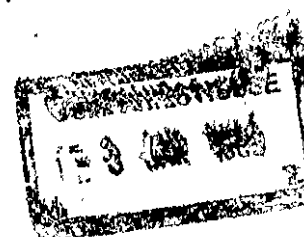
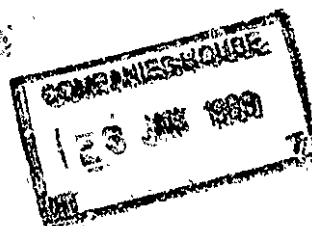
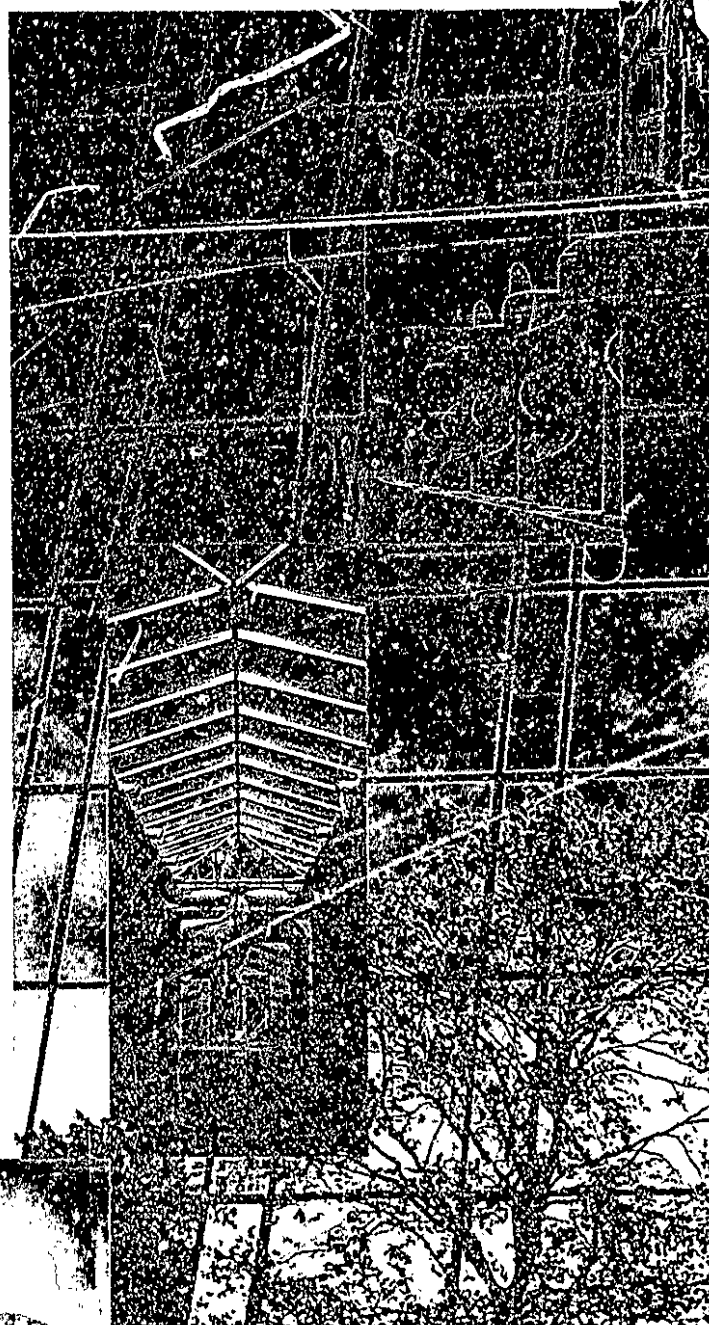


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BARRATT



REPORT & ACCOUNTS 1988

*Executive housing  
at Ponteland,  
Newcastle upon Tyne.*

*Craftsmanship and styling  
at Montecito,  
Rancho San Diego.*

*A luxury leisure resort at  
Leila Playa, Marbella,  
Southern Spain.*

*Specialist contracting at  
Aberdeen Leisure Centre.*

*Prestigious office  
accommodation at  
Bromley, Berkshire.*

*Californian styling at  
Milton Keynes.  
Photograph courtesy  
of House & Garden.*

**B**arratt Developments PLC has a network of 22 subsidiary companies and throughout the year has enhanced its position in Britain and California as an all round quality housebuilder, placing even greater emphasis on giving housebuyers the best value money can buy. The Group is not only concerned with new private housebuilding in the U.K. and U.S.A. but also Inner City Partnership Projects, Leisure Property in both the U.K. and Europe, together with Contracting and Commercial Property Investment.

*Urban regeneration  
at Whapping Dock,  
Liverpool.*

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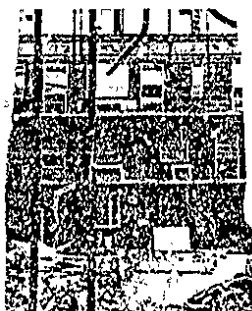
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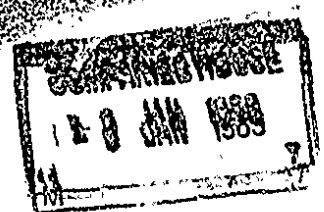
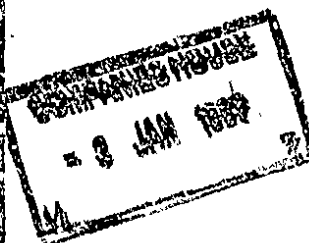


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# KEY ACHIEVEMENTS

	%	1988	1987
	increase	£m	£m
Turnover	22	529.5	432.5
Operating Profit	47	71.9	48.8
Profit before Tax	57	61.5	39.2
Profit after Tax	55	41.9	27.1
Earnings per share (P)	55	23.5	15.2
Dividends per share, net (P)	25	11.16	8.93
Dividend cover (times)	—	2.1	1.7
Interest cover (times)	—	6.9	5.1
Net Finance Debt as % of shareholders Funds	—	16%	12%

## U.K. Housing

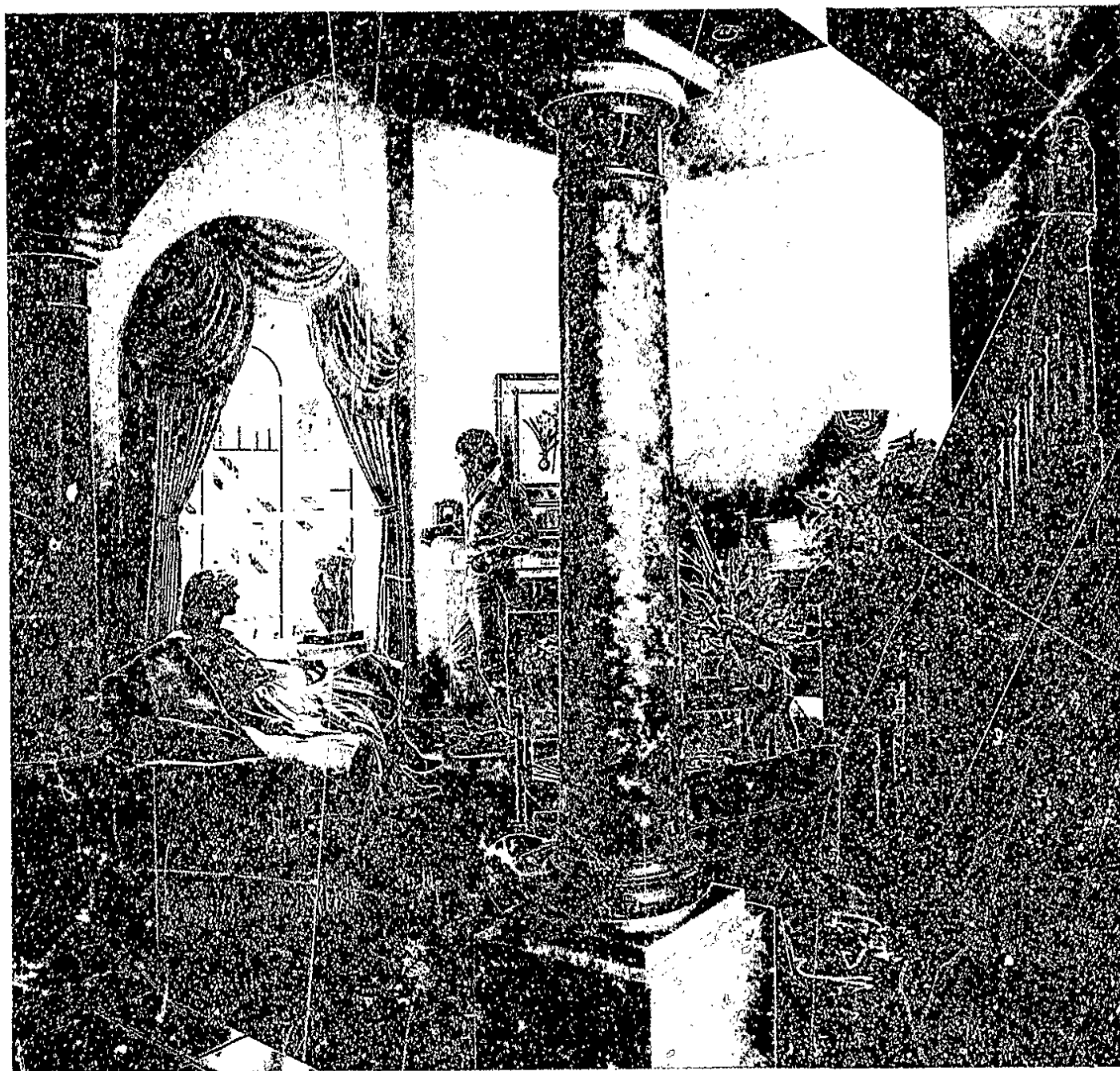
- Increased completions to 7,000.
- Achieved target product mix of 70% middle to top market homes.
- Increased average selling price to £55,400 (20%).
- Increased product choice, prices ranging from £18,500 to £500,000.

## U.S.A. Housing

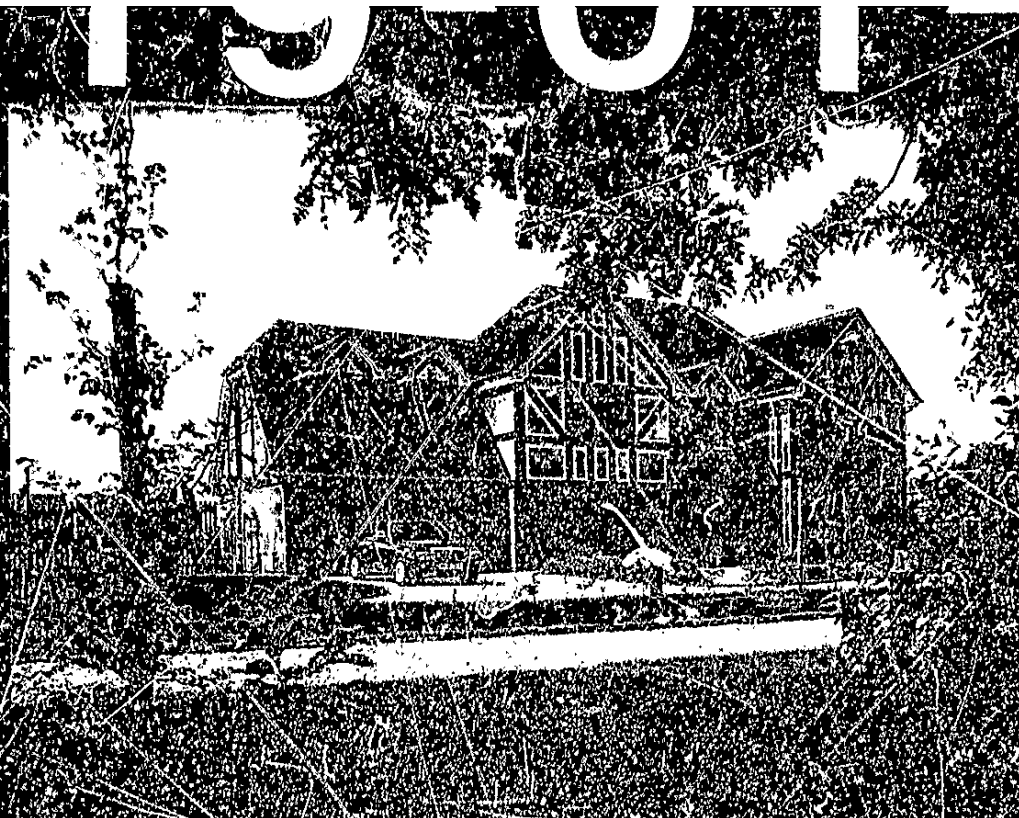
- Increased dollar profits by more than 50% with almost 1,000 completions.
- Achieved target product mix of 50% middle to top market homes.
- Increased average selling price to \$172,000 (50%).
- Increased product choice, prices ranging from \$80,000 to \$800,000.

## Investment Property

- Successfully implemented disposal programme planned to recycle assets into more profitable business sectors.



*Columned arches emphasise the spacious style of the Santa Barbara showhouse from the California Collection.*



## KEY ACHIEVEMENTS

### BRITAIN'S PREMIER HOUSEBUILDER

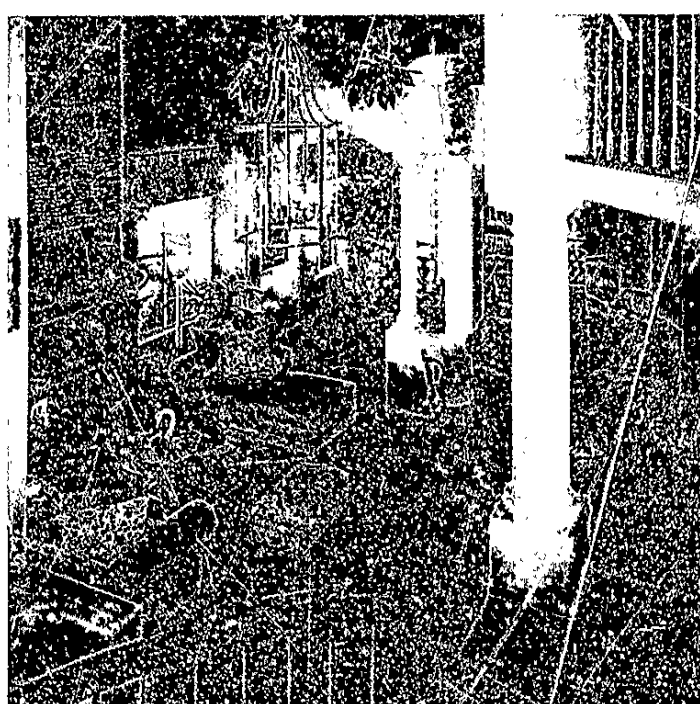
The Barratt Premier Collection offers homebuyers the choice of more than 70 individual house styles – all with three alternative exterior treatments – which are being continually updated through a planned programme of ongoing product development.

The six bedroom, three bathroom Tennyson house style shown above at Gibbet Hill, Coventry, is one of the many traditionally styled luxury houses contained within the Premier Collection.

### CALIFORNIAN STYLE

One of the award winning interiors at the prestigious Belle Maison development built at Laguna Niguel, Orange County, Southern California by Barratt American.

Barratt has been involved in the Californian homebuilding scene since 1980 and today is recognised as one of the leading homebuilders in the State.



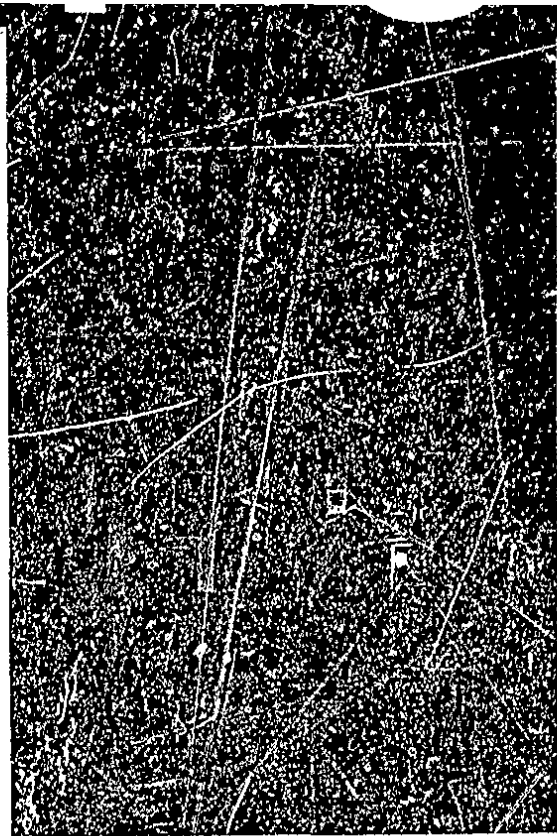
Through the introduction of many imaginative new home styles Barratt is now recognised within the industry and by the public as a market pacesetter and innovator offering the widest choice of homes of any builder in California.



## URBAN REGENERATION

Barratt has continued its long term efforts in helping to rejuvenate Britain's Inner Cities increasing the Group's production of urgently needed new and refurbished housing in a wide range of urban renewal partnership schemes with local and central Government, building societies and housing associations.

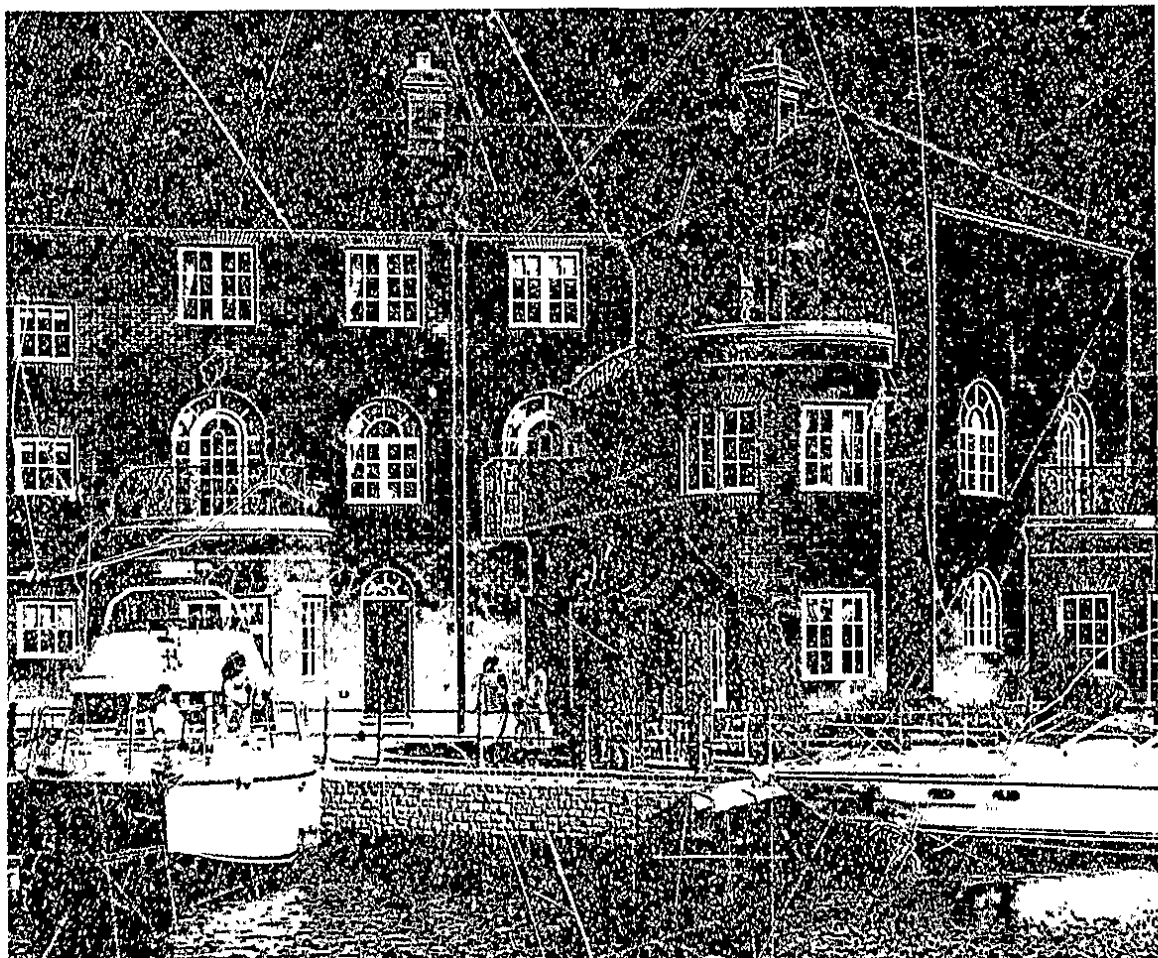
The £10 million conversion of Wapping Dock, Liverpool, involved a partnership with the Merseyside Development Corporation, and several leading building societies to create 114 modern riverside apartments.



## LEISURE PROPERTY

This £185 million development of Europe's most modern Marina Village at Brighton involves 875 apartments, penthouses and townhouses built around leisure facilities and offering moorings for more than 1500 yachts.

Another subsidiary within the Barratt Group, Barratt International Resorts, has now sold leisure property to more than 20,000 purchasers at its nine highly acclaimed resorts which offer a superb range of sporting and recreational facilities combined with luxury accommodation of the very highest standard.





**I** am delighted to report record results achieved by the Group for the year ended 30th June 1988, when our pre-tax profit increased by 57% to £61.5m. Earnings per share increased by 55% to 23.5p.

Four years ago, we embarked upon a major restructure of the Group to restore the former high levels of profitability and pre-tax margins which had been achieved for so many years. This has been accomplished. As a result, the Board is pleased to be able to recommend a 25% increase in the total dividend to 11.16p.

The sound profits achieved from our mainstream private housing activities were reinforced by a contribution of £7.2m realised from the sale of commercial properties. In view of the strengthening of demand in the U.K., we embarked upon a disposal programme planned to recycle £30m from the portfolio into more profitable sectors of our business. The programme was successfully implemented; this activity will be ongoing and supplemented by the development of further commercial projects for sale.

We achieved increased house sales in the U.K. as we benefited from a strengthening of demand outside South-East England. We were also able to achieve our targeted product mix of 70% middle to top market homes. This gave rise to an increase in our average selling price to £55,400 from £46,000 last year.

Our home building activities in the U.S.A. contributed a record £5.7m to our profits despite adverse exchange rate fluctuations. We successfully moved up market and our new product range was very well received. As a consequence, our average selling price in California increased to \$172,000 from \$115,000 last year.

When announcing our interim results in March last, I reported difficulties had been encountered

in our leisure property activities. To re-establish a satisfactory trading position we undertook a thorough review of our operational procedures and have made a number of changes. I anticipate that these and the undoubted quality of our resorts should result in profitable future trading.

Our financial position is extremely strong. In March last, we agreed a 5 year multi-option facility of £110m with leading banks. This, coupled with bilateral lines of £68m in the U.K. and \$89m in the U.S.A., provides adequate funds for future expansion. Profits in year to June last covered interest seven times.

For the past four years, an extremely strong market has existed in Southern England while in many parts of Great Britain conditions were much less buoyant. This can be best demonstrated by the widely differing house price inflation which took place in the four years from 1983 to 1987, amounting to over 150% in many parts of South-East England, but averaging only 30% elsewhere in the same period. As a consequence, there exists a very favourable ratio of earnings to house prices outside the South-East which is stimulating demand and producing better trading margins. Your Company is exceptionally well placed to meet this increased demand with our national subsidiary network.

Norwithstanding current higher interest rates, I firmly believe that the long term future of the housebuilding industry throughout Britain is extremely strong. In fact, research shows a need for a substantial increase in our housing stocks. A recent discussion paper issued by the Bank of England highlighted that over three million more houses will be required in Britain during the next twelve years to meet the changing trends of housing demand. After allowing for the current rate of demolition, up to three hundred thousand new homes will be required each year to the year 2000; almost 50% more than the industry's current output.



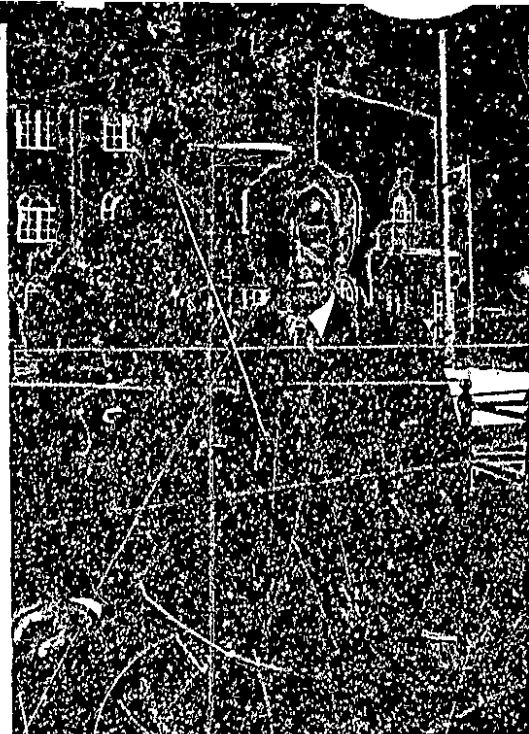
We continue to place great emphasis on trading in partnership to provide mixed tenure housing. During the year a number of new projects were acquired which will be developed in conjunction with a range of partners, principally Development Corporations, Housing Associations, Local Authorities and Building Societies. Our main housing thrust will continue in the inner cities and urban areas which are now the subject of increased national focus.

Recent Government widening of the B.E.S. Scheme to include private rented housing must be welcomed. The private rented sector has been in decline since the last War. I believe that this is a vital component of our housing mix and the encouragement of further private financing of this sector will offer opportunities to expand the choice of housing tenure.

In spite of economic uncertainties in the U.S.A., the underlying strengths of the Californian economy, with substantial and consistent population growth, have maintained extremely buoyant market conditions. We continue to experience strong demand on all our projects and fully expect to increase our future output in an expanding market place.

In continuing our planned restructuring of senior management responsibilities announced last year, I have taken the decision to step down as Group Chairman, having reached the age of 60. It gave me great pleasure to accept the invitation of my main board colleagues to become Life President with effect from 1st January, 1989. In this strategic new role I shall continue to be committed to the company and maintain a close involvement in Group activities and the industry generally.

John Swanson, our Group Managing Director, who joined the Barratt Group in 1972 as one of the founding directors of Barratt Scotland, will take over from me as Chairman and Chief Executive from 1st January next. He has been a main board



*Sir Lawrie Barratt,  
Chairman.*

member since 1979 and I am confident that under his very able leadership the Company will continue to go forward strongly and build on its inherent strengths. We have a strong Board, all dedicated to the future of the Company and are now benefiting from the contributions of our Non-Executive Directors who joined the Board in January last.

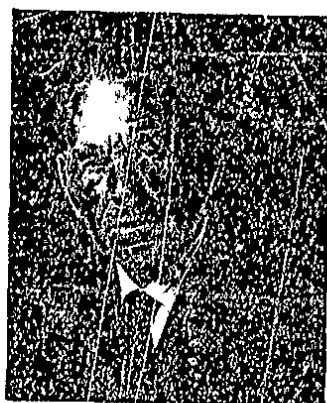
I would like to express my gratitude to all of our employees throughout the Group. Our record results could not have been achieved without a tremendous amount of hard work, enthusiasm and skill contributed by the entire team and they deserve our congratulations.

Our management accounts since 1st July last reflect a most encouraging start to the new financial year. The whole Group is poised to enter a new era of expansion. We have the quality of management, an outstanding product range and substantial stocks of prime land in both the U.K. and U.S.A.

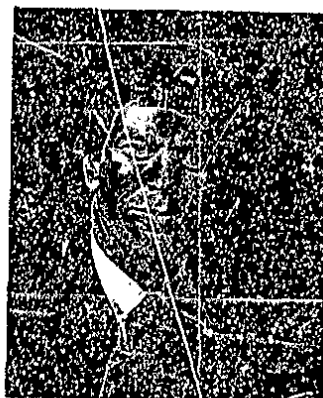
During the 1980's Barratt sold substantially more houses throughout Britain than any other builder. Our achievement of 100,000 sales during the decade was the result of our product design, the service we give to our buyers and our marketing skills. I firmly believe that this success will continue under John Swanson and his highly experienced management team.

*Lawrie Barratt*

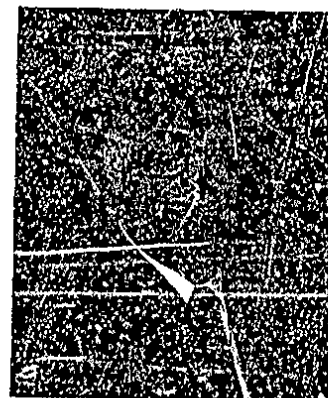
# DIRECTORS AND ADVISERS



Sir Lawrence Barratt  
Chairman



John S.R. Swanson  
Managing Director



Frederick W. Crawley



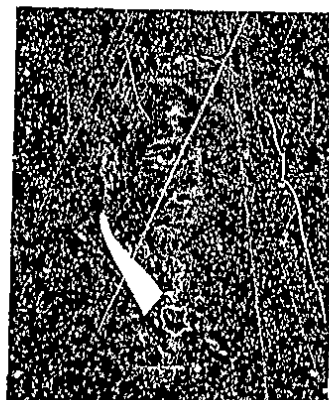
Frank Eaton



Thomas P. Hartley



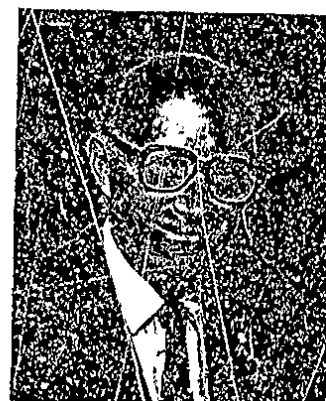
Robert W.R. James



Michael Norton



Michael D. Pattinson



Andrew W. Tait, OBE

## **Barratt Developments PLC**

**Sir Lawrence Barratt**, 60, Chairman of Barratt Developments PLC was knighted in 1982 and is a Fellow of the Institute of Chartered Secretaries. On January 1st 1989 he will become Life President.

**John S.R. Swanson**, 43, 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 January 1988 and has retained his chairmanship of Barratt American. On January 1st 1989 he will become Chairman & Chief Executive.

**Frederick W. Crawley**, 62, 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.

**Frank Eaton**, 38, 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.

**Thomas P. Hartley**, 58, is the Chairman of Barratt Southern. A qualified chartered engineer, he joined Barratt in 1977. Prior to assuming responsibility for Barratt Southern he was Chairman of Barratt Midlands.

**Robert W.R. James**, 47, 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 Norton**, 47, the Chairman of Barratt Northern, has been with the Group for ten years. He became Deputy Chairman of Barratt Northern before being appointed Group Sales and Marketing Director in 1983. He took up his present appointment in January 1988.

**Michael D. Pattinson**, 40, is the Sales and Marketing Director of Barratt Developments PLC. He joined Barratt in 1976 and was Marketing Director with Barratt Luton before joining Barratt American. In 1983 he became Managing Director of Barratt San Diego. He took up his present appointment in January 1988.

**Andrew W. Tait**, OBE, 66, was appointed a Non-Executive Director on January 1, 1988. He is the former Chairman of the National House Building Council and the current chairman of the New Homes Marketing Board.

### **Advisers**

**Secretary**  
F Brown, FCA

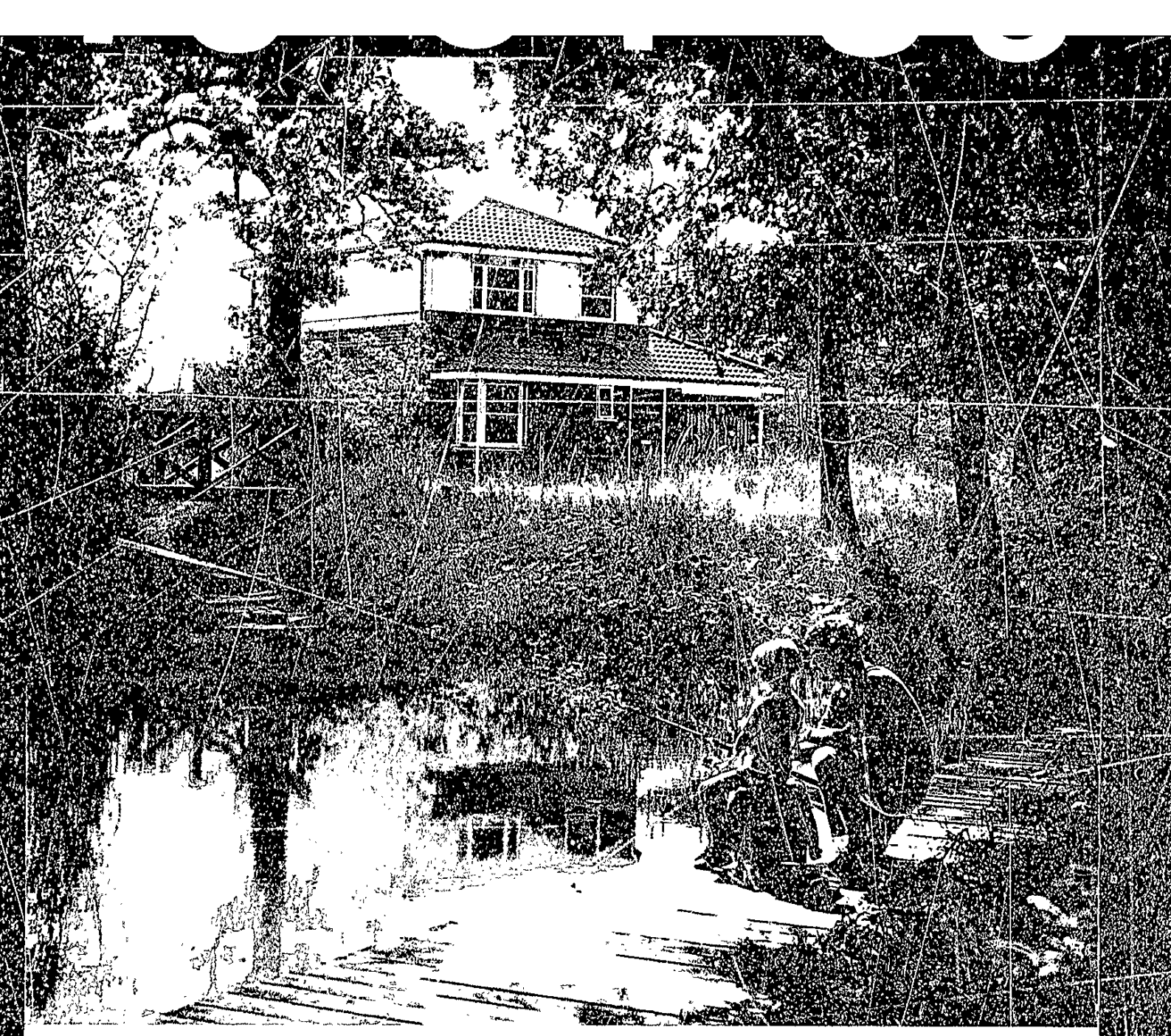
**Registrar**  
Lloyds Bank Plc  
Registrar's Department  
Goring-by-Sea  
Worthing  
West Sussex BN12 6DA

**Auditors**  
Deloitte Haskins & Sells

**Solicitors**  
Slaughter and May

**Brokers**  
Cazenove & Co  
County Natwest

**Merchant Bankers**  
S G Warburg & Co



*The spacious four bedroom, two bathroom, Rosell house style*

## **BEST CHOICE IN BRITAIN**

As Britain's premier house builder, Barratt offers an unparalleled choice of quality house styles and locations throughout England, Scotland and Wales.

Today there are 73 individual Premier Collection house styles – all with three alternative exterior treatments. A diverse choice without equal in the British house-building industry.

The Premier Collection was launched by Barratt to create a totally new range of individually designed, traditionally built properties to meet the demands of today's discerning housebuyers.

Through continuous updating and product development the Premier Collection has, since its introduction in 1985, dramatically increased the choice of house styles available to purchasers in all price ranges from £30,000 to £500,000.

The Premier Collection caters for all sections of the house buying market: first time buyers, growing families, executives on the move and the retired.

Houses built by Barratt for buyers in the higher price ranges are acknowledged pacesetters in the luxury housing market. Wherever they are

built, their style and quality has been acclaimed by housebuyers, the media and the industry's professionals.

In the rapidly expanding family housing market, particularly for those able

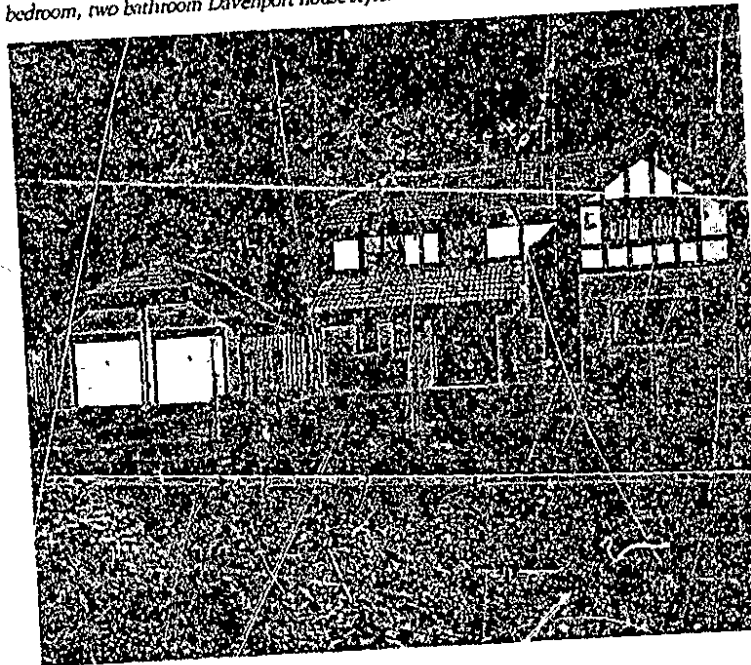
to step up in quality as second time buyers requiring more space, more style and more features, Barratt offers a choice of elegant, distinctive properties and a wide variety of spacious homes for growing families.

For single purchasers, newly weds and other first time buyers the Premier Collection also illustrates that good design need not be expensive. While carefully located bungalows and apartments offer planned, secure living for those approaching or already enjoying the retirement years.

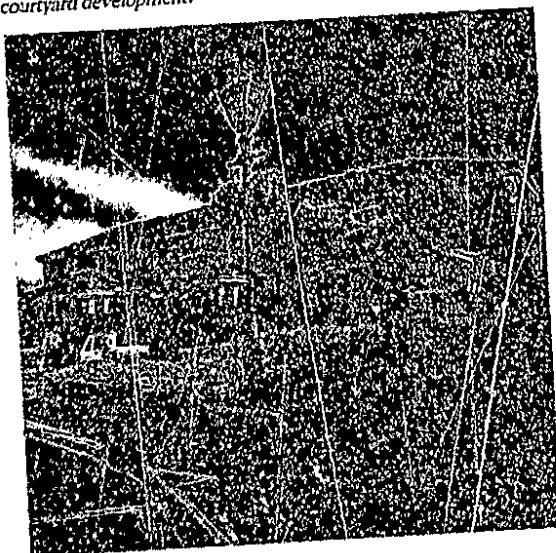
**"We are absolutely committed to a policy of continuous product development combined with an ever greater emphasis on quality and service"**

John S.R. Swanson.

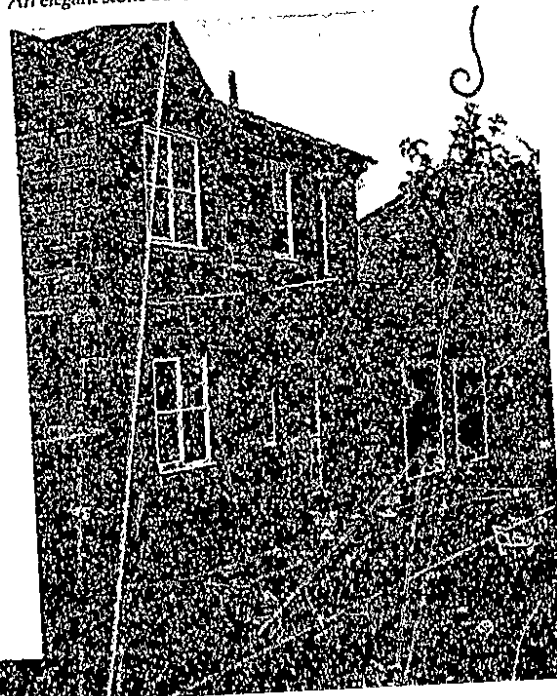
*Stylish luxury housing on the Wirral in Cheshire - the four bedroom, two bathroom Davenport house style.*



*Low cost, high quality housing for first time buyers in a mews style courtyard development.*



*An elegant stone built Connaught house style.*





## CRAFTSMANSHIP AND QUALITY

A strong emphasis on quality in construction and on a high standard of craftsmanship in the design and finish of all Barratt houses has earned Barratt every major award in the British house building industry in recent years. Over the last decade Barratt has completed more than 100,000 homes.

The Group's experience and expertise combines modern materials and the latest building techniques with traditional attention to detail.

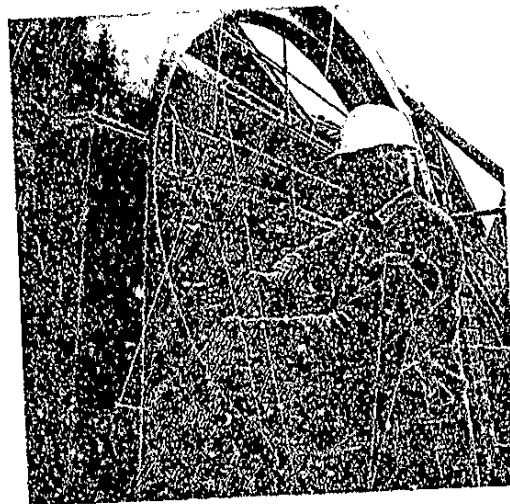
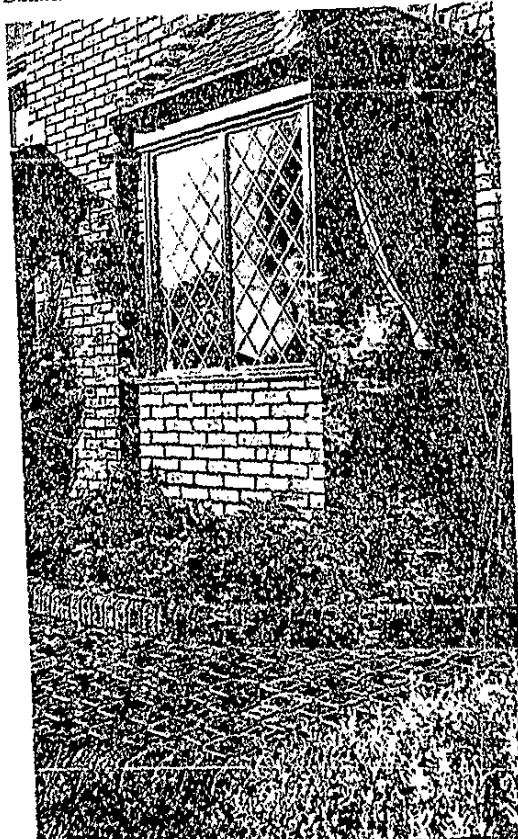
## RESIDENTIAL PROPERTY

Recent achievements of the Barratt house building construction force – one of the largest in the country – include:

- Winning the 'What House' Housebuilder of the Year award – four times!
- Plus the award for building the 'Best Luxury Development in Britain.'
- The Daily Mail's award for 'Best Luxury House' in Britain.

*A mature setting and traditional style are hallmarks of many Premier Collection developments.*

*Distinctive traditional craftsmanship.*



*Innovative features call for top building skills.*

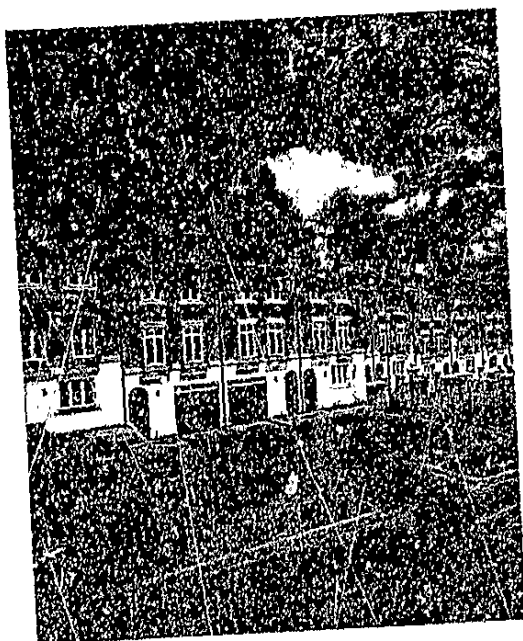




*Luxury executive Premier Collection housing at Knebworth, Hertfordshire.*

- N.H.B.C. Best Housing Site in the United Kingdom.
- N.H.B.C. Best Housing Site in Scotland.
- More N.H.B.C. quality awards in 1985-86-87 than ANY other builder in the Greater London area.
- The Greater London award for work on conversion projects – two years in succession.

## PRODUCT DEVELOPMENT



*Elegant houses with classical facades, ornamental balconies and railings, form this stunning development at Kingswood Park, Sutton.*

Barratt architects, builders and interior designers continually seek ways to increase specifications, heighten architectural detail and meet the aspirations of modern housebuyers.

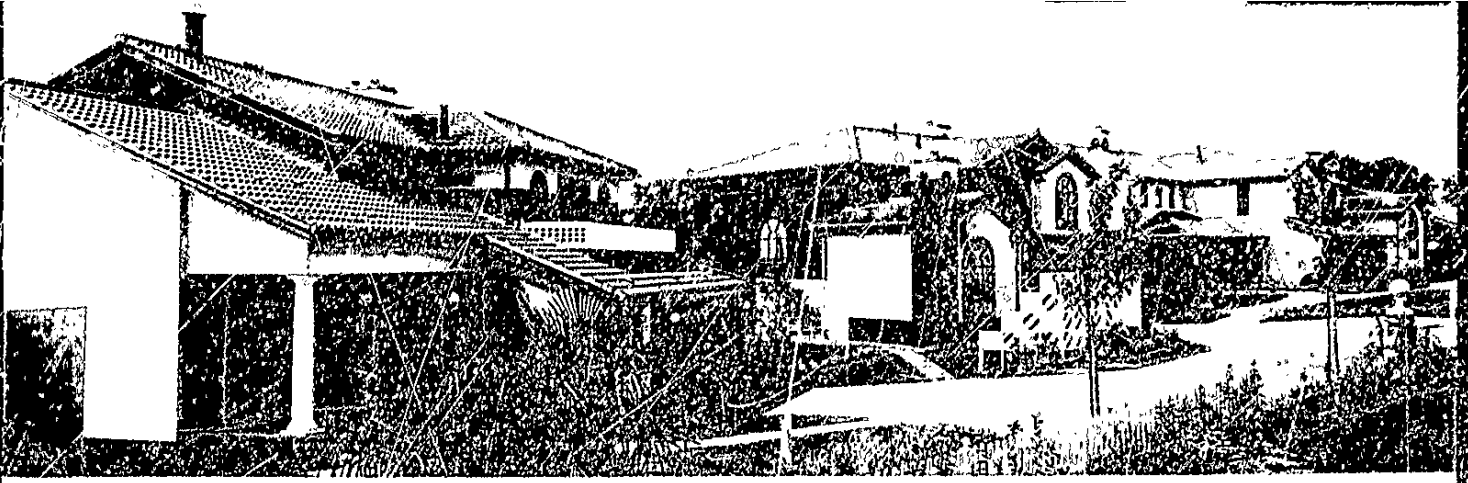
Skilful design layouts provide maximum living space; sophisticated kitchens offer labour saving efficiency with designer flair; split level and en suite bathrooms offer more space and greater comfort and – increasingly – whirlpool baths, saunas, and exercise gyms are becoming the norm.

Every year, every room and space is examined to incorporate new ideas, modifications and practical improvements.

## RESIDENTIAL PROPERTY

*The spacious five bedroom Bronte house style.*





*Stylish, eye-catching California Collection houses at Milton Keynes.*

The wide choice of exterior styles gives Barratt developments a special diversity and visual appeal and increasingly exterior elevations are accented with varying individual architectural styles.

Adding to the attractions of such architectural features, landscaping is carefully undertaken with mature trees preserved to enhance the well laid out new gardens. In response to the growing market demand for conservatories, they are now available as a standard option in 40% of new Barratt house styles.

In full consultation with planners and landscape specialists great care is taken to integrate Barratt developments into the existing environment to preserve natural features and to offer attractive residential settings.



*The popular three bedroom, two bathroom Marlborough house style at Crook, County Durham.*

## SERVICE AND SATISFACTION

Helping housebuyers make the right choice is of paramount importance to Barratt.

Every development has fully trained and professionally qualified personnel available to provide detailed information about the homes being built there, and readily available specifications and layout plans.

Potential purchasers are encouraged to inspect the fully furnished showhouses made available to them – helping to ensure that their requirements for space, features and facilities can be matched.

Barratt works closely with and has the backing of national banks and major building societies providing purchasers with a wide variety of financial options.

High priority is given to maintaining good customer relations. Barratt recognise that an efficient after sales department is a valuable asset and each subsidiary has an after sales service department responsible for ensuring that minor 'servicing' or maintenance jobs are carried out quickly and efficiently.

Every purchaser receives valuable guidance and information on how to take lasting care of their home. Additional security is provided by the National House Building Council's "Buildmark" – a 10 year new home warranty.

Barratt prides itself on a high level of customer satisfaction – a fact clearly reflected in the ever growing number of people who buy a second and third Barratt house.

## RESIDENTIAL PROPERTY

*Albermarle Park, Beckenham – elegant three storey town houses and apartments.*

*Helpful advice on interior styling is available to purchasers.*





*Landscape maintenance at Brompton Park, Fulham.*



*Barratt continued to support the Tidy Britain Group as principal sponsors of its annual Beautiful Britain in Bloom competition.*

*The classical four bedroom Devonshire house style in a carefully landscaped setting at Dalgety Bay, Fife.*





*Roof finials and decorated blue flower patterned bricks add a Victorian touch to this Clifton style bungalow at Cantley, Doncaster.*



*A sheltered apartment retirement complex at Basingstoke, Hampshire.*



## RETIREMENT-LIVING

Demand continues to grow for specialist housing that offers comfort and security in a quiet environment.

Within the next decade Britain's retired population is expected to reach the ten million mark. With an estimated sixty per cent of this total comprising home owners, the provision of private retirement housing is a sector set for considerably more growth.

Retired purchasers choose Barratt apartments or bungalows as a sensible, practical alternative to remaining in large family houses that require high heating and maintenance costs.

While retaining complete independence, purchasers can enjoy the peace of mind of life in a planned community, where features may include communal gardens, sheltered courtyards and house secretaries.

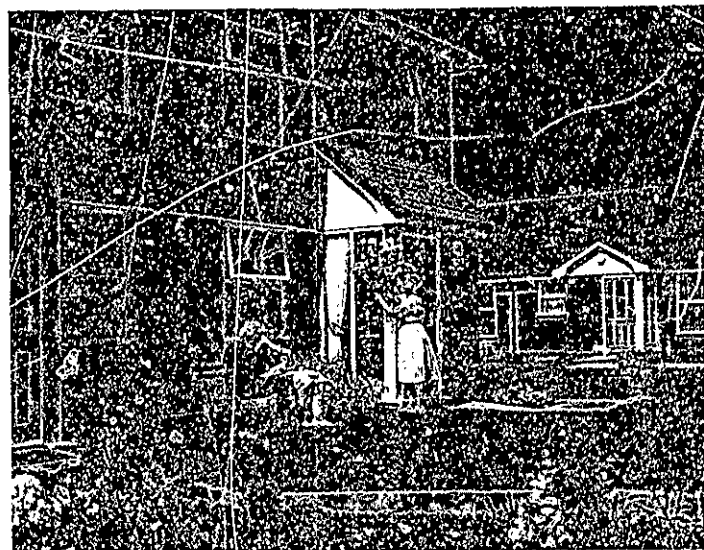
Carefully selected locations are picked for every retirement development and external repairs and maintenance are handled by experienced management teams.

*Home Secretary Douglas Hurd, with Barratt Central Chairman Frank Eaton and Mrs. Doreen May, first resident of the Beaumont Gardens development at Chipping Norton, Oxfordshire.*

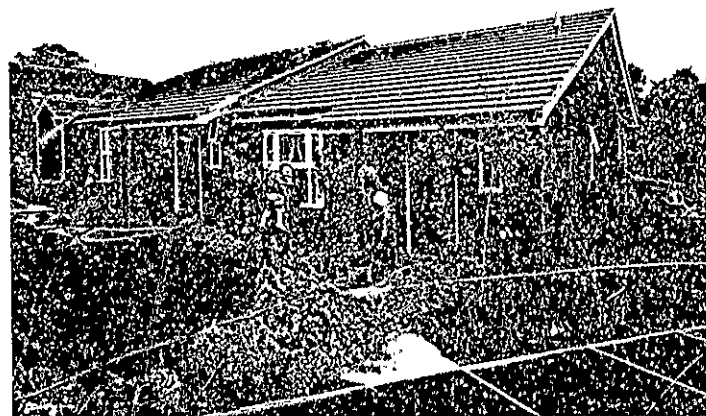


A number of recent retirement developments have been successful partnership schemes between Barratt and leading Housing Associations and Building Societies.

In addition to building retirement properties for sale, Barratt companies have undertaken a number of schemes to provide rented retirement accommodation for Local Authorities and Housing Associations.



*A courtyard retirement development of maisonettes and cottage style bungalows at Oaklands, Aldridge in the West Midlands.*



*A retirement bungalow development at Ampthill, Bedfordshire.*

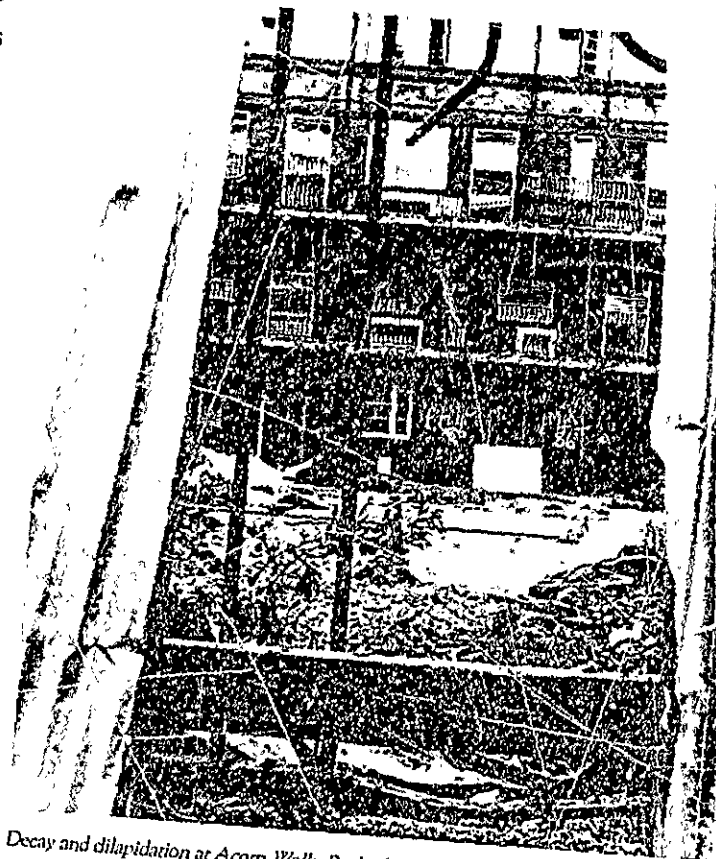
**B**arratt has an ever increasing involvement in multi tenure developments providing housing for all sections of the community. Barratt has taken a leading role in tackling projects to relieve acute housing shortages by creating housing for rent, social housing for the disabled and retired and low cost housing for open market sale or through shared ownership agreements to assist those on low incomes.

Major rescue projects have involved turning abandoned and derelict public housing into revitalised residential developments often in areas where investment and new employment are in desperately short supply.

As an alternative to demolition, structurally sound buildings can be saved and individual architectural features preserved. Behind the facades all is transformed, to provide up-to-date modern housing often at a substantially lower cost than is possible in new build projects. These activities are successfully helping to halt the blight of decay and decline in many inner city areas.

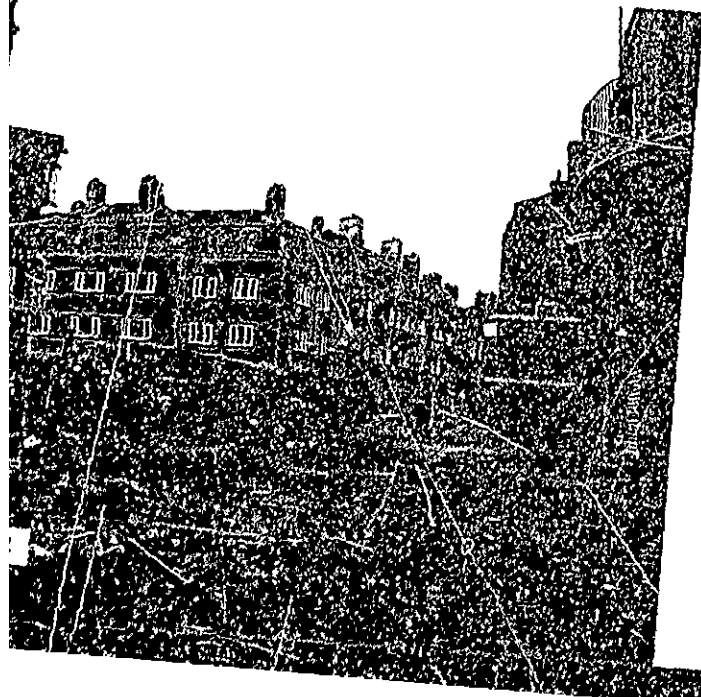
Through the provision of attractive communal facilities, specially adapted housing for the disabled, and sheltered homes for the elderly, Barratt is creating new balanced communities once more in the heart of Britain's cities.

*Amos Estate, Rotherhithe. Barratt are revitalising a notorious vandalised council estate.*



*Decay and dilapidation at Acorn Walk, Rotherhithe, in London's Docklands.*

*Her Majesty, Queen Elizabeth, The Queen Mother, meets Sir Lawrie Barratt during a visit to see Barratt renewal work at the Amos Estate, Rotherhithe. Barratt is transforming this derelict council estate in partnership with the Nationwide Anglia Building Society, the South London Family Housing Association, the Borough of Southwark and the London Docklands Development Corporation. The £12 million scheme will provide 131 refurbished and new properties for rent and also provide special needs units for the disabled.*

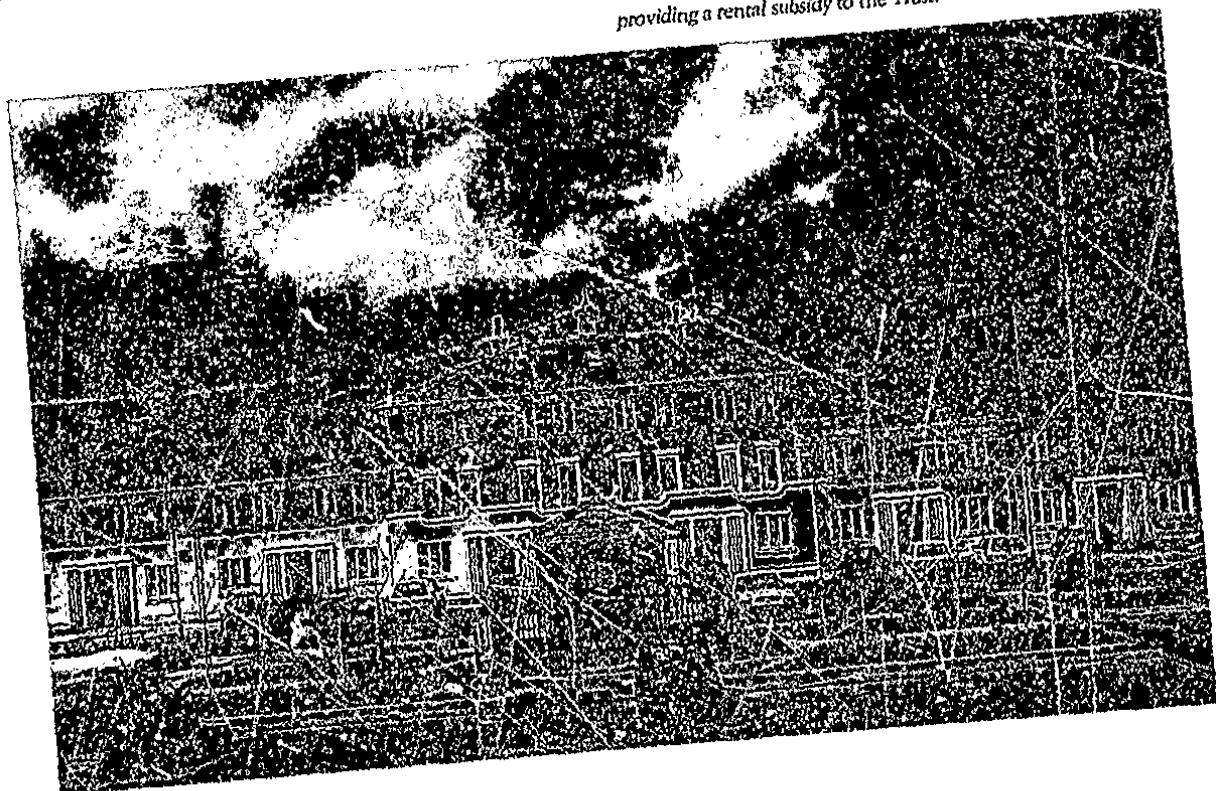


# U R B A N R E N E W A L Multi Tenure H o u s i n g P a r t n e r s h i p s



*Acorn Walk, Rotherhithe – One of three completed Barratt refurbishment schemes on the Downtown Estate, Rotherhithe, which have created 331 modern homes for rent, shared ownership and sale. The Barratt team's skilled work on this development has been recognised by the National House Building Council in both 1987 and 1988 winning the Greater London Conversion Award for quality workmanship.*

*Drayton Bridge Road, Ealing (below) – This former railway goods yard has provided rented housing for up to 1,000 homeless people, in the largest partnership scheme of its kind in London since the war. Barratt built 256 houses for the Notting Hill Housing Trust which obtained index-linked funding of £27m from the Halifax Building Society. Tenants from the local authority housing list were selected by the Housing Trust with the authority providing a rental subsidy to the Trust.*



## URBAN RENEWAL Local & Central Government Partnerships

*In Leeds at Victoria Quays (above) the transformation of historic riverside warehouses in the city centre created 121 much sought after apartments. The scheme was supported by Leeds City Council and assisted by an Urban Development Grant.*

*Secretary of State for Wales Peter Walker officially opened Barratt's Clydach Vale development – the first major private housing scheme in the Rhondda Valley for many years.*

**A**n essential ingredient in tackling most urban renewal housing projects is the active involvement of local authorities and – through Urban Development Grants and joint ventures with regional Development Corporations – the support of Central Government.

Transforming listed buildings in run down industrial and commercial areas has proved a highly successful way of creating affordable modern housing in city centres, particularly in riverside dock and warehouse districts.







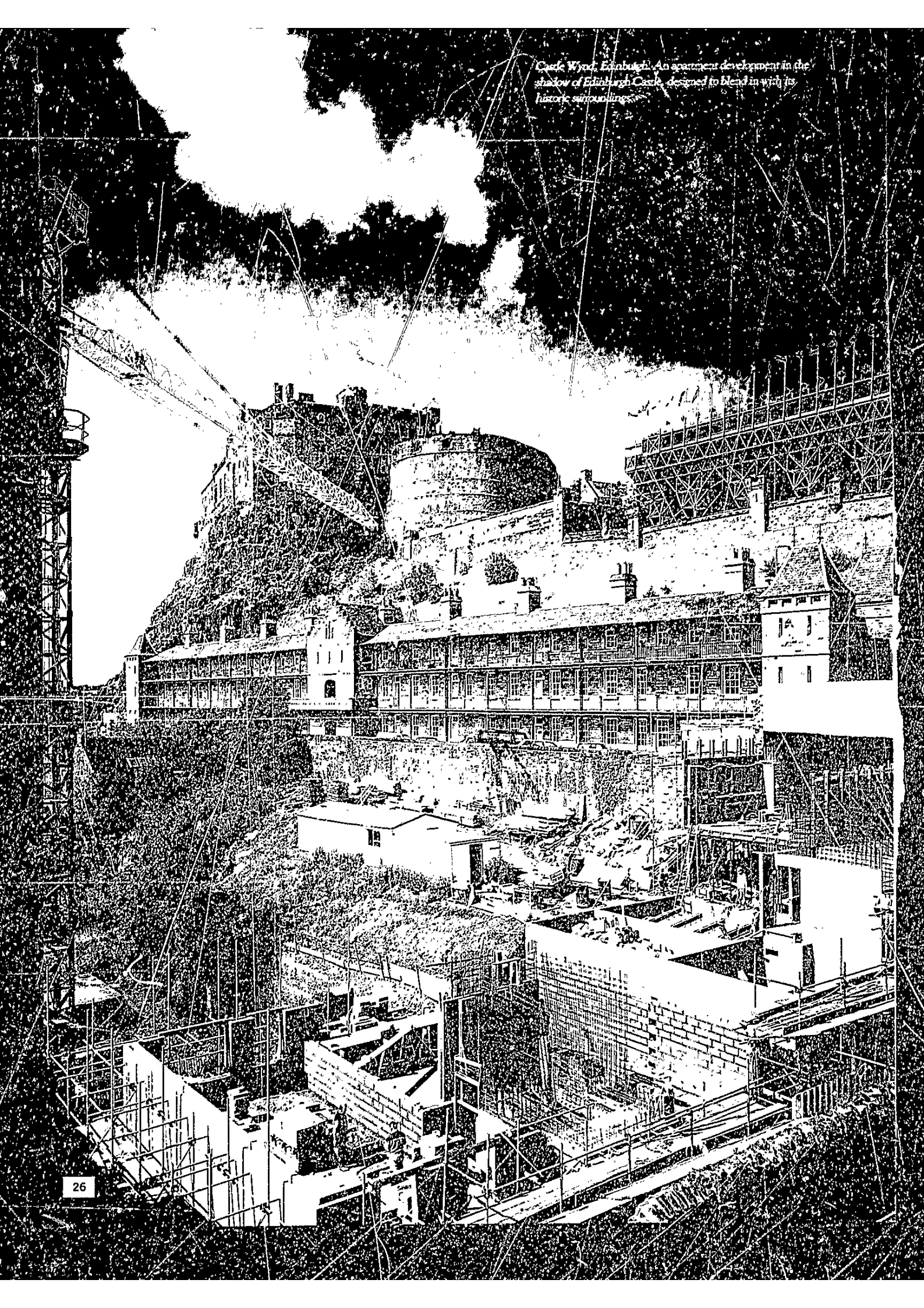
*Sloan Square, Bradford, a derelict, vandalised council estate (above) before Barratt began work to transform it into an attractive private residential apartment development (right) for first-time buyers. A £1m Urban Development Grant was a key factor in this £4 million partnership scheme with Bradford Metropolitan Council. Renamed Regency Court, the scheme provided 150 two bedroom apartments at prices from £15,000.*



*At Wapping Dock, Liverpool, in partnership with the Merseyside Development Corporation, a £10m conversion scheme by Barratt has preserved a well known waterfront landmark and created 114 modern apartments. After officially opening the development, Environment Secretary Nicholas Ridley, described it as: "an excellent example of how private and public sector expertise can be combined to produce imaginatively designed homes in the heart of a city;" Environment Secretary Nicholas Ridley with Sir Lawrie Barratt at the official opening of Wapping Dock, Liverpool.*

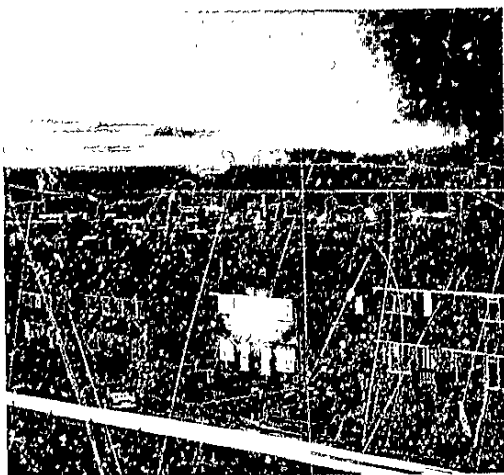


*Castle Wynd, Edinburgh. An apartment development in the shadow of Edinburgh Castle, designed to blend in with its historic surroundings.*





*More than 100,000 people are currently in need of decent housing and the Government has said it needs to build 250,000 new homes by 2000.*

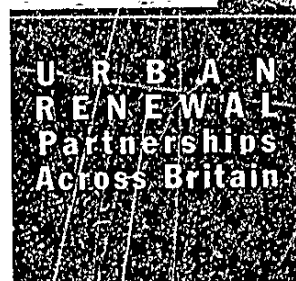


**T**oday more than half of Barratt's production is currently in urban areas providing much needed homes at affordable prices and jobs in high unemployment areas.

Barratt has specialised in this field since the early 1970's and today enjoys a reputation as market leader frequently establishing innovative joint ventures with partners including building societies, housing associations, local authorities, development corporations and central government.

The housing provided covers the full market spectrum ranging from apartments for single young people or the elderly, low cost houses for large families and luxurious penthouses.

*At Home Right, Barratt has a reputation for providing quality housing at affordable prices and has been successful in providing 100,000 homes.*



*Springburn, Glasgow where Barratt is undertaking a £9m development on formerly derelict land to provide 300 low cost houses.*





**B**arratt Commercial has built up a diversified portfolio of investment property throughout the U.K. over the last 20 years.

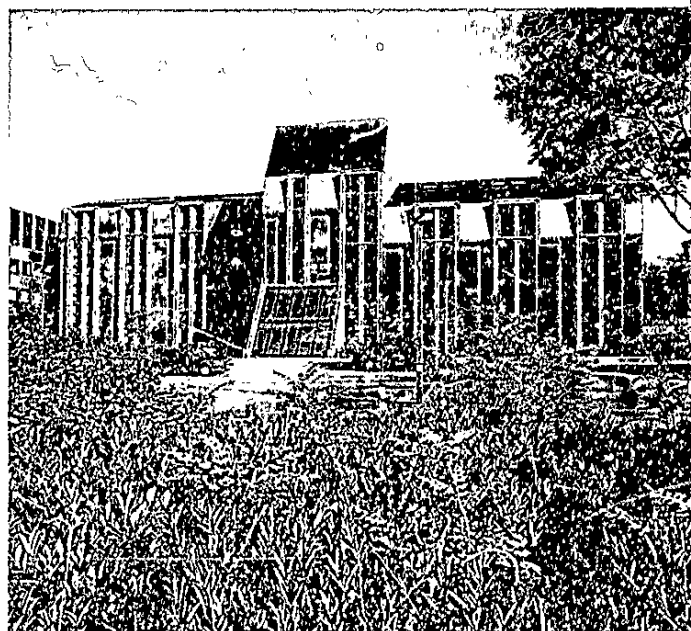
The portfolio includes shops, offices, warehouses and factories and Barratt Commercial provides workplaces for a variety of household name companies throughout the U.K.

Distinctive office developments at Bracknell in Berkshire, at Camberley in Surrey and in Bromley, Kent, are set to take significant advantage of the dramatic increases in office rents in the South East of England.

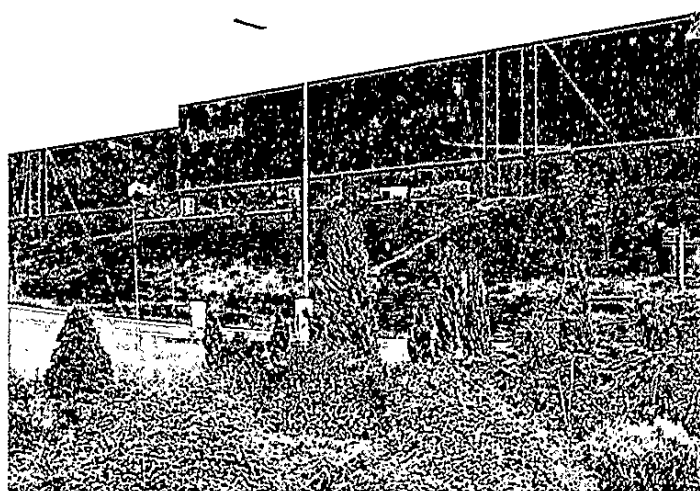
## PROPERTY INVESTMENT

The eight storey Westerly Point building (above) in the centre of Bracknell offers high quality office accommodation as does Beech House (above right) in Camberley.

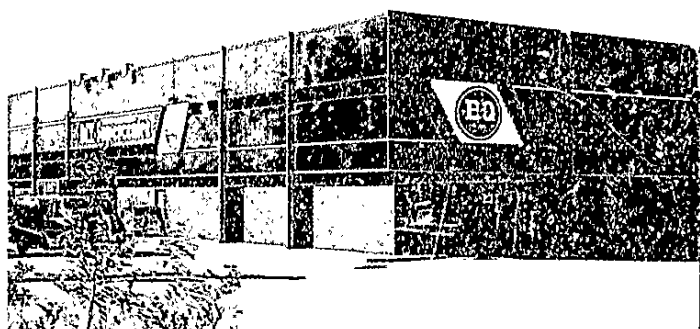
One of two adjacent five-storey offices in the Arbor development at Bromley operates as BP's Duckham oil headquarters. The other 25,000 square foot block is let to Canada Life, Cosmos Holidays and Tiphook plc.



*Sputle Sea Road, Luton*

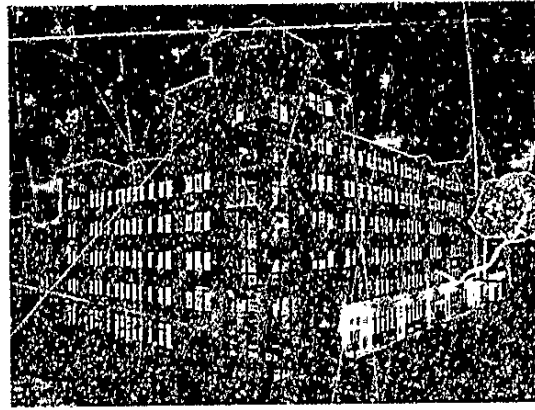


*B&Q at Bridge of Don, Aberdeen*





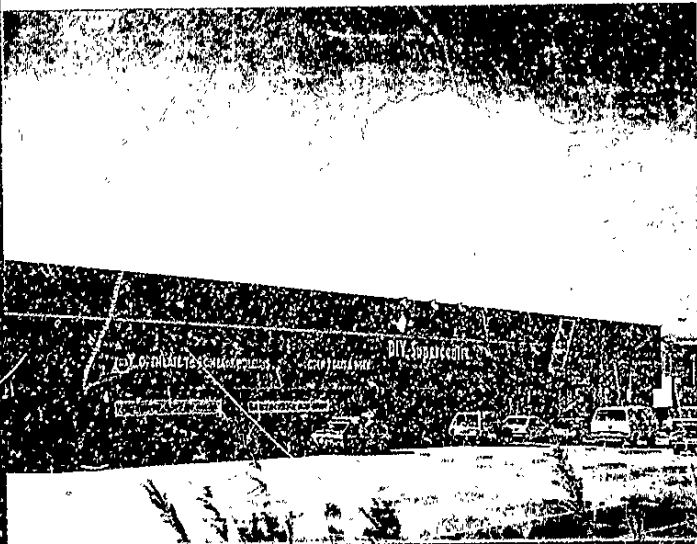
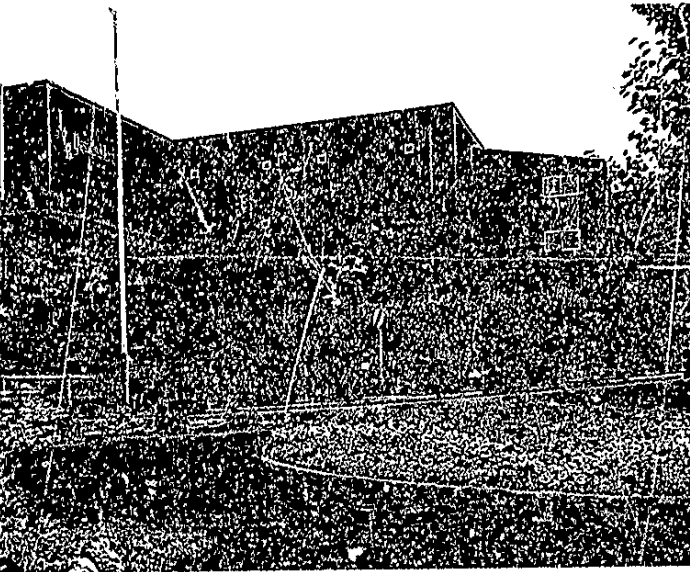
*Exchange House, Glasgow.*



In Luton, an industrial development in Spittle Sea Road (left) is conveniently placed close to the Airport. The major tenant, occupying five of the eight units, is involved in vehicle design.

Another facet of the company's operations is to provide retail warehousing such as the B&Q development (bottom left) at Bridge of Don, Aberdeen.

During the year a programme to sell Commercial Properties worth £30 million was successfully implemented. Further sales are planned and the company intends to develop more properties for sale.



*Dunkeld House Hotel, Perthshire - Clients Stratus Hotels and Inns. A £3.5 million refurbishment and extension of the existing hotel providing 72 additional bedrooms and a Leisure Centre.*



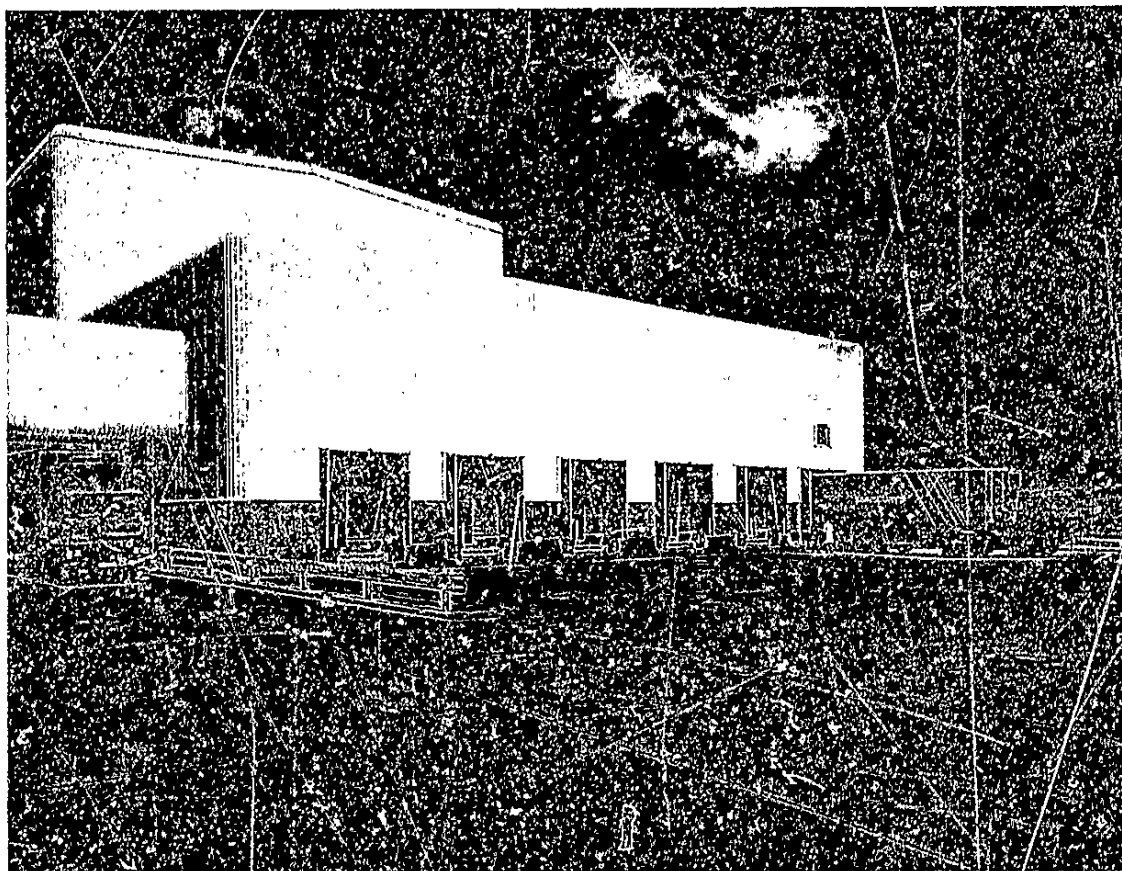
## CONTRACTING

**A** general building and civil engineering contractor, Barratt Construction undertakes projects for a wide variety of clients throughout the U.K.

The company has extensive experience and expertise and has recently won contracts to build warehouses, leisure complexes, office developments, retail units, hotels and shopping centres.

Current activity also includes a number of inner city partnership projects with local authorities, housing associations and private industry.

Recent civil engineering projects have involved road building, sewer and water supply schemes.



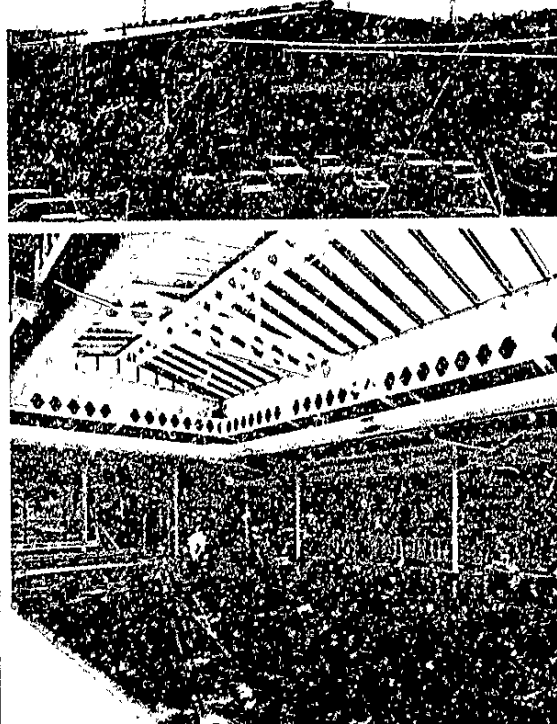
*A Barratt project for J. Sainsbury PLC built in Hertfordshire.*



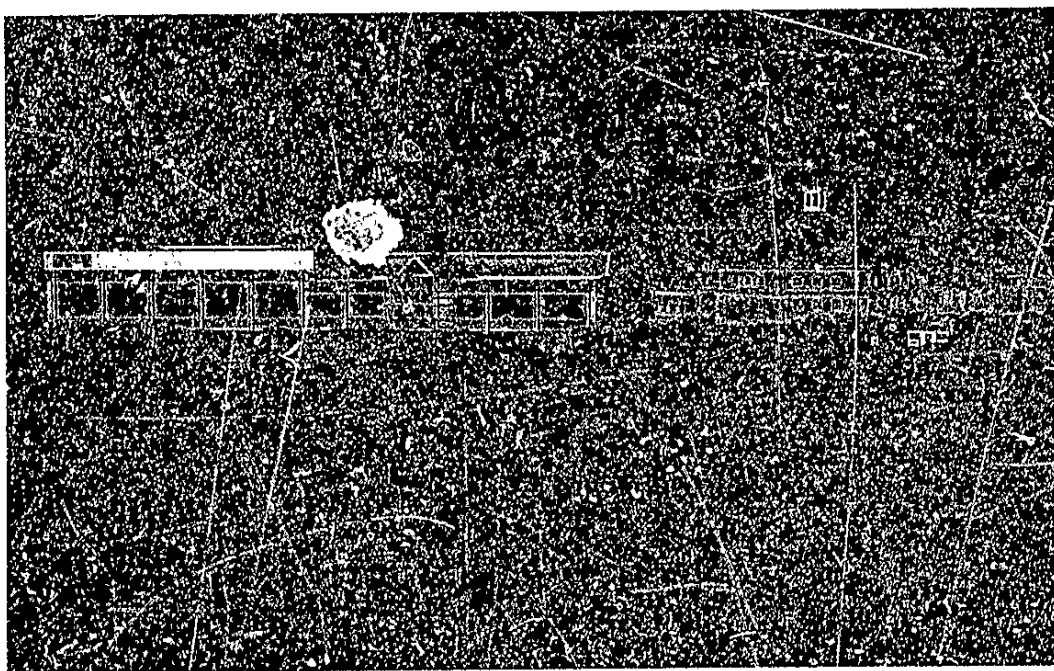
*Great Mills DIY, Edinburgh - Construction of a DIY retail unit of 30,000 sq. ft. ancillary office accommodation and external car parking.*



*Amerada Hess, Aberdeen - A £1.3 million project involving the refurbishment of a four-storey office block. The whole block was gassed inside with new partitions, doors, plumbing, insulation and ceilings. There was upgrading of heating, ventilation and electrics and redecoration throughout with a new marble floored reception area.*



*Treetops Hotel, Aberdeen: Leisure centre alterations for Stakis PLC.*



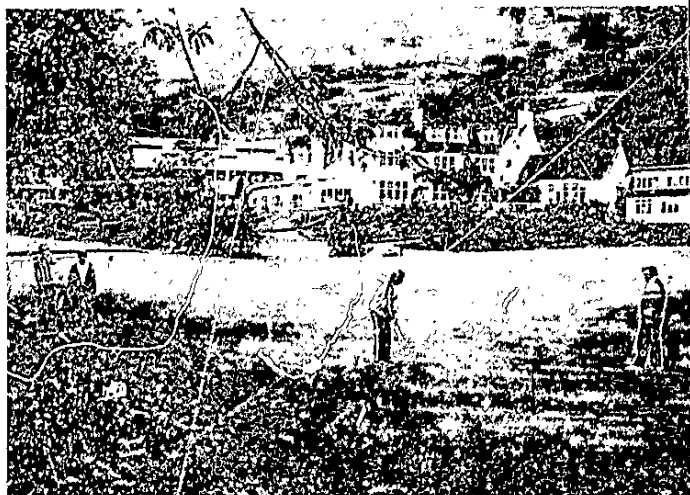
*Aberdeen Leisure Centre - A £5 million plus leisure complex on the promenade comprising a leisure pool with dry beach, a cafe, bar and sports hall. The clients are Aberdeen District Council.*



**T**he Barratt Group's leisure division – Barratt International Resorts – has an impressive total of nine first class leisure resorts in the United Kingdom and Europe.

The emphasis at each resort from Northern Scotland to Southern Spain is very firmly on quality and service. Luxury accommodation ranges from traditional log cabins in the Scottish Highlands to Andalucian style apartments with views over the Mediterranean. Superb recreational and sporting facilities range from dry ski slopes to water sports marinas.

*Elmres Court Country Club, Lymington*



*Forest Hills Trossachs Club Resort – lies in 22 acres of parkland overlooking Loch Ard. Outdoor country pursuits are complemented by a £1.4m leisure centre*



*Elmres Court Country Club, Lymington.  
The 23 acre site lies in the New Forest overlooking the Solent  
A £1.3 million leisure centre is taking shape and will be*

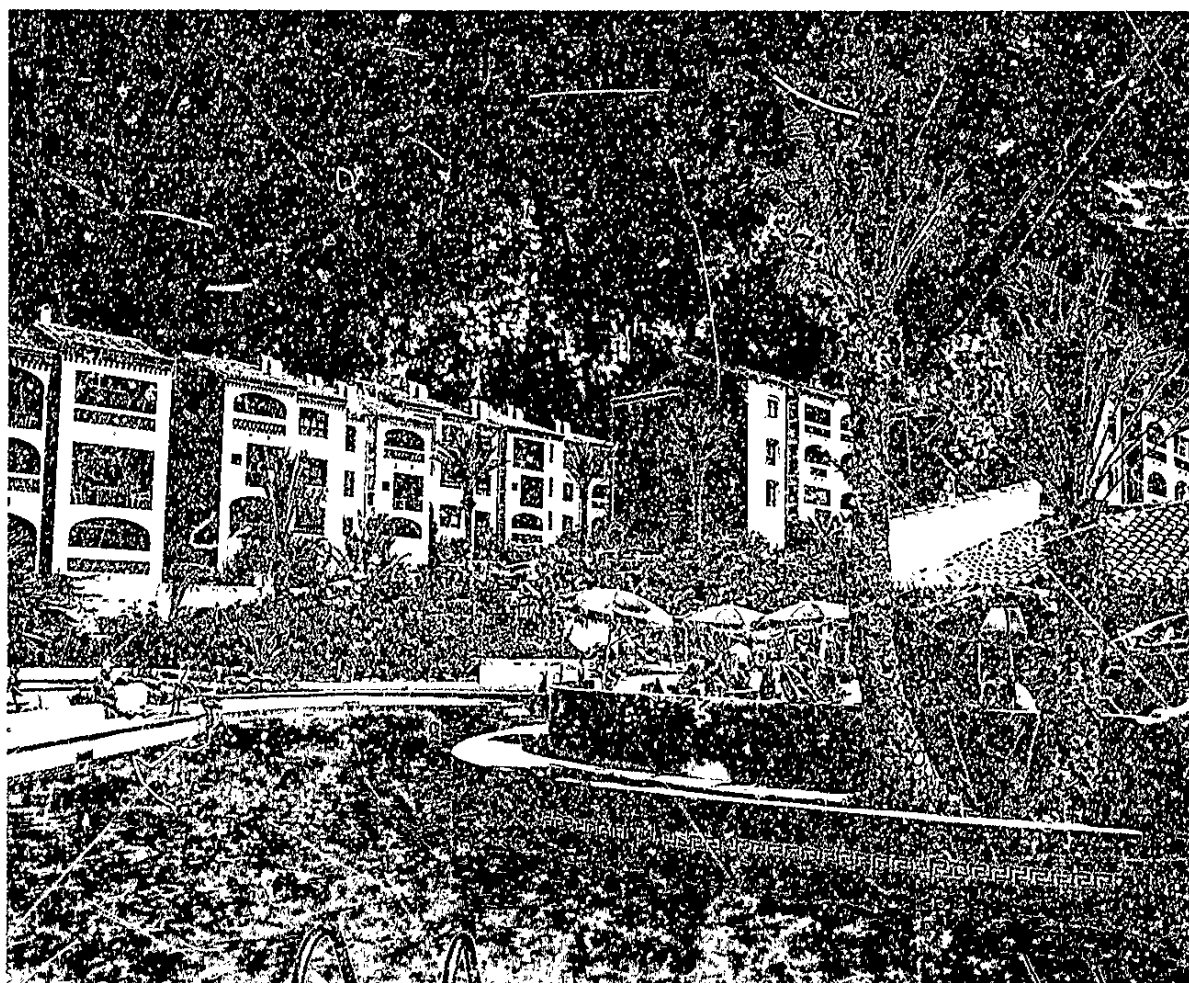
*completed within the next 12 months to supplement existing facilities which include a large outdoor swimming pool, mini golf, bowls, croquet and tennis.*





Many of the 20,000 plus owners of Barratt leisure property have bought additional accommodation at more than one of the company's resorts which all specialise in the luxury family market. Resort locations are as follows: 1. Elmers Court, Lymington, Hampshire. 2. Plas Talgarth, Snowdonia National Park. 3. Forest Hills, The Trossachs. 4. Dalfaber, Aviemore. 5. Loch Rannoch, Perthshire. 6. Lochanully, Spey Valley. 7. Villacana, Marbella. 8. Leila Playa, Marbella. 9. Doña Lola, Marbella.

*Luxury apartments at Villacana, Marbella, Southern Spain*



*A sun soaked Mediterranean shore line is the setting for the £10m Doña Lola resort near Marbella, Southern Spain.*

and the 1990s. The 1990s saw the company's growth in the construction of new homes, with a total of 1,500 homes built in the period.



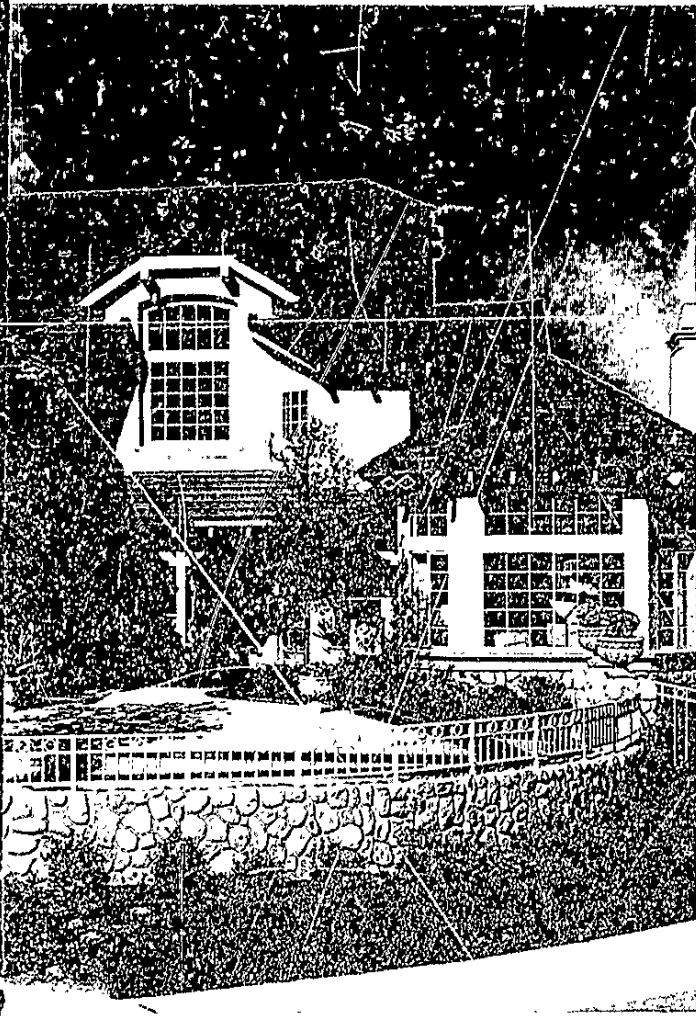
**B**arratt has been actively involved in the Californian housebuilding scene for the past eight years and today is recognised as one of the leading housebuilders in the State.

Southern California, where Barratt American has concentrated its efforts, has the highest per capita spending on homes in the world and Barratt – building around 1,500 properties a year at prices ranging from \$50,000 to \$800,000 – is acknowledged as the most diverse housebuilder in California.

Through the introduction of many imaginative new home styles, Barratt is now recognised within the industry and by the public as a market pacesetter and innovator offering the widest choice of homes of any builder in California.



*Portofino* – This stylish development, set within the Creekside planned community in Ontario offers purchasers a range of convenient leisure facilities including golf, swimming and sailing. The development has won Barratt three of the California building industry's top MAME awards.

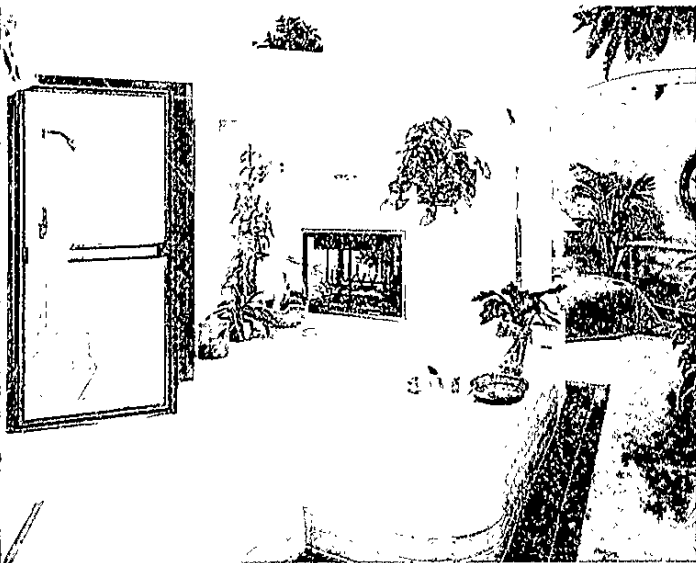
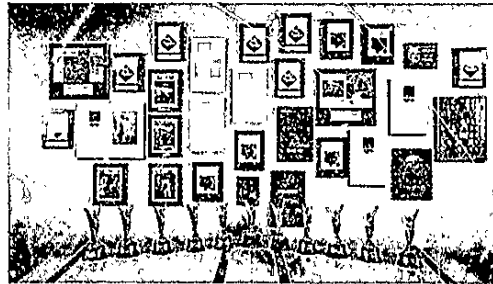


*Mission Viejo (above) - In partnership with the Home Capital Development Group, a subsidiary of Home Federal, one of the leading savings and loan associations, Barratt American is developing 416 acres of prime development land at Mission Viejo, Orange County.*

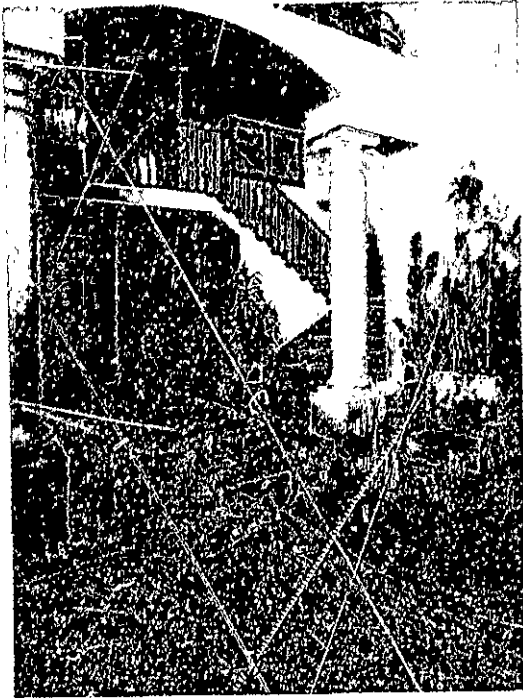
*The new 1500 home development, to be called Pacific Hills will offer homebuyers a choice from nine ranges of home styles and almost 100 acres of open space, parks and greenbelt areas.*



*Barratt American has won a host of National and State awards for interior design, architectural detail, building skills and 'best overall development in California.' The company recently scooped a total of 7 MAME building awards, the industry's most sought after accolades.*



*A stunning en suite bathroom at the award winning Verdana development, Mission Viejo.*



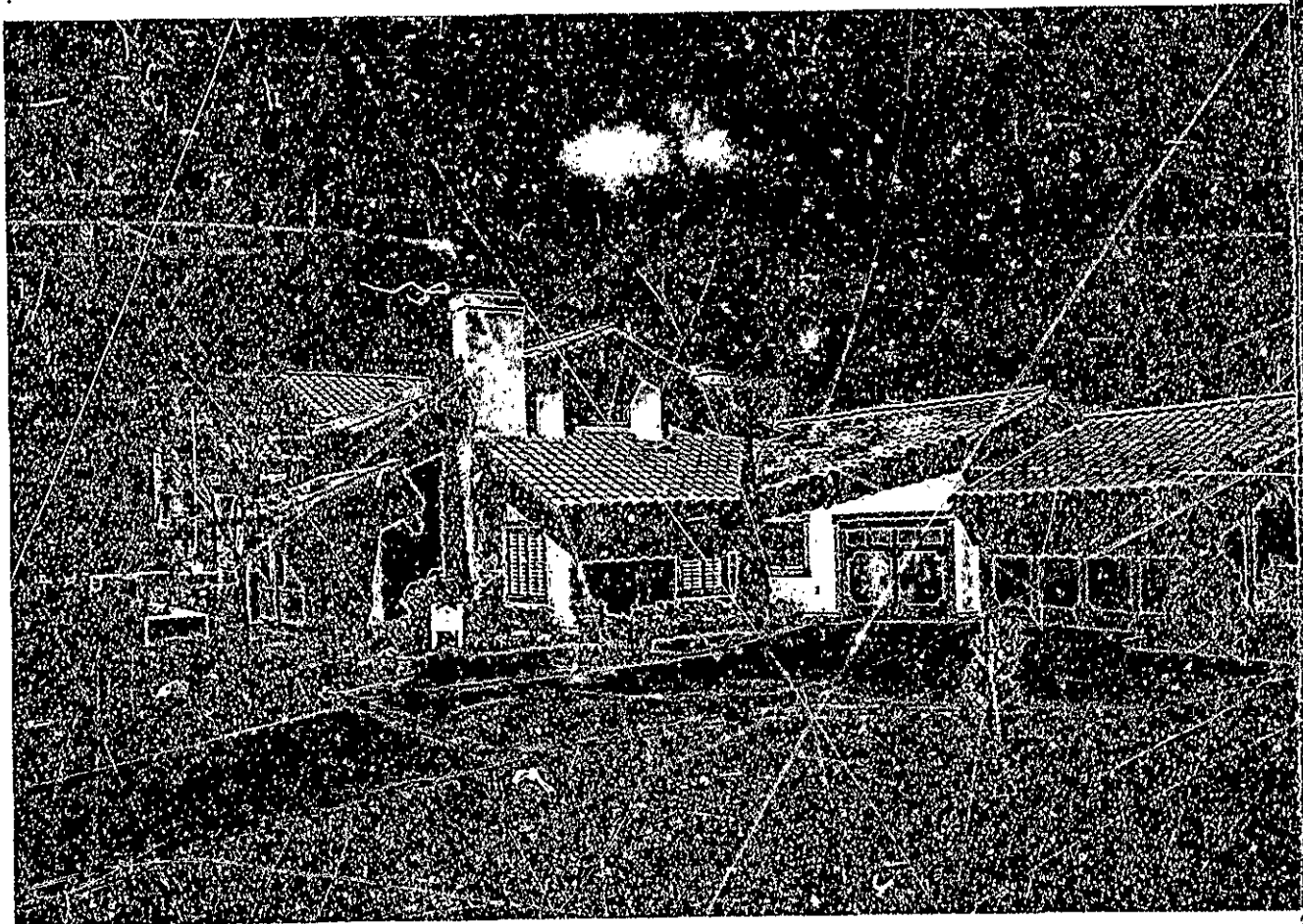
*Regent's Point (above and below) – This hilltop development above Lake Jennings in East San Diego County offers spacious ranch style luxury homes on minimum 2 acre sites which enjoy spectacular views of the surrounding countryside.*

**B**arratt American operating divisions are building new home styles and offering Californian homebuyers a range of innovative features and design ideas on new developments throughout Southern California.

Luxury housing developments are built on land carefully selected to suit the large and spacious house styles which blend harmoniously into their settings – typically commanding superb views over mountains, lakes or the Pacific Ocean.

With an average of 300 days sunshine or more every year, Californians have developed a sophisticated and active outdoor lifestyle.

With that in mind, Barratt build houses in locations offering a wide range of sporting and leisure activities – on land adjoining golf courses or bordering man-made lakes ideal for water sports enthusiasts.







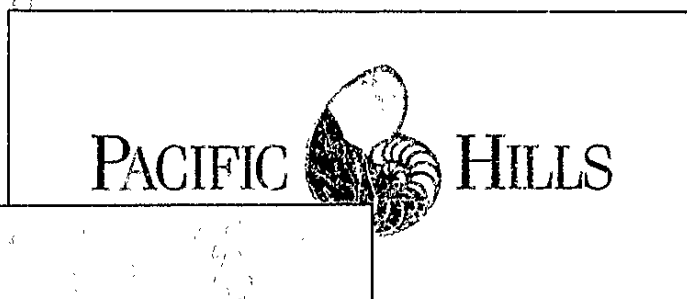
Helping young housebuyers is also a policy Barratt American continues to follow and on developments throughout Southern California condominiums and single family accommodation has proved highly popular with first time buyers.

*A luxury open plan kitchen with breakfast bar and nook at Belle Maison, Laguna Niguel, Orange County.*

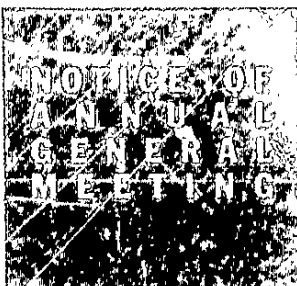
*A beautiful hilltop development where spacious luxury houses offering up to 3,600 square feet of living space enjoy extensive views of the Pacific and surrounding countryside.*



*Highly stylised logos reflect the central theme and individual identity of developments.*







Notice is hereby given that the thirtieth annual general meeting of the company will be held at the Connaught Rooms, Great Queen Street, London WC2B 5DA on Thursday 17th November 1988 at 10.30am for the following purposes:

**Ordinary business:**

1. To receive and adopt the directors' report and accounts for the year ended 30th June 1988.
2. To declare a dividend.
3. To re-elect directors: Mr F W Crawley, Mr F Eaton, Mr M D Pattinson and Mr A W Tait – who retire at the first annual general meeting following their appointment.
4. To re-appoint Deloitte Haskins & Sells, the retiring auditors, and to authorise the directors to fix their remuneration.

**Special business:**

5. To approve for the purposes of Section 320 of the Companies Act 1985 the proposed purchase by Mr M D Pattinson, a director of the company, from a wholly owned subsidiary company a property in Ponteland, Newcastle upon Tyne for a consideration of £169,275.

6. To approve that with effect from 1st January 1988 the maximum fee payable to any director in respect of any financial year of the company by virtue of article 1(e) of the company's articles of association be increased from £1,000 per annum to £15,000 per annum or such lesser amount as may from time to time be determined by the board.

7. 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 £2,165,346 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.

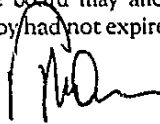
8. To consider and, if thought fit, to pass the following resolution as a special resolution:

That subject to the passing of resolution 7 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 7 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 £891,732 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  
21st October 1988

  
By order of the board  
F Brown  
Secretary

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 10.15am 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 1988.

## 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 6 and 7.

## Results and dividends

Profit on ordinary activities after taxation for the year ended 30th June 1988 is £41.9m (1987 £27.1m). An interim dividend of 2.79p per share (1987 2.54p) was paid on 27th May 1988 and it is proposed to pay a final dividend of 8.37p per share (1987 6.39p) on 18th November 1988 to shareholders on the register at the close of business on 21st October 1988.

The dividends paid and proposed amount to £19.9m and the profit retained is £22.0m.

## Bank facilities

In March last the group agreed a £110 million multi-option facility underwritten by the seven major U.K. clearing banks and incorporating a tender panel. Although the facility is underwritten for five years money drawn thereunder is on a short term basis and is so shown in the balance sheet.

In addition the group has bilateral banking lines amounting to £68 million in the U.K. and \$89 million in the U.S.A.

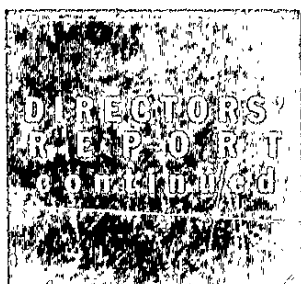
## Annual general meeting

The notice of the annual general meeting on page 38 contains four resolutions to be submitted as special business.

The first of such resolutions (number 5) is to obtain shareholder approval in accordance with Section 320 of the Companies Act 1985 for the proposed purchase by Mr M D Pattinson, a director of the company, of a property in Ponteland, Newcastle upon Tyne. Mr Pattinson prior to his appointment to the board on 1st January 1988 as group sales and marketing director was employed as managing director of the San Diego division of Barratt American Inc; the aforementioned property, from the group's Premier Collection and built by Barratt Newcastle Limited, will be for Mr Pattinson's private occupation following relocation back to the U.K.

The second of the resolutions to be submitted as special business (number 6) is to increase from the present £1,000 per annum to £15,000 per annum the maximum fee which can be paid to a non-executive director in any financial year of the company. Mr F W Crawley and Mr A W Tait accepted invitations to become, with effect from 1st January 1988, the first non-executive directors to join the board. The £1,000 per annum maximum fee payable to non-executive directors currently allowed under the company's articles of association is now wholly inappropriate and shareholder approval is being sought to increase, with effect from the aforementioned date, the maximum fee to £15,000 per annum to enable the non-executive directors to be remunerated at a level comparable to that paid to non-executive directors in similar companies.

The third and fourth resolutions (number 7 and 8 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

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 1988					1st July 1987 (or later appointment)			
	fully paid	executive share incentive scheme		executive share option scheme	fully paid	executive share incentive scheme		executive share option scheme
		1p paid	fully paid			1p paid	fully paid	
Sir Lawrie Barratt	1,012,403	—	—	200,000	1,012,179	—	—	200,000
J S R Swanson	48,761	900	3,316	200,000	48,537	900	3,316	200,000
F W Crawley	—	—	—	—	—	—	—	—
F Eaton	11,343	—	—	200,000	11,343	—	—	200,000
T P Hartley	1,857	—	—	200,000	1,633	—	—	200,000
R W R James	24,921	4,100	15,116	200,000	24,697	4,100	15,116	200,000
M Norton	1,857	—	—	200,000	1,633	—	—	200,000
M D Pattinson	3,034	—	—	200,000	2,604	—	—	200,000
A W Tait	1,000	—	—	—	—	—	—	—

No notification has been received of any change in the above interests during the period 30th June 1988 to 30th September 1988.

Mr A F Rawson and Mr T Van Ree resigned as directors of the company on the 31st December 1987 to take early retirement. Mr F Eaton and Mr M D Pattinson were appointed directors of the company on 1st January 1988 and with effect from the same date Mr F W Crawley and Mr A W Tait accepted invitations to join the board as non-executive directors. Under the provisions of article 77 of the company's memorandum and articles of association Mr F Eaton, Mr M D Pattinson, Mr F W Crawley and Mr A W Tait retire and being eligible offer themselves for re-election. Under the provisions of article 81 there is no requirement for any director to retire by rotation at the annual general meeting to be held on the 17th November 1988.

Mr F Eaton and Mr M D Pattinson have service contracts which expire on the 31st December 1992; the non-executive director appointments of Mr F W Crawley and Mr A W Tait have been confirmed as applying for a three-year period commencing from 1st January 1988.

In order to facilitate the relocation of a director, Mr T P Hartley, from the north to the south the company has taken a 31% interest in a property at Reigate at a cost of £74,900. The 69% interest in the property is held by Mr T P and Mrs P Hartley.

Subject only to the proposed purchase by Mr M D Pattinson of the property referred to for which shareholder approval is, in accordance with Section 320 of the Companies Act 1985, being sought under resolution 5 of the notice of the annual general meeting, no director was or is materially interested in any contract subsisting during or at the end of the financial year which was significant in relation to the group's business.

### 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 (1987 £0.6m) to the employee share participation scheme for the year ended 30th June 1988 on the basis of £700 (1987 £500) 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, to the extent possible, 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 1988.

**Statutory information**

So far as the directors are aware, no 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 and Corporation Taxes Act 1970.

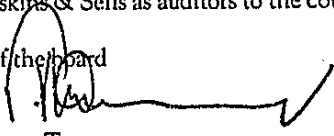
Charitable donations of £12,089 were made during the year.

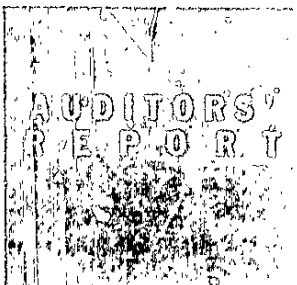
No political contributions were made during the year.

**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  
21st October 1988





**To the members of Barratt Developments PLC**

We have audited the accounts on pages 43 to 54 in accordance with approved 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 1988 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

*Deloitte Haslam & Sells*

**Deloitte Haslam & Sells**

Chartered Accountants

Newcastle upon Tyne

21st October 1988



**(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) Fixed assets**

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) 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.

**(i) Deferred taxation**

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

**(j) Obligations under leasing agreements**

Annual rentals of assets under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**GROUP PROFIT &  
LOSS ACCOUNT**  
for the year ended  
30 June 1988

	Note	1988 £m	1987 £m
<b>TURNOVER</b>		<u>529.5</u>	<u>432.5</u>
<b>OPERATING PROFIT</b>	1	71.9	48.8
<b>INTEREST PAYABLE</b>	3	<u>10.4</u>	<u>9.6</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		61.5	39.2
<b>TAXATION</b>	4	<u>19.6</u>	<u>12.1</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	5	41.9	27.1
<b>DIVIDENDS</b>	6	<u>19.9</u>	<u>15.9</u>
<b>RETAINED PROFIT</b>	18	<u>22.0</u>	<u>11.2</u>
<b>DIVIDEND COVER</b>		<u>2.1</u>	<u>1.7</u>
<b>EARNINGS PER SHARE</b>	9	<u>23.5p</u>	<u>15.2p</u>

**G R O U P  
B A L A N C E  
S H E E T**  
at 30th June 1988

<b>FIXED ASSETS</b>	Note	1988 £m	1987 £m
<b>TANGIBLE ASSETS</b>			
Investment properties	10	59.9	87.9
Other	11	7.7	7.7
		<u>67.6</u>	<u>95.6</u>
<b>CURRENT ASSETS</b>			
Stocks	12	333.4	258.8
Debtors	13	43.9	39.2
Bank and cash		10.1	33.8
		<u>387.4</u>	<u>331.8</u>
<b>CURRENT LIABILITIES</b>			
Creditors due within one year	14	189.1	134.3
<b>NET CURRENT ASSETS</b>		<u>198.3</u>	<u>197.5</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		265.9	293.1
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	15	20.5	62.6
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	16	0.1	0.3
		<u>245.3</u>	<u>230.2</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	17.8	17.8
Share premium		81.7	81.1
Revaluation surplus		5.2	12.0
Profit retained	18	140.6	119.3
		<u>245.3</u>	<u>230.2</u>

Approved by the board on 21st October 1988

SIR LAWRIE BARRATT

R W R JAMES

Directors

*[Handwritten signatures of Sir Lawrie Barratt and RWR James]*

**STATEMENT OF  
SOURCE AND  
APPLICATION  
OF FUNDS**  
for the year ended  
30th June 1988

	1988 £m	1987 £m
<b>SOURCE</b>		
Profit on ordinary activities before taxation	61.5	39.2
Items not involving the movement of funds:		
Depreciation	1.2	0.8
Profit on disposal of investment properties	(7.2)	—
Exchange differences	(0.7)	(0.8)
Other	(0.1)	—
<b>GENERATED FROM OPERATIONS</b>	<b>54.7</b>	<b>39.2</b>
<b>FUNDS FROM OTHER SOURCES</b>		
Share issue	0.6	0.4
Disposal of investment properties and fixed assets	28.5	0.2
	<b>83.8</b>	<b>39.8</b>
<b>APPLICATION</b>		
Investment properties and fixed assets	1.2	2.5
Taxation	8.7	7.0
Dividends	16.4	14.8
	<b>57.5</b>	<b>15.5</b>
<b>INCREASE (DECREASE) IN WORKING CAPITAL</b>		
Stocks	74.6	54.2
Debtors	5.4	(5.1)
Creditors	(12.1)	(14.3)
	<b>(10.4)</b>	<b>(19.3)</b>
Decrease in net liquid funds	<b>57.5</b>	<b>15.5</b>

# NOTES TO THE ACCOUNTS

## 1. OPERATING PROFIT

	1988 £m	1987 £m
Turnover	529.5	432.5
Cost of sales	436.0	358.1
Gross profit	93.5	74.4
Administrative expenses	28.8	25.6
Profit on disposal of investment properties	7.2	—
	<u>71.9</u>	<u>48.8</u>

The American region contributed £88.9m (1987 £62.6m) to turnover and an operating profit of £9.9m (1987 £7.3m).

## 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED

	1988 £m	1987 £m
After charging:		
Directors' management remuneration	1.2	0.9
Depreciation	1.2	0.8
Operating lease charges	4.7	4.0
— hire of plant, machinery and vehicles		
— other	1.5	1.5
Auditors' remuneration	0.3	0.3
After crediting:		
Rental income	8.3	7.6

## 3. INTEREST PAYABLE

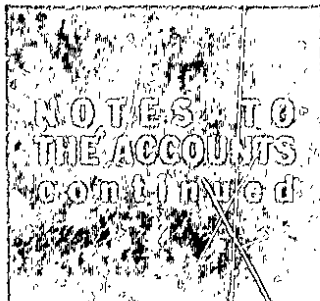
	1988 £m	1987 £m
Payable: On bank loans and overdrafts		
Repayable within 5 years not by instalments	10.1	9.9
Repayable within 5 years by instalments	2.5	1.3
Repayable wholly or partly in more than 5 years	—	0.3
	<u>12.6</u>	<u>11.5</u>
Less: Receivable	2.2	1.9
	<u>10.4</u>	<u>9.6</u>

## 4. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1988 £m	1987 £m
Corporation tax at a rate of 35% (1987 35%)	20.1	12.8
Deferred taxation	(0.5)	(0.7)
	<u>19.6</u>	<u>12.1</u>

The taxation charge for the year arises on United Kingdom and American trading profits.





<b>5. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		1988 £m	1987 £m
The profit attributable to shareholders is dealt with in the accounts of:			
The company		20.5	16.2
Subsidiary companies		21.4	10.9
		<u>41.9</u>	<u>27.1</u>
In accordance with the provisions of the Companies Act 1985 a separate profit and loss account for the company is not presented.			
<b>6. DIVIDENDS</b>		1988 £m	1987 £m
Interim 2.79p per share paid (1987 2.54p)		5.0	4.5
Final 8.37p per share proposed (1987 6.39p)		14.9	11.4
		<u>19.9</u>	<u>15.9</u>
<b>7. EMPLOYEES</b>		1988 £m	1987 £m
The average number of persons employed by the group, excluding sub-contractors, was 3,000 (1987 3,100).			
Employee costs (including directors) comprise:			
Wages and salaries		37.4	34.1
Social security		3.7	3.1
		<u>41.1</u>	<u>37.2</u>

The employer contribution holiday to the group's pension and life assurance scheme continued throughout the year ended 30th June 1988; had full company contributions been made the charge in the accounts would have been £1.4m (1987 £1.3m).

It is intended that employer contributions to the group's pension and life assurance scheme at the rate recommended by the scheme's actuary will be resumed as from 1st December 1988.

## 8. DIRECTORS AND EMPLOYEES

The remuneration of the chairman and highest paid director was £206,440 (1987 £143,499).  
The remuneration of United Kingdom directors, including the chairman, and higher paid United Kingdom employees of the company was in the ranges below:

	Number of directors			Number of employees	
	1988	1987		1988	1987
£ 5,001 - £ 10,000	2	—	£30,001 - £35,000	1	2
£ 55,001 - £ 60,000	—	1	£35,001 - £40,000	—	1
£ 70,001 - £ 75,000	1	—	£40,001 - £45,000	1	—
£ 75,001 - £ 80,000	3	—	£45,001 - £50,000	2	—
£100,001 - £105,000	—	2			
£105,001 - £110,000	—	3			
£140,001 - £145,000	—	1			
£155,001 - £160,000	2	—			
£160,001 - £165,000	1	—			
£175,001 - £180,000	1	—			
£205,001 - £210,000	1	—			

## 9. EARNINGS PER SHARE

The earnings per share calculation is based on earnings after taxation of £41.9m (1987 £27.1m) and 178.3m ordinary shares (1987 178.0m).

The dilution in earnings per share arising from the grant of share options is not significant.

	Investment properties £m	Ground rents £m	Total £m
<b>10. INVESTMENT PROPERTIES</b>			
Valuation			
At 1st July 1987	83.3	4.6	87.9
Additions	—	0.1	0.1
Disposals	(29.3)	—	(29.3)
Revaluation	1.2	—	1.2
At 30th June 1988	55.2	4.7	59.9
Consisting of:			
Freehold	33.2	4.7	37.9
Long leasehold	22.0	—	22.0
	55.2	4.7	59.9

An internal valuation, on an open market basis, of the group's portfolio of investment properties at 30th June 1988 was carried out by a director of Barratt Commercial Limited, DR Broadhead, FRICS. The portfolio was valued at £55.2m (1987 £83.3m).

The historic cost of investment properties is £50.0m (1987 £71.3m).

At 30th June 1988 the group had not authorised and contracted for any expenditure on investment properties (1987 £nil).

**NOTES TO  
THE ACCOUNTS  
continued**

<b>11. FIXED ASSETS</b>	<b>Property £m</b>	<b>Plant £m</b>	<b>Group Total £m</b>	<b>Company Total £m</b>
Cost and valuation				
At 1st July 1987	5.7	7.6	13.3	0.5
Additions	0.2	1.0	1.2	—
Disposals	—	(0.5)	(0.5)	—
At 30th June 1988	<u>5.9</u>	<u>8.1</u>	<u>14.0</u>	<u>0.5</u>
Accumulated depreciation	0.6	5.7	6.3	0.4
Ner book value at 30th June 1988	<u>5.3</u>	<u>2.4</u>	<u>7.7</u>	<u>0.1</u>
Ner book value at 30th June 1987	<u>5.4</u>	<u>2.3</u>	<u>7.7</u>	<u>0.1</u>

Property consists of freehold £5.1m (1987 £4.9m) of which £0.4m is at valuation, and short leasehold £0.2m (1987 £0.5m).

<b>12. STOCKS</b>	<b>1988 £m</b>	<b>1987 £m</b>
Work in progress — building and development	303.1	215.5
— long term contracting	8.6	9.8
— long term contracting payments on account	(8.4)	(9.6)
Showhouse complexes and houses awaiting legal completion	<u>30.1</u>	<u>43.1</u>
	<u>333.4</u>	<u>258.8</u>

In accordance with Statement of Standard Accounting Practice No. 9 long term contracting work in progress includes attributable overheads and profit less any foreseeable losses. The inclusion of such profit is a departure from the statutory valuation rules for current assets as required by Schedule 4 of the Companies Act 1985 to enable the accounts to give a true and fair view. It is not possible to allocate progress payments between cost and profit and therefore it is impracticable to determine the effect of this departure on the balance sheet carrying value of long term contract work in progress.

<b>13. DEBTORS</b>	<b>1988 £m</b>	<b>Group 1987 £m</b>	<b>1988 £m</b>	<b>Company 1987 £m</b>
Due within one year				
Trade debtors	14.9	13.8	—	—
Other debtors	16.8	9.4	0.2	0.1
Prepayments	3.0	2.3	0.5	0.1
Corporation tax recoverable	—	1.8	—	—
Due after more than one year				
Secured loans	4.4	8.2	—	—
Advance corporation tax recoverable	<u>4.8</u>	<u>3.7</u>	<u>5.0</u>	<u>4.2</u>
	<u>43.9</u>	<u>39.2</u>	<u>5.7</u>	<u>4.4</u>

**NOTES TO  
THE ACCOUNTS**  
continued

14. CREDITORS DUE WITHIN ONE YEAR	Group		Company	
	1988 £m	1987 £m	1988 £m	1987 £m
Bank loans and overdrafts	26.6	20.4	19.3	1.2
Trade creditors	73.3	63.2	—	—
Bills payable	20.0	—	20.0	—
Payroll taxation including social security	1.1	1.5	—	—
Corporation tax	14.0	5.0	0.7	1.7
Advance corporation tax	6.6	5.9	6.6	5.9
Proposed dividend	14.9	11.4	14.9	11.4
Other creditors	11.9	9.7	1.8	1.8
Accruals	20.7	17.2	0.5	0.3
	<u>189.1</u>	<u>134.3</u>	<u>63.8</u>	<u>22.3</u>

15. CREDITORS DUE AFTER MORE THAN ONE YEAR	Group		Company	
	1988 £m	1987 £m	1988 £m	1987 £m
Bank loans	1.7	41.2	0.1	26.3
Trade creditors	10.2	13.7	—	—
Corporation tax	6.2	5.5	0.5	0.7
Other creditors	2.4	2.2	—	—
	<u>20.5</u>	<u>62.6</u>	<u>0.6</u>	<u>27.0</u>

	Group	
	1988 £m	1987 £m
Bank loans at interest rates related to normal base rates include:		
Repayable by instalments		
Between 1 and 2 years	0.6	2.1
Between 2 and 5 years	1.1	6.2
In 5 years or more	—	0.5
Not repayable by instalments		
Between 2 and 5 years	—	32.4
	<u>1.7</u>	<u>41.2</u>
Other creditors include:		
Repayable, other than by instalments, in more than 5 years at an interest rate of 5.5%	1.0	1.1

Total creditors include £36.1m (1987 £93.1m) secured on the assets of the group.



# NOTES TO THE ACCOUNTS continued

	1988 £m	Group 1987 £m
<b>16. PROVISION FOR LIABILITIES AND CHARGES</b>		
Deferred taxation		
Timing differences	0.3	0.8
Advance corporation tax recoverable	(0.2)	(0.5)
	<u>0.1</u>	<u>0.3</u>

A tax liability would not arise if the group property portfolio was to be realised at its book value (1987 £2.3m). There is a contingent liability in respect of deferred taxation on other timing differences not provided amounting to £0.7m (1987 £4.6m).

There are no tax losses available to be set-off against future trading profits (1987 £1.7m).

	1988 £m	1987 £m
<b>17. CALLED UP SHARE CAPITAL</b>		
Authorised 200,000,000 ordinary shares of 10p each	20.0	20.0
Allotted and issued ordinary shares of 10p each		
Fully paid – 178,323,111 ordinary shares		
– 18,432 restricted ordinary shares		
1p paid – 5,000 ordinary shares	17.8	17.8

The issued share capital of the company was increased during the year to 178,346,543 ordinary shares of 10p each by the issue of a further 246,848 ordinary shares of 10p each admitted to the Official List on 28th October 1987 in satisfaction of the agreed allocation to the employee share participation scheme in respect of the year ended 30th June 1987.

During the year an option was exercised under the executive share incentive scheme to convert 2,000 1p paid ordinary shares and 7,374 restricted shares into 9,374 fully paid ordinary shares.

As at 30th June 1988 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
17.12.1986	155p	1,120,000	2,430,000	17.12.1989 to 16.12.1996
08.10.1987	225p	280,000	420,000	08.10.1990 to 07.10.1997
06.04.1988	192p	—	135,000	06.04.1991 to 05.04.1998

18. RESERVES	Share premium £m	Revaluation surplus £m	Profit retained £m	Total £m
Group				
At 1st July 1987	81.1	12.0	119.3	212.4
Movement for the year	0.6	1.2	22.0	23.8
Realised on disposals	—	(8.0)	—	(8.0)
Exchange adjustments	—	—	(0.7)	(0.7)
At 30th June 1988	81.7	5.2	140.6	227.5
Company				
At 1st July 1987	81.1	—	23.0	104.1
Movement for the year	0.6	—	0.6	1.2
At 30th June 1988	81.7	—	23.6	105.3

#### 19. INVESTMENT IN SUBSIDIARIES

Shareholdings at cost £18.1m (1987 £18.1m).

The principal subsidiary companies are set out on the inside back cover.

	Group		Group	
	1988		1987	
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	—	0.5	0.1	0.3
Between two and five years	0.4	1.3	0.2	1.9
In five years or more	0.7	—	1.1	—
	1.1	1.8	1.4	2.2

#### 21. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary companies amounting to £13.5m (1987 £20.9m). 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 £2.6m (1987 £2.2m). 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 1988**

	Note	1988 £m	1987 £m
<b>FIXED ASSETS</b>			
Tangible assets	11	0.1	0.1
Investment in subsidiaries	19	18.1	18.1
		<u>18.2</u>	<u>18.2</u>
<b>CURRENT ASSETS</b>			
Due from subsidiary companies		188.8	125.9
Debtors	13	5.7	4.4
Bank and cash		0.1	26.8
		<u>194.6</u>	<u>157.1</u>
<b>CURRENT LIABILITIES</b>			
Due to subsidiary companies		25.3	4.1
Creditors due within one year	14	63.8	22.3
<b>NET CURRENT ASSETS</b>		<u>105.5</u>	<u>130.7</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		123.7	148.9
<b>CREDITORS DUE AFTER MORE THAN ONE YEAR</b>	15	0.6	27.0
		<u>123.1</u>	<u>121.9</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	17.8	17.8
Share premium		81.7	81.1
Profit retained	18	23.6	23.0
		<u>123.1</u>	<u>121.9</u>

Approved by the board on 21st October 1988

SIR LAWRIE BARRATT

R W R JAMES

} Directors

*Lawrie Barratt*  
*RWR James*

# TEN 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
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
1984	537.6	35.6	239.7	16.3	10.9	135
1983	512.9	50.3	228.7	19.2	10.6	129
1982	385.8	40.2	175.7	20.9	8.5	115
1981	284.7	30.5	148.4	23.9	6.9	97
1980	220.4	24.7	80.2	16.5	5.2	69
1979	163.2	18.2	69.9	14.6	4.4	55

Earnings, gross dividend and net assets per share have been adjusted to take account of the rights and bonus issues.

# FINANCIAL CALENDAR

## Announcement of results and dividends:

Half year	23rd March 1988
Full year	21st September 1988

## Dividends:

Interim	27th May 1988
Final	18th November 1988

Annual Report posted to shareholders	21st October 1988
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Annual General Meeting	17th November 1988
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## GROUP STRUCTURE

The Barratt Group is composed of a network of wholly-owned subsidiary companies throughout the United Kingdom and California backed by the Group's central management based in Newcastle upon Tyne.

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.





## GROUP OFFICE

Barratt Developments PLC,  
Wingrove House,  
Ponteland Road,  
Newcastle upon Tyne  
NE5 3DP.  
Tel: 091 286 6811.  
Fax: 091 271 2242.  
Telex: 538210.

## PROPERTY INVESTMENT

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Ponteland Road,  
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NE5 3DP.  
Tel: 091 286 6811.  
Fax: 091 271 2242.  
Telex: 538210.

## LEISURE PROPERTY

\* Barratt International  
Resorts Limited,  
6 Half Moon Street,  
Mayfair, London  
W1Y 7RA.  
Tel: 01 629 2731.  
Fax: 01 629 0163.

## AMERICAN REGION

Barratt American Inc.,  
30 Fairbanks,  
Suite 110, Irvine,  
California 92718,  
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Tel: 0101 714 581 7000.  
Fax: 0101 714 581 9452.

Barratt Irvine,  
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Fax: 0101 714 581 9452.

Barratt San Diego,  
15373 Innovation Drive,  
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Tel: 0101 619 451 9797.  
Fax: 0101 619 451 8863.

## NORTHERN REGION

Barratt Northern Limited,  
Barratt House,  
Airport Industrial Estate,  
Kenton,  
Newcastle upon Tyne  
NE3 2EQ.  
Tel: 091 286 9866.  
Fax: 091 271 5985.

\* Barratt Scotland Limited,  
Mayfield House,  
7 Maggie Wood's Loan,  
Falkirk FK1 5SJ.  
Tel: 0324 20011.  
Fax: 0324 25916.

Also Area Office at:  
Aberdeen,  
Barratt House,  
38 Ellon Road,  
Bridge of Don,  
Aberdeen AB2 8BX.  
Tel: 0224 643262.  
Fax: 0224 825363.

Barratt Leeds Limited,  
86 Bradford Road,  
Idle, Bradford BD10 8TD.  
Tel: 0274 617621.  
Fax: 0274 618940.

Barratt Newcastle Limited,  
Barratt House,  
Airport Industrial Estate,  
Kenton,  
Newcastle upon Tyne  
NE3 2EQ.  
Tel: 091 286 9866.  
Fax: 091 271 5985.

Barratt Urban Renewal  
(Northern) Limited,  
Vulcan House,  
Albion Place,  
Crescent, Salford  
M5 0PD.  
Tel: 061 736 7369.  
Fax: 061 745 7935.

Barratt York Limited,  
Richmond House,  
Millfield Lane,  
Poppleton, York  
YO2 6PH.  
Tel: 0904 797961.  
Fax: 0904 781665.

\* Barratt  
Construction Limited,  
Golf Road, Ellon,  
Aberdeenshire AB4 9AT.  
Tel: 0358 20765.  
Fax: 0358 24043.

Also Area Office at:  
Pardovan, Philpstoun,  
West Lothian  
EH49 7RX.  
Tel: 050 683 4701/4.  
Fax: 0358 24043.

## CENTRAL REGION

Barratt Central Limited,  
Midland House,  
New Road, Halesowen,  
West Midlands  
B63 3HY.  
Tel: 021 585 5303.  
Fax: 021 585 5304.

Barratt Bristol Limited,  
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Barratt Chester Limited,  
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Tel: 0244 311301.

Barratt  
East Midlands Limited,  
Broadgate House,  
Humber Road, Beeston,  
Nottingham NG9 2EF.  
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Fax: 0602 431308.

Barratt  
Manchester Limited,  
Worral House,  
683 Chester Road,  
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