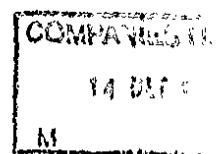
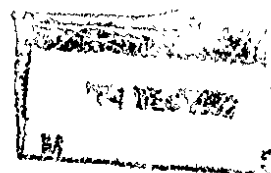


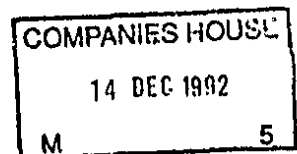
BARRATT  
REPORT  
AND  
ACCOUNTS  
1992

604574



Barratt Developments PLC  
Annual Report and Accounts  
for the year ended 30th June 1992  
Registered in England No. 604574

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During the year ended 30th June 1992 considerable progress was made in restoring the fortunes of the Barratt Group.

When the Main Board was restructured on 29th July 1991 three very clear objectives were established to be achieved over a two year period:

- (1) Reduce gearing to a level below 50%.
- (2) Return the Group to profitable trading.
- (3) Restore dividends.

In pursuit of these objectives a number of fundamental changes were made affecting the whole of our operations. We closed six subsidiaries, instituted stringent controls over levels of work in progress and took effective action to deal with our excessive debt and overhead structure.

I am pleased to report that all three objectives were achieved within eleven months.

Our debt at 30th June 1992 amounted to £57m (gearing 32%) against debt in June 1991 of £160m (gearing 93%). Total debt on and off Balance Sheet at 30th June 1992 amounted to £71m (gearing 39%) against total debt in June 1991 of £205m (gearing 120%).

Our pre tax profit for the year to 30th June 1992 amounted to £11.3m against a pre tax loss of £106m for the previous year. A full assessment of the value of all land, work in progress and the property portfolio held at June 1992 was undertaken. This resulted in our assessment that provisions of £6m should be made prior to arriving at the pre tax profit. Post tax profit amounted to £14.1m with earnings per share of 7.8 pence.

A final dividend of 2 pence per share will be recommended against a nil final dividend for the year to June 1991. The dividend is very conservatively covered 3.9 times, but I believe that a prudent view should be taken in the changeable conditions prevailing at the present time. The retained profit after payment of dividend amounts to £10.5m thus increasing shareholders' funds to £180m.

These encouraging results were achieved in the very difficult trading conditions which prevailed in all our areas of operation in the UK and USA. Group turnover amounted to £438m for the year to June 1992 against £466m for the previous year.

In the UK we achieved 4,706 legal completions at an average selling price of £79,900 compared to 4,963 the previous year. Bearing in mind that most of our developments in Southern England were closed down at the start of the year and had to be re-activated, the level of legal completions was a very creditable performance. We benefited from the re-activation of these sites as we achieved an increased number of legal completions in the half year to June 1992 against the half year to June 1991. A substantial reduction was effected in the level of work in progress and stock of unsold houses.

Our Part Exchange Service operated very successfully. We effected resale completions of 3,358 and much reduced stock levels were maintained throughout the year. We responded to the very difficult trading conditions which prevailed during the year with a number of initiatives including the launch of our 3 Year Mortgage Redundancy Protection Insurance in August 1991.

In the U.S.A. our principal objective during the year was to consolidate our three housing divisions in Southern California into a single subsidiary and to close our Washington based division. This operation was completed in March last and whilst it was costly and time consuming, we have effected a substantial reduction in our overhead structure. Our land stocks exceed our needs in California and have been analysed for disposal or replanning for smaller homes on those sites where this is possible. The housing market in Southern California throughout the year was very similar to the difficult U.K. market and it was necessary to offer costly sales incentives. We achieved 541 legal completions including our joint venture developments against 622 the previous year. Whilst we incurred a pre tax loss of £6.7m this was a substantial reduction on the loss incurred the previous year of £39m. With the restructuring of our Californian operation completed we certainly anticipate making further progress in the coming year.

Our leisure property division also suffered in the recessionary conditions which prevailed. Whilst a further loss was incurred this was much reduced on the previous year. Nevertheless, we continue to maintain very high standards in all our leisure resorts and our efforts to restore profitable trading are unabated.

Our Scottish-based contracting division enjoyed another successful year. While continuing to operate under very competitive conditions, our subsidiary benefited from its reputation for providing quality construction on programme enabling it to achieve an increase in both turnover and profit.

Good progress was also made in our Commercial Property division. We disposed of almost half of our portfolio during the year; this generated over £14m of cash and a small profit was achieved over book value. Rental income of over £3m was again achieved, notwithstanding the reduced portfolio. This was brought about by effecting a number of lettings during the year, reducing our voids to less than 5% of our portfolio, and also with the benefit of rent reviews.

Our subsidiary in France continued to operate at a loss but this operation has now been closed down. Disposals of our remaining assets to a value of £3m continue.

Since 30th June last, market conditions in all our areas of operation have continued to be difficult. The Group has, of course, operated through recessionary conditions in the past -- during the mid 1970s and early 1980s -- and took the action necessary to continue trading successfully. There is substantial pent up demand in the U.K. housing market and houses are more affordable today than for over 30 years as evidenced by the records compiled by the Nationwide Building Society, which currently show the ratio of house prices to earnings of 3.09 times. We shall continue to adapt to the needs of the market and, in response to the uncertainty over interest rates, we recently announced our 3 Year Security Plan initiative. This initiative comprises:

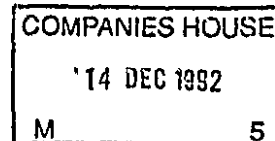
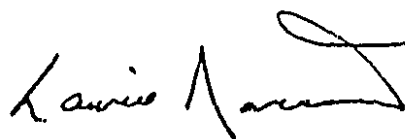
- (a) 3 year fixed rate mortgages of 8½% for all buyers of our new houses and older houses taken in part exchange on mortgages up to £100,000.
- (b) Continuation of our 3 Year Mortgage Redundancy Protection Insurance covering all mortgages up to £100,000. This covers dual incomes and also those of the self employed.
- (c) Our Part Exchange Service has been extended to cover the whole of the U.K.

We have a good choice of developments throughout the country offering a very wide range of product. Our land stocks in the U.K. of 12,674 plots, with an average value of £12,757 per plot or 16% of selling price, are adequate for the future. The quality of our construction was proven again last month when we received 10 major N.H.B.C. Pride in the Job Campaign Awards. We have a proven track record of generating volume sales in the U.K. housing market, having sold over 100,000 houses in the U.K. over the past decade -- more than any other housebuilder. We offer a Part Exchange Service to all our buyers which is second to none. We welcome the action taken by the Government last month relating to exchange and interest rates. This could well arrest the decline in the housing market experienced in recent years and hasten the return of better conditions.

Whilst difficult market conditions also continue in California, the correction of house prices has, I believe, run its course and affordability has returned. Interest rates in the U.S.A. are extremely low. In fact, the lowest for over 30 years. Considerable pent up demand exists in California and migration into the State continues of over half a million people each year. As a consequence of our U.K. housing operation having been restored to profitable trading, Frank Eaton, Group Chief Executive, assumed the Chairmanship of our U.S.A. subsidiary from July last and this subsidiary should greatly benefit accordingly. We will continue to rationalise our excess land stocks in California and to improve operational performance.

As a consequence of the very substantial reduction which has taken place in our debt, our U.K. bank facilities were well in excess of our needs and over the past 6 months we unilaterally requested our banks to cancel £50m of our multi-option facility. The 12 month renewal of our U.K. bank facilities which were finalised last month will be more than adequate for our needs. Terms have also been agreed for the renewal of our U.S.A. bank facilities.

Under the very effective leadership of Frank Eaton, our Group Chief Executive, our management team throughout the Group has responded tremendously well to the major changes which have taken place to our Group structure since July 1991. I am well satisfied with the progress made since my return as Executive Chairman and have great confidence in the future of the Group.



Chairman

7th October 1992

## Directors

Sir Lawrence Barratt  
Chairman

A W Tait OBE \*†§  
Deputy Chairman

F Eaton  
Chief Executive

M Norton  
Deputy Chief Executive

F W Crawley \*†§

R W R James

D A Pretty

\* Non-executive

† Member of the Remuneration Committee

§ Member of the Audit Committee

## Non-Executive Directors

A W Tait OBE, 69, 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 and the Home Buyers' Advisory Service Limited.

F W Crawley, 66, was appointed a non-executive director in 1988. The former Deputy Chief Executive of Lloyds Bank Plc, he is now Chairman of the Alliance and Leicester Building Society, and of Girobank PLC.

Secretary  
F Brown

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

Auditor  
Coopers & Lybrand

Solicitors  
Slaughter and May

Brokers  
Cazenove & Co  
County NatWest

Merchant Bankers  
S G Warburg & Co

Notice is hereby given that the thirty-fourth annual general meeting of the company will be held at the Plaistiers Hall, 1 London Wall, London, EC2Y 5JU on 19th November 1992 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 1992.
2. To declare a dividend.
3. To re-elect a director, Mr M Norton, who retires by rotation.
4. To re-appoint Coopers & Lybrand, the retiring auditor, and to authorise the directors to fix the 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 £1,958,984 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 £902,051 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  
23rd October 1992

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.

The directors submit their report and the accounts for the year ended 30th June 1992.

#### 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.

#### RESULTS AND DIVIDENDS

The profit after exceptional items and taxation for the year ended 30th June 1992 was £14.1m (1991 loss £93.3m). No interim dividend was paid (1991 3.21p). It is proposed to pay a final dividend of 2.0p per share (1991 nil) on 20th November 1992 to shareholders on the register at the close of business on 16th October 1992.

The dividend proposed amounts to £3.6m and the profit retained is £10.5m as shown in Note 20 to the accounts.

#### ANNUAL GENERAL MEETING

The notice of the annual general meeting on page 5 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 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 1992				1st July 1991 (or later appointment)			
			executive share				executive share	
	fully paid	1p paid	incentive scheme	option scheme	fully paid	1p paid	incentive scheme	option scheme
Sir Lawrence Barratt	1,263,738	—	—	100,000	13,738	—	—	—
A W Tait	11,000	—	—	—	1,000	—	—	—
F Eaton	112,102	—	—	300,000	12,102	—	—	200,000
M Norton	52,616	—	—	300,000	2,616	—	—	200,000
F W Crawley	2,000	—	—	—	2,000	—	—	—
R W R James	39,272	1,200	4,424	300,000	25,680	4,100	15,115	200,000
D A Pretty	14,519	—	—	100,000	519	—	—	—

No notification has been received of any change in the above interests during the period 30th June 1992 to 23rd September 1992.

Sir Lawrence Barratt was appointed a director on 29th July 1991. Mr J S R Swanson and Mr M L Frazier resigned as directors on 29th July 1991 and 23rd September 1991 respectively.

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

Mr M Norton has a service contract which expires on 30th June 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.

#### EMPLOYEES

The directors recognise the importance of good communication and relations with employees. The group is organised on a decentralised basis and the management of each subsidiary is encouraged to adopt such employee consultation as is appropriate.

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 23rd September 1992 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
National Coal Board Pension Fund Nominees Ltd	11.09.1991	6,721,000	3.73
The Chase Manhattan Bank NA	03.06.1992	12,283,323	6.81
The Capital Group Inc	21.08.1992	12,656,000	7.01
Phillips & Drew Fund Management Ltd	11.09.1992	16,315,981	9.04
M & G Investment Management Ltd	22.09.1992	11,004,400	6.10

The interest notified on 21st August 1992 from The Capital Group Inc included holdings of 8,235,000 Ordinary Shares of 10p each (4.56%) registered in the name of Chase Nominees Ltd whose interests are also notified by The Chase Manhattan Bank NA.

The company is not a close company under the provisions of the Income and Corporation Taxes Act 1988.

Charitable donations of £4,318 were made during the year.

No political contributions were made during the year.

#### POST BALANCE SHEET EVENT

At 30th June 1992 Barratt London Limited held a 50% interest in the share capital of Barratt Rosehaugh Co-Partnership Limited. On the 18th September 1992 the above mentioned subsidiary undertaking acquired the remainder of the share capital, the details of which are given in Note 27.

#### AUDITOR

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the reappointment of Coopers & Lybrand, who practised as Coopers & Lybrand Deloitte until 1st June 1992, as the auditor to the company will be put to the annual general meeting.

On behalf of the board  
F Brown  
Secretary  
Newcastle upon Tyne

15th October 1992



To the members of Barratt Developments PLC

We have audited the accounts on pages 9 to 23 in accordance with Auditing Standards.

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 1992 and of the profit and cash flow 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 Auditor  
Newcastle upon Tyne

15th October 1992.

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) Interest payable

Interest is written off when incurred.

(e) 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.

(f) Stocks

Stocks and 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 receivable in respect of long term contracts, in excess of amounts reflected in turnover, are held in creditors as payments on account.

(g) Depreciation

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

(h) Leased assets

Assets acquired under finance leases are included in tangible assets and the outstanding future lease obligations are shown in creditors.

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

(i) Exchange translations

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

(j) Deferred taxation

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

(k) 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 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 1992

	Note	1992 £m	1991 £m
TURNOVER		438.3	465.9
OPERATING PROFIT	1	34.6	8.1
SHARE OF LOSSES OF ASSOCIATED UNDERTAKINGS	13	(1.3)	(4.4)
EXCEPTIONAL ITEMS	2	(6.1)	(84.0)
PROFIT/(LOSS) BEFORE INTEREST AND TAXATION		27.2	(80.3)
INTEREST PAYABLE	5	(15.9)	(25.6)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	11.3	(105.9)
TAXATION	6	2.8	12.6
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	7	14.1	(93.3)
DIVIDENDS	8	(3.6)	(5.8)
RETAINED PROFIT/(LOSS)	20	10.5	(99.1)
EARNINGS/(LOSS) PER SHARE	11	7.8p	(51.7p)

GROUP BALANCE SHEET  
at 30th June 1992

	Note	1992 £m	1991 £m
<b>FIXED ASSETS</b>			
Tangible assets	12	5.5	7.5
Investment in associated undertakings	13	12.2	12.4
		<u>17.7</u>	<u>19.9</u>
<b>CURRENT ASSETS</b>			
Properties held for sale		12.1	22.4
Stocks	14	306.0	379.4
Debtors	15	34.8	53.8
Bank and cash		4.5	13.4
		<u>357.4</u>	<u>469.0</u>
<b>CURRENT LIABILITIES</b>			
Creditors due within one year	16	154.2	182.4
<b>NET CURRENT ASSETS</b>		<u>203.2</u>	<u>286.6</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
CREDITORS DUE AFTER MORE THAN ONE YEAR	17	40.4	135.4
PROVISION FOR LIABILITIES AND CHARGES	18	0.1	0.1
		<u>180.4</u>	<u>171.0</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	18.0	18.0
Share premium	20	84.9	84.9
Profit retained	20	77.5	68.1
		<u>180.4</u>	<u>171.0</u>

Approved by the board on 15th October 1992

Sir Lawrence Barratt  
R W R James

} Directors

*L. Barratt*  
*R. W. R. James*

CASH FLOW STATEMENT  
for the year ended 30th June 1992

	Note	1992 £m	1991 £m
NET CASH INFLOW FROM OPERATING ACTIVITIES	21	95.3	57.9
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest received		3.3	1.8
Interest paid		(17.9)	(26.4)
Dividends paid		—	(16.2)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(14.6)	(40.8)
TAXATION			
UK Corporation tax received/(paid)		8.2	(12.1)
Overseas taxation received/(paid)		6.5	(1.6)
		14.7	(13.7)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(0.4)	(0.7)
Additions to investment properties		—	(0.2)
Sales of tangible fixed assets		2.6	0.1
Capital contributions to associated undertakings		(2.0)	(16.0)
Distributions from associated undertakings		0.3	0.1
		0.5	(16.7)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		95.9	(13.3)
FINANCING			
Decrease/(increase) in bills payable		95.0	(10.5)
Increase in bank loans		(3.8)	(9.4)
Capital element of finance lease repayments		0.6	0.2
NET CASH OUTFLOW/(INFLOW) FROM FINANCING	22	91.8	(19.7)
INCREASE IN CASH AND CASH EQUIVALENTS	23	4.1	6.4
		95.9	(13.3)

## 1. OPERATING PROFIT

	1992 £m	1991 £m
Turnover	438.3	465.9
Cost of sales	383.5	422.7
Gross profit	54.8	43.2
Administrative expenses	20.2	35.1
	34.6	8.1

## 2. EXCEPTIONAL ITEMS

	1992 £m	1991 £m
The exceptional items comprise provisions arising from the reappraisal of the value of:		
Land and housebuilding stocks	6.1	73.1
Non-housebuilding activities	—	10.9
	6.1	84.0

## 3. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED

	1992 £m	1991 £m
After charging:		
Directors' remuneration – emoluments	1.1	1.3
– compensation for loss of office	0.1	0.4
Depreciation – tangible owned fixed assets	0.8	0.9
– tangible fixed assets held under finance leases	0.1	0.2
Operating lease charges – hire of plant, machinery and vehicles	4.0	4.9
– other	1.2	1.4
Auditor's remuneration (company: £2,000; 1991: £2,000)	0.1	0.4
After crediting:		
Rental income	3.1	3.2
Profit on sale of fixed assets	1.3	—

## 4. ANALYSIS BY GEOGRAPHICAL AREA

	United Kingdom		USA		Total	
	1992 £m	1991 £m	1992 £m	1991 £m	1992 £m	1991 £m
Turnover by origin	400.1	411.0	38.2	54.9	438.3	465.9
Profit/(loss) before tax	18.0	(66.7)	(6.7)	(39.2)	11.3	(105.9)
Net assets/(liabilities)	183.5	169.4	(3.1)	1.6	180.4	171.0

In the opinion of the directors the activities of the group fall into one class of business, that of building and development.

## 5. INTEREST PAYABLE

	1992 £m	1991 £m
Payable: On bank loans and overdrafts		
Repayable within 5 years not by instalments	16.9	26.7
Repayable within 5 years by instalments	2.7	2.3
Finance charges payable on finance leases	—	0.1
	19.6	29.1
Less: Receivable	3.7	3.5
	15.9	25.6

## 6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1992 £m	1991 £m
U.K. corporation tax at a rate of 33% (1991 33.75%):	0.1	(6.7)
Current	(1.1)	(0.1)
Over provision in respect of previous years:	—	(0.1)
Current	(1.0)	(6.9)
Deferred	(1.8)	(5.7)
Overseas taxation	(2.8)	(12.6)

At 30th June 1992 there are unabsorbed tax losses of £9.0m (1991 £8.8m) available to set off against future trading profits of certain subsidiary undertakings.

## 7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION

	1992 £m	1991 £m
The profit/(loss) attributable to shareholders is dealt with in the accounts of:		
The company	6.1	7.5
Subsidiary undertakings	9.3	(96.4)
Associated undertakings	(1.3)	(4.4)
	14.1	(93.3)

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

## 8. DIVIDENDS

	1992 £m	1991 £m
Interim Nil p per share (1991 3.21p)	—	5.8
Final 2.0p per share proposed (1991 Nil)	3.6	—
	3.6	5.8

## 9. EMPLOYEES

	1992 £m	1991 £m
The average number of persons employed by the group in building and development, excluding sub-contractors, was 2,400 (1991 3,000).		
Employee costs (including directors) comprise:		
Wages and salaries	36.5	45.6
Social security	3.5	4.4
Pension costs	1.0	1.1
	41.0	51.1

The Group operates a defined benefit final salary scheme, throughout the UK, 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 1992 amounted to £850,500 (1991 £1,052,000), while the amount charged to the profit and loss account was £914,000 (1991 £1,198,000). This reduced the balance sheet prepayment of £96,000, at the 30th June 1991, to £32,500 at 30th June 1992.

## 10. DIRECTORS

The remuneration of the chairman was £178,681 and that of the former chairman was £37,831 (1991 £242,471).

No director received remuneration in excess of the aggregate remuneration of the chairmen.

The remuneration of United Kingdom Directors, (excluding pension contributions), including the chairmen was in the ranges below:

	Number of Directors			Number of Directors	
	1992	1991		1992	1991
£ 15,001 – £ 20,000	1	2	£160,001 – £165,000	1	1
£ 20,001 – £ 25,000	1	–	£165,001 – £170,000	–	2
£ 35,001 – £ 40,000	1	–	£175,001 – £180,000	2	–
£115,001 – £120,000	–	1	£180,001 – £185,000	1	–
£145,001 – £150,000	–	1	£190,001 – £195,000	–	1
£150,001 – £155,000	1	–	£240,001 – £245,000	–	1

## 11. EARNINGS/(LOSS) PER SHARE

The earnings/(loss) per share calculation is based on a profit after taxation of £14.1m (1991 loss £93.3m) and 180.4m ordinary shares (1991 180.4m).

## 12. TANGIBLE FIXED ASSETS

	Freehold Property £m	Plant £m	Group Total £m	Company Total Plant £m
Cost				
At 1st July 1991	5.4	9.1	14.5	1.3
Additions	0.2	0.2	0.4	–
Disposals	(0.8)	(1.8)	(2.6)	(1.1)
Exchange adjustments	–	(0.2)	(0.2)	–
At 30th June 1992	4.8	7.3	12.1	0.2
Accumulated depreciation				
At 1st July 1991	0.2	6.8	7.0	0.5
Provision for the year	0.1	0.8	0.9	0.1
Disposals	(0.1)	(1.2)	(1.3)	(0.5)
At 30th June 1992	0.2	6.4	6.6	0.1
Net book value at 30th June 1992	4.6	0.9	5.5	0.1
Net book value at 30th June 1991	5.2	2.3	7.5	0.8

At 30th June 1992 no assets were held under finance leases.

At 30th June 1991 assets held under finance leases at a cost of £1.0m with accumulated depreciation of £0.4m were included in plant.



## 13. INVESTMENT IN ASSOCIATED UNDERTAKINGS

	Long Term Joint Ventures £m	Associated Undertakings £m	Loans to Associated Undertakings £m	Total £m
Cost				
At 1st July 1991	10.1	0.2	11.7	22.0
Additions	0.6	0.2	1.2	2.0
Distributions	—	—	(0.3)	(0.3)
Exchange movements	(1.5)	—	—	(1.5)
At 30th June 1992	9.2	0.4	12.6	22.2
Share of post acquisition reserves				
At 1st July 1991	(3.4)	(3.3)	—	(6.7)
Movements in year	0.2	(1.5)	—	(1.3)
Exchange adjustments	0.5	—	—	0.5
At 30th June 1992	(2.7)	(4.8)	—	(7.5)
Amounts written off				
At 1st July 1991	(2.9)	—	—	(2.9)
Exchange adjustments	0.4	—	—	0.4
At 30th June 1992	(2.5)	—	—	(2.5)
Net book value at 30th June 1992	4.0	(4.4)	12.6	12.2
Net book value at 30th June 1991	3.8	(3.1)	11.7	12.4

The principal associated undertakings are set out on page 23.

## 14. STOCKS

	1992 £m	1991 £m
Work in progress	184.5	251.8
Showhouse complexes and houses awaiting legal completion	121.5	127.6
	306.0	379.4

## 15. DEBTORS

	1992 £m	Group 1991 £m	1992 £m	Company 1991 £m
Due within one year				
Trade debtors	8.3	8.4	—	—
Amounts recoverable on contracts	0.4	0.2	—	—
Other debtors	4.7	10.2	2.5	3.9
Prepayments	2.0	2.3	0.2	1.7
Corporation tax recoverable	1.8	18.1	0.1	0.8
Advance corporation tax recoverable	—	0.9	—	—
Due after more than one year				
Secured loans	11.8	10.9	—	—
Advance corporation tax recoverable	2.4	—	—	—
Other debtors	3.4	2.8	—	—
	24.8	53.8	2.8	6.4

## 16. CREDITORS DUE WITHIN ONE YEAR

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Bank loans and overdrafts	40.1	55.1	8.3	9.0
Amounts payable under finance leases	—	0.1	—	0.1
Trade creditors	58.6	77.9	—	—
Payments on account	2.1	0.8	—	—
Payroll taxation including social security	1.2	1.4	—	—
Corporation tax	2.8	4.0	—	0.3
Advance corporation tax	1.2	2.8	—	—
Proposed dividend	3.6	—	3.6	—
Other creditors	9.3	13.4	1.3	1.8
Accruals and deferred income	35.3	26.9	2.6	3.9
	154.2	182.4	15.8	15.1

## 17. CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Bank loans	6.5	7.9	6.4	7.4
Amounts payable under finance leases	—	0.5	—	0.6
Trade creditors	16.5	12.0	—	—
Bills payable	15.0	110.0	15.0	110.0
Other creditors	2.4	5.0	—	—
	40.4	135.4	21.4	118.0

The bills payable are drawn under a long term multiple option facility, and on payment these bills can be replaced at the company's option by further bills or other forms of bank lending.

	Group	
	1992 £m	1991 £m
Bank loans at interest rates related to normal base rates include amounts due:		
Between 1 and 2 years	0.3	0.3
Between 2 and 5 years	6.2	7.6
	6.5	7.9

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Amounts payable under finance leases fall due:				
Between 1 and 2 years	—	0.1	—	0.1
Between 2 and 5 years	—	0.4	—	0.5
	—	0.5	—	0.6

	Group	
	1992 £m	1991 £m
Other creditors include:		
Repayable, other than by instalments, between 2 and 5 years, at an interest rate of 5.5%	0.9	1.0

Total creditors include £80.8m (1991 £185.2m) secured on the assets of the group.

## 18. PROVISION FOR LIABILITIES AND CHARGES

	Group		Company	
	1992 £m	1991 £m	1992 £m	1991 £m
Deferred taxation:				
Tax allowances in excess of depreciation	0.1	0.1	—	—
Other timing differences	—	—	0.2	—
	0.1	0.1	0.2	—

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

## 19. CALLED UP SHARE CAPITAL

	1992 £m	1991 £m
Authorised 200,000,000 ordinary shares of 10p each	20.0	20.0
Allotted and issued ordinary shares of 10p each		
Fully paid – 180,410,317 ordinary shares		
7,740 restricted ordinary shares		
1p paid – 2,100 ordinary shares	18.0	18.0

The issued share capital of the company was increased during the year to 180,410,157 ordinary shares of 10p each by the issue of 30,000 ordinary shares of 10p each for a consideration of £17,400, in satisfaction of options duly exercised in accordance with the rules of the executive share option scheme.

As at 30th June 1992 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	460,000	837,500	16.12.1996
08.10.1987	225p	140,000	180,000	07.10.1997
06.04.1988	192p	—	135,000	05.04.1998
27.10.1988	176p	—	75,000	26.10.1998
23.10.1991	58p	500,000	2,355,000	22.10.2001

## 20. RESERVES

	Share premium £m	Profit retained £m	Total £m
Group	84.9	68.1	153.0
At 1st July 1991	—	10.5	10.5
Movement for the year	—	(1.1)	(1.1)
Exchange adjustments	84.9	77.5	162.4
At 30th June 1992			
Company	84.9	28.3	113.2
At 1st July 1991	—	2.5	2.5
Movement for the year	—	(1.0)	(1.0)
Exchange adjustments	84.9	29.8	114.7
At 30th June 1992			

## 21. NET CASH INFLOW FROM OPERATING ACTIVITIES

	1992 £m	1991 £m
Operating profit	34.6	8.1
Profit on sale of tangible fixed assets	(1.3)	—
Depreciation charges	0.9	1.1
Decrease in stocks	56.5	64.2
Decrease in properties held for sale	10.3	—
Decrease in debtors	3.4	3.9
Decrease in creditors	(9.1)	(19.4)
	95.3	57.9

## 22. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bills payable loans and finance lease obligations 1992 £m	Share capital (including premium) 1992 £m	Total 1992 £m	Bills payable loans and finance lease obligations 1991 £m	Share capital (including premium) 1991 £m	Total 1991 £m
At 1st July	158.4	102.9	261.3	134.9	102.9	237.8
(Decrease)/Increase in bills payable	(95.0)	—	(95.0)	10.5	—	10.5
Increase in bank loans	3.8	—	3.8	9.4	—	9.4
Capital element of finance lease repayments	(0.6)	—	(0.6)	(0.2)	—	(0.2)
Exchange adjustments	(7.2)	—	(7.2)	3.8	—	3.8
At 30th June	59.4	102.9	162.3	158.4	102.9	261.3

## 23. CASH AND CASH EQUIVALENTS

	1992 £m	1991 £m	Change in Year £m
a) Analysis of balances as shown in the balance sheet			
Bank and cash	4.5	13.4	(8.9)
Bank loans and overdrafts	(40.1)	(55.1)	15.0
	(35.6)	(41.7)	6.1
Less: Financing included in bank loans and overdrafts payable within one year	37.9	39.9	(2.0)
	2.3	(1.8)	4.1
	1992 £m	1991 £m	
b) Analysis of changes during year			
At 1st July	(1.8)	(8.2)	
Net cash inflow	4.1	6.4	
At 30th June	2.3	(1.8)	

## 24. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Shareholdings at cost £18.1m (1991 £18.1m).

The principal subsidiary undertakings are set out on page 22.

## 25. OPERATING LEASE OBLIGATIONS

	1992		Group		1991	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Annual commitments:						
Operating leases which expire:						
Within one year	0.2	0.4	—			0.7
Between two and five years	0.3	1.6	0.6			1.0
In five years or more	1.6	—	0.8			0.1
	2.1	2.0	1.4			1.8

## 26. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary undertakings amounting to £7.5m (1991 £22.6m). In addition there are contingent liabilities in respect of guarantees relating to certain subsidiaries entered into in the normal course of business.

The US subsidiary undertaking has a number of sites under development through joint venture agreements. In the normal course of business these joint venture partners are jointly and severally liable for, inter alia, bank loans to finance the developments of the joint ventures. The total external finance in US joint ventures under these arrangements at 30th June 1992 was £12.2m (1991 £18.2m). Adequate provision has been made in respect of the group's interest in the joint ventures as at 30th June 1992 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 £2.8m (1991 £3.3m). Opposition to this tax continues in the U.S.A. and it is uncertain whether or not this liability will arise.

## 27. POST BALANCE SHEET EVENT

On 18th September 1992 Barratt London Limited acquired the remainder of the share capital of Barratt Rosehaugh Co-partnership Limited from Rosehaugh Co-partnership Investments Limited.

The total consideration is £1.25m and comprises a deposit of £125k paid on 5th June 1992, £500k paid on completion and £625k payable on 28th February 1993.



COMPANY BALANCE SHEET  
at 30th June 1992

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	Note	1992 £m	1991 £m
<b>FIXED ASSETS</b>			
Tangible assets	12	0.1	0.8
Investment in subsidiary undertakings	24	18.1	18.1
		<b>18.2</b>	<b>18.9</b>
<b>CURRENT ASSETS</b>			
Due from subsidiary undertakings		224.9	253.2
Debtors	15	2.8	6.4
Bank and cash		1.1	8.6
		<b>228.8</b>	<b>268.2</b>
<b>CURRENT LIABILITIES</b>			
Due to subsidiary undertakings		76.9	22.8
Creditors due within one year	16	15.8	15.1
<b>NET CURRENT ASSETS</b>		<b>136.1</b>	<b>230.3</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
CREDITORS DUE AFTER MORE THAN ONE YEAR	17	21.4	118.0
PROVISIONS FOR LIABILITIES AND CHARGES	18	0.2	—
		<b>132.7</b>	<b>131.2</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	18.0	18.0
Share premium	20	84.9	84.9
Profit retained	20	29.8	28.3
		<b>132.7</b>	<b>131.2</b>

Approved by the board on 15th October 1992

Sir Lawrence Barratt  
R W R James

} Directors   


## PRINCIPAL WHOLLY OWNED SUBSIDIARY UNDERTAKINGS

GROUP OFFICE	UK NORTHERN REGION	UK CENTRAL REGION	UK SOUTHERN REGION
Barratt Developments PLC, Wingrove House, Ponteland Road, Newcastle upon Tyne, NE5 3DP, Tel: 091 286 6811 Fax: 091 271 2242	Barratt Northern Ltd, Barratt House Airport Industrial Estate, Kenton, Newcastle upon Tyne, NE3 2EQ, Tel: 091 286 9866 Fax: 091 271 5985	Barratt Central Ltd, Midland House, New Road, Halesowen, West Midlands, B63 3HY, Tel: 021 585 5303 Fax: 021 585 5535	Barratt Southern Ltd, Barratt House, Chestnut Avenue, Guildford, Surrey, GU2 5HG, Tel: 0483 505533 Fax: 0483 302272
COMMERCIAL PROPERTY	*Barratt Scotland Ltd, Mayfield House, 7 Maggie Wood's Loan, Falkirk, FK1 5SJ, Tel: 0324 20011 Fax: 0324 25916	Barratt Chester Ltd, 2 Vicar's Lane, Chester, CH1 1QT, Tel: 0244 311301 Fax: 0244 320581	Barratt Bristol Ltd, Barratt House, Almondsbury Business Centre, Woodlands, Almondsbury, Bristol, BS12 4QH, Tel: 0454 202202 Fax: 0454 612277
Barratt Commercial Ltd, Wingrove House, Ponteland Road, Newcastle upon Tyne, NE5 3DP, Tel: 091 286 6811 Fax: 091 271 2242	Barratt Leeds Ltd, 80 Bradford Road, Idle, Bradford, BD10 8TD, Tel: 0274 617621 Fax: 0274 618940	Barratt East Midlands Ltd, Broadgate House, Humber Road, Beeston, Nottingham, NG9 2EF, Tel: 0602 222421 Fax: 0602 431308	Barratt London Ltd, Warion House, 150 High Street, Stratford, London, E15 2NE, Tel: 081 555 3242 Fax: 081 519 5536
LEISURE PROPERTY	Barratt Newcastle Ltd, Barratt House, Airport Industrial Estate, Kenton, Newcastle upon Tyne, NE3 2EQ, Tel: 091 286 9866 Fax: 091 271 5985	Barratt Manchester Ltd, Worrall House, 683 Chester Road, Manchester, M16 0QS, Tel: 061 872 0161 Sales Enq: 061 872 6004 Fax: 061 848 7332	Barratt Southern Counties Ltd, Barratt House, Chestnut Avenue, Guildford, Surrey, GU2 5HG, Tel: 0483 505533 Fax: 0483 301406
*Barratt International Resorts Ltd, Consort House, Consort Way, Horley, Surrey, RH16 7AP, Tel: 0293 785 144 Fax: 0293 784 994	Barratt York Ltd, Richmond House, Millfield Lane, Poppleton, York, YO2 6PH, Tel: 0904 797961 Fax: 0904 781665	Also Sales Office at:  333 Garstang Road, Fulwood, Preston, PR2 4UP, Tel: 0772 774411 Fax: 0772 774461	Barratt South Wales Ltd, Oak House, Penarth Road, Cardiff, CF1 7UW, Tel: 0222 704 334 Fax: 0222 703 675
USA	*Barratt Construction Ltd, 4 Newton Terrace, Glasgow, G3 7PJ, Tel: 041 204 3500 Fax: 041 204 3525	Barratt West Midlands Ltd, Midland House, New Road, Halesowen, West Midlands, B63 3HY, Tel: 021 585 5303 Fax: 021 585 5304	All the above are registered in England except those marked:
**Barratt American Inc., 2035 Corte Del Nogal, Suite 160, Carlsbad, California CA92009, United States of America, Tel: 0101 619 431 0800 Fax: 0101 619 929 6430	Also at:  Golf Road, Ellon, Aberdeenshire, AB41 9AT, Tel: 0358 20765 Fax: 0358 24043		* which are registered in Scotland ** which is registered in USA

## PRINCIPAL ASSOCIATED UNDERTAKINGS:

	Barratt Interest	Activity	Issued Ordinary Share Capital	Class of Shares
Barratt Rosehaugh Co-Partnership Limited Owned jointly with Rosehaugh Co-Partnership Investments Limited	50%	Housebuilding	10,000	£1
Severn Link Developers Limited Owned jointly with Beazer Properties Limited	50%	Properties	1,000	£1
Ferry Quay Developments Limited Owned jointly with Westbury Homes (Wales) Limited and Second City (South West) Limited	33⅓%	Housebuilding	999	£1

The above associated undertakings are registered in England and operate in the United Kingdom. The investment in the associated undertakings is held by subsidiary undertakings.

## JOINT VENTURES:

	Barratt Interest
Pacific Hills Anacapa Partnership	50%
Pacific Hills Bonair Partnership	50%
Pacific Hills Napoli Partnership	50%
The Pacific Hills Anacapa, Bonair, and Napoli Partnerships are general partnerships between Barratt American Incorporated and Home Capital Corporation. All profits, losses and liabilities are shared equally by the partners.	
Paloma Associates 1 Partnership	
A general partnership between Barratt American Incorporated and Brighton Paloma Associates. Profits, losses and liabilities are shared equally by the partners.	
	50%
Windsong Partners	
A general partnership between Barratt American Incorporated and Pacific Gateway Development Corporation. 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. 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

Year	Turnover £m	Profit/(loss) before tax £m	Share capital and reserves £m	earnings/ (loss) pence	Per ordinary share	
					gross dividend pence	net assets pence
1992	438.3	11.3	180.4	7.8	2.0	100
1991	465.9	(105.9)	171.0	(51.7)	3.2	95
1990	579.8	30.2	270.9	10.8	12.0	150
1989	586.5	77.5	269.5	27.3	17.9	151
1988	529.5	61.5	245.3	23.5	14.9	138

## FINANCIAL CALENDAR

## Announcement of results:

Half year	25th March 1992
Full year	23rd September 1992

## Dividends:

Final payable	20th November 1992
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Annual Report posted to shareholders	23rd October 1992
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Annual General Meeting	19th November 1992
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