 585 5303
Fax: 0121 585 5535

Barratt Chester Ltd,
2 Vicar's Lane,
Chester,
CH1 1QT.
Tel: 01244 311301
Fax: 01244 320381

Barratt East Midlands Ltd,
Broadgate House,
Humber Road,
Beeston,
Nottingham,
NG9 2EF.
Tel: 0115 922 2421
Fax: 0115 943 1308

Barratt Manchester Ltd,
Worral 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 Ltd,
Alexandra House,
Queenwood Office Park,
Newport Pagnell Road West,
Northampton,
NN4 7JL.
Tel: 01604 674333
Fax: 01604 674334

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

UK SOUTHERN REGION

*Barratt Southern Ltd,
Grosvenor House,
110 Manor Road,
Wallington,
Surrey,
SM6 0DW.
Tel: 0181 647 9699
Fax: 0181 647 9050

Barratt Bristol Ltd,
Barratt House,
Almondsbury Business Centre,
Woodlands,
Almondsbury,
Bristol,
BS12 4QH.
Tel: 01454 202202
Fax: 01454 612277

Barratt London Ltd,
Warton House,
150 High Street,
Stratford,
London,
E15 2NE.
Tel: 0181 555 3242
Fax: 0181 519 5536

Barratt North London Ltd,
Barratt House,
668 Hichin Road,
Luton,
Bedfordshire,
LU2 7XJ.
Tel: 01582 459162
Fax: 01582 487472

Barratt Southern Counties Ltd,
Barratt House,
Chestnut Avenue,
Guildford,
Surrey,
GU2 5HG.
Tel: 01483 505533
Fax: 01483 301400

Barratt South London Ltd,
Grosvenor House,
110 Manor Road,
Wallington,
Surrey,
SM6 0DW.
Tel: 0181 647 9699
Fax: 0181 669 5209

Barratt South Wales Ltd,
Oak House,
Penarth Road,
Cardiff,
CF1 7UW.
Tel: 01222 704334
Sales Enq: 01222 706515
Fax: 01222 703675

All the above companies' 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 subsidiary undertakings except those marked † which are wholly owned by the parent

The subsidiaries marked † did not trade during the year

GROUP STRUCTURE AND DIRECTORY

PRINCIPAL ASSOCIATED UNDERTAKINGS:

	Barratt Interest	Activity	Issued Ordinary Share Capital	Class of Shares
Ferry Quay Developments Limited Owned jointly with Westbury Homes (Wales) Limited and Second City (South West) Limited	33 1/3%	Development of a residential estate in Cardiff	999	£1 ordinary shares

The above associated undertaking is registered in England and Wales and operates in the United Kingdom. The investment in the associated undertaking is held by a subsidiary undertaking.

JOINT VENTURES:

	Barratt Interest
Windsong Partners A general partnership between Barratt American Incorporated and Pacific Gateway Development Corporation on which 32 units remain to legally complete. Profits, losses and liabilities are shared equally by the partners.	50%
Dav Bar II Partnership A general partnership between Barratt American Incorporated and Davidson Pacific Limited on which 6 units remain to legally complete. Profits, losses and liabilities are shared equally by the partners.	50%

All of the above joint ventures operate in the State of California, USA.

FIVE YEAR RECORD AND FINANCIAL CALENDAR

FIVE YEAR RECORD

Year	Turnover £m	Profit/(loss) before tax £m	Share capital and reserves £m	Per ordinary share		
				earnings/ (loss) pence	dividend pence	net assets pence
1994	498.9	35.2	205.4	12.9	6.0	113
1993	405.3	20.3	197.5	9.3	4.0	107
1992	438.3	11.4	192.4	7.8	2.0	100
1991	465.9	(105.9)	111.0	(51.7)	3.2	95
1990	579.8	30.1	210.9	10.8	12.0	150

FINANCIAL CALENDAR

Announcement of results:	
Half year	23rd March 1994
Full year	21st September 1994
Dividends:	
Interim paid	27th May 1994
Final payable	18th November 1994
Annual Report posted to shareholders	21st October 1994
Annual General Meeting	17th November 1994