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## Barratt Developments PLC

The first Barratt company was established in 1958 in Newcastle upon Tyne and the Group has since expanded to a network of 24 subsidiary companies, employing more than 14,000 people, either directly or indirectly, with an annual turnover approaching £600 million.

Throughout the past year Barratt Developments PLC has successfully continued to implement a strategy of geographical diversification, further strengthening its position as a major international developer. The Group's balanced spread of companies operates in a wide variety of markets and economies.

Private housebuilding remains the Group's core business. In Britain, Barratt companies are also meeting housing demand through partnership projects and building homes for rent. Others are active in general contracting, commercial property development and leisure property. In the USA, Barratt American's expansion in the strong Californian market has been augmented by successful land development projects and further growth is planned. In Europe, Barratt companies are now established in both France and Spain, following the addition this year of a French housebuilding subsidiary in Aix-en-Provence. Additionally the Group's leisure division operates in Southern Spain.

In all these spheres of activity, Barratt companies strive to achieve the highest standards, which establish them as market leaders, thus assuring the Group's future prosperity.

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## C o n t e n t s

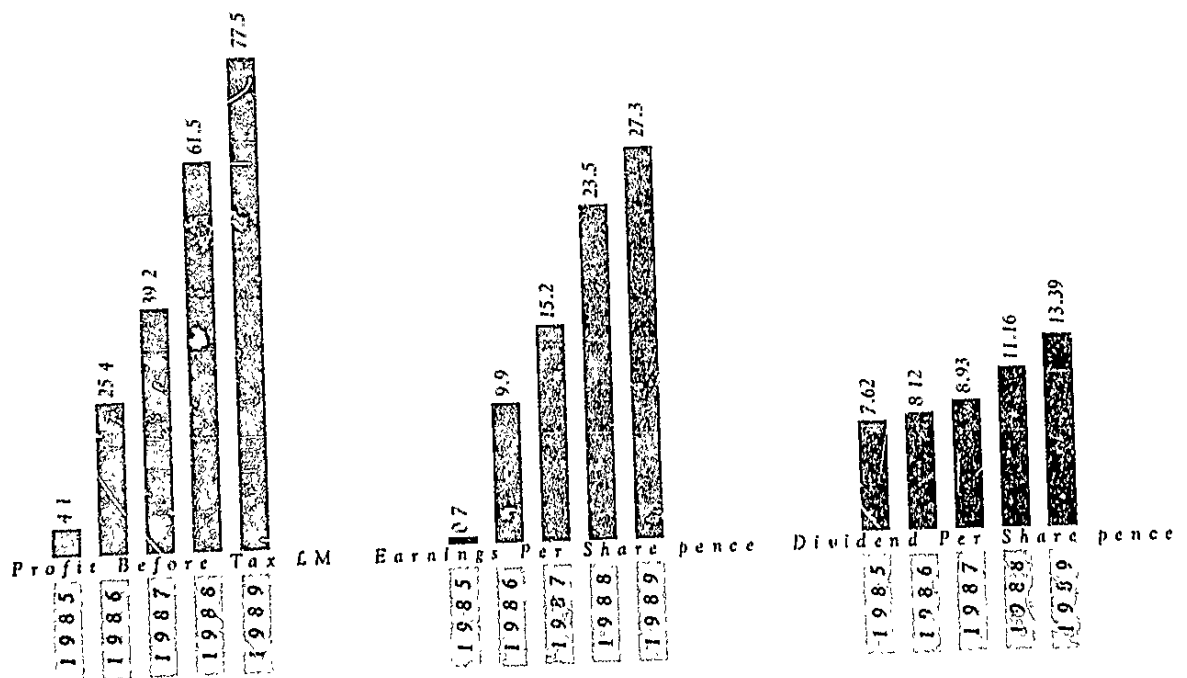
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## Key Achievements

	%	1989	1988
	increase	£m	£m
TURNOVER	11%	586.5	529.5
OPERATING PROFIT	33%	95.5	71.9
PROFIT BEFORE TAX	26%	77.5	61.5
PROFIT AFTER TAX	16%	48.7	41.9
EARNINGS PER SHARE (P)	16%	27.3p	23.5p
DIVIDENDS PER SHARE, NET (P)	20%	13.39p	11.16p





South Peak, Laguna Niguel, Southern California: an exclusive development of 22 luxury homes at prices ranging up to \$1.5 million.

## Chairman's Statement



John S R Swanson  
Chairman and Chief Executive

I am very pleased to report the results achieved by the Barratt Group during the year ended June 30, 1989. Our pre-tax profit increased by 26% to a record £77.5 million, while our turnover increased to its highest level of £587 million.

Despite difficult trading conditions in some places, the strong profits from our geographically diverse core business in housing were reinforced by the continued successful implementation of our property disposal programme.

As a result, the Board is pleased to be able to recommend a 20% increase in the total dividend to 13.39p.

Our U.K. housing business completed 6,600 houses, marginally less than the previous year. In our Northern and Central operating regions we increased our output. The effect of higher interest rates was most felt in our Southern operating region where completions fell significantly. Selling prices in all our regions rose. Our average U.K. house price was £62,000 against £56,000 the previous year.

We have pursued a policy of offering value for money. Our Premier Collection of homes provides a wide range of quality products priced from £29,000 to £600,000 in excellent site locations. Even if the Chancellor maintains the current high level of interest rates into 1990 our

geographical and product diversity promises to mitigate the worst effects on our business. To maintain market confidence, we have recently introduced MASTERMOVE, a comprehensive package of purchase plans designed specifically to help first-time buyers, families and the retired.

The medium term outlook for the housebuilding industry in the UK is extremely good. Statistics indicate record growth in household formation to the year 2000 fuelled by changing demographics. In addition, the increasing aspirations of existing owners will accelerate demand for new, well-designed houses. Additionally, the private housebuilder has become the main supplier of the nation's new housing stock. Apart from building and selling new homes, the Barratt Group is involved in the provision of housing for every form of tenure. Partnerships with local authorities, housing associations, financial institutions and development corporations to provide a wide variety of new and renovated homes form an increasingly important part of our business. We expect the widening scope of our activities to lead to greater demand for our varied products and are confident that we can increase our market share.

In the U.S.A. our homebuilding and land development activities contributed a record £23.6 million to our operating profits; an increase of 138% over last year and representing 24% of the Group total operating profit. We completed almost 1,000 houses in California at an average selling price of \$216,000 against the previous year of \$172,000.

Our major land development project in Orange County, which we entered into last year with the Home Capital Development Corporation, started to make its contribution to profits. The major infrastructure work for this project at Mission Viejo is now almost complete, ahead of schedule and on budget and we expect it to make a significant contribution to profits this year. This type of activity will be an ongoing part of our U.S.A. trading operation.

Our already diverse product range has been extended with the introduction of our first semi-custom luxury homes priced up to \$1.25 million. We now have the most comprehensive product range available in California at prices from \$80,000 to over \$1 million. We are extremely confident about the future of our trading operations in California and have recently opened a new division in North Los Angeles to supply the increasing demand for affordable housing. Production is underway on the first three developments and the sales intake has been most encouraging.

Now approaching that of the U.K., the size and buoyancy of the Californian economy offers a major opportunity for expansion. In addition, the strength of our experience and resources in California will equip us to selectively extend our activities to other Metropolitan areas in the U.S.A.

During the year we established our first housing subsidiary in France. The company's initial project is underway at Antibes and our management team will make selective acquisitions in the Mediterranean growth area to establish a solid base for future trading in Europe.

In our non-housing activities trading results varied. Our property disposal programme contributed £6.9 million to profits compared to £7.2 million the previous year. This programme is continuing, albeit at a reduced rate and will be reinforced by the development of projects for sale.

Trading in our leisure property company remained difficult, aggravated by the continuing poor image of timeshare and the effect of high interest rates. The previously announced restructuring of the company is complete and we are pursuing a policy of diversification within the leisure property sector.

Our contracting company made a useful contribution to Group profit and has a healthy order book. We have recently opened a new office in Glasgow with the expectation of an expansion of our activities in Central Scotland.

The Group's financial position is extremely strong. We enjoy the support of major banks, both in the U.K. and the U.S.A. and have adequate funding for all current and foreseen trading requirements.

On 31st December last, Sir Lawrie Barratt retired as Group Chairman. He assumed the role of Life President and has maintained a keen interest in the affairs of the Group. I should like to record the thanks of the Board for his unflagging efforts and inspired leadership over many successful years.

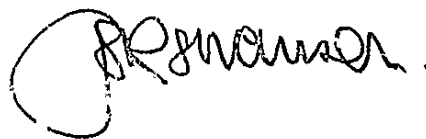
We wish him a long and happy retirement.

Mark L. Frazier joined the Main Board in July 1989. He has been a Director of Barratt American since 1980 and brings to the Main Board a wide experience of the American housing industry. Mr. Frazier has assumed the role of Chairman of Barratt American with special responsibility for implementation of the Group's growth strategy in the U.S.A.

The teamwork and dedication of our employees are second to none. The Company's success would not have been possible without their energy and enthusiasm, sometimes in the face of difficult trading conditions. They are to be congratulated.

Our deliberate strategy of expansion through geographical diversity is proving successful. Our total spread of product and locations in the U.K. and our strength in housing and land development in California enabled us to withstand the effects of high interest rates. The establishment of our first European trading base in the South of France is one of a number of areas of potential that have been identified in Europe, U.S.A. and the U.K. and marks a further step in our diversification programme.

I am confident that this strategy, coupled with the strength and dedication of our management and employees, will provide a firm foundation for the continued success of the Group.



## Directors and Officers

### EXECUTIVE DIRECTORS

John S R Swanson, 44, became Chairman and Chief Executive of Barratt Developments PLC on January 1, 1989. He joined the Group in 1972 and became Managing Director of Barratt Aberdeen in 1976. He joined the Group Main Board in 1979, and became Chairman of Barratt American in 1982. In 1987 he was also appointed Chairman of Barratt Scotland. He was appointed Barratt Group Managing Director in 1988.

Michael Norton, 48, became Deputy Chairman of Barratt Developments PLC on January 1, 1989. The Chairman of Barratt Northern, he has been with the Group for 12 years. He became Deputy Chairman of Barratt Northern before being appointed Group Sales and Marketing Director in 1982 and Chairman of Barratt Northern in January 1988.

Frank Eaton, 39, Chairman of Barratt Central, joined Barratt Manchester in 1979. Four years later he was appointed Managing Director of Barratt Manchester and was promoted to his present post at the start of 1988.

Mark L Frazier, 39, Chairman of Barratt American was appointed to the Main Board with effect from July 1989. A marketing and business management graduate of the University of Iowa, he has been with Barratt American since 1980, becoming President in 1985.



Thomas P Hartley, 59, is Chairman of Barratt Southern. A Chartered Civil Engineer he joined Barratt in 1977 as

Technical Director of Barratt London and was appointed to the Main Board in 1984. He took up his present position in 1988.

Robert W R James, 48, is the Group Finance Director of Barratt Developments PLC and also Chairman of Barratt Commercial. A Chartered Accountant, he joined Barratt in February 1975 as Company Secretary. He was appointed to the Main Board in December 1976.

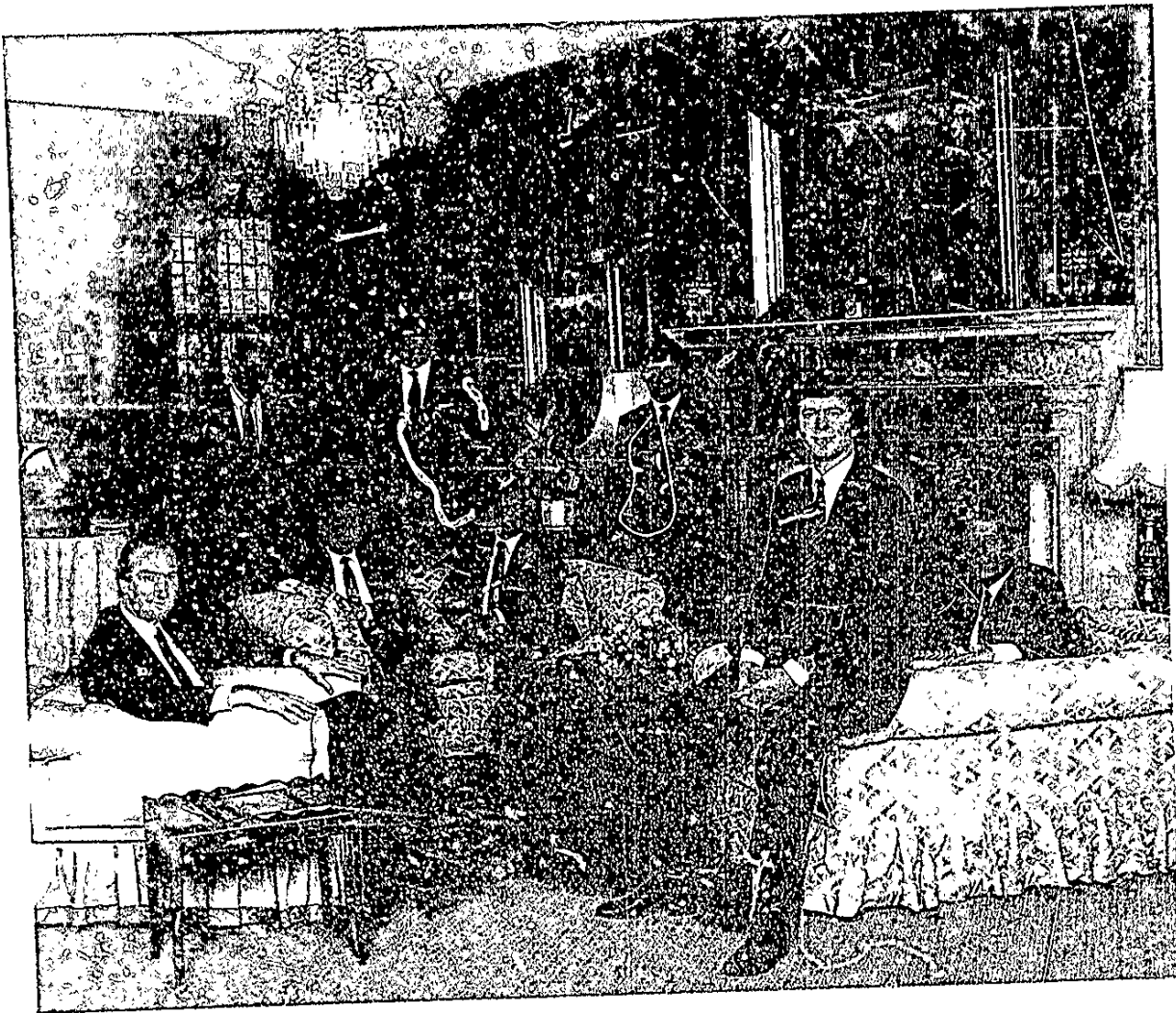
Michael D Pattinson, 41, was appointed Sales and Marketing Director of Barratt Developments PLC, in January 1988. During 1989 he was also appointed Chairman of Barratt International Resorts and Barratt France. He joined Barratt in 1976 and was Marketing Director with Barratt Luton before joining Barratt American, where he became Managing Director of Barratt San Diego in 1983.

### NON-EXECUTIVE DIRECTORS

\* Frederick W. Crawley, 63, was appointed a Non-Executive Director on January 1, 1988. The former Deputy Chief Executive of Lloyds Bank, he is now a director of Lloyds Development Capital Ltd and the Alliance and Leicester Building Society.

\* Andrew W Tait, OBE, 67, was appointed a Non-Executive Director on January 1, 1988. He is the former Chairman of the National House Building Council, and current Chairman of the New Homes Marketing Board, the New Homes Environmental Group, Johnson Fry Property and the Home Buyers' Advisory Service.

\* Member of the Audit Committee.



Andrew W Tait      Thomas P Hartley      Michael D Pattinson  
 Robert W R James      Frederick W Crawley      John S R Swanson  
 Frank Eaton      Michael Norton

#### LIFE PRESIDENT

Sir Lawrence Barratt, 61, became Life President of Barratt Developments PLC on January 1, 1989. He was knighted in 1982 and is a Fellow of the Institute of Chartered Secretaries.

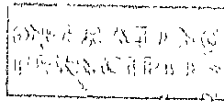
#### SECRETARY

Frederick Brown, FCA

#### ADVISERS:

Registrar: Lloyds Bank Plc  
 Registrar's Department, Goring-by-Sea  
 Worthing, West Sussex BN12 6DA  
 Auditors: Deloitte Haskins and Sells  
 Solicitors: Slaughter & May  
 Brokers: Cazenove and Co  
 County Natwest  
 Merchant Bankers: S G Warburg and Co





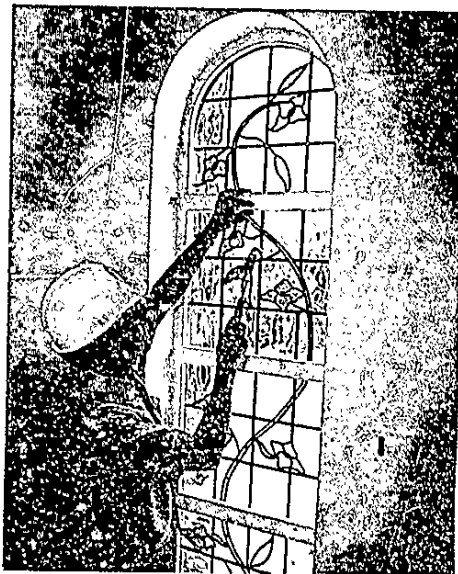
## Meeting Housing Needs

In Britain, the USA and Europe, the Barratt Group's core business is the provision of high quality value for money housing for all types of home buyers.

Barratt companies are playing a leading role in meeting the housing needs of first time buyers, families and the retired.



*The four bedroom, two bathroom "Connaught".*



*Foreman Eddie Smith.*



In response to changing market requirements, Barratt companies have become multi-faceted developers, increasingly involved in joint ventures with Local Authorities, Savings and Loan Associations and others to help alleviate housing shortages.

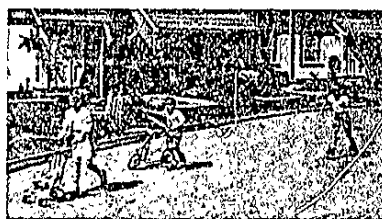
The need for new housing is undisputed. In Britain for example, the Government predicts that 2 million new homes will be needed by the year 2001. Demand is increasing at an even greater pace in California: in Los Angeles alone, more than 1 million new residents are expected by the end of the century.



*A luxury five bedroom, three bathroom "Bronte" house style at Bingley, West Yorkshire.*

During the 1980's, Barratt built over 100,000 homes – substantially more than any other company in Britain – and has established a reputation as an all-round quality builder.

The Group's future is secured by its established strategy of diversification, supported by regional strength through a network of local companies; experienced management; a skilled workforce; a well-located land bank and the highest quality products and service.

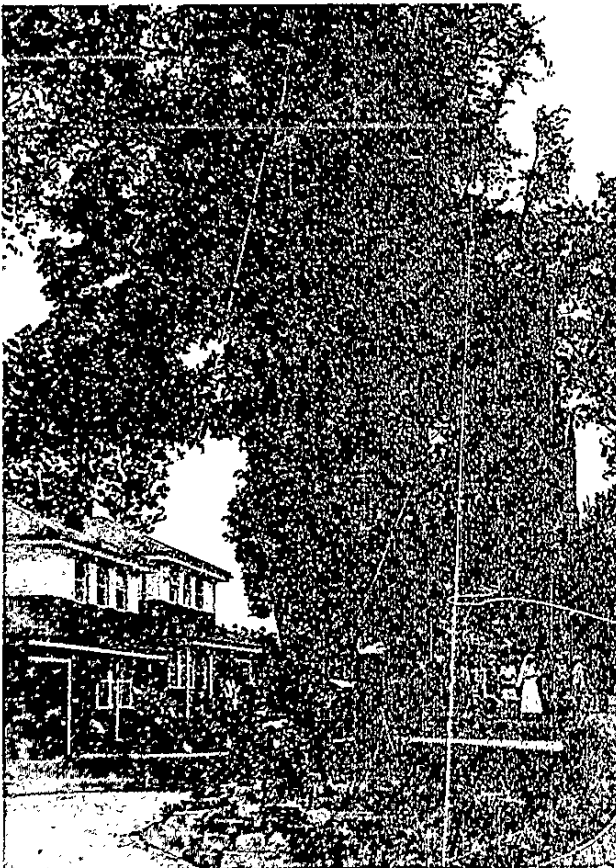


*Low cost, high quality homes for first time buyers.*

## Care for the Environment

Concern about the environment is shared by the Barratt Group. We acknowledge our social and environmental responsibilities and the need for sensitive development.

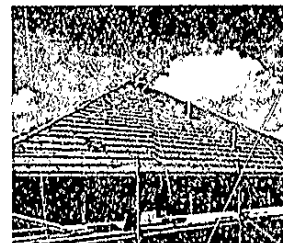
Almost two thirds of production is on derelict land or brownfield sites - not on green fields. These urban renewal projects are recycling valuable resources and making a positive contribution to improving inner city environments.



*Mature trees retained at Ossett, West Yorkshire.*

We have stepped up this urban renewal involvement through membership of the Federation Of Community Urban Specialists. FOCUS has been established by five major organisations - Abbey National PLC, Woolwich Building Society, Barratt Developments PLC, Ideal Homes Holdings PLC (part of Trafalgar House Group PLC) and CSL Group Ltd - to tackle large-scale urban regeneration projects.

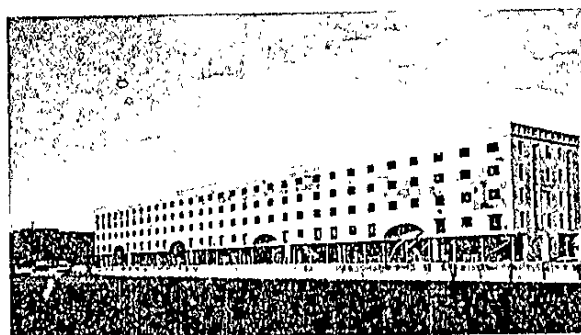
However, not everyone wishes to live in urban areas. Industrial relocation also means that new homes are increasingly needed outside the cities. Homelessness in rural areas has reached record levels, according to the Department of the Environment. This acute rural housing shortage must now be tackled. There is a need for planners and developers to work together: new country villages offer both an alternative to further development of existing settlements and the opportunity to build new balanced communities.



*Energy efficient houses under construction at Epsom.*



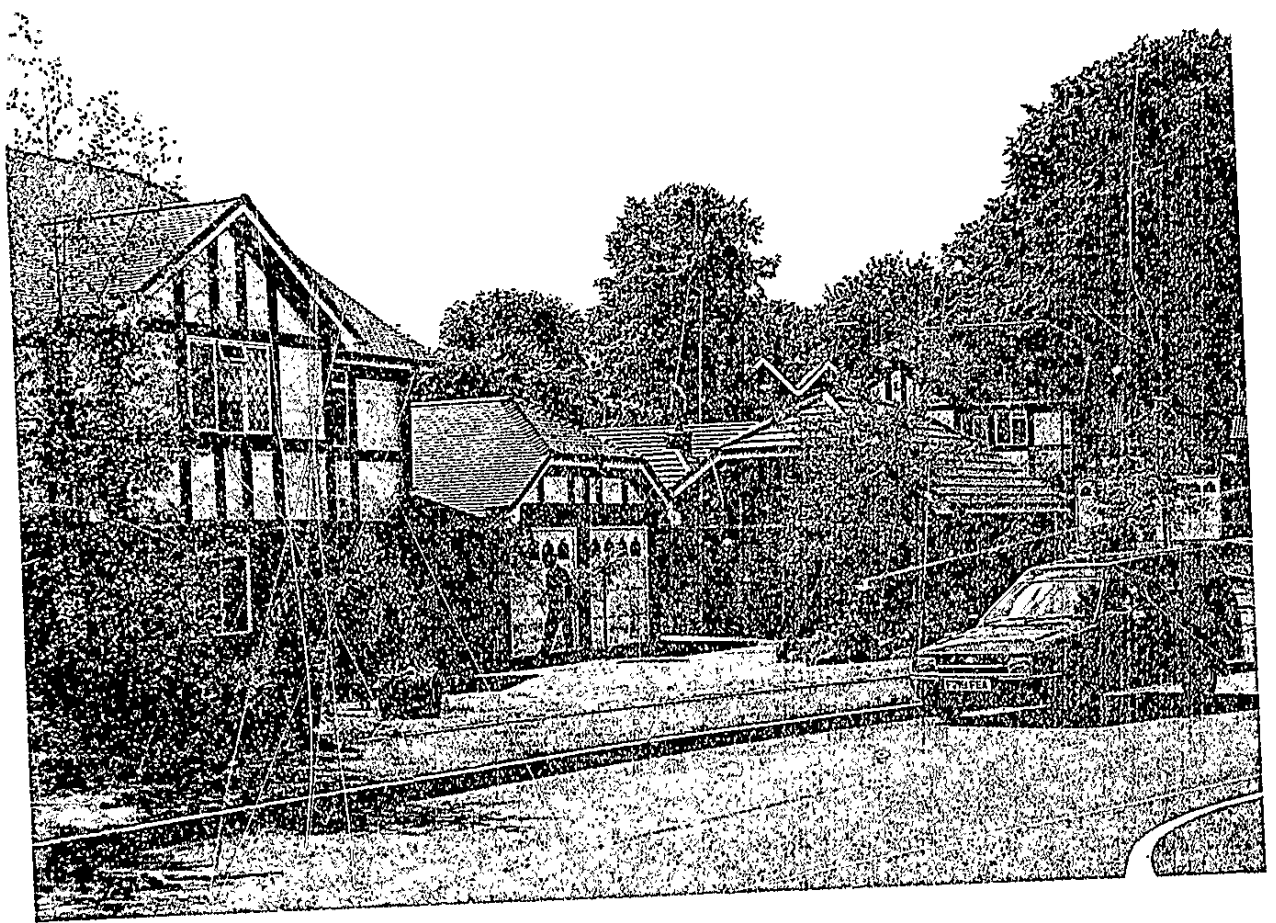
Barratt companies have eliminated the use of harmful products wherever possible in the construction of new houses. In addition modern heating systems reduce fuel consumption and produce less pollution. In a major research project, utilising the latest technology, 'environment friendly' homes are being built at Epsom in conjunction with the South Eastern Electricity Board. These incorporate "intelligent" energy efficiency control systems.



Wapping Dock, Liverpool: judged "Best Renovation in Britain" in the 1989 What House awards

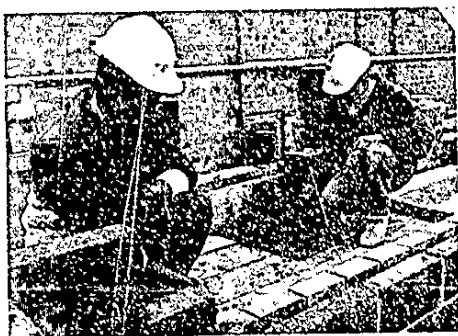
THE  
NATIONAL  
TRUST  
FOR  
SCOTLAND

## Care for the Community



*Much-needed executive housing at Lichfield, Staffordshire.*

As housebuilders, we believe our first commitment to the community is the provision of good quality housing for all whether for sale, rent or shared ownership. In fulfilling this primary commitment, however, we recognise our responsibility to the community to balance housing demands with care for the environment.



Task Force trainees Alvin Small (left) and Gary Papworth.

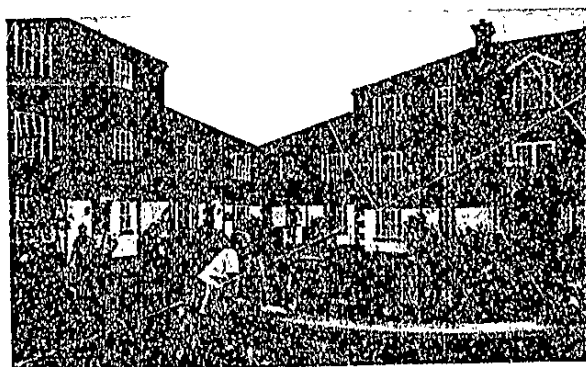
The provision of housing also creates employment within the community and training opportunities. For example, Barratt pioneered a successful scheme in Nottingham when it provided training places to long term unemployed people from the Government's Inner City Task Force Area.



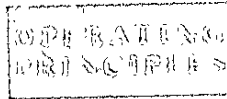
Landscape gardener Warren Goodman.

The project offered opportunities for the trainees and future benefits for the industry by producing skilled workers. Barratt companies establish close links with schools and colleges in their areas, taking students on work experience courses and sponsoring design projects.

Every employee is encouraged to become involved in voluntary projects and community efforts, which include support for Business in the Community, crime prevention campaigns, and charity appeals.



Affordable housing at North Shields, North Tyneside, in partnership with Northern Rock Housing Trust.



## *Sympathetic Architecture*

A key element of our product philosophy is a commitment to raising architectural standards. Volume housebuilders have been accused in the past of creating "anywhere" housing which makes no reference to local architectural styles and consequently rarely blends with the local environment. Yet the use of sympathetic architecture, local materials and traditional crafts can give housing a true sense of place.

*Richmond,  
North Yorkshire.*



A more versatile approach to housing design and estate layout today is resulting in new developments which display greater visual appeal and character and also harmonise with their surroundings. The Barratt Group recently revised its own Layout Design Guide, working in conjunction with architects, planners,

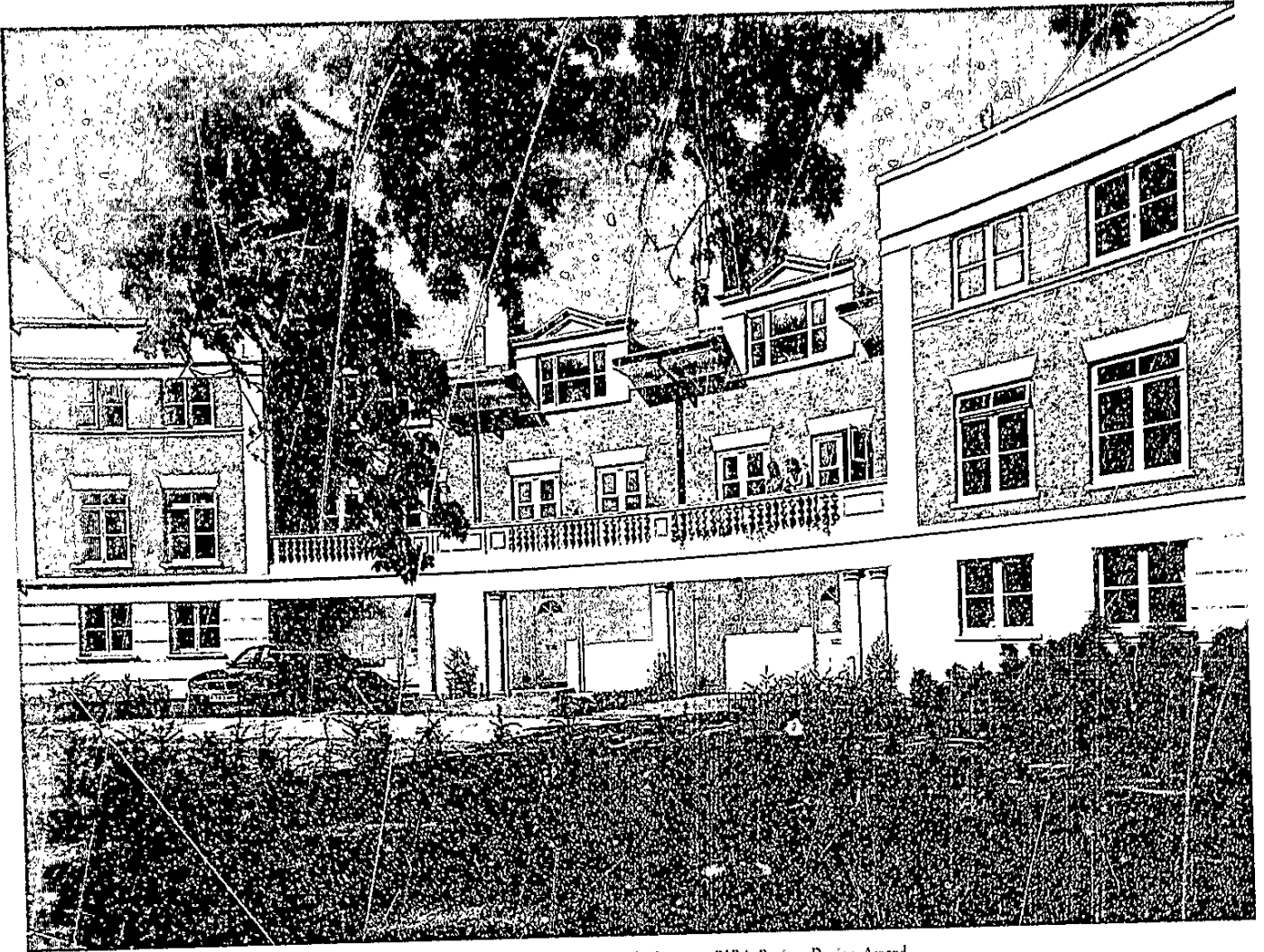


*Elegant town houses at Weybridge, Surrey.*

engineers, landscape architects and police crime prevention departments. The Guide advises on all aspects of development layout - elevational treatments, hard and soft landscaping, roads, safety and security - to enhance the overall living environment.



*Local materials.*



A Regency style development at Chiswick Place, London – close to Chiswick House – which won a RIBA Project Design Award.



A country courtyard development at Ellington, Northumberland

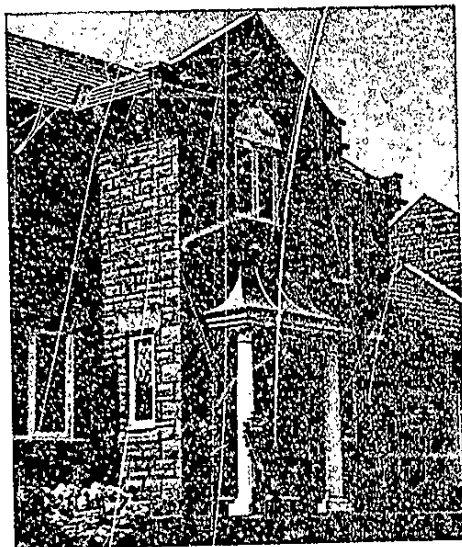




## Setting New Standards

The Barratt Group operates a policy of continuous product development. It sets out to achieve the highest standards of quality in design, construction and customer service and has won every major industry award in recent years.

Product development has ensured that new Barratt houses are not only more visually appealing but also more secure and energy efficient than previous designs.



The four bedroom, two bathroom "Devonshire" house style.



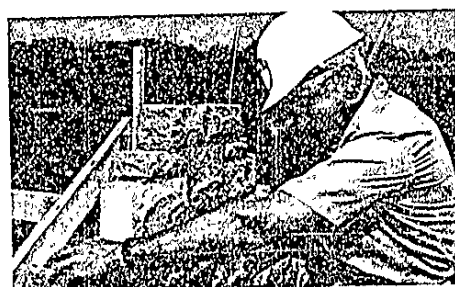
Further improvements to Barratt designs in 1990 will continue this trend and further increase the desirability of new houses over older properties.

A strong emphasis is also placed on standards of customer service. Barratt has a recognised commitment to making house purchase easier. Through the new



Sales negotiator Jan Gill (right) offers advice.

"Mastermove" package of financial services buyers are offered the most comprehensive assistance. Maintaining good customer relations is reflected in increasing numbers of second and third time Barratt buyers.



Craftsman Steve Foster.



*Stunning interior style at The Highlands, Alpine, San Diego County*

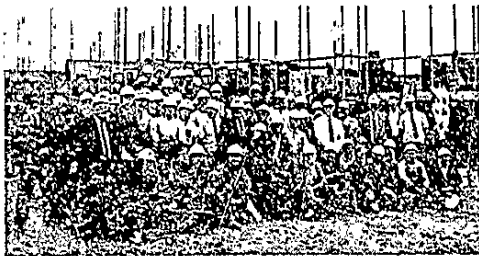
Training



We believe that people are our most important asset. Barratt employees are shareholders in the company and are encouraged to achieve the highest standards in their work. To ensure those standards are met and maintained, Barratt companies operate a variety of training programmes.



*National staff award winners (left to right) Sue Garner, Patsy Aicken and June Thompson with John S R Swanson, Chairman and Chief Executive.*



*The site development team at St. Peter's Basin, a £27 million marina development in Newcastle upon Tyne.*

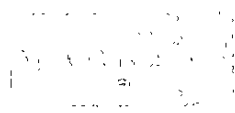
Ongoing sales training for staff means buyers can expect professional, knowledgeable information about their purchase; construction training and apprenticeships ensure consistent build quality and are helping to alleviate skill shortages in the industry. Barratt award schemes reward employees who have made a major contribution to their company's success.



*Apprentice Damon Braun working on an urban renewal project at Bradford*

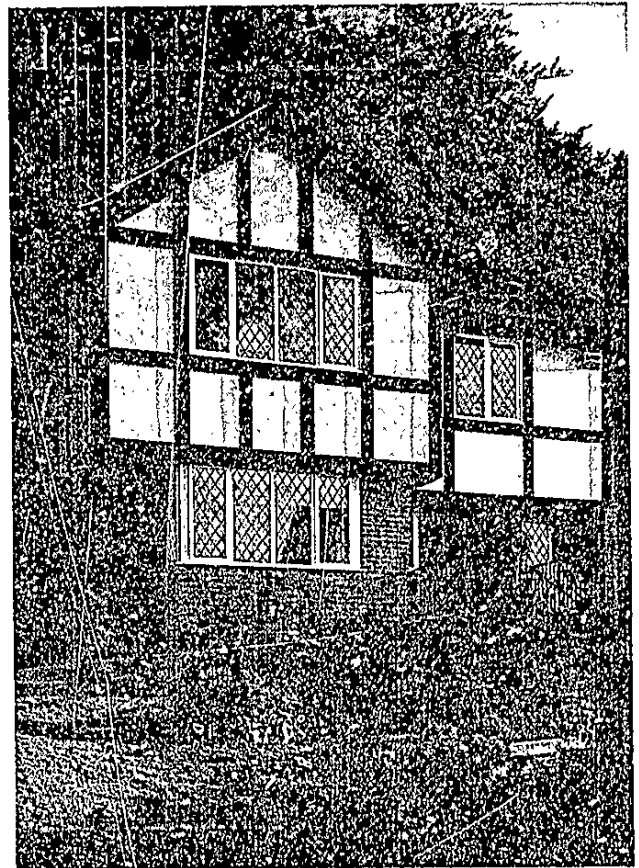


*Site Supervisor Tom Hart - who has won the National House Building Council's Greater London Conversion Award every year since its launch in 1987.*

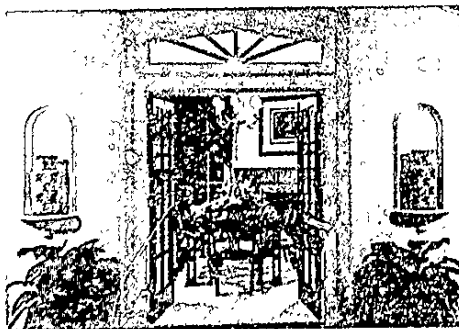


## *I n t r o d u c t i o n*

The Barratt Group's current position has been achieved by its ability to adapt to rapidly changing environments and to meet the fresh challenges of an extremely competitive industry. It has established a solid track record as a leader in varying markets. Future prosperity is assured by its established strategy of diversification, supported by regional strength through a network of local companies; experienced management; a skilled workforce; a well located land bank; and the highest quality products and service. During the past year new offices have been established in Los Angeles, Aix-en-Provence, Glasgow and Edinburgh - and further geographical spread is planned.



*The four bedroom, two bathroom "Chesterton" house style.*

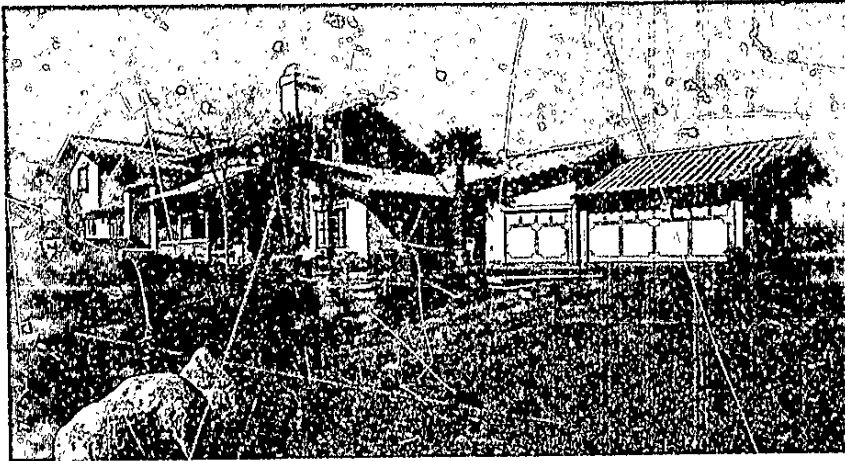


*Emphasis on interior design: Laguna Niguel, Southern California*



*Antibes-les-Pins, Cote d'Azur.*

*Regent's Park, East San Diego County, California.*



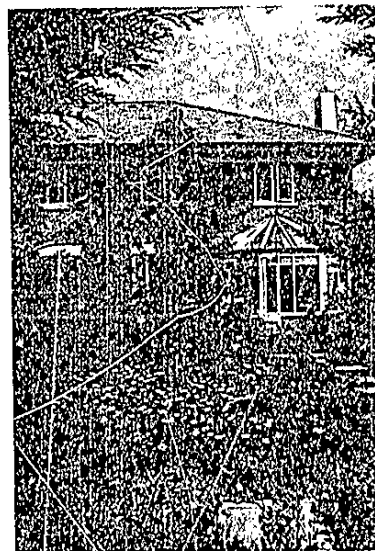
Barratt companies are building for the total market.

Increasing involvement in joint ventures, bulk property sales to BES companies and land development projects have reduced the Group's dependence on individual sales. Through membership of FOCUS - the Federation of Community Urban Specialists - Barratt is also well

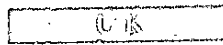
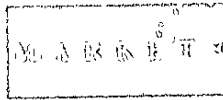
placed to tackle the enormous development potential which still exists within Britain's inner cities.



*Apprentices Alan Whales and Paul Angus (right) with John S R Swanson, Chairman and Chief Executive.*



*An elegant conservatory and landscaped garden.*



## *B u i l d i n g   f o r   S a l e   a n d   R e n t*

During the 1980's the Barratt Group has built over 100,000 houses in Britain, creating homes not only for private sale but also for rent and shared ownership through joint ventures with a variety of partners.

The Barratt "Premier Collection" of over 70 house styles caters for all sectors of the housebuying market and these properties are now being built by every Barratt subsidiary company on over 250 developments nationwide, at prices ranging from £30,000 to £600,000.

*BES scheme at  
Coopers Walk,  
Stratford.*



A choice of tenure is an increasingly important element in today's housing market. Not everyone can afford, or wishes, to buy their own home. Affordable housing – for rent, shared ownership and sale at discount prices – has been provided through partnership housing projects.

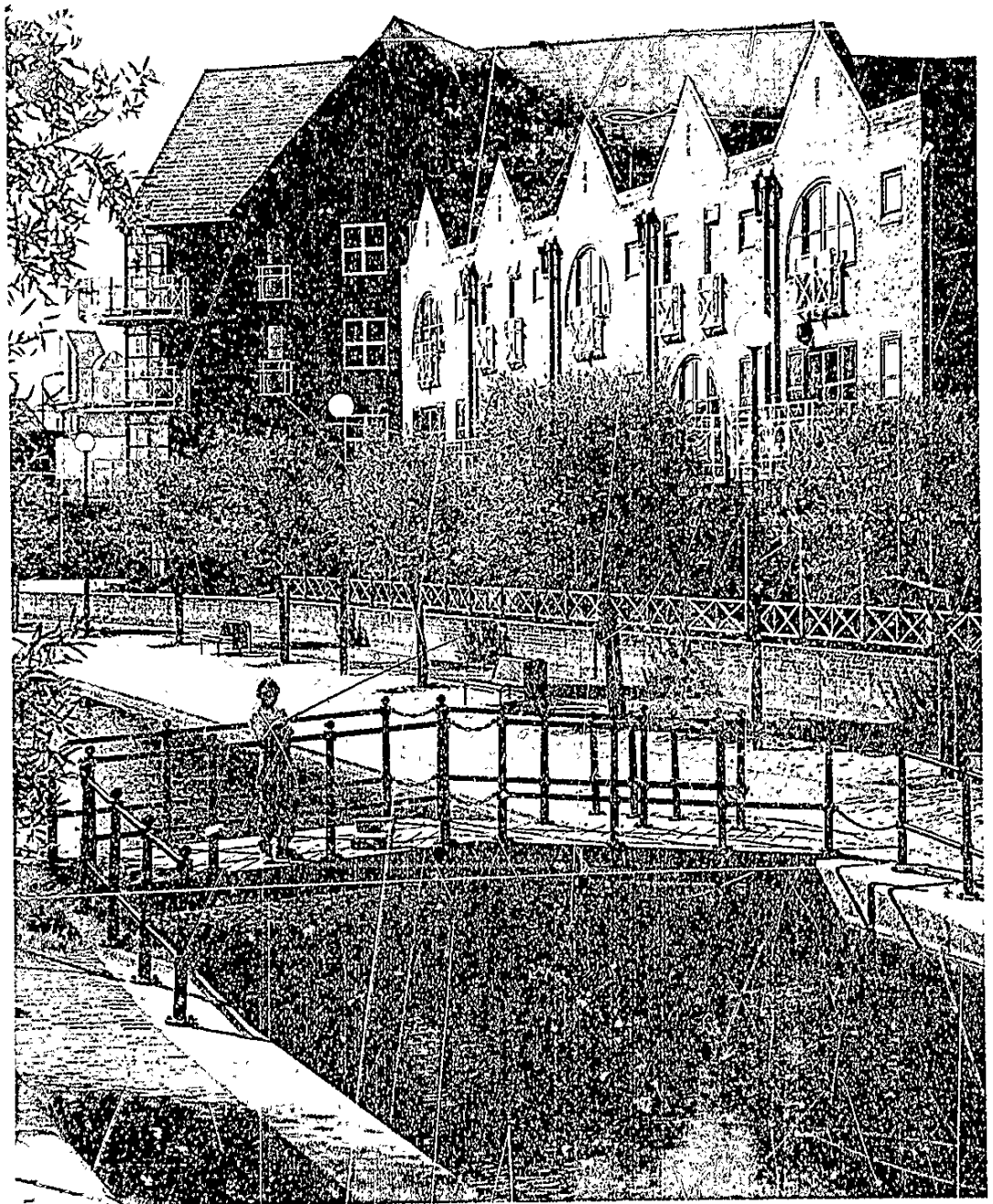
The Group is currently involved in such projects in almost every major city in the UK, working together with local authorities, housing associations, development corporations, central government, building societies and other lending institutions.

Additionally, following the extension of the Business Expansion Scheme, Barratt companies have identified a variety of sites suitable for private rented property investment, undertaken "design and build" contracts to match specific requirements of BES companies, and sold high quality ready built properties.



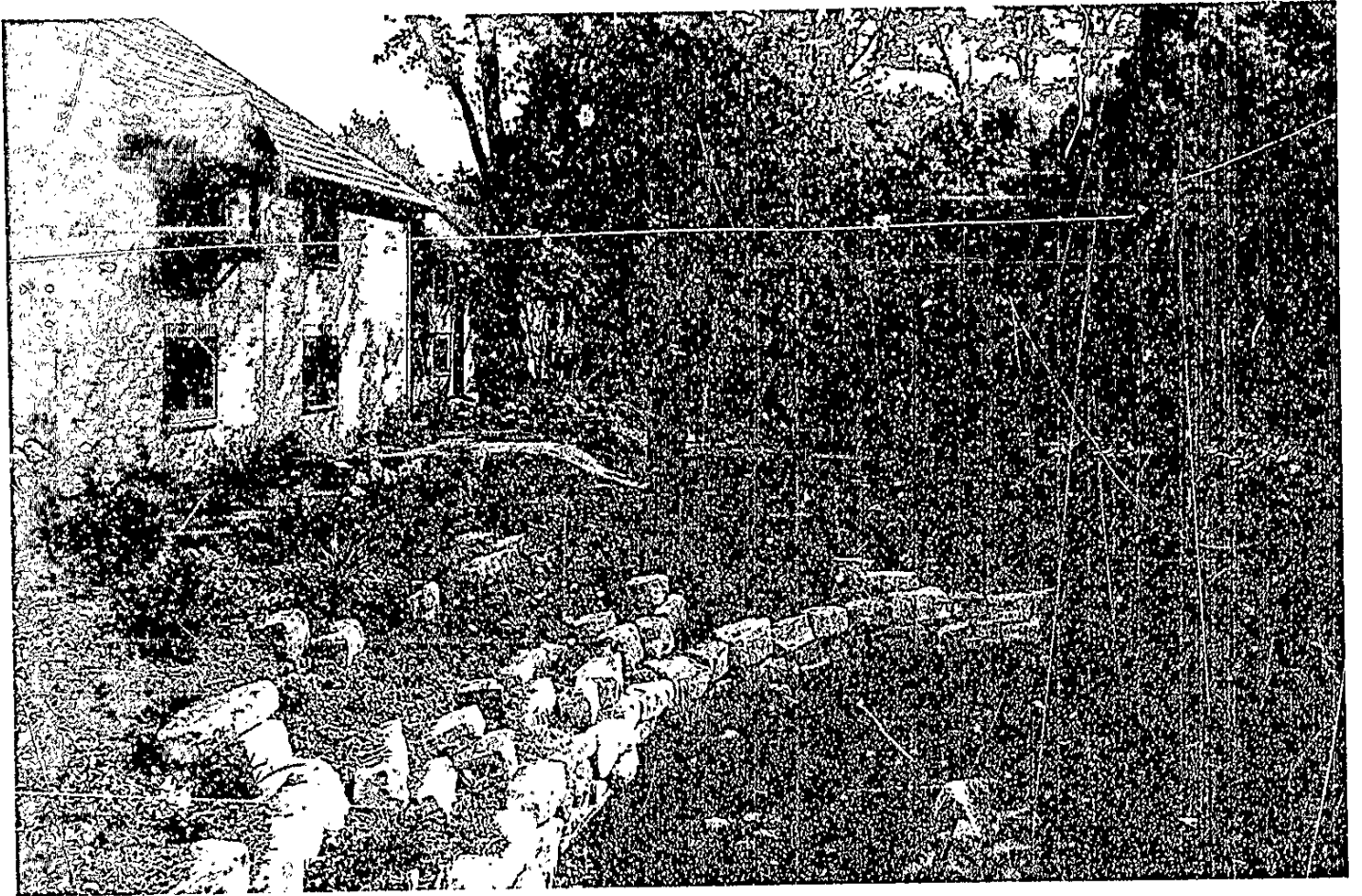
*Rented accommodation, Castle Wynd, Edinburgh.*

Fig. 1. A view of the High Park Fountain.

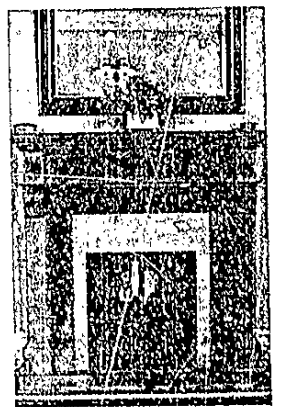




## Retirement



Alexander's cottage at New Milton, Hampshire





*The courtyard at Gershwyn Mews, Basingstoke.*

Increasing numbers of people in Britain are giving up work earlier – and are also living longer. As a result, the retired population is likely to reach 10 million before the end of the century, with over 60 per cent expected to be homeowners.

To meet the varying needs of people within this important market sector, Barratt is building a wide range of retirement properties for active as well as less active

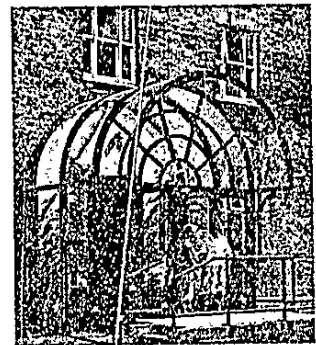


*Chipping Norton, Oxfordshire.*

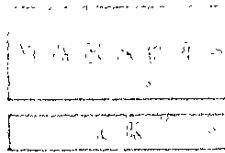
purchasers. These include specialist courtyard developments of bungalows, town houses and apartments, where appropriate levels of management services are provided.

Recently several retirement developments have been carried out in conjunction with housing associations, local authorities or building societies. These partnership projects have provided high-

quality low-cost homes for rent and shared ownership, as well as properties for sale with special mortgage arrangements for purchasers.

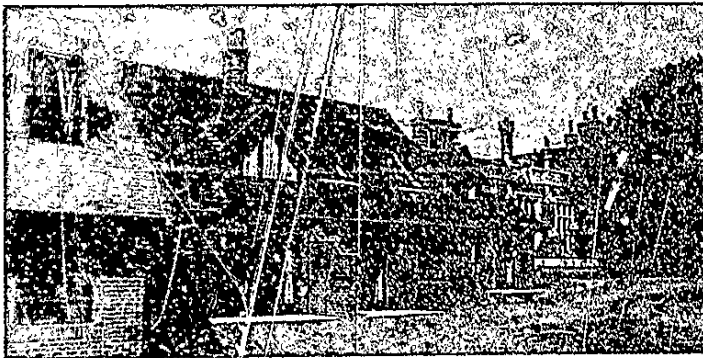


*Tewkesbury, Gloucestershire.*



## Leisure

The importance of leisure in modern living is demonstrated by the inclusion of recreational amenities on housing developments and the popularity of waterside developments such as Brighton Marina Village, where Barratt is building 875 luxury homes. The marina has adjoining leisure and shopping facilities and moorings for more than 1500 yachts.



Elmers Court Country Club, Lymington.

Facilities such as community centres, gyms and swimming pools are increasingly being provided on Barratt housing developments in Britain, while in California lakes, parkland and other amenities are typical features of planned communities.

On the Cote d'Azur, Barratt is building a luxury beachside development of apartments at Antibes-les-Pins, set among private swimming pools, tennis courts and parkland.

The Group's specialist leisure property division – Barratt International Resorts Limited – currently accounts for around two per cent of Group turnover.

As some existing developments are nearing completion, new opportunities to diversify within the leisure field are

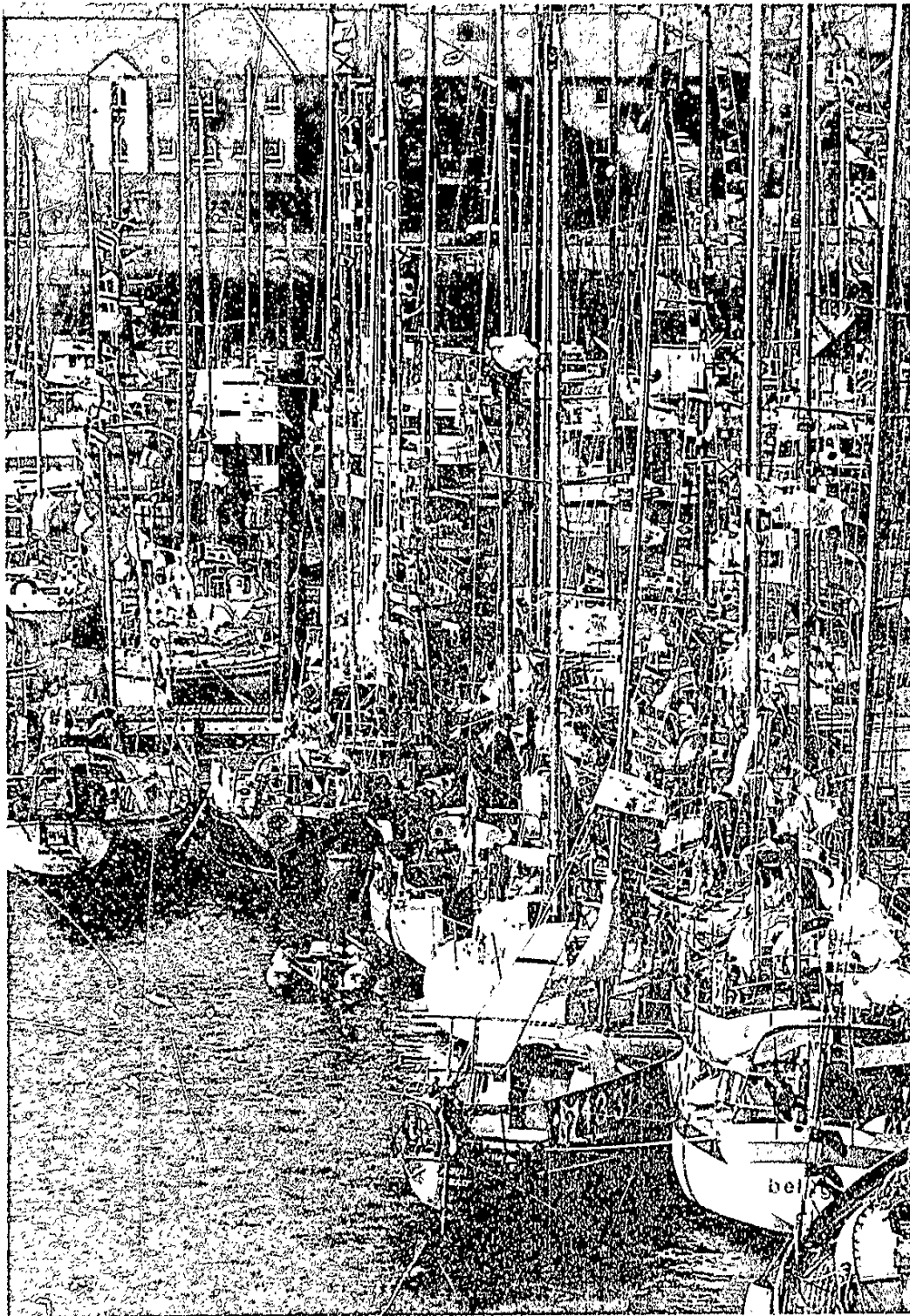


Elmers Court management Keith Hartop and Abby Brett with a holiday owner.

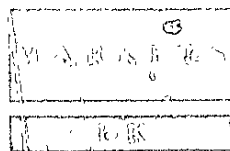
being actively explored. Additionally, further investment is currently being made in the division's nine resorts to ensure that the standards of quality and service which have made Barratt market leaders are maintained.



Plas Talgarth, Snowdonia National Park.

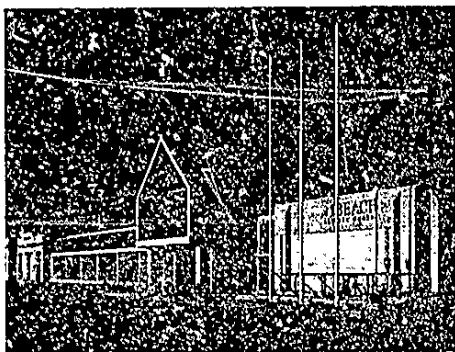


RE-100, the first of the series of submarines built by the Navy, is shown here.



## Contracting and Property Development

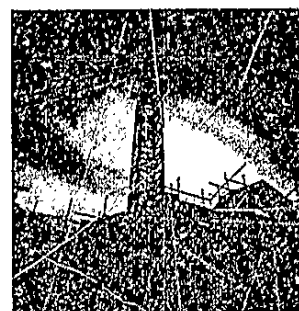
Barratt Construction, a general building and civil engineering contractor, was awarded a broad range of major contracts during 1989. The company opened a new office in Glasgow to take advantage of the active construction market in Central Scotland.



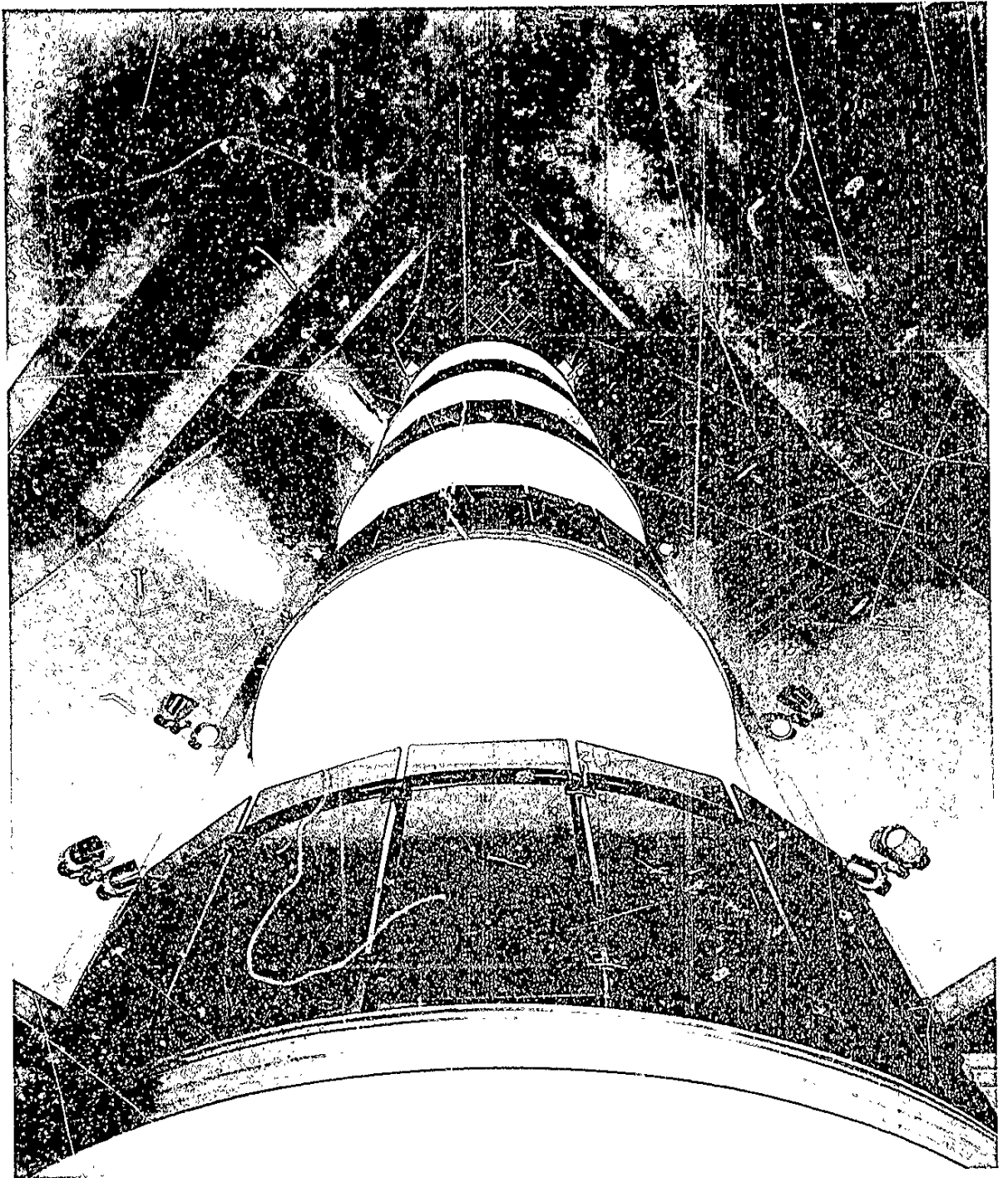
Aberdeen Leisure Centre: a Barratt Construction project.

It has a wide experience of construction and is involved in varied projects around the UK. Recent contracts include factories, warehouses, offices, sports and leisure centres, housing projects, schools, retail outlets, nursing homes and health centres. It has carried out numerous design and build contracts and has a strong record in management contracting. Clients include Marks and Spencer PLC, Boots PLC, British Airways and Sainsbury PLC.

Barratt Commercial is the property development arm of the Barratt Group. The company has the management expertise and financial resources to operate successfully within the highly competitive commercial property market and is actively seeking further opportunities for both direct and joint venture development. It recently established a new office in Edinburgh.



In addition to many major speculative or pre-let commercial developments throughout the UK, the company has also successfully completed many purpose-built premises, providing a complete design, build and sale/lease package. During the past year it has taken advantage of the strengthening of demand for commercial and industrial property to continue recycling its portfolio of investment property. The company's programme of developing commercial projects for sale is ongoing.



## California



Million dollar homes at Laguna Niguel, Orange County.

The Californian housing market is as large as the total United Kingdom private homes sector. With a population of over 26 million – the largest of all States in the USA and a growth rate twice that of the

rest – it has the world's highest per capita spending on houses and its Gross Domestic Product is overtaking the UK as the Pacific Rim economy continues to expand.





Impressive interiors.

Barratt American has established a major presence in this buoyant market and is regarded as one of Southern California's leading housebuilders. During the past year the company has added a new division, strengthened its management, increased profitability and is now well placed to take advantage of the opportunities the Californian market place continues to offer.

The new Los Angeles division - Barratt American's third - has been set up to service the expanding area north east of the city. The Los Angeles conurbation is the largest single housing market in the USA. More than one million new residents are expected there by the year 2000. The division includes the counties of Los Angeles, Ventura and San Bernardino.

As in the United Kingdom, rising land prices are having an impact on first-time buyers in the Californian property market and Barratt American will help satisfy demand for much-needed affordable housing in this area.

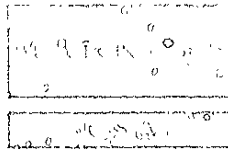


Jamala, Orange County.



A luxury home at The Vineyards, Chula Vista.

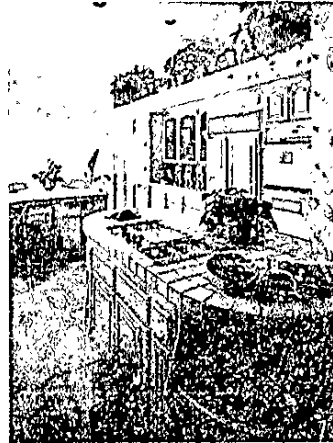




## California (continued)

The company is acknowledged as one of the most diverse housebuilders in California. It is currently building around 1000 homes a year at prices ranging from \$80,000 to \$1.5 million, servicing the total market from first time buyer homes to luxury properties.

In March 1989 the company opened its first million dollar homes at South Peak, Laguna Niguel, Orange County. It is also involved in a major partnership project on 416 acres of prime development land at Mission Viejo, Orange County, which will create 1500 homes set among almost 100 acres of open space, parks and green belt areas. This joint venture is being carried out

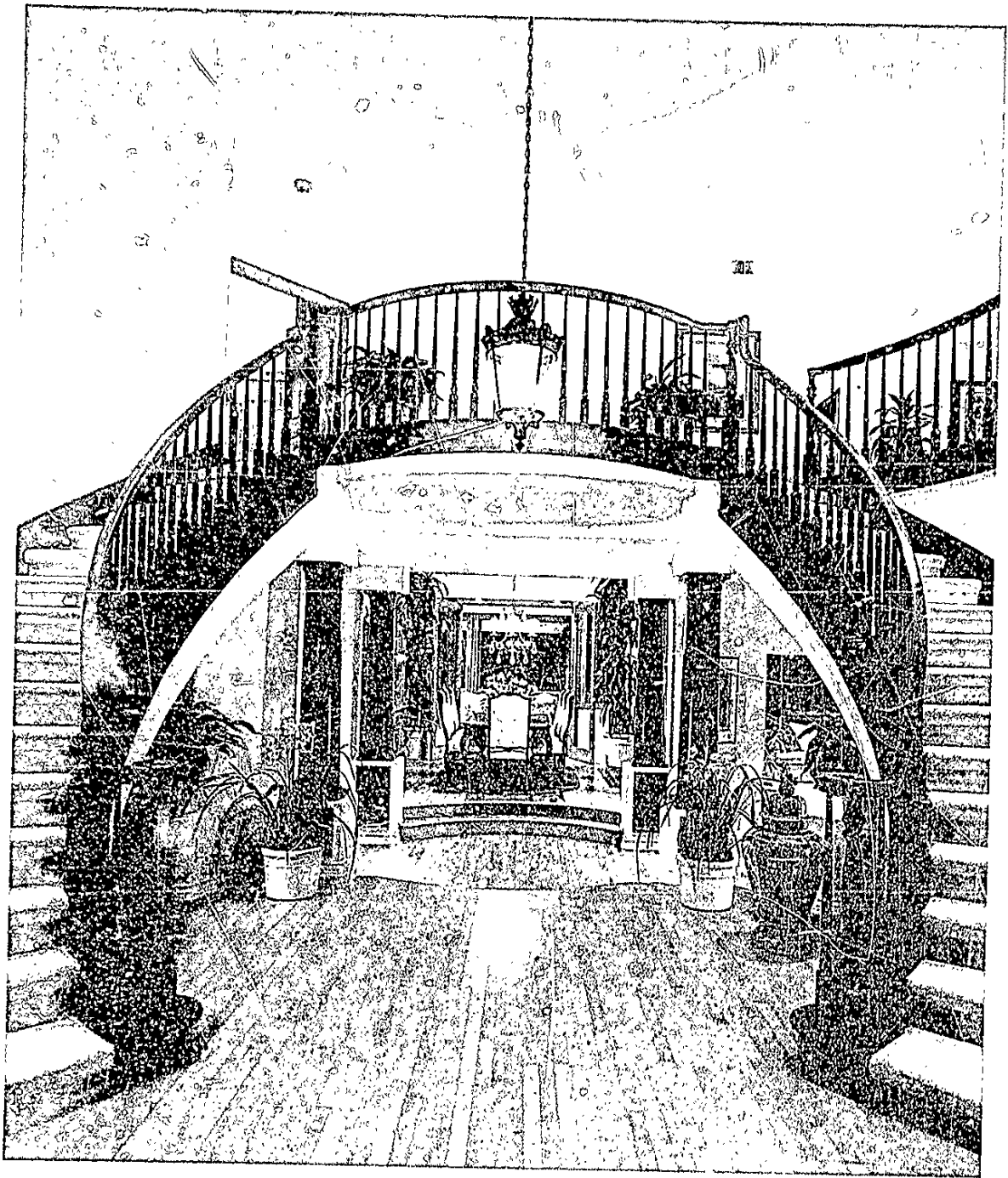


Open plan kitchen.

with the Home Capital Development Group, a subsidiary of Home Federal, one of the USA's leading savings and loan associations. Barratt American is recognised as a pacesetter and its imaginative home styles, building skills, and marketing expertise have won numerous industry awards.



Distinctive Mediterranean - style architecture.



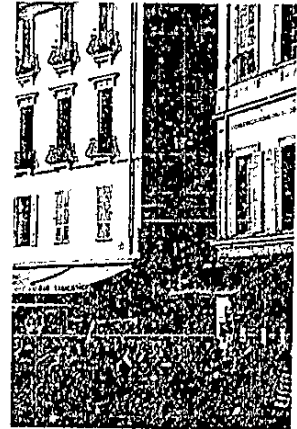
Wood Deck, level to, staircases at North Peak Lagona Niguel

## France and Spain

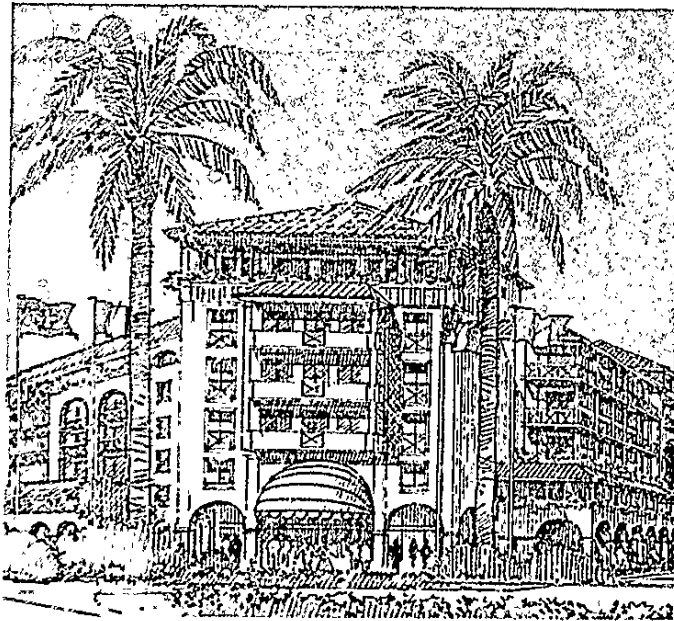
The Barratt Group has established a new French subsidiary company, with an office in Aix-en-Provence, and is now exploring opportunities to expand activities in Europe.

Construction work is already well underway on the company's first housing project – a luxury seafront development of homes at Antibes on the Côte d'Azur. The project is being carried out in partnership with one of France's foremost housebuilders, Les Nouveaux Constructeurs,

Midi-Méditerranée (LNC) and has a target market of all year round residents; the French second home market; and the UK second home market. The development is in a prime location overlooking the Mediterranean and will include apartments for outright sale to British and European purchasers.



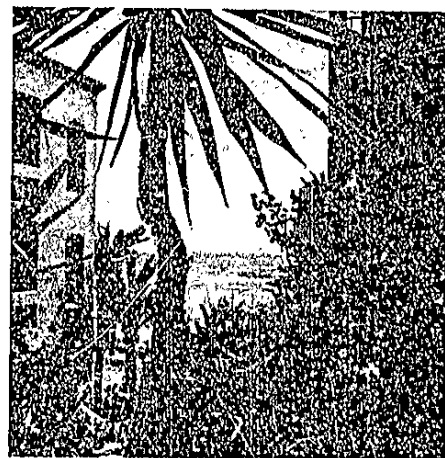
Côte d'Azur



An artist's impression of Antibes-les-Pins.

The company will concentrate its activities initially on the Côte d'Azur – the fastest growing region in France – and will add further developments during 1990.

Also located on the Mediterranean coastline are the Group's three established



Doña Lola,  
Southern Spain.

leisure developments near Marbella –  
Valle de la Playa and Doña Lola –  
which offer luxury Andalucian style  
apartments and a range of sports facilities.



The Mediterranean setting of Valdeana near Marbella, Southern Spain

## Notice of Annual General Meeting

Notice is hereby given that the thirty-first annual general meeting of the company will be held at the New Connaught Rooms, Covent Garden Exhibition Centre, Great Queen Street, London WC2B 5DA on Thursday 16th November 1989 at 11.00am for the following purposes:

### Ordinary business:

1. To receive and adopt the directors' report and accounts for the year ended 30th June 1989.
2. To declare a dividend.
3. To re-elect a director, Mr M Norton, who retires by rotation.
4. To re-elect a director, Mr M L Frazier, who retires at the first annual general meeting following his appointment.
5. To re-appoint Deloitte Haskins & Sells, the retiring auditors, and to authorise the directors to fix their remuneration.

### Special business:

6. 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 £2,125,542 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.

7. To consider and, if thought fit, to pass the following resolution as a special resolution:

That subject to the passing of resolution 6 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 transferred by resolution 6 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 £893,723 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

20th October 1989

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 10.45am 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 1989.

### Activities of the group

The group's principal activities continue to be building and development, and property investment. A full review of the group's performance and prospects will be found in the Chairman's Statement on pages 4 and 5.

### Results and dividends

Profit on ordinary activities after taxation for the year ended 30th June 1989 is £48.7m (1988 £41.9m). An interim dividend of 3.21p per share (1988 2.79p) was paid on 26th May 1989 and it is proposed to pay a final dividend of 10.18p per share (1988 8.37p) on 17th November 1989 to shareholders on the register at the close of business on 20th October 1989.

The dividends paid and proposed amount to £24.0m and the profit retained is £24.7m.

### Annual general meeting

The notice of the annual general meeting on page 36 contains two resolutions to be submitted as special business.

The resolutions (numbers 6 and 7 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 1989 (or later appointment)				1st July 1988			
	fully paid	executive share incentive scheme 1p paid	fully paid	executive share option scheme	fully paid	executive share incentive scheme 1p paid	fully paid	executive share option scheme
J S R Swanson	49,152	900	3,316	200,000	48,761	900	3,316	200,000
M Norton	2,248	—	—	200,000	1,857	—	—	200,000
F W Crawley	2,000	—	—	—	—	—	—	—
F Eaton	11,734	—	—	200,000	11,343	—	—	200,000
M L Frazier	—	—	—	60,000	—	—	—	—
T P Hartley	2,248	—	—	200,000	1,857	—	—	200,000
R W R James	25,312	4,100	15,116	200,000	24,921	4,100	15,116	200,000
M D Pattinson	3,650	—	—	200,000	3,034	—	—	200,000
A W Tait	1,000	—	—	—	1,000	—	—	—

Sir Lawrie Barratt resigned as a director of the company on 31st December 1988 and accepted an invitation to become Life President with effect from 1st January 1989. Mr M L Frazier was elected a director of the company on 18th July 1989.

No notification has been received of any change in the above interests during the period 1st July 1989 to 30th September 1989.

## *D i r e c t o r s '   R e p o r t   ( c o n t i n u e d )*

### **Directors and their shareholdings (continued)**

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 L Frazier retires in accordance with the provisions of article 77 and offers himself for re-election.

Mr M Norton and Mr M L Frazier have service contracts which expire on the 4th December 1991 and 30th June 1991 respectively.

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.

The directors have allocated £0.8m (1988 £0.8m) to the employee share participation scheme for the year ended 30th June 1989 on the basis of £700 (1988 £700) for each qualifying employee and have advised the trustees of the employee share participation scheme that the acquisition of the shares in satisfaction of the allocation will be by way of subscription. The appropriation of the shares together with the completion of the application to the Council of The International Stock Exchange for the shares to be admitted to the Official List should be completed by the end of October 1989.

### **Statutory information**

The directors have not been notified that any shareholder, corporate or individual, has an interest amounting to 5% or more of the issued share capital of the company.

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

Charitable donations of £44,844 were made during the year.

No political contributions were made during the year.

### **Auditors**

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

On behalf of the board

F Brown

Secretary

Newcastle upon Tyne

20th October 1989

## Accounting Policies

### (a) Basis of accounting

The group prepares its accounts on an historical cost basis of accounting incorporating the revaluation of certain fixed assets and investment properties.

### (b) Consolidation

The group accounts include the results of the holding company and all its subsidiary companies.

### (c) Turnover

Turnover comprises the total proceeds of building and development on legal completion and amounts invoiced for other activities 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 except when included in the cost of investment property under development.

### (e) 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. Investment properties under development are stated at cost including attributable overheads and interest.

### (f) Investment properties

Completed investment properties are included in the balance sheet at their open market value.

### (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 the 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 benefitting 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 1989*

	Note	1989 £m	1988 £m
TURNOVER		<u>586.5</u>	<u>529.5</u>
OPERATING PROFIT	1	95.5	71.9
INTEREST PAYABLE	3	<u>18.0</u>	<u>10.4</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		77.5	61.5
TAXATION	4	<u>28.8</u>	<u>19.6</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	5	48.7	41.9
DIVIDENDS	6	<u>24.0</u>	<u>19.9</u>
RETAINED PROFIT	18	<u>24.7</u>	<u>22.0</u>
DIVIDEND COVER		<u>2.0</u>	<u>2.1</u>
EARNINGS PER SHARE	9	<u>27.3p</u>	<u>23.5p</u>

# Group Balance Sheet at 30th June 1989

	Note	1989 £m	1988 £m
<b>FIXED ASSETS</b>			
<b>TANGIBLE ASSETS</b>			
Investment properties	10	32.9	59.9
Other	11	8.1	7.7
		<u>41.0</u>	<u>67.6</u>
<b>CURRENT ASSETS</b>			
Stocks	12	486.4	333.2
Debtors	13	53.8	44.1
Bank and cash		6.1	10.1
		<u>546.3</u>	<u>387.4</u>
<b>CURRENT LIABILITIES</b>			
Creditors due within one year	14	<u>282.4</u>	<u>189.1</u>
<b>NET CURRENT ASSETS</b>		<u>263.9</u>	<u>198.3</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		304.9	265.9
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	15	35.3	20.5
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16	0.1	0.1
		<u>269.5</u>	<u>245.3</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	17.9	17.8
Share premium		82.4	81.7
Revaluation surplus		1.1	5.2
Profit retained	18	168.1	140.6
		<u>269.5</u>	<u>245.3</u>

Approved by the board on 20th October 1989

J S R Swanson

Directors

R W R James

Statement of Source and  
Application of Funds  
for the year ended 30th June 1989

	1989 £m	1988 £m
<b>SOURCE</b>		
Profit on ordinary activities before taxation	77.5	61.5
Items not involving the movement of funds:		
Depreciation	1.2	1.2
Profit on disposal of investment properties	(6.9)	(7.2)
Exchange differences	2.8	(0.7)
Other	(0.1)	(0.1)
	<u>74.5</u>	<u>54.7</u>
<b>GENERATED FROM OPERATIONS</b>		
 <b>FUNDS FROM OTHER SOURCES</b>		
Share issue	0.8	0.6
Disposal of investment properties	30.0	28.5
Disposal of other tangible fixed assets	1.1	-
	<u>106.4</u>	<u>83.8</u>
 <b>APPLICATION</b>		
Investment properties and fixed assets	2.9	1.2
Taxation	22.4	8.7
Dividends	20.7	16.4
	<u>60.4</u>	<u>57.5</u>
 <b>INCREASE (DECREASE) IN WORKING CAPITAL</b>		
Stocks	153.2	74.6
Debtors	7.7	5.4
Creditors	(28.8)	(12.1)
Decrease in net liquid funds	(71.7)	(10.4)
	<u>60.4</u>	<u>57.5</u>

## Notes to the Accounts

	1989	1988
	£m	£m
<b>1. OPERATING PROFIT</b>		
Turnover	586.5	529.5
Cost of sales	<u>464.2</u>	<u>436.0</u>
Gross profit	122.3	93.5
Administrative expenses	33.7	28.8
Profit on disposal of investment properties	<u>6.9</u>	<u>7.2</u>
	<u>95.5</u>	<u>71.9</u>

The American region contributed £112.1m (1988 £88.9m) to turnover and an operating profit of £23.6m (1988 £9.9m).

	1989	1988
	£m	£m
<b>2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED</b>		
After charging:		
Directors' management remuneration	1.6	1.2
Depreciation	1.2	1.2
Operating lease charges – hire of plant, machinery and vehicles	6.7	4.7
– other	1.4	1.5
Auditors' remuneration	0.3	0.3
After crediting:		
Rental income	<u>4.9</u>	<u>8.3</u>

	1989	1988
	£m	£m
<b>3. INTEREST PAYABLE</b>		
Payable: On bank loans and overdrafts		
Repayable within 5 years not by instalments	16.9	10.1
Repayable within 5 years by instalments	2.4	2.5
Finance charges payable on finance leases	<u>0.1</u>	<u>–</u>
	19.4	12.6
Less: Receivable	<u>1.4</u>	<u>2.2</u>
	<u>18.0</u>	<u>10.4</u>

## Notes to the Accounts (continued)

	1989 £m	1988 £m
<b>4. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>		
U.K. corporation tax at a rate of 35% (1988 35%):		
Current	21.2	18.1
Deferred	-	(0.3)
Under/(over) provision in respect of previous years:		
Current	(0.1)	0.3
Deferred	0.1	(0.2)
	<u>21.2</u>	<u>17.9</u>
	7.6	1.7
Overseas taxation	<u>28.8</u>	<u>19.6</u>

	1989 £m	1988 £m
<b>5. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		
The profit attributable to shareholders is dealt with in the accounts of:		
The company	24.9	20.5
Subsidiary companies	<u>23.8</u>	<u>21.4</u>
	<u>48.7</u>	<u>41.9</u>

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

	1989 £m	1988 £m
<b>6. DIVIDENDS</b>		
Interim 3.21p per share paid (1988 2.79p)	5.8	5.0
Final 10.18p per share proposed (1988 8.37p)	<u>18.2</u>	<u>14.9</u>
	<u>24.0</u>	<u>19.9</u>

	1989 £m	1988 £m
<b>7. EMPLOYEES</b>		
The average number of persons employed by the group, excluding sub-contractors, was 3,300 (1988 3,000).		
Employee costs (including directors) comprise:		
Wages and salaries	42.8	37.4
Social security	4.4	3.7
Pension	0.7	-
	<u>47.9</u>	<u>41.1</u>

## Notes to the Accounts (continued)

### 7. EMPLOYEES (continued)

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 1988. 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 1988 was £19.4m. 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 employer contribution holiday which commenced on 1st December 1985 has ended and, with effect from 1st December 1988, employer contributions resumed. The total UK employer cost in respect of the year ended 30th June 1989 amounted to £1.1m (1988 £nil), while the amount charged to the profit and loss account was £0.7m. This resulted in a balance sheet prepayment of £0.4m.

### 8. DIRECTORS AND EMPLOYEES

The remuneration of the chairman from 1st July 1988 to retirement on 31st December 1988 was £150,589 (1988 £206,440).

The remuneration of the chairman from 1st January 1989 to 30th June 1989 was £147,565. The current chairman was also the highest paid director with a total remuneration of £290,129 (1988 £206,440).

The remuneration of United Kingdom directors, including both the past and present chairman, and higher paid United Kingdom employees of the company was in the ranges below:

	Number of Directors			Number of Employees	
	1989	1988		1989	1988
£ 5,001 – £ 10,000	–	2	£ 30,001 – £ 35,000	1	1
£ 10,001 – £ 15,000	2	–	£ 40,001 – £ 45,000	–	1
£ 15,001 – £ 20,000	–	1	£ 45,001 – £ 50,000	–	2
£ 20,001 – £ 25,000	–	3	£ 55,001 – £ 60,000	3	–
£ 25,001 – £ 30,000	1	–			
£ 30,001 – £ 35,000	–	2			
£ 35,001 – £ 40,000	–	1			
£ 40,001 – £ 45,000	–	1			
£ 45,001 – £ 50,000	–	1			
£ 50,001 – £ 55,000	–	1			
£ 55,001 – £ 60,000	3	–			
£ 60,001 – £ 65,000	1	–			
£ 65,001 – £ 70,000	1	–			
£ 70,001 – £ 75,000	1	–			
£ 75,001 – £ 80,000	1	–			
£ 80,001 – £ 85,000	1	–			
£ 85,001 – £ 90,000	1	–			
£ 90,001 – £ 95,000	1	–			
£ 95,001 – £ 100,000	1	–			

### 9. EARNINGS PER SHARE

The earnings per share calculation is based on earnings after taxation of £48.7m (1988 £41.9m) and 178.6m ordinary shares (1988 178.3m). The dilution in earnings per share arising from the grant of share options is not significant.

## Notes to the Accounts (continued)

	Investment properties £m	Ground rents £m	Total £m
<b>10. INVESTMENT PROPERTIES</b>			
Valuation	55.2	4.7	59.9
At 1st July 1988	0.3	0.1	0.4
Additions	(29.6)	-	(29.6)
Disposals	2.2	-	2.2
Revaluation	<u>28.1</u>	<u>4.6</u>	<u>32.9</u>
At 30th June 1989			
Consisting of:			
Freehold	13.8	4.8	18.6
Long leasehold	<u>14.3</u>	<u>-</u>	<u>14.3</u>
	<u>28.1</u>	<u>4.8</u>	<u>32.9</u>

An internal valuation, on an open market basis, of the group's portfolio of investment properties at 30th June 1989 was carried out by a director of Barratt Commercial Limited, D R Broadhead, FRICS. The portfolio was valued at £28.1m (1988 £55.2m).

The historic cost of investment properties is £27.0m (1988 £50.0m).

At 30th June 1989 the group had not authorised nor contracted for any expenditure on investment properties (1988 £ nil).

	Property £m	Plant £m	Group Total £m	Company Total £m
<b>11. FIXED ASSETS</b>				
Cost and valuation	5.9	8.1	14.0	0.5
At 1st July 1988	0.3	2.2	2.5	1.1
Additions	(1.1)	(1.2)	(2.3)	(0.3)
Disposals	<u>5.1</u>	<u>9.1</u>	<u>14.2</u>	<u>1.3</u>
At 30th June 1989				
Accumulated depreciation	0.6	5.7	6.3	0.4
At 1st July 1988	-	1.2	1.2	0.1
Provision for the year	(0.4)	(1.0)	(1.4)	(0.3)
Disposals	<u>0.2</u>	<u>5.9</u>	<u>6.1</u>	<u>0.2</u>
At 30th June 1989				
Net book value at 30th June 1989	<u>4.9</u>	<u>3.2</u>	<u>8.1</u>	<u>1.1</u>
Net book value at 30th June 1988	<u>5.3</u>	<u>2.4</u>	<u>7.7</u>	<u>0.1</u>

Property consists of freehold £4.8m (1988 £5.1m) of which £0.2m is at valuation, and short leasehold £0.1m (1988 £0.2m).

Plant includes assets acquired during the year under finance leases at a cost of £1.0m with accumulated depreciation at 30th June 1989 of £0.1m.

## Notes to the Accounts (continued)

	1989	1988
	£m	£m
<b>12. STOCKS</b>		
Work in progress	410.1	303.1
Showhouse complexes and houses awaiting legal completion	76.3	30.1
	<u>486.4</u>	<u>333.2</u>

	Group		Company	
	1989	1988	1989	1988
	£m	£m	£m	£m
<b>13. DEBTORS</b>				
Due within one year:				
Trade debtors	16.9	14.9	-	-
Amounts recoverable on contracts	-	0.2	-	-
Other debtors	19.4	16.8	-	0.2
Prepayments	6.2	3.0	1.0	0.5
Corporation tax recoverable	1.0	-	1.0	-
Due after more than one year:				
Secured loans	1.8	4.4	0.8	-
Amounts owed by associated companies	2.3	-	-	-
Advance corporation tax recoverable	5.8	4.8	6.1	5.0
Prepayments	0.4	-	-	-
	<u>53.8</u>	<u>44.1</u>	<u>8.9</u>	<u>5.7</u>

	Group		Company	
	1989	1988	1989	1988
	£m	£m	£m	£m
<b>14. CREDITORS DUE</b>				
<b>WITHIN ONE YEAR</b>				
Bank loans and overdrafts	32.9	26.6	11.2	19.3
Amounts payable under finance leases	0.1	—	0.1	—
Trade creditors	79.0	73.3	—	—
Bills payable	82.0	20.0	82.0	20.0
Payroll taxation including				
social security	1.3	1.1	—	—
Corporation tax	17.4	14.0	0.5	0.7
Advance corporation tax	8.0	6.6	8.0	6.6
Proposed dividend	18.2	14.9	18.2	14.9
Other creditors	12.2	11.9	1.3	1.8
Accruals	31.3	20.7	1.3	0.5
	<u>282.4</u>	<u>189.1</u>	<u>122.6</u>	<u>63.8</u>

The bills payable were drawn under a £110 million multiple-option facility. The facility is underwritten for five years from March 1988 but the bills drawn thereunder are on a short term basis and are so shown above.



## Notes to the Accounts (continued)

	Group		Company	
	1989	1988	1989	1988
	£m	£m	£m	£m
<b>15. CREDITORS DUE</b>				
<b>AFTER MORE THAN ONE YEAR</b>				
Bank loans	1.1	1.7	-	0.1
Amounts payable under finance leases	0.8	-	0.8	-
Trade creditors	21.1	10.2	-	-
Corporation tax	9.7	6.2	2.0	0.5
Other creditors	2.6	2.4	0.1	-
	<u>35.3</u>	<u>20.5</u>	<u>2.9</u>	<u>0.6</u>

	Group	
	1989	1988
	£m	£m
Bank loans at interest rates related to normal base rates include:		
Repayable by instalments		
Between 1 and 2 years	0.3	0.6
Between 2 and 5 years	0.8	1.1
	<u>1.1</u>	<u>1.7</u>

	Group		Company	
	1989	1988	1989	1988
	£m	£m	£m	£m
Amounts payable under finance leases include:				
Between 1 and 2 years	0.1	-	0.1	-
Between 2 and 5 years	0.5	-	0.5	-
In 5 years or more	0.2	-	0.2	-
	<u>0.8</u>	<u>-</u>	<u>0.8</u>	<u>-</u>

	Group	
	1989	1988
	£m	£m
Other creditors include:		
Repayable, other than by instalments, in more than 5 years at an interest rate of 5.5%	1.1	1.0

Total creditors include £56.8m (1988 £36.1m) secured on the assets of the group.

	Group	
	1989	1988
	£m	£m
<b>16. PROVISION FOR LIABILITIES AND CHARGES</b>		
Deferred taxation:		
Tax allowances in excess of depreciation	0.9	0.8
Other timing differences	(0.5)	(0.5)
Advance corporation tax recoverable	(0.3)	(0.2)
	<u>0.1</u>	<u>0.1</u>

Full provision has been made for deferred taxation.

# Notes to the Accounts (continued)

		Company	
		1989	1988
		£m	£m
<b>17. CALLED UP SHARE CAPITAL</b>			
Authorised 200,000,000 ordinary shares of 10p each		<u>20.0</u>	<u>20.0</u>
Allotted and issued ordinary shares of 10p each			
Fully paid – 178,721,149 ordinary shares			
– 18,432 restricted ordinary shares			
1p paid – 5,000 ordinary shares		<u>17.9</u>	<u>17.8</u>

The issued share capital of the company was increased during the year to 178,744,581 ordinary shares of 10p each by the issue of a further 398,038 ordinary shares of 10p each admitted to the Official List on 19th October 1988 in satisfaction of the agreed allocation to the employee share participation scheme in respect of the year ended 30th June 1988.

As at 30th June 1989 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	Exercisable Period
17.12.86	155p	920,000	2,505,000	17.12.89 to 16.12.96
8.10.87	225p	280,000	395,000	8.10.90 to 7.10.97
6.4.88	192p	–	135,000	6.4.91 to 5.4.98
27.10.88	176p	–	135,000	27.10.91 to 26.10.98

	Share premium £m	Revaluation surplus £m	Profit retained £m	Total £m
<b>18. RESERVES</b>				
Group				
At 1st July 1988	81.7	5.2	140.6	227.5
Movement for the year	0.7	2.2	24.7	27.6
Realised on disposals	–	(6.3)	–	(6.3)
Exchange adjustments	–	–	2.8	2.8
At 30th June 1989	<u>82.4</u>	<u>1.1</u>	<u>168.1</u>	<u>251.6</u>
Company				
At 1st July 1988	81.7	–	23.6	105.3
Movement for the year	0.7	–	0.9	1.6
At 30th June 1989	<u>82.4</u>	<u>–</u>	<u>24.5</u>	<u>106.9</u>

## 19. INVESTMENT IN SUBSIDIARIES

Shareholdings at cost £18.1m (1988 £18.1m).

The principal subsidiary companies are set out on page 55.

## Notes to the Accounts (continued)

	Group		Group	
	1989		1988	
20. OPERATING LEASE OBLIGATIONS	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Annual commitments:				
Operating leases which expire:				
Within one year	-	0.3	-	0.5
Between two and five years	0.4	1.7	0.4	1.3
In five years or more	0.8	0.1	0.7	-
	<u>1.2</u>	<u>2.1</u>	<u>1.1</u>	<u>1.8</u>

### 21. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary companies amounting to £17.2m (1988 £13.5m). In addition there are contingent liabilities in respect of guarantees relating to certain subsidiaries entered into in the normal course of business.

There is a potential charge to Californian unitary tax in the sum of £2.9m (1988 £2.6m). Opposition to this tax continues in the U.S.A. and it is uncertain whether or not this liability will arise.

# Company Balance Sheet at 30th June 1989

	Note	1989 £m	1988 £m
<b>FIXED ASSETS</b>			
Tangible assets	11	1.1	0.1
Investment in subsidiaries	19	<u>18.1</u>	<u>18.1</u>
		<u>19.2</u>	<u>18.2</u>
<b>CURRENT ASSETS</b>			
Due from subsidiary companies		242.2	188.8
Debtors	13	8.9	5.7
Bank and cash		<u>0.3</u>	<u>0.1</u>
		<u>251.4</u>	<u>194.6</u>
<b>CURRENT LIABILITIES</b>			
Due to subsidiary companies		20.3	25.3
Creditors due within one year	14	<u>122.6</u>	<u>63.8</u>
<b>NET CURRENT ASSETS</b>		<u>108.5</u>	<u>105.5</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	15	<u>127.7</u> <u>2.9</u>	<u>123.7</u> <u>0.6</u>
		<u>124.8</u>	<u>123.1</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	17.9	17.8
Share premium		82.4	81.7
Profit retained	18	<u>24.5</u>	<u>23.6</u>
		<u>124.8</u>	<u>123.1</u>

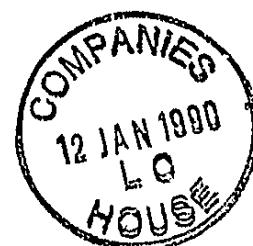
Approved by the board on 20th October 1989

J S R Swanson

Directors

R W R James

*[Handwritten signature: J S R Swanson]*  
*[Handwritten signature: R W R James]*



## A u d i t o r s '   R e p o r t

To the members of Barratt Developments PLC

We have audited the accounts on pages 39 to 51 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 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte Haskins & Sells*

Deloitte Haskins & Sells

Chartered Accountants

Newcastle upon Tyne

20th October 1989.

## Five Year Record

Year	Turnover £m	Profit before tax £m	Share capital and reserves £m	Per ordinary share		
				earnings pence	gross dividend pence	net assets pence
1989	586.5	77.5	269.5	27.3	17.9	151
1988	529.5	61.5	245.3	23.5	14.9	138
1987	432.5	39.2	230.2	15.2	12.2	129
1986	444.3	25.4	219.4	9.9	11.4	123
1985	538.4	4.1	218.0	0.7	10.9	123

## Financial Calendar

### Announcement of results:

Half year

22nd March 1989

Full year

20th September 1989

### Dividends:

Interim paid

26th May 1989

Final payable

17th November 1989

Annual Report posted to shareholders

20th October 1989

Annual General Meeting

16th November 1989

## Group Structure and Directory



The Barratt Group is composed of a network of wholly-owned subsidiary companies. Each subsidiary has its own directors and management and is responsible for a specific geographical area: its local knowledge serving local needs.

Subsidiary activities are overseen by regional Boards of Directors whose chairmen are members of the Main Board. Each Main Board member is responsible for either a region or a specific group management function.

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All the above wholly owned  
companies are registered in  
England except those marked \*  
which are registered in the  
country named in their address.

Δ As from January 1st 1990.

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