

BARRATT

Report & Accounts

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The first Barratt company was founded in 1958 in Newcastle upon Tyne and ten years later became a public company. In 1972 Barratt started to expand out of the North East of England and by 1978 had achieved national coverage via a series of acquisitions and also by the creation of new companies. In 1980, Barratt American was established in California.

Today Barratt Developments PLC is still based in Newcastle but has a network of 24 subsidiary companies. 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 Commercial Construction and Property Investment. Barratt now employs more than 14,000 people, either directly or indirectly and has an annual turnover in excess of £400 million.

Cover:

Brighton Marina. Here Barratt are building 800 luxury properties in partnership with Brent Walker PLC in a £170m project which will create one of Europe's finest leisure and sailing complexes.

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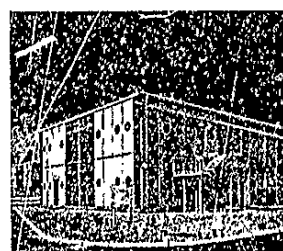
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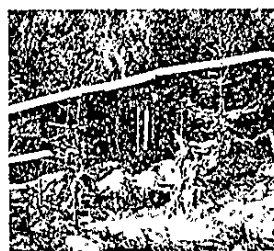
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A Year of Progress



Best in Britain

Impressive new designs such as this spacious five bedroom Bronte house style helped Barratt win the coveted title '1987 Housebuilder of the Year.'

This prestigious award recognised the widespread acclaim given to the new generation of more than 60 unique house styles which comprise the Premier Collection.

Ranging from one bedroom apartments to six bedroom luxury houses, offering more space, style and new features, the Premier Collection is now being built on Barratt developments throughout Britain.



USA Award Winners

This Santa Barbara house style on our Windsor Country Estates development at Olivenhain near San Diego, typifies the very high quality of architectural design with which the Barratt name has become synonymous in the Sunshine State.

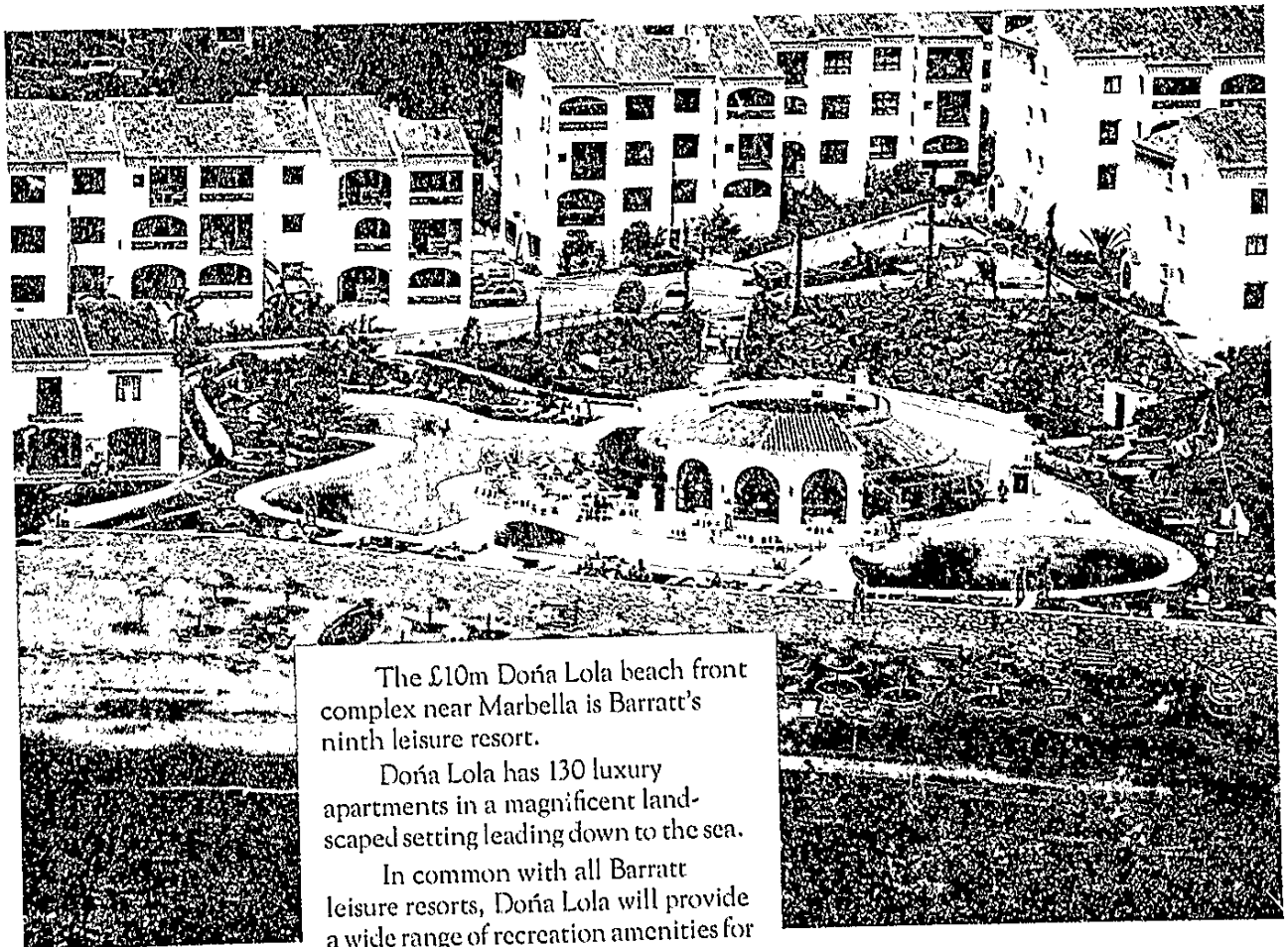
Underlining this determination to offer housebuyers a completely new lifestyle, Barratt has won six major housing awards this year including 'best house design in California.'

Inner City Homes

In yet another pioneering inner city partnership housing project, Barratt joined forces with the Halifax Building Society, the London Borough of Ealing and the Notting Hill Housing Trust to provide housing for up to 1000 homeless people.

The £27m development – on land formerly used as a railway goods yard – attracted the largest index-linked loan ever made by the Halifax to finance an individual scheme.

The development will provide 256 new houses and apartments to be rented to families on Ealing's council house waiting list from as little as £20 a week.



The £10m Doña Lola beach front complex near Marbella is Barratt's ninth leisure resort.

Doña Lola has 130 luxury apartments in a magnificent landscaped setting leading down to the sea.

In common with all Barratt leisure resorts, Doña Lola will provide a wide range of recreation amenities for the exclusive use of apartment owners contained in a £1m leisure centre offering a swimming pool, restaurant, gymnasium, saunas and sports facilities.

Expansion in Europe

Chairman's Statement

Further sound progress was made during year ended 30th June 1987 in restoring Group profitability. Group pre-tax profit increased from £25m to £39m with pre-tax margins increasing to over 9% in line with our recovery plan for a restoration of margins in excess of 10%. Earnings per share improved from 9.9p to 15.2p. In the light of these results your board is recommending a 10% increase on the dividend to shareholders.

It is very encouraging to see the benefits now flowing through from the major restructuring of Group activities, which your board felt was essential to implement three years ago in the interests of the Group's medium and long term future.

Whilst reported Group turnover showed a small reduction during the year, this was accounted for in our U.S.A. trading where one of our large housing developments was carried out through a joint venture, coupled with reduced land sales as a consequence of our decreased activity in land development. Turnover in the U.K. actually increased during the year notwithstanding reduced completions of house sales. These reductions were brought about principally by the restriction on land purchases in the recent past, which policy was necessary at that time in order to effect major reduction of debt, and secondly, by some planning delays experienced. Substantial land purchases have, however, been made in the last twelve months and I firmly believe the reduction in U.K. housing volume experienced by the Group over the past four years has now been halted and volume will increase.

Being a fully national builder in the U.K., we continue to experience the disparities between the regions. Although London and the South East of England remain our strongest market, a slight strengthening of demand is being experienced in the Midlands and parts of the North of England. In Scotland the whole market has deteriorated further but following our restructuring there within the past year we would anticipate an improvement in the performance of our Scottish subsidiary.

Our policy of changing product mix to reduce first time buyer proportion to only 30% is continuing and whilst this segment of the market accounted for 36% of our

throughput for the whole year, in the latter part of the year our target of 30% was achieved. This policy brought about an increase in our average selling price which exceeded £46,000 compared to £37,000 a year ago. Demand for our range of Premier Collection houses is gaining momentum within a wide price range up to £600,000 and we shall certainly benefit in volume sales as our recent land purchases move through to development.

We are achieving sound progress in embarking on an increasing number of partnership developments to provide mixed tenure housing and in conjunction with local authority and housing association partners we will be providing an increasing number of houses for rent, for shared ownership and for subsidised sale to local authority nominees. We have a major commitment to residential activity in the inner cities embracing not only the recycling of derelict buildings and vacant sites into new housing, but also in the refurbishment of public sector housing and conversion of existing structures into residential apartments. Our expertise in urban regeneration which has been built up over the last decade is unrivalled throughout the industry. These activities should increase with the government focus now directed to improving the environment and the quality of housing in our inner cities and also to achieving an increasing number of houses to rent. An example of the potential available in this area of activity was the announcement we made in March last for the provision of 256 houses for rent in Ealing which comprised a £27m partnership development between Barratt, the London Borough of Ealing, Notting Hill Housing Association and the Halifax Building Society.

Useful progress was also made by our U.S.A. Division where pre-tax profits were more than doubled to over £4m. These results reflected the benefits of our changing product mix and our greater emphasis on second time and subsequent buyers in pursuit of our policy to achieve half our sales from this market segment. We have successfully introduced our Premier Collection concept into California and our current price range now extends through to \$400,000. Our land purchases in California have also been increased during the year, all concentrated

in areas of Southern California. This is now well established and contributing to our activities.

Our success in these areas over the last nine years has been a major factor in the present position of our existing resorts worldwide. In Spain, for example, the complex developments we have made are a further example of our Scottish subsidiary, Barratt North, continuing to develop.

Good property investment is letting our developments pay for themselves and reviews of income. Underway in our other areas, our Company is profitable in the sector of

The strong, vibrant, and growing market. We enjoy the benefits and are of any doubt arise.

Our and reported turnover trading number release, improve work of offices to structure complete not achieved should return

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in areas of high demand throughout Southern California. Our U.S.A. Division is now well placed to make a sound contribution to future Group trading activities.

Our Leisure Property Division had a successful year with strong demand from our timeshare purchasers experienced at all nine leisure resorts. We continued to invest in the provision of increased amenities in our existing leisure resorts and two new resorts were purchased during the year. In Spain a further beachfront resort complex close to Marbella for 168 apartments was acquired and we also acquired a further existing resort for 50 lodges in the Scottish Highlands close to Aviemore. Barratt Multi-Ownership & Hotels continues to be Europe's largest timeshare developer with over 17,000 owners.

Good progress was made by our Property Investment Division in the letting of commercial and industrial developments, which together with rent reviews produced much improved rental income. No developments are currently underway and none are anticipated this year other than possible trading situations. Our Contracting Division also operated profitably during the year in a difficult sector of the industry.

The balance sheet continues to be strong, with net debt at £28m, representing a gearing level of 12% at 30th June. We enjoy the total support of our bankers and are in a position to take advantage of any development opportunities which arise.

Our internal management accounts and reports show increases in units, turnover and profit in the first quarter's trading compared to last year. With a number of new sites yet to come on to sales release, I believe that the rate of this improvement should increase. Our network of subsidiary companies and regional offices throughout the U.K. is now structured to produce 10,000 housing completions each year and, while we will not achieve that number this year, we should make some progress towards returning to this level.

Subject only to stability of interest rates, I fully anticipate our recovery, which has taken place over the past two years, will continue and in the current year we shall



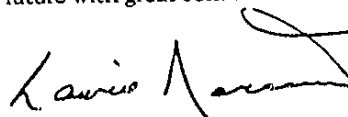
gain further benefits from the inherent strengths now existing throughout the Group.

Earlier this month I announced some senior management changes affecting Main Board Directors effective from 1st January 1988 when my own role as Chairman and Managing Director changes. I was pleased to announce that Mr. J.S.R. Swanson is to become Group Managing Director whilst I will continue as Executive Chairman. John Swanson joined the Group in 1972 as a director of our Scottish subsidiary and has been a Main Board Director since 1979. He will be of great support in managing the Group and the expansion in our activities which will take place.

My two colleagues, Mr. A.F. Rawson and Mr. T. Van Ree are both retiring on 31st December next after many years of loyal service. I would like to express my thanks to them both for their great efforts and wish them well in their retirement.

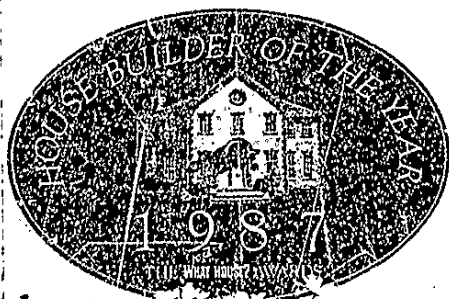
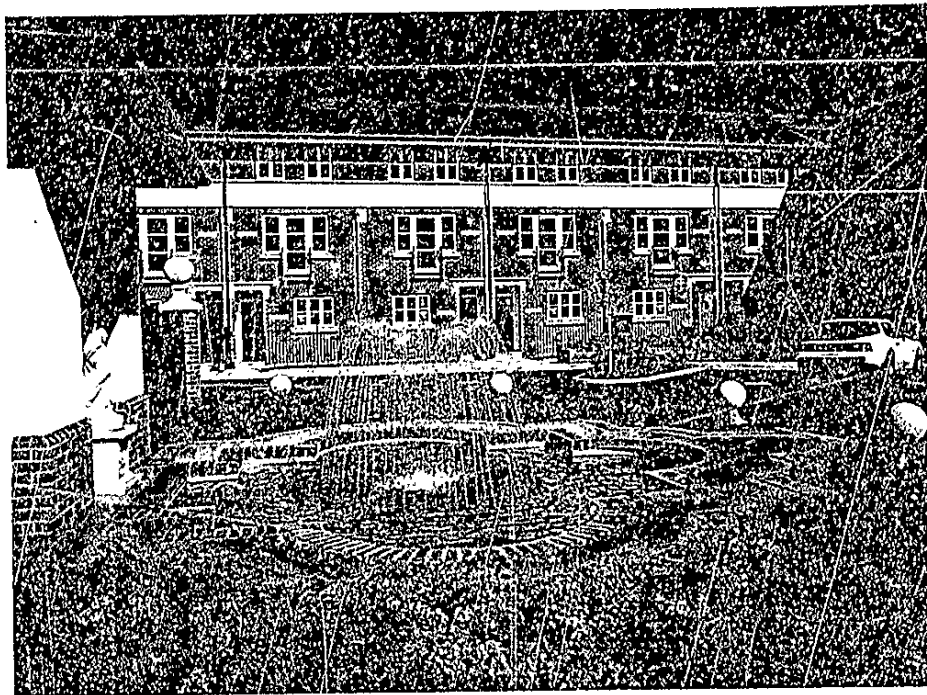
Two of our very successful subsidiary Managing Directors, Mr. F. Eaton and Mr. M.D. Pattinson are to be appointed to the Main Board from 1st January. Both are very experienced in the industry and I have every confidence in this changed team.

My colleagues throughout the Group have worked hard to bring about our improvements achieved in the year; we have a strong team in being and face the future with great confidence.


Sir Lawrie Barratt

Housebuilder of the Year

Striking architectural details and landscaping features are a hallmark of Barratt developments.



Consistent quality has earned Barratt every major award in the British housebuilding industry in recent years and during the past 12 months the Group has added to its impressive tally.

QUALITY: The Group again won the "Housebuilder of the Year" award presented by the influential magazine "What House?," whose judges commented: "Barratt cannot be faulted on any aspect of service. Their range of choice, prices, locations and excellent customer service...ensure continued success and acclaim."

Barratt also won the magazine's "Best Luxury Development" in Britain award.

In the annual "Pride In The Job" campaign run by the National House Building Council Barratt site supervisor Ian Ingram was judged the best builder in Scotland.

SERVICE: The quality demanded by discerning house purchasers today extends to more than just design and

construction. After-sales service provided by the builder must also match 1980's standards.

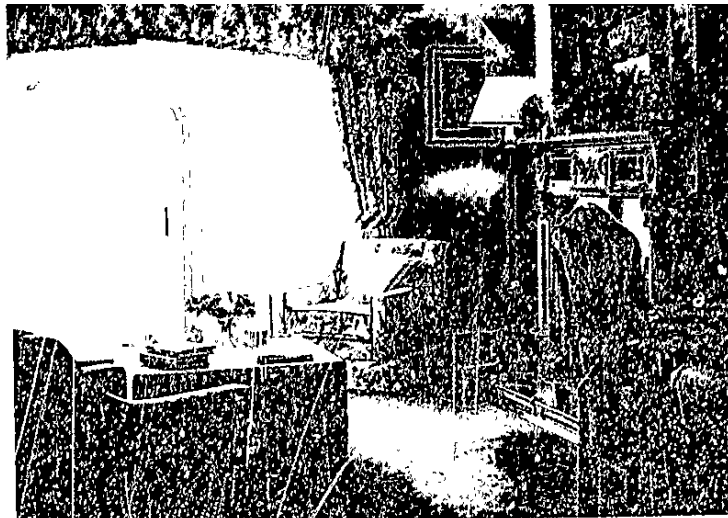
Barratt's determination to meet those standards was recognised by a third successive award for customer service in an annual nationwide competition organised by the New Homes Marketing Board and the Daily Express.

DESIGN: Barratt's increasing commitment to enhanced design standards and higher levels of specifications was illustrated by its sponsorship of the major international 'House For Today' competition – aimed at encouraging innovation in housing design – which attracted over 250 entries from 20 countries.

ENVIRONMENT: The Group continued to support the Keep Britain Tidy Group as principal sponsor of its annual Beautiful Britain in Bloom campaign.



A sitting room adorned with a marble fireplace and waxed pine mantel.



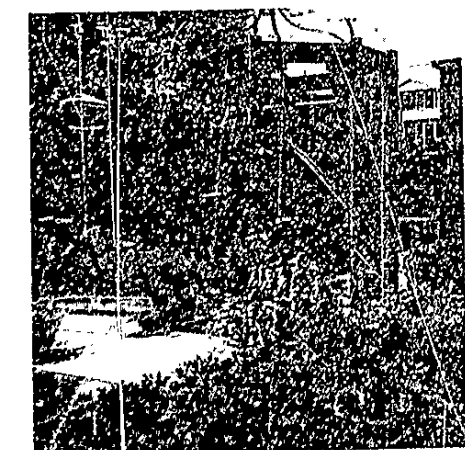
A feature window framed and enhanced by designer fabrics.



A luxurious, fully equipped breakfasting kitchen.

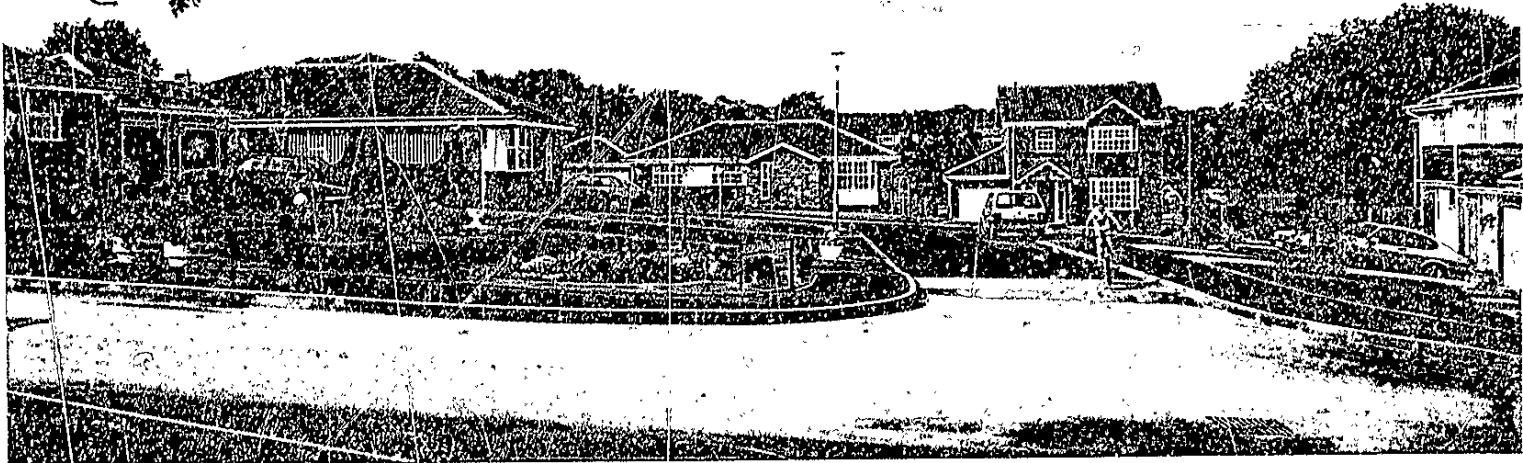
Elegant houses with classical facades, ornamental balconies and railings, form this stunning new development at Hurlingham Square, off the King's Road, Fulham, London.

The attractively landscaped entrance to Hurlingham Square.





Satisfying Housing Demand



Stylish family housing from the Premier Collection.

The pillar of Barratt Group activities remains private house-building and through its Premier Collection of properties Barratt offers the widest choice of quality house styles and locations in the UK today.

There are over 60 different house types in the Premier Collection, catering for all sections of the house-buying public: first-time buyers, growing families, executives on the move and the retired.

These innovative house styles are now being built on virtually all developments throughout Britain at prices ranging from around £25,000 to £600,000. All share the same quality of construction and attention to detail.

The Premier Collection was launched in 1985 after Barratt conducted a total review of the housing market by asking housebuyers themselves what they wanted in a modern house.

Barratt views product development as a continuous process and consequently each year every house style is reviewed and updated by Group architects which results in extra choice, extra features and extra quality in design, construction and finish.



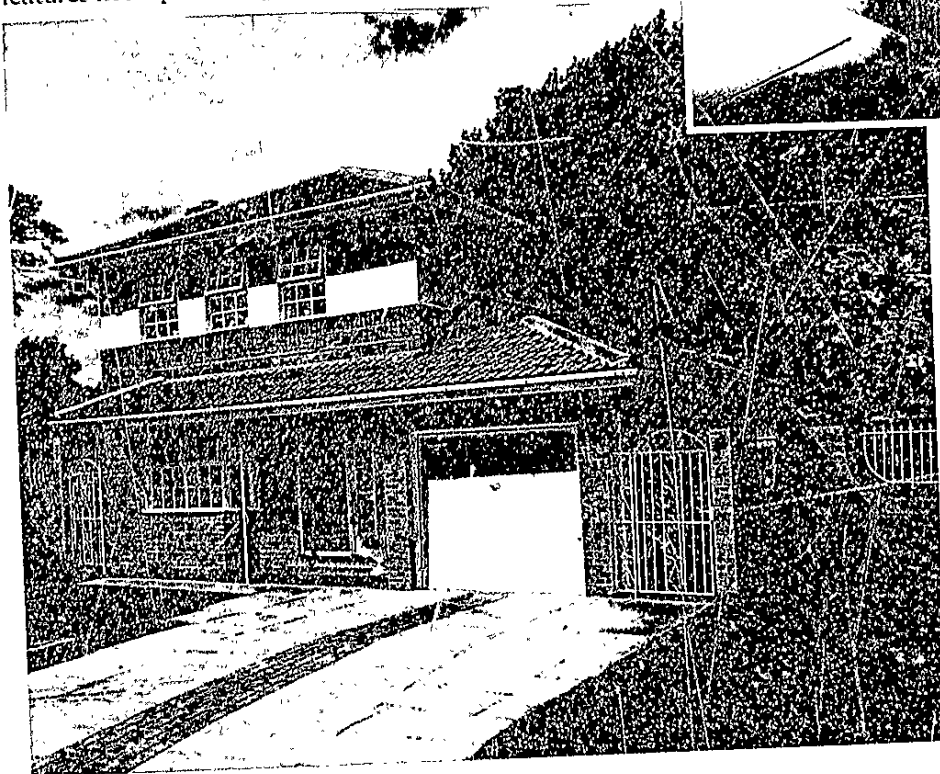
The design of the Shelley house style provides four bedroom accommodation with the flexibility of an additional study/bedroom.

The concept of the Premier Collection was to create a totally new range of individually designed, traditionally built properties to meet the demands of discerning homebuyers.

Barratt architects and designers were briefed to raise standards, increase specifications and heighten architectural details. The result was more space, more style and more features in all price ranges.

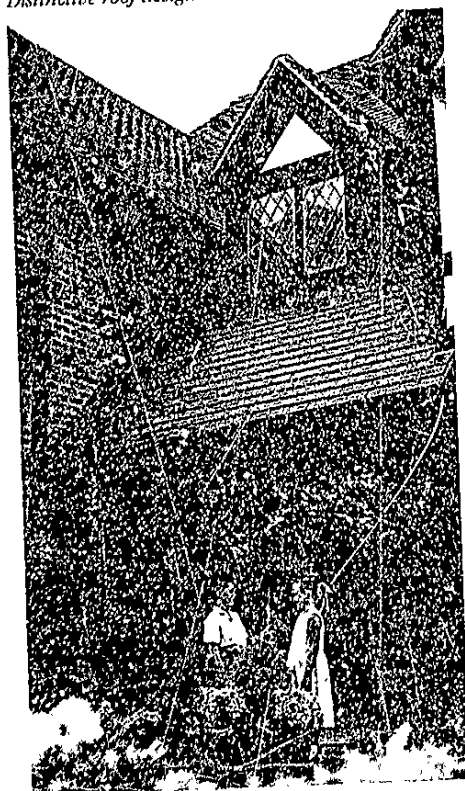


A spacious master bedroom with luxury en suite bathroom.

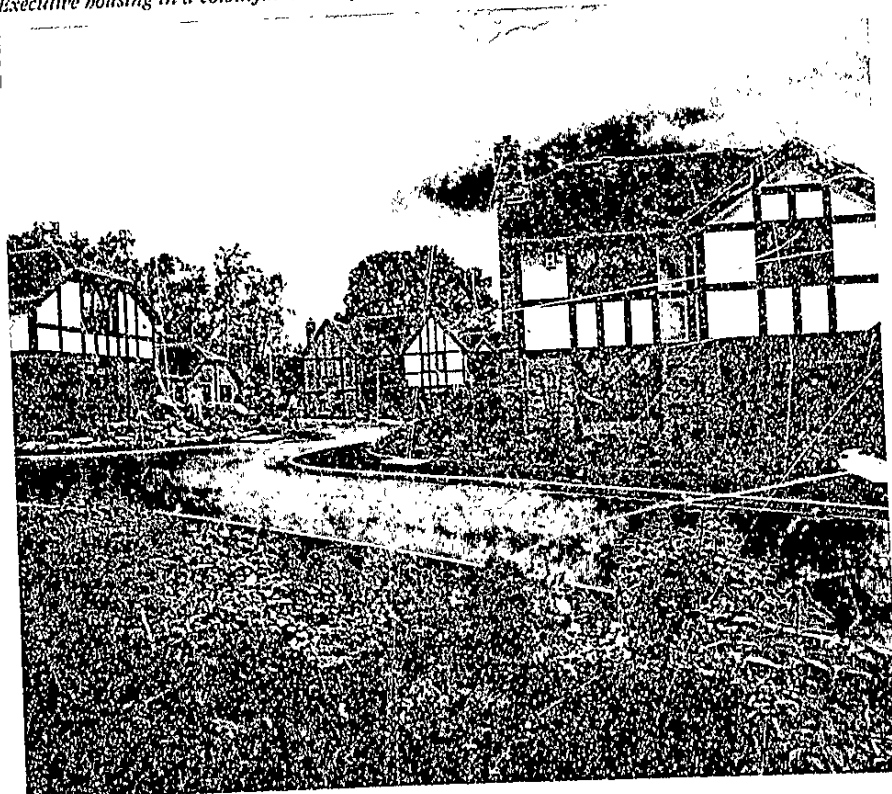


The spacious four bedroom, two bathroom detached Russell house style for growing families.

Distinctive roof design.



Executive housing in a colourful landscaped setting.





An elegant dining room with partially-glazed cathedral ceiling.

All Premier Collection house styles have three alternative exterior treatments to offer a variety of styles, while inside skilful design layouts ensure maximum living space.

Ergonomically-designed kitchens house the latest appliances and attractive bathrooms feature quality fittings, while the latest heating technology and high standards of thermal insulation provide fuel savings.

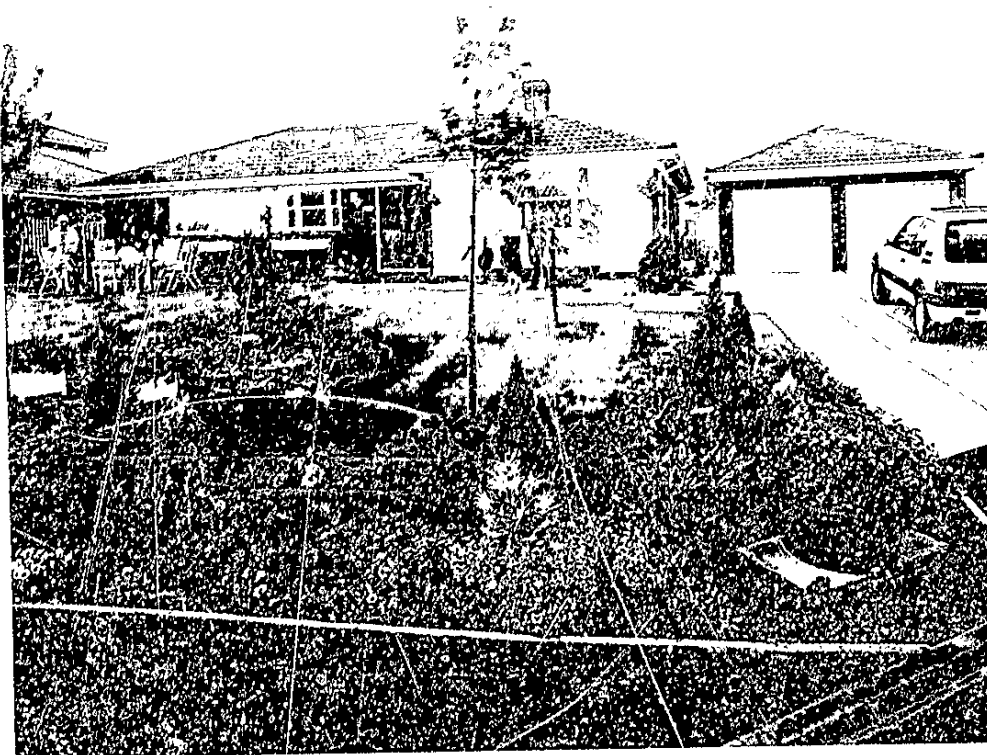
Practical and stylish features such as laundry rooms and en-suite bathrooms have been introduced into even more properties. At the pinnacle of the Premier Collection house styles now include conservatories, billiard rooms, circular whirlpool baths and saunas.



The Chesterton house style at Tudor Lawns Leigh Sinton, Worcs. complements the natural beauty of its setting.



A spacious kitchen with convenient breakfast bar.



*A Westbury House for the future
Presented at the Washington
International Fair*

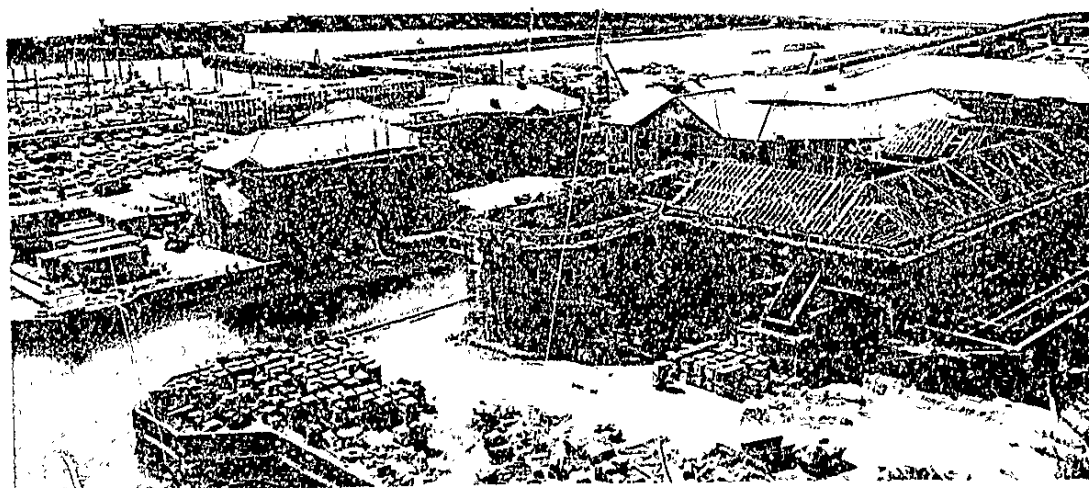
*The impressive four
bedroom Queensbury house
style at Claremont Park,
Hallatrow, Avon.*



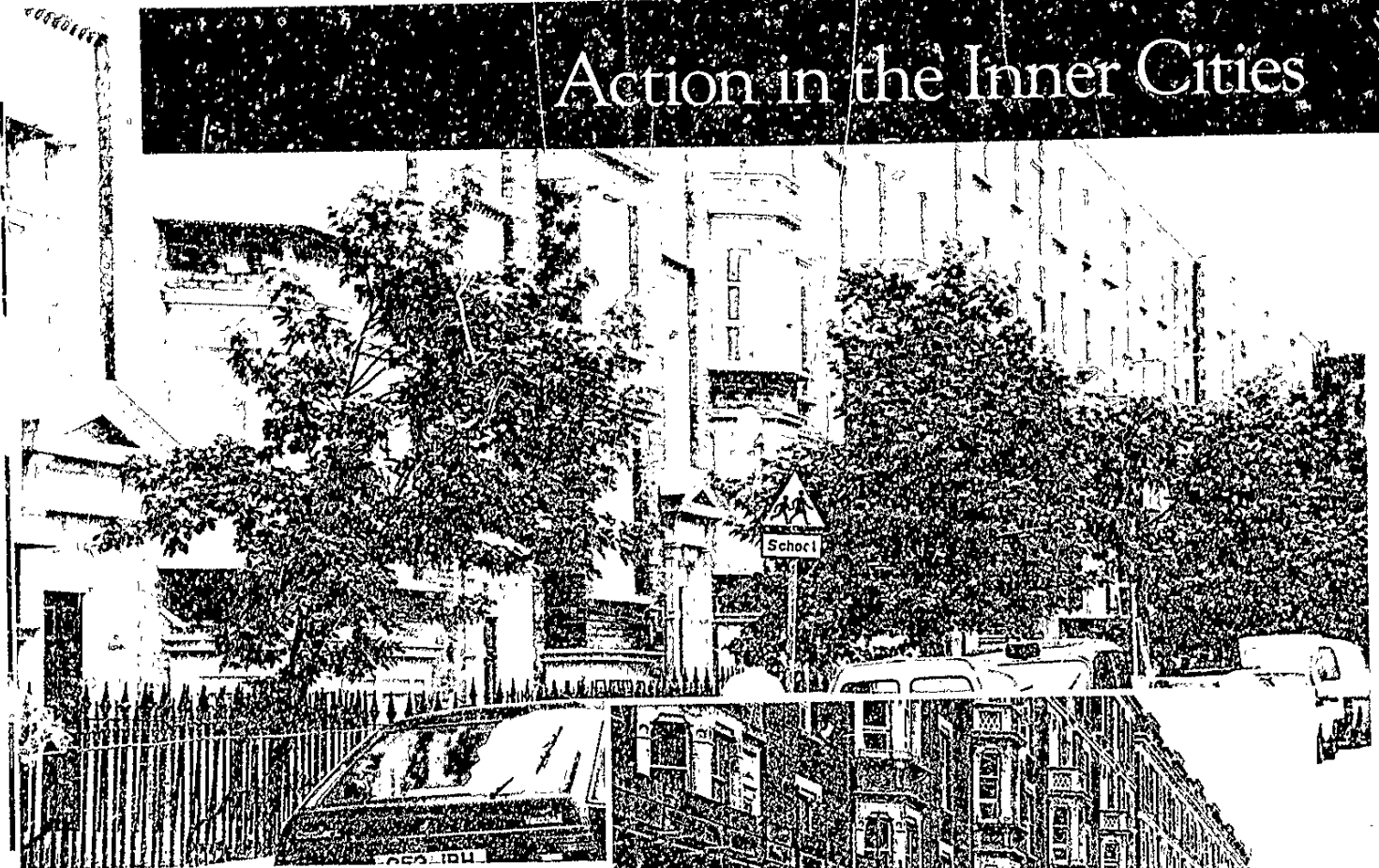
*This attractive courtyard retirement
development at Basingstoke, offers a
choice of property styles providing
easy to manage housing that offers
security and independence.*



*In a visionary £170 million project
at Brighton, Barratt is building
800 luxury residential properties.
The development, in partnership
with Brent Walker PLC, is part of an
exciting new marina village which
will be one of Europe's most
impressive sailing and leisure
resorts. The complex will include
extensive hotel, restaurant and
shopping facilities.*



Action in the Inner Cities



The Waterlow, Bethnal Green – a £25m partnership project with the London Borough of Tower Hamlets, St. George's Housing Association and leading building societies. Providing 362 modern apartments for fair rent, shared ownership, subsidised sale to local authority nominees and direct sale. Additionally new sheltered housing is being created for rent for the elderly.

Skilful restoration work has preserved the individual character of 100 year old buildings at The Waterlow, Bethnal Green.

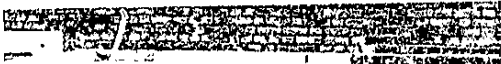


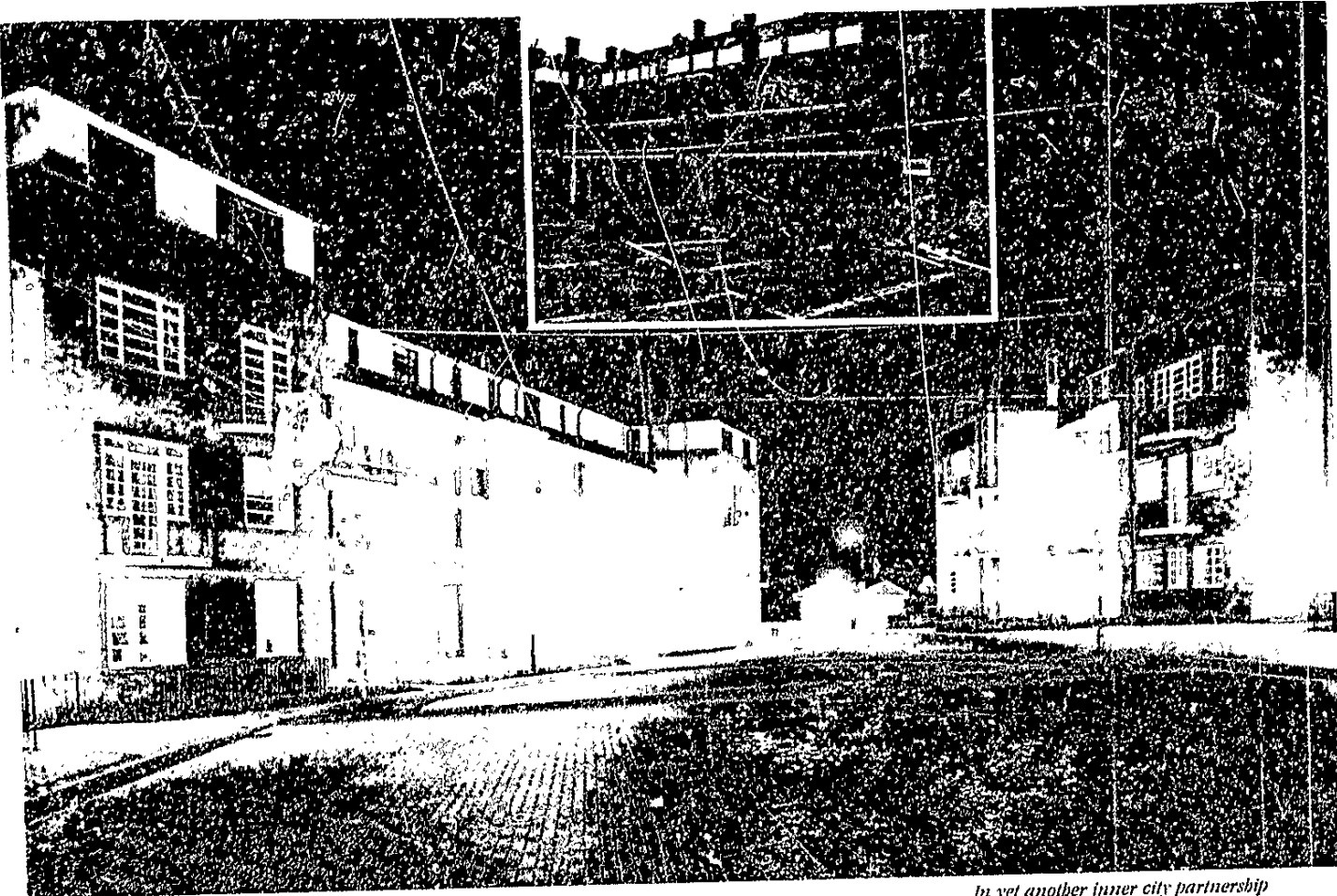
Poor housing conditions undoubtedly lie at the heart of the urgent problems facing Britain's inner cities today. The challenge of transforming run-down urban areas is enormous and the solution is often through partnership ventures.

Barratt was the first major house-builder to tackle urban renewal on a large scale and is currently committing over half of its total production to the inner cities. Through joint ventures with local authorities, central government, housing associations, building societies and other bodies, modern secure homes are being created for mixed tenure: for rent, for sale through shared ownership, at fixed price discounts or at affordable prices. In many instances, refurbishment of run-down council properties is providing affordable modern housing in place of dilapidation, often at around two-thirds the cost of new-build.



His Royal Highness, The Prince of Wales, with Barratt Group chairman, Sir Lawrie Barratt, during a visit to The Waterlow, Bethnal Green, in March, 1987.





In yet another inner city partnership housing project, Barratt joined forces with the London Docklands Development Corporation, the South London Family Housing Association and the Crystal Palace Housing Association to transform a notorious vandalised council estate.

The project at Acorn Walk, Rotherhithe involved refurbishing the three-acre estate of flats to create 111 modernised apartments for sale, shared ownership and fair rent.



Easterhouse, Glasgow. In partnership with Glasgow District Council Barratt have begun to revitalise the largest public sector housing estate in Europe. The scheme will provide 179 apartments for low cost purchase and fair rent.



Recycling Resources

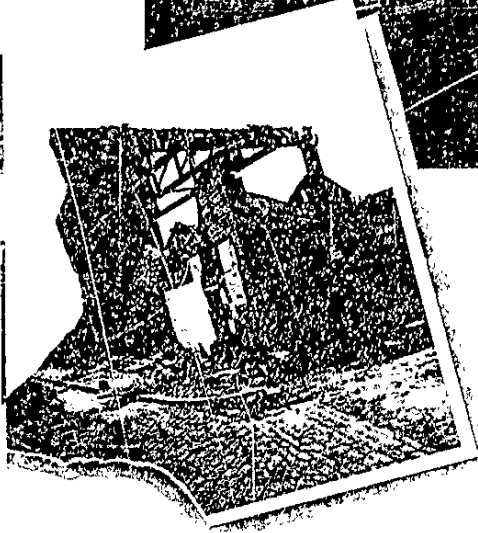
By recycling disused – but valuable – resources such as land and buildings for new housing developments, partnership projects in towns and cities are transforming old docksides, factories, railway yards and slum clearance areas. In place of dereliction, innovative conversion and new build schemes are providing modern homes at a variety of locations around the UK.

Each location poses distinct problems but Barratt expertise ensures a wide choice of options to achieve a specific, tailor-made solution.

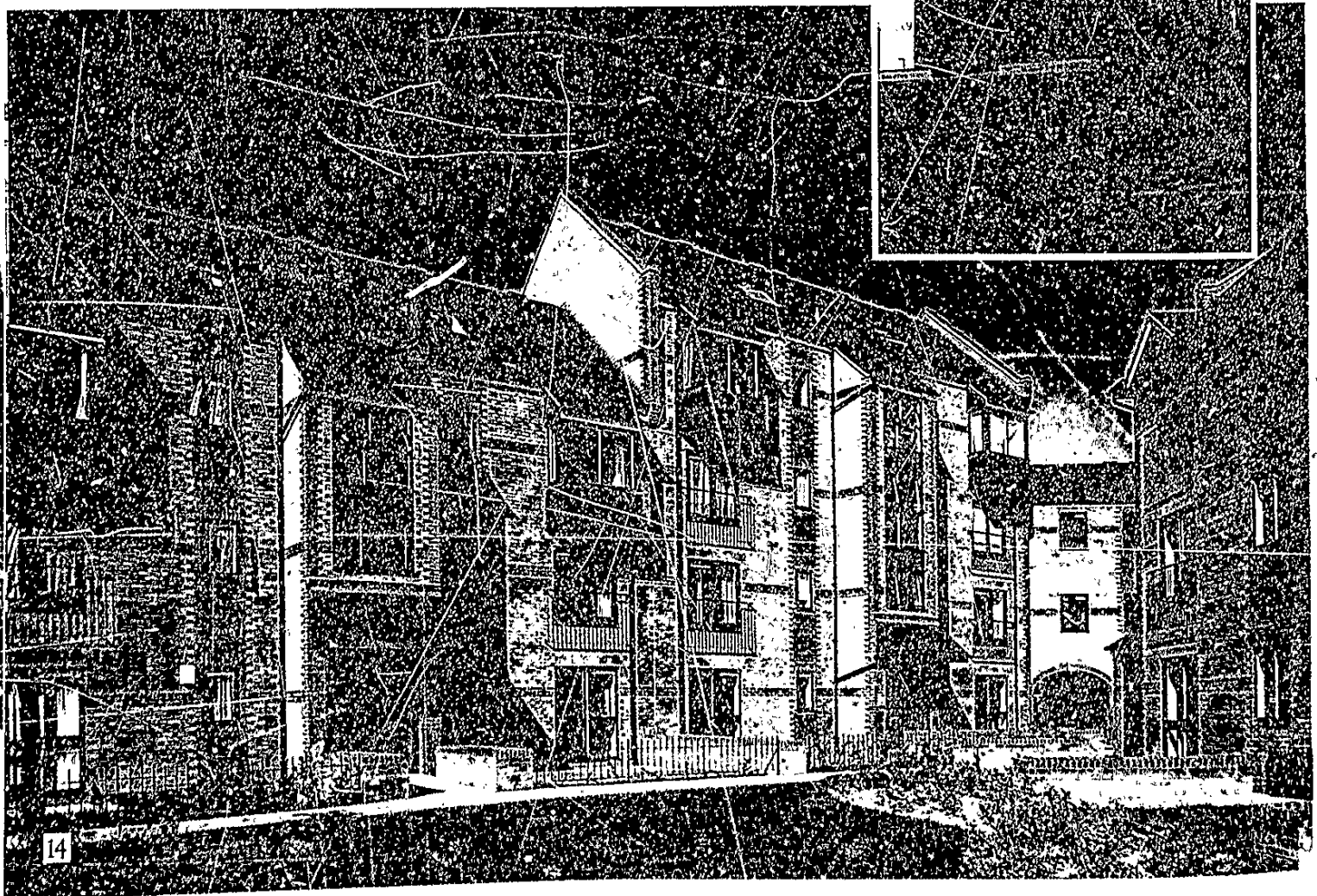
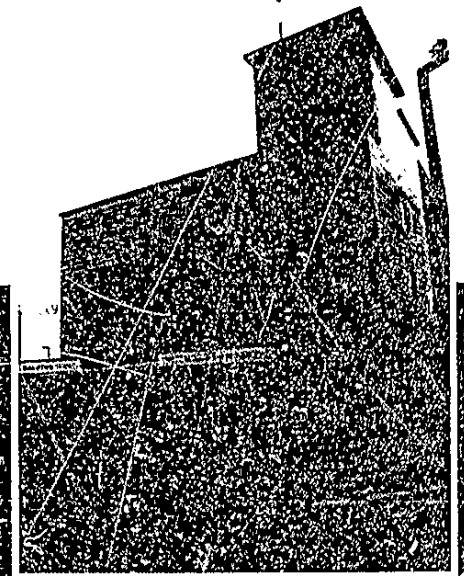
Barratt involvement in recycling developments can range from purely providing technical and building skills to overall responsibility including purchase, design and marketing.

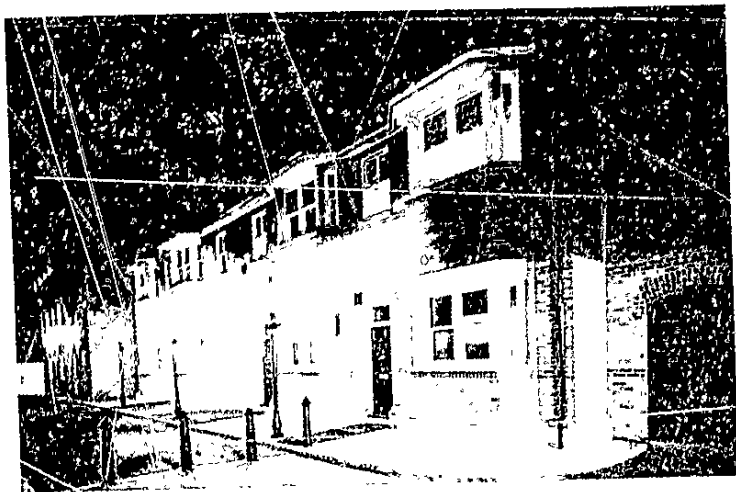


This Barratt scheme of 73 four-bedroom town houses at the Quayside, Wapping, won a design and build competition organised by the London Docklands Development Corporation to develop a 2.6 acre site originally occupied by warehouses. The site enjoys a splendid waterside location and is bordered on two sides by the original wall of the old London Docks – a listed structure.

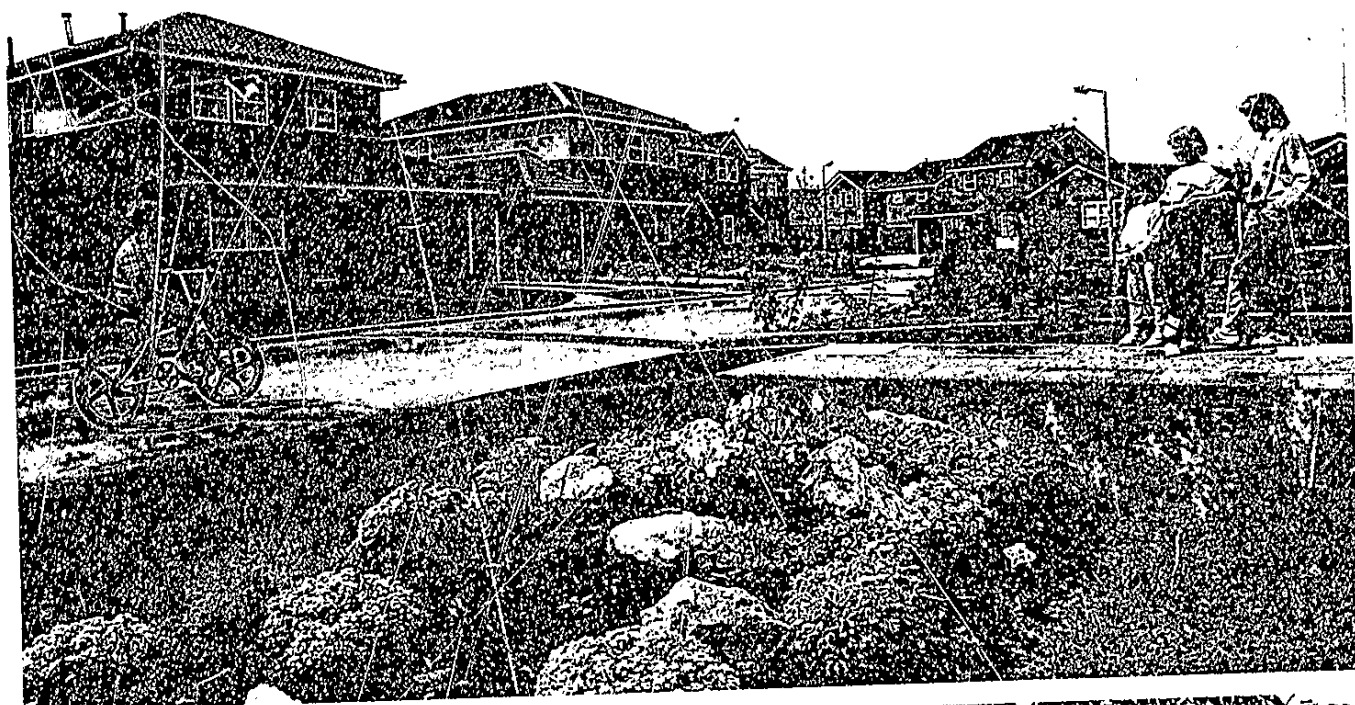
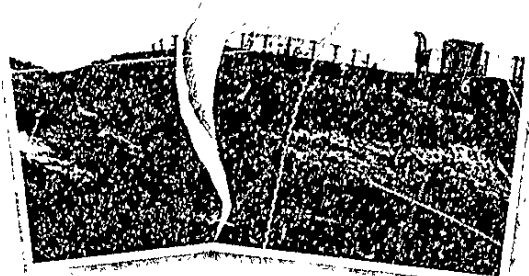


On a site formerly occupied by a cinema, De Beauvoir Place, Dalston, London, is a courtyard style development of sheltered housing and private apartments enjoying a secluded communal landscaped garden. The project was undertaken in partnership with the Park Housing Association.

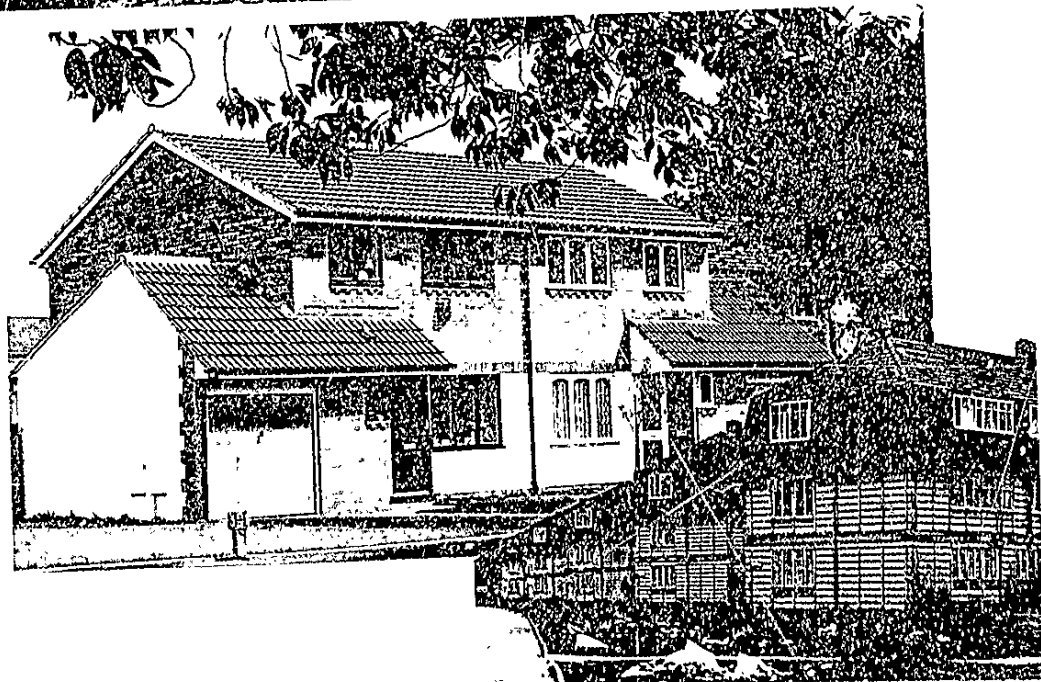




These modern flats and apartments at Bridenell Place in London's Dockland area are built on recycled land once occupied by a soap factory. Bridenell Place adjoins the other Barratt schemes which have converted disused warehouses into apartments. The developments, which provide a total of 189 homes, represent a £20 million investment in the area by Barratt.



Barratt expertise turned two former Water Board storage reservoirs into a stylish housing development at Prestwich Hills, Manchester. The 20 acre elevated site enjoys a rural setting and commands spectacular views yet is close to the city centre. The development includes a wide range of three and four bedroom detached houses and bungalows from the Barratt Premier Collection.



Once a notorious problem housing estate, this area at Llanrumney, Cardiff, was cleared of derelict flats and sold to Barratt by South Glamorgan County Council. It now provides affordable new homes for young families.

Property Investment

The property market is a complex one, and it is essential for investors to have a good understanding of the market before they invest. The market is influenced by a number of factors, including the economy, interest rates, and the availability of properties. Investors should also consider the location of the property and the potential for future development. The market is a dynamic one, and it is important to stay up-to-date on the latest news and trends.

Limfords is a new development in Glasgow, Scotland. It is a modern building with a glass facade and a sign that reads 'LIMFORDS'. The building is located in a prime location and is a great investment opportunity.

Limfords, Baird Street, Glasgow
A recently completed 57,000 sq ft whole-site warehouse, leased to the L&E Corporation.

At present, the development is a high-level, modern building, which is a great investment opportunity. The building is located in a prime location and is a great investment opportunity.

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Property Investment

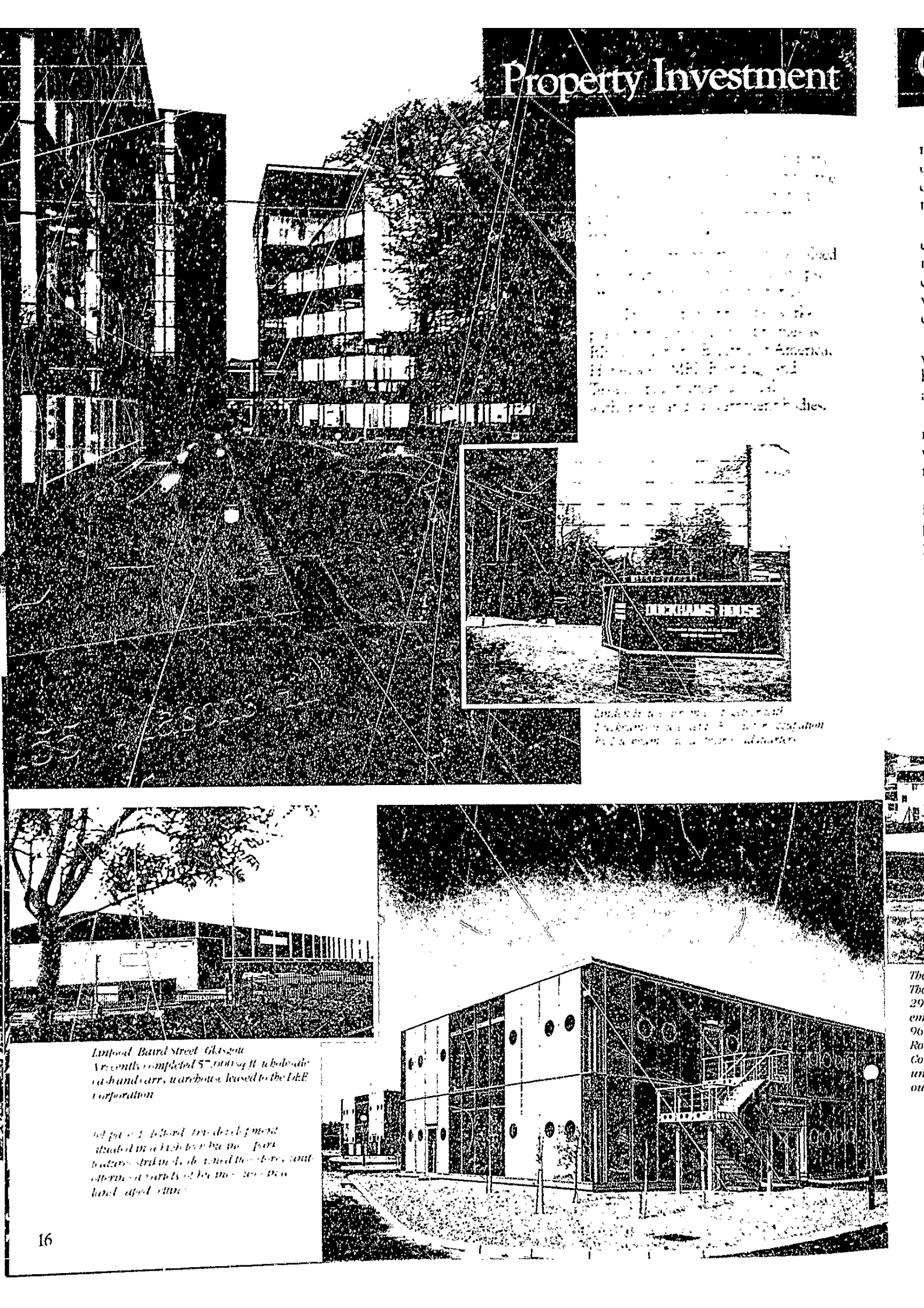
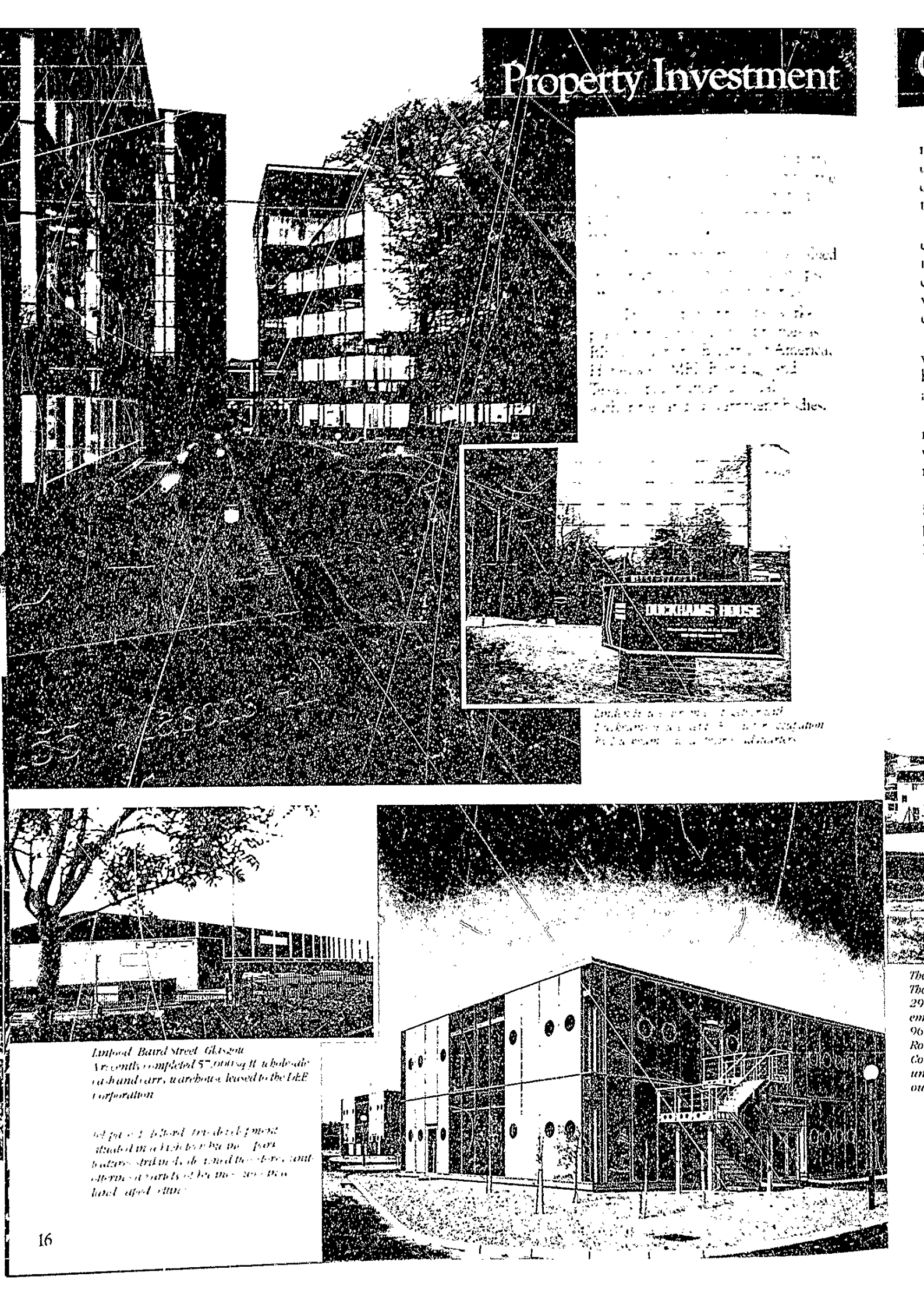
The property market is a complex one, and it is essential for investors to have a good understanding of the market in order to make informed decisions. The market is influenced by a number of factors, including the economy, interest rates, and the availability of financing. Investors should also consider the location of the property, the quality of the building, and the potential for future development. The market is constantly changing, and it is important to stay up-to-date on the latest trends and developments.

Limford is a prime location for industrial and commercial development. The area is well-served by transport links and has a high potential for future growth.

Limford Baird Street Glasgow
Recently completed 57,000 sq ft whole-site warehouse, leased to the L&E Corporation

Limford is a prime location for industrial and commercial development. The area is well-served by transport links and has a high potential for future growth.

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Property Investment

The property market is a complex one, and it is essential for investors to have a good understanding of the market before they invest. The market is influenced by a number of factors, including the economy, interest rates, and the availability of property. It is important to research the market thoroughly and to consult with a professional adviser before making any investment decisions.

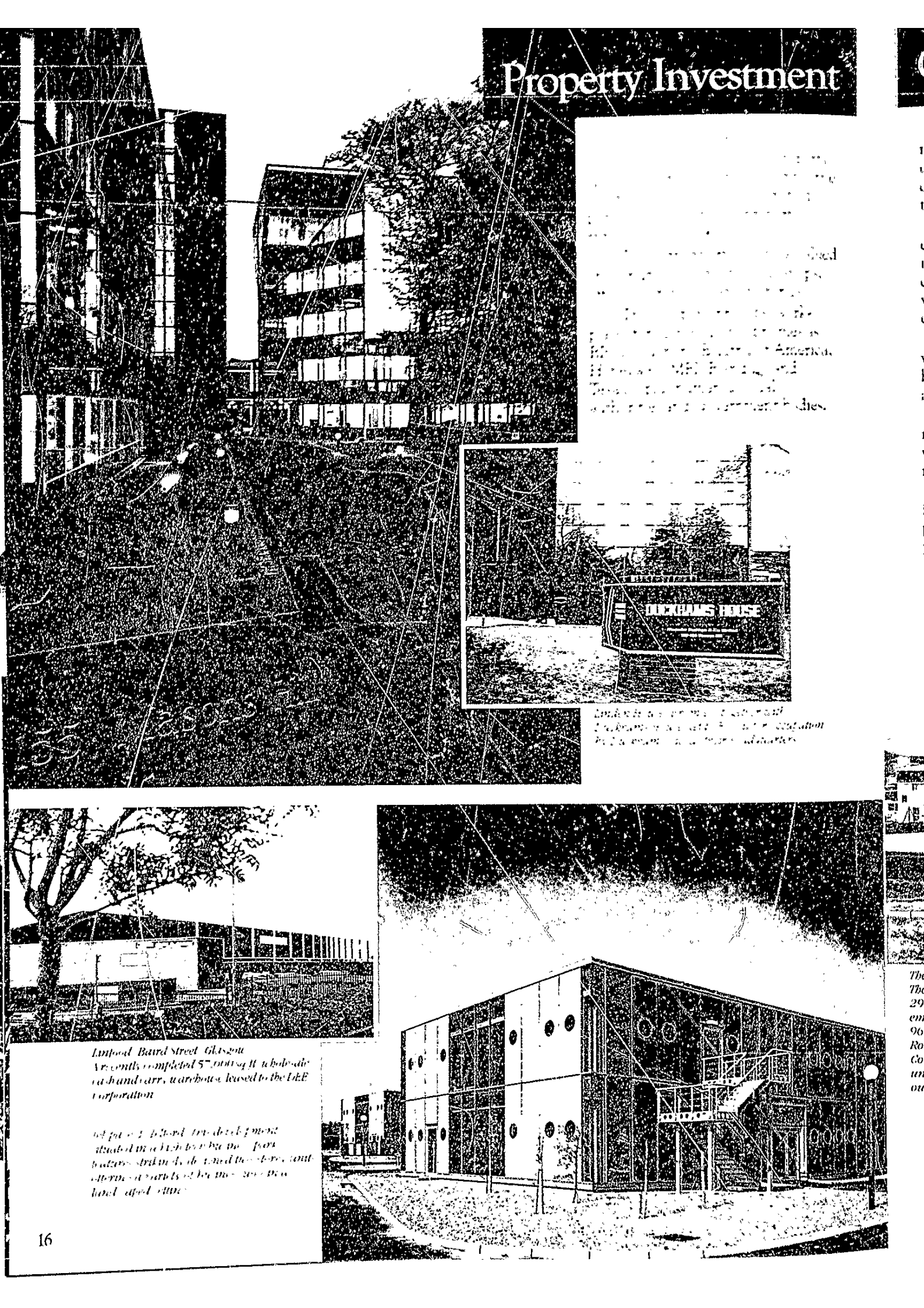
Dickens House, a fine example of Victorian architecture, is a popular tourist attraction.

Linford Baird Street, Glasgow
A recently completed 57,000 sq ft whole-sale cash and carry warehouse leased to the L&E Corporation.

Set on a 2.5 hectare development situated in a high traffic area, from business district, the new warehouse offers a variety of facilities and a modern layout.

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Property Investment

The property market is a complex one, and it is essential for investors to have a good understanding of the market in order to make a successful investment. The market is influenced by a number of factors, including the economy, interest rates, and the availability of properties. It is important to research the market thoroughly before making any investment decisions.

Limfords House, Glasgow
Dickens House, Glasgow
Limfords House, Glasgow

Limfords House, Glasgow
Recently completed 57,000 sq ft whole-
sale warehouse, leased to the L&E
Corporation

Limfords House, Glasgow
The development is a high-quality, modern
warehouse, built to the highest standards
and designed to meet the needs of the
local market.

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Construction

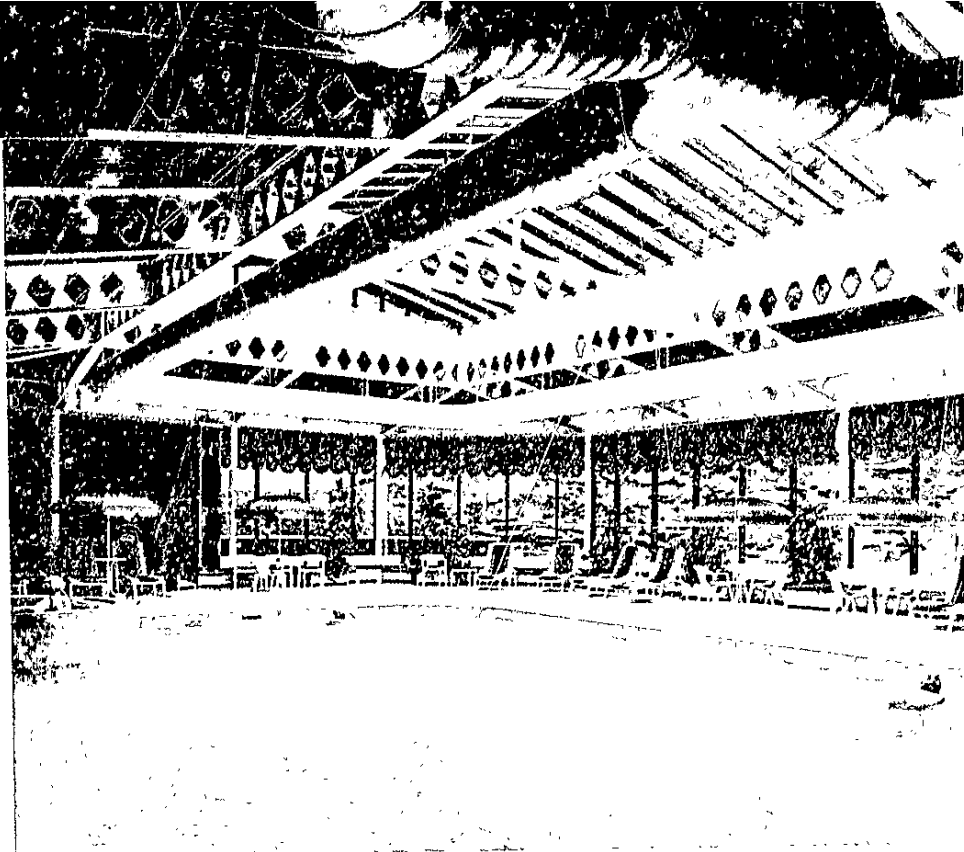
Barratt Construction is responsible for building and civil engineering contracts and offers a complete construction service throughout the UK.

The company can offer both experience and expertise in this increasingly competitive field and is currently involved in many new and varied contracts, gained either by competitive tender or by negotiation.

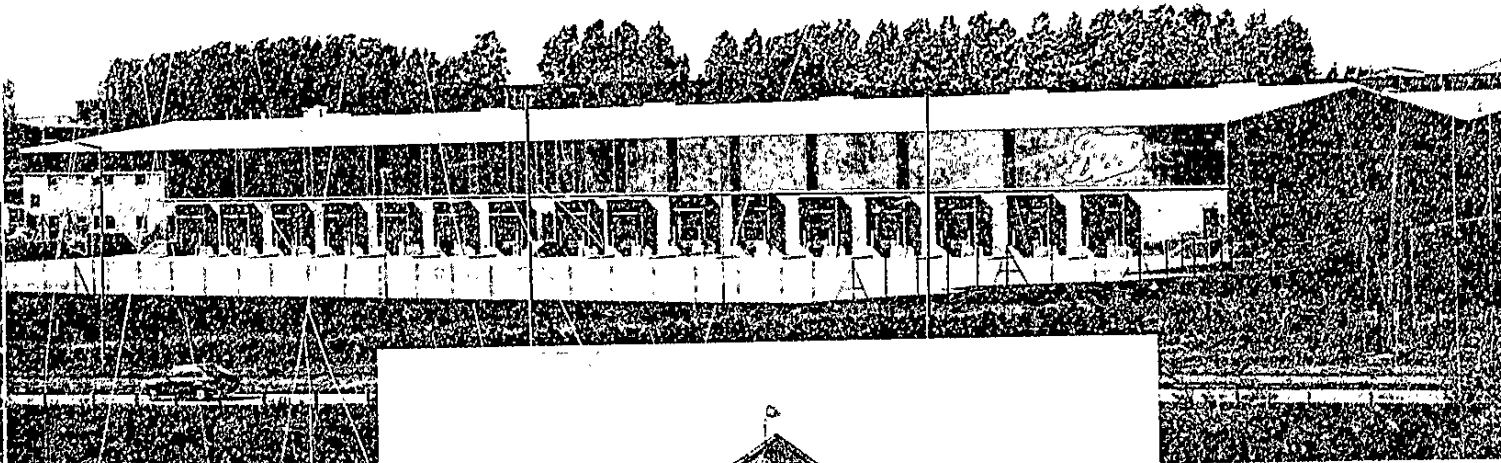
Recent projects include warehouses, offices, shops, schools, hotels, hospitals and leisure centres for a variety of clients.

Civil engineering expertise covers roads, sewers, sewage purification works, water supply schemes and reservoirs.

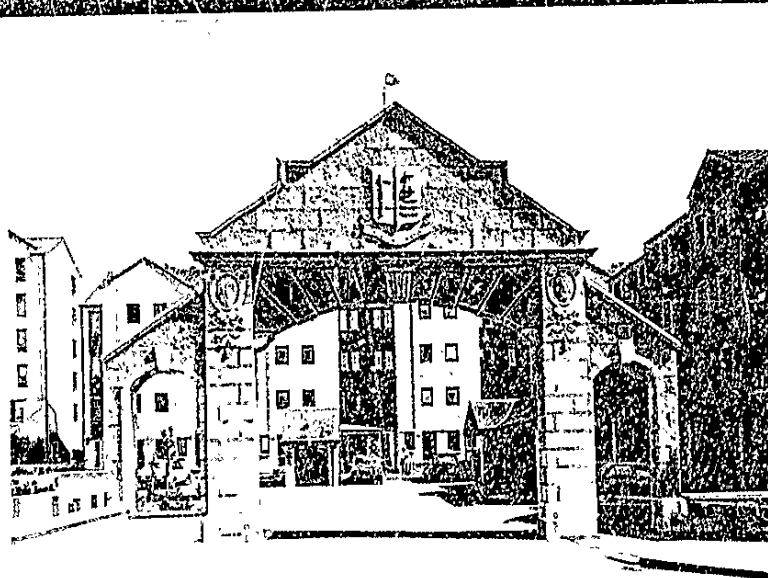
Barratt Construction is also involved in many inner-city partnership projects with public and private bodies.



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



The Boots Company PLC, Coatbridge: The project involved moving 29,000 tons of soil and a railway embankment to provide this 96,000 sq.ft. new Common Stock Room for Boots. Barratt Construction have also undertaken the extensive fitting out contract.



Hutcheon Street, Aberdeen: This major project involved the building of 155 apartments for the Langslane Housing Association.

Leisure Property

United Kingdom

Barratt pioneered the timeshare holiday concept in Britain in 1975 and continued to expand its home based resorts - including Elmers Court, Hampshire, and Plas Talgarth, Snowdonia - with the recent acquisitions of the fourth new Scottish leisure complex at Lochanbully in the Spey Valley and the Cairngorm Hotel, Aviemore.

Lochanbully enjoys a beautiful lakeside setting and offers varied leisure facilities.

These acquisitions have strengthened the Group's investment in the Scottish Highlands and widened the range of leisure activities available to Barratt timeshare owners within their existing resort at Dalhaby.

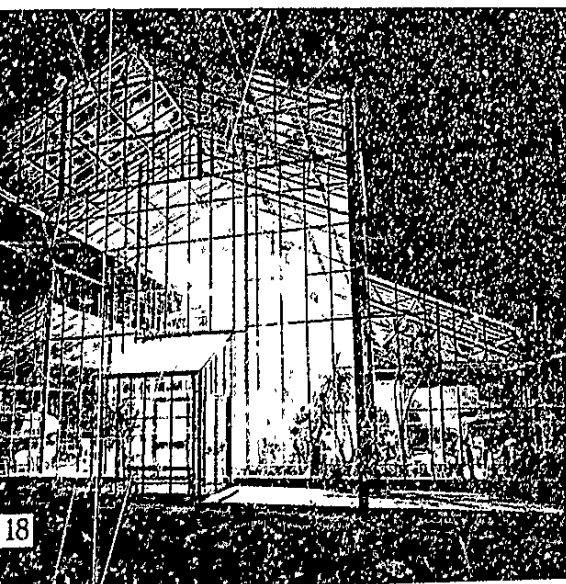
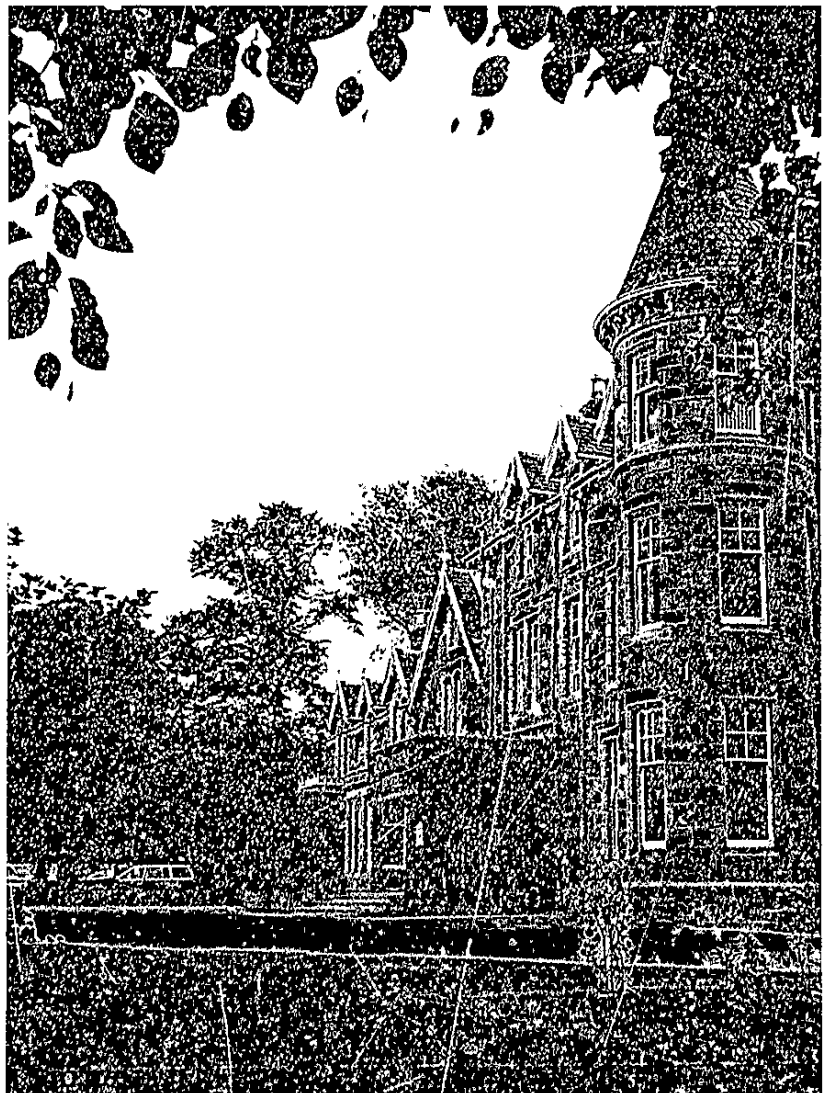


Luxury accommodation in traditional log cabins at Lochanbully.



Sports and leisure facilities around Lochanbully and Aviemore.

The Cairngorm Hotel, Aviemore together with a Spanish exhibition centre located within the hotel grounds.





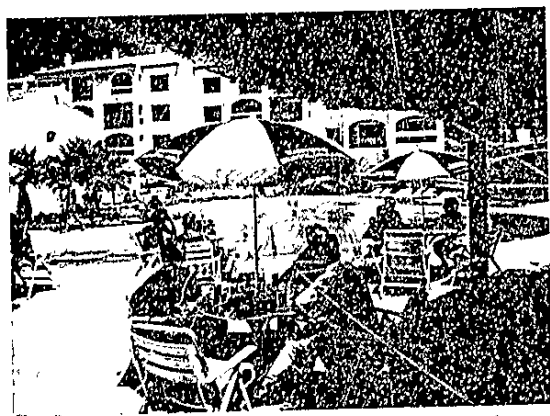
The magnificent Leila Playa holiday village, close to Marbella.

Europe

Today Barratt Multi Ownership & Hotels Ltd is Europe's largest timeshare developer with over 17,000 owners.

Following the success of its overseas leisure resorts at Villacana and Leila Playa, Barratt has now opened a third resort, also close to Marbella.

Doña Lola, a £10m complex is the largest of Barratt's nine leisure resorts, and owners can enjoy a splendid beachfront location, beautiful gardens and a wide range of leisure activities.



The beachside pool and restaurant at Doña Lola.

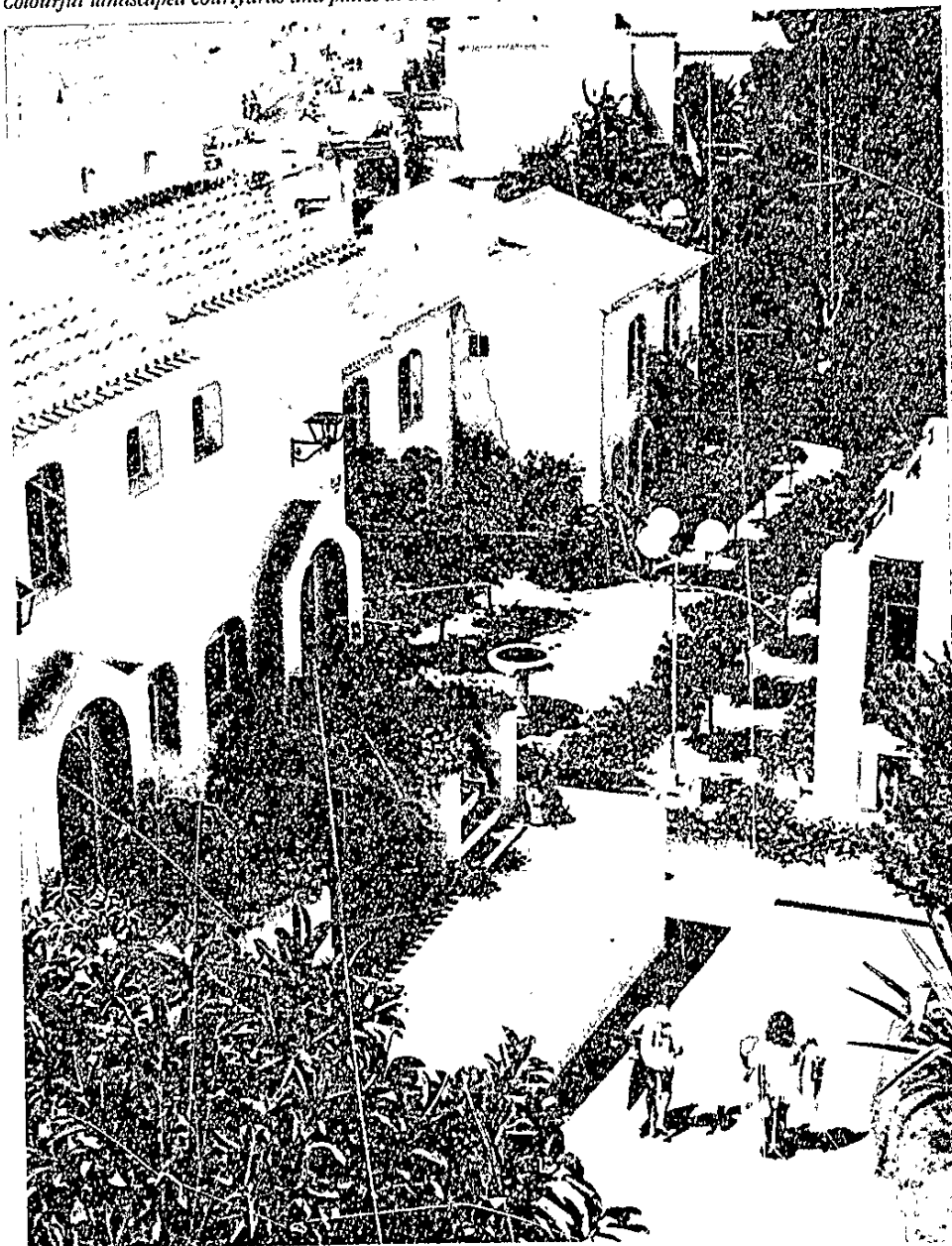
LEISURE RESORTS AT:

1. ELMERS COURT, LYMINGTON, HAMPSHIRE.
2. PLAS TALGARH, SNOWDONIA NATIONAL PARK.
3. FOREST HILLS, THE TROSSACHS.
4. DALFABER, AVIEMORE.
5. LOCH RANNOCH, PERTHSHIRE.
6. LOCHANHULLY, SPEY VALLEY.
7. VILLACANA, MARBELLA.
8. LEILA PLAYA, MARBELLA.
9. DOÑA LOLA, MARBELLA.

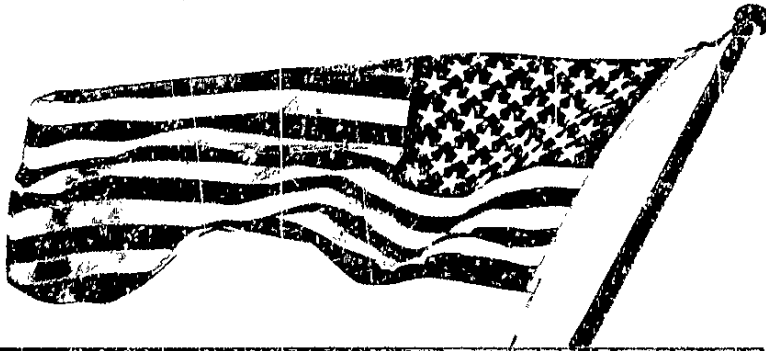
"In April 1987 Barratt brought Spain to the U.K. with the opening of a Spanish show village and exhibition centre in Bracknell where prospective purchasers can view an exact replica - complete with authentic sights and sounds - of a luxury Barratt beachfront apartment.

A similar Spanish exhibition centre also recently opened at the Cairngorm Hotel, Aviemore.

Colourful landscaped courtyards and patios at Doña Lola, close to Marbella.

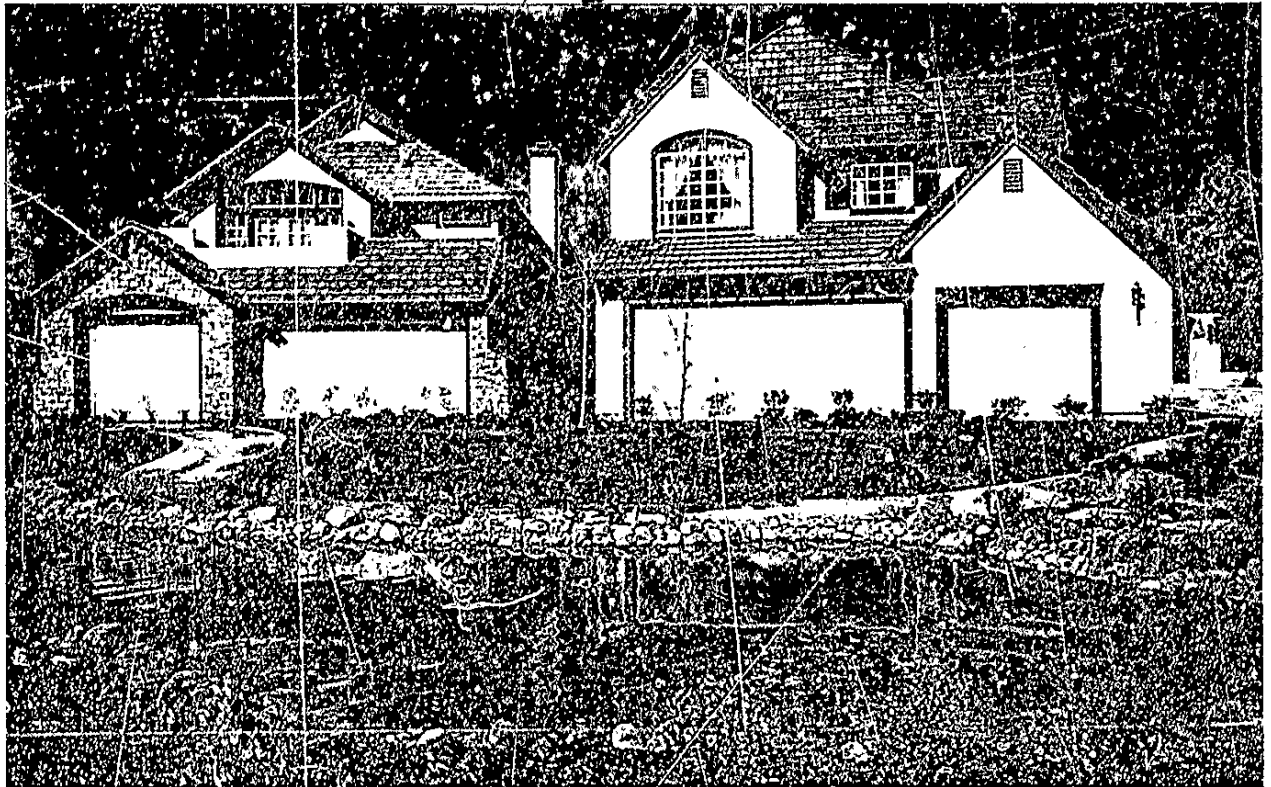


United States of America



The Barratt American home-building subsidiary was established in 1980 and quickly grew into one of California's leading home builders, creating fine homes for all sectors of the market.

The company's constant aim has been to provide stylish high-quality homes and create planned communities to complement California's unique lifestyle.



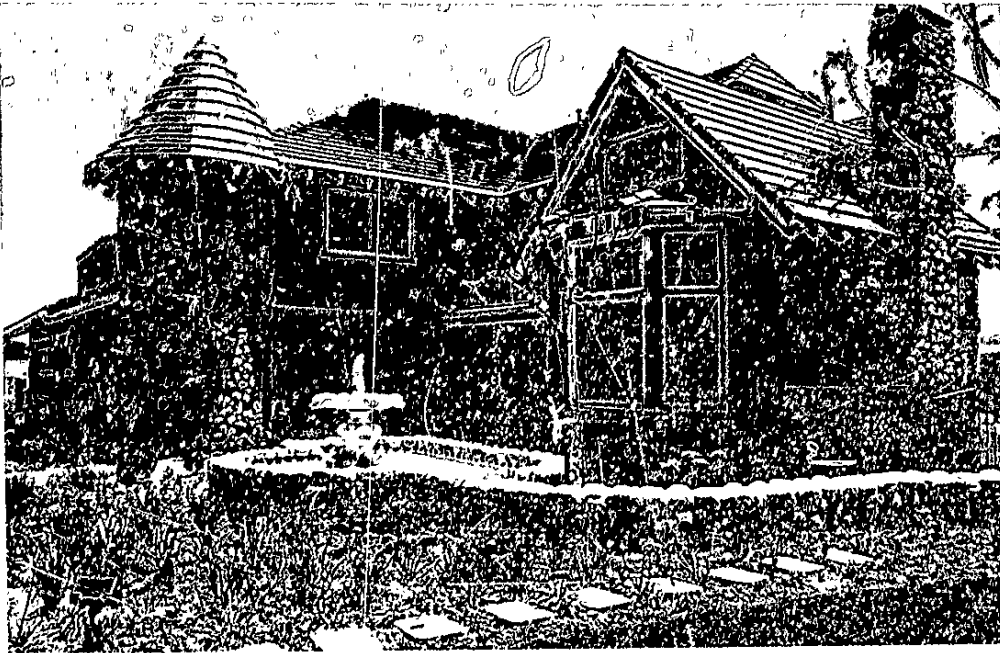
Distinctive house styles at Royal St. George's, Carmel Mountain Ranch, San Diego County, many of which overlook an 18-hole championship golf course



Angled walls, pot shelves and vaulted ceilings enhance the distinctive use of space.

It has achieved this through the range and quality of its products and developments, together with the dedication of the Barratt American team.

Barratt is building homes for the total Californian market at prices from \$50,000 to \$500,000. They have not only proved a consumer success but have also earned numerous industry awards. For example, at Ventana, Mission Viejo, Orange County, national and state awards have been won for interior design, architectural detail, building skills and also for 'best overall development in California.'

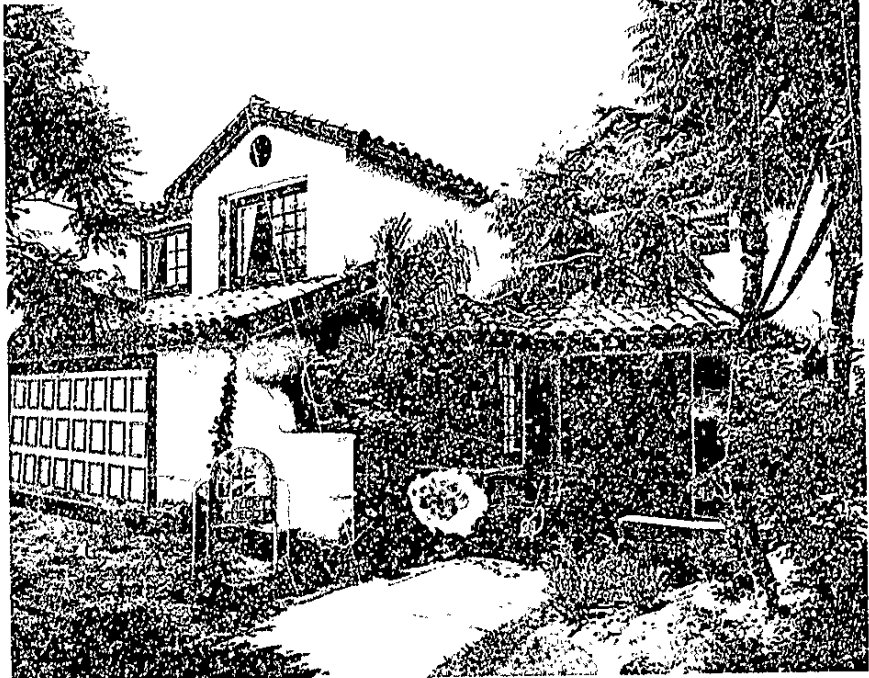
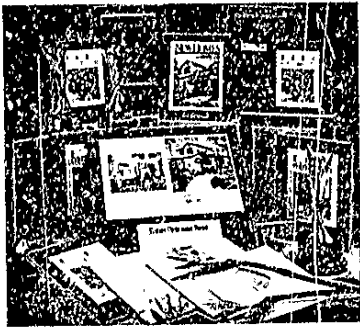


The Country French "Montreux" model at Windsor Country Estates, Olivenhain, near San Diego. The development combines French, Tudor and early Californian architecture.

Awards won for quality at Ventana, Mission Viejo, Orange County.



A master bedroom retreat with a spectacular view at Windsor Country Estates.

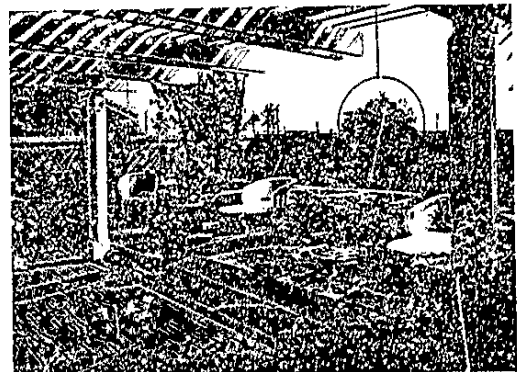


The impressive Villa Fuego house style at Ventana, Mission Viejo: a four bedroom, three bathroom property with feature open fireplaces.



A beautiful en suite bathroom with 'see through' fireplace and oval sunken bath and adjoining shower.

The Regal house style - a Mediterranean exterior with Spanish clay tile roof - at Papillon in Greekside, California.



A spacious sun terrace and patio.

Notice is hereby given that the twenty-ninth annual general meeting of the company will be held at the Connaught Rooms, Great Queen Street, London WC2B 5DA on Wednesday 18th November 1987 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 1987.
2. To declare a dividend.
3. To re-elect a director, Mr T P Hartley who retires by rotation.
4. To re-appoint Deloitte Haskins & Sells, the retiring auditors, and to authorise the directors to fix their remuneration.

Special business:

5. To approve the amendments and modifications to The Barratt Executive Share Option Scheme, details of which are described in the directors' report for the year ended 30th June 1987 and to authorise the directors to do all acts and things necessary to establish and carry them into effect.

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 £2,190,030 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 conferred 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 interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them provided that the directors may make such arrangements in respect of overseas holders of shares and in respect of fractional entitlements as they consider necessary or convenient, and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £445,249 being 2.5% 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
23rd October 1987

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.

Barratt Developments PLC

Directors

Sir Lawrie Barratt
Chairman and Managing Director
A F Rawson
R W R James, FCA, ATII
J S R Swanson
T Van Ree, FCIOB, FBIM
M Norton
T P Harley, DMS, CEng, MICE, MIHT, FBIM

Secretary

F Brown, FCA

Registrar

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

Bankers

Bank of Scotland
Barclays
Clydesdale
Lloyds
Midland
National Westminster
Royal Bank of Scotland
Bank of America
Security Pacific National

Auditors

Deloitte Haskins & Sells

Solicitors

Slaughter and May

Brokers

Cazenove & Co
County Natwest

Merchant Bankers

S G Warburg & Co

The directors submit their report and the accounts for the year ended 30th June 1987.

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 1987 is £27.1m (1986 £17.6m). An interim dividend of 2.54p per share (1986 2.31p) was paid on 29th May 1987 and it is proposed to pay a final dividend of 6.39p per share (1986 5.81p) on 19th November 1987 to shareholders on the register at the close of business on 15th October 1987.

The dividends paid and proposed amount to £15.9m and the retained profit is £11.2m.

Share capital

The issued share capital of the company was increased during the year to 178,099,695 ordinary shares of 10p each by the issue of a further 260,449 ordinary shares of 10p each admitted to the Official List on 31st October 1986 in satisfaction of the agreed allocation to the employee share participation scheme in respect of the year ended 30th June 1986.

Resolutions will be proposed at the annual general meeting of the company on 18th November 1987 to renew for one year the directors authority to allot unissued shares in the capital of the company and to authorise them to allot shares for cash up to a limit equal to 2.5% of the issued share capital without initially offering such shares to existing shareholders. The full text of these resolutions is included in the notice of meeting on page 22.

Executive share option scheme

The introduction of The Barratt Executive Share Option Scheme was approved by shareholders at the extraordinary general meeting held on 19th November 1986 and approval to the scheme from the Inland Revenue under the Finance Act 1984 was received on 5th December 1986.

On 17th December 1986 options were granted to eighty-seven executives, including directors, over 4,205,000 ordinary shares of 10p each at an exercise price of 155p per share. Under the rules of the scheme the options in normal circumstances can only be exercised in the period 17th December 1989 to 17th December 1996. At 30th September 1987 options previously granted to executives over 255,000 ordinary shares of 10p each had lapsed leaving at the aforementioned date outstanding options over 3,950,000 ordinary shares of 10p each to eighty-one executives, including directors.

The rules of the scheme provide that, in the event of any change in control of the company or any scheme of arrangement being sanctioned by the Court under Section 425 of the Companies Act 1985 all outstanding options may be exercised. The exercise of options in these circumstances will, if it occurs within three years of the date of grant of the relevant option, give rise to an income tax liability for the option holder on the difference between the price paid to acquire the shares and the market value of the shares at time of exercise.

The Finance Act 1984 under which the scheme is approved, has recently been amended to allow options in these circumstances to be surrendered in exchange for options over shares in the acquiring company. In all other respects, the terms of the new options are required to be identical to the terms of the existing options.

Where an exchange of options takes place, there is an income tax roll-over for the option holder in much the same way as there is a capital gains tax roll-over for a shareholder. If the other requirements of the Finance Act 1984 are met when the replacement option is exercised, the gain realised by the option holder is not subject to income tax; instead, he may be liable to capital gains tax in the ordinary way as and when he disposes of his shares.

Your directors, therefore, propose to seek shareholders approval under resolution 5 as set out in the notice of the annual general meeting to amend the rules of the scheme to take advantage of the Finance Act 1987.

Directors and their shareholdings

The directors who held office throughout the year and their beneficial interests in the shares of the company were as follows:

	30th June 1987			1st July 1986		
	ORDINARY SHARES OF 10p EACH			ORDINARY SHARES OF 10p EACH		
	fully paid	executive share incentive scheme 1p paid	fully paid	fully paid	executive share incentive scheme 1p paid	fully paid
Sir Lawrie Barratt	1,012,179	—	—	1,646,640	—	—
A F Rawson	37,834	—	—	37,631	2,500	9,220
R W R James	24,697	4,100	15,116	24,494	4,100	15,116
J S R Swanson	48,537	900	3,316	48,334	900	3,316
T Van Ree	12,463	2,000	7,374	12,260	4,100	15,116
M Norton	1,633	—	—	1,430	—	—
T P Hartley	1,633	—	—	1,430	—	—

Mr W H Bruce resigned as a director of the company on 5th December 1986 to take early retirement.

No notification has been received of any change in the above interests during the period from 30th June 1987 to 30th September 1987.

On 17th December 1986 each director was granted an option over 200,000 ordinary shares of 10p each at an exercise price of 155p per share under the executive share option scheme. No change in these options took place during the period to 30th June 1987 nor in the period to 30th September 1987.

The director to be re-elected as set out in resolution 3 in the notice of the annual general meeting holds a service contract which expires on 4th December 1991.

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 £0.6m (1986 £0.4m) to the employee share participation scheme for the year ended 30th June 1987 on the basis of £500 (1986 £300) for each qualifying employee and have instructed the trustees of the employee share participation scheme that the acquisition of the shares in satisfaction of the allocation should be by way of subscription. The appropriation of the shares together with the completion of the application to the Council of The Stock Exchange for the shares to be admitted to the Official List should be completed by the end of October 1987.

Statutory information

The company has not been notified that any person or corporation currently holds 5% or more of the issued share capital.

The company is not a close company under the provisions of the Income and Corporation Taxes Act 1970.

Charitable donations of £8,303 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
23rd October 1987

To the members of Barratt Developments PLC.

We have audited the accounts on pages 27 to 38 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 1987 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 Haskins & Sells
Deloitte Haskins & Sells
Chartered Accountants
Newcastle upon Tyne
23rd October 1987

(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.

	Note	1987 £m	1986 £m
TURNOVER		<u>432.5</u>	<u>444.3</u>
OPERATING PROFIT	1	48.8	33.1
INTEREST PAYABLE	3	<u>9.6</u>	<u>7.7</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		39.2	25.4
TAXATION	4	<u>12.1</u>	<u>7.8</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	5	27.1	17.6
DIVIDENDS	6	<u>15.9</u>	<u>14.4</u>
RETAINED PROFIT	18	<u>11.2</u>	<u>3.2</u>
DIVIDEND COVER		<u>1.7</u>	<u>1.2</u>
EARNINGS PER SHARE	9	<u>15.2p</u>	<u>9.9p</u>

1986 £m		Note	1987 £m	1986 £m
444.3	FIXED ASSETS			
	TANGIBLE ASSETS			
33.1	Investment properties	10	87.9	85.8
7.7	Other	11	7.7	6.2
			<u>95.6</u>	<u>92.0</u>
	CURRENT ASSETS			
25.4	Stocks	12	258.8	206.7
7.8	Debtors	13	39.2	46.1
	Bank and cash deposits		33.8	31.6
			<u>331.8</u>	<u>284.4</u>
	CURRENT LIABILITIES			
	Creditors due within one year	14	134.3	106.3
	NET CURRENT ASSETS		<u>197.5</u>	<u>178.1</u>
	TOTAL ASSETS LESS CURRENT LIABILITIES		293.1	270.1
9.9p	CREDITORS DUE AFTER MORE THAN ONE YEAR	15	62.6	50.4
	PROVISION FOR LIABILITIES AND CHARGES	16	0.3	0.3
			<u>230.2</u>	<u>219.4</u>
	CAPITAL AND RESERVES			
	Called up share capital	17	17.8	17.8
	Share premium		81.1	80.7
	Revaluation surplus		12.0	12.0
	Profit retained	18	119.3	108.9
			<u>230.2</u>	<u>219.4</u>

Approved by the board on 23rd October 1987

SIR LAWRIE BARRATT

R W R JAMES

Directors

[Handwritten signatures]



	1987 £m	1986 £m
SOURCE		
Profit on ordinary activities before taxation	39.2	25.4
Items not involving the movement of funds	—	(0.1)
GENERATED FROM OPERATIONS	<u>39.2</u>	<u>25.3</u>
FUNDS FROM OTHER SOURCES		
Share issue	0.4	—
Disposal of investment properties and fixed assets	0.2	3.9
	<u>39.8</u>	<u>29.2</u>
APPLICATION		
Investment properties and fixed assets	2.5	5.9
Taxation	7.0	9.5
Dividends	14.8	13.5
	<u>15.5</u>	<u>0.3</u>
INCREASE (DECREASE) IN WORKING CAPITAL		
Stocks	54.2	(32.2)
Debtors	(5.1)	(17.6)
Creditors	(14.3)	(0.4)
	<u>(19.3)</u>	<u>50.5</u>
(Decrease) increase in net liquid funds	<u>15.5</u>	<u>0.3</u>

	1987 £m	1986 £m
1. OPERATING PROFIT		
Turnover	432.5	444.3
Cost of sales	358.1	385.6
Gross profit	74.4	58.7
Administrative expenses	25.6	25.6
	48.8	33.1

The American region contributed £62.6m (1986 £100.3m) to turnover and an operating profit of £7.3m (1986 £7.0m).

	1987 £m	1986 £m
2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED		
After charging:		
Directors' management remuneration	0.9	0.9
Depreciation	0.8	0.8
Operating lease charges	4.0	4.4
— hire of plant, machinery and vehicles		
— other	1.5	1.1
Auditors' remuneration	0.3	0.3
After crediting:		
Rental income	7.6	5.9

	1987 £m	1986 £m
3. INTEREST PAYABLE		
Payable: On bank loans and overdrafts		
Repayable within 5 years not by instalments	9.9	8.3
Repayable within 5 years by instalments	1.3	2.1
Repayable wholly or partly in more than 5 years	0.3	0.5
	11.5	10.9
Less: Receivable	1.9	2.3
Capitalised	—	0.9
	9.6	7.7

	1987 £m	1986 £m
4. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax at a rate of 35% (1986 38.75%)	12.8	9.0
Deferred taxation	(0.7)	(1.2)
	12.1	7.8

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

	1987 £m	1986 £m
5. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		
The profit attributable to shareholders is dealt with in the accounts of:		
The company	16.2	23.1
Subsidiary companies	10.9	(5.5)
	<u>27.1</u>	<u>17.6</u>
In accordance with the provisions of the Companies Act 1985 a separate profit and loss account for the company is not presented.		
	1987 £m	1986 £m
6. DIVIDENDS		
Interim 2.54p per share paid (1986 2.31p)	4.5	4.1
Final 6.39p per share proposed (1986 5.81p)	11.4	10.3
	<u>15.9</u>	<u>14.4</u>
	1987 £m	1986 £m
7. EMPLOYEES		
The average number of persons employed by the group was 3,100 (1986 3,500). In addition the group employed a substantial number of persons through sub-contractors.		
Employee costs (including directors) comprise:		
Wages and salaries	34.1	36.2
Social security	3.1	3.7
Pension	—	1.4
	<u>37.2</u>	<u>41.3</u>

As from 1st December 1986 the four main pension schemes of the group were merged into a single scheme. An independent actuarial valuation dated 4th June 1987 confirmed that subject only to contributions equal to the cost of insuring death in service benefits for the period 1st December 1987 to 30th November 1989 being made the resumption of further company contributions to the scheme need not necessarily recommence until 1st December 1989. The Trustees of the scheme agreed to finance the cost of insuring death in service benefits for the year to 30th June 1988 from the surplus in the scheme and have continued the employer contribution holiday to the scheme for the year to 30th June 1988.

The charge in these accounts would have been £1.3m (1986 £1.9m) had full company contributions been made throughout the current year.

8. DIRECTORS AND EMPLOYEES

The remuneration of the chairman and highest paid director was £143,499 (1986 £134,759).

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	
	1987	1986		1987	1986
£ 55,001 – £ 60,000	1	—	£30,001 – £35,000	2	—
£ 90,001 – £ 95,000	—	1	£35,001 – £40,000	1	—
£ 95,001 – £100,000	—	4			
£100,001 – £105,000	2	—			
£105,001 – £110,000	3	—			
£110,001 – £115,000	—	1			
£130,001 – £135,000	—	1			
£140,001 – £145,000	1	—			

9. EARNINGS PER SHARE

The earnings per share calculation is based on earnings after taxation of £27.1m (1986 £17.6m) and 178.0m ordinary shares (1986 177.8m).

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

10. INVESTMENT PROPERTIES

	Investment properties £m	Ground rents £m	Total £m
Valuation			
At 1st July 1986	81.5	4.3	85.8
Completed during the year	1.7	—	1.7
Additions	0.1	0.3	0.4
At 30th June 1987	83.3	4.6	87.9
Consisting of:			
Freehold	47.7	4.6	52.3
Long leasehold	35.6	—	35.6
	83.3	4.6	87.9

An internal valuation, on an open market basis, of the group's portfolio of investment properties at 30th June 1987 was carried out by a director of Barratt Commercial Limited, DR Broadhead, FRICS. The portfolio was valued at £83.3m (1986 £81.5m).

The historic cost of investment properties is £71.3m (1986 £69.5m).

At 30th June 1987 the group had not authorised and contracted for any expenditure on investment properties (1986 £0.2m).

	Property £m	Plant £m	Group Total £m	Company Total £m
11. FIXED ASSETS				
Cost and valuation				
At 1st July 1986	4.7	6.9	11.6	0.4
Additions	1.2	1.3	2.5	0.1
Disposals	(0.2)	(0.6)	(0.8)	—
At 30th June 1987	<u>5.7</u>	<u>7.6</u>	<u>13.3</u>	<u>0.5</u>
Accumulated depreciation	<u>0.3</u>	<u>5.3</u>	<u>5.6</u>	<u>0.4</u>
Net book value at 30th June 1987	<u>5.4</u>	<u>2.3</u>	<u>7.7</u>	<u>0.1</u>
Net book value at 30th June 1986	<u>4.3</u>	<u>1.9</u>	<u>6.2</u>	<u>—</u>

Property consists of freehold £4.9m (1986 £3.8m) of which £0.4m is at valuation, and short leasehold £0.5m (1986 £0.5m).

	1987 £m	1986 £m
12. STOCKS		
— building and development	215.5	177.9
Work in progress — long term contracting	9.8	17.7
— long term contracting payments on account	(9.6)	(17.4)
Showhouse complexes and houses awaiting legal completion	43.1	28.5
	<u>258.8</u>	<u>206.7</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.

	Group		Company	
	1987 £m	1986 £m	1987 £m	1986 £m
13. DEBTORS				
Due within one year				
Trade debtors	13.8	15.0	—	—
Other debtors	9.4	7.5	0.1	0.1
Prepayments	2.3	2.8	0.1	0.1
Corporation tax recoverable	1.8	4.3	—	—
Due after more than one year				
Secured loans	8.2	13.5	—	—
Advance corporation tax recoverable	3.7	3.0	4.2	4.2
	<u>39.2</u>	<u>46.1</u>	<u>4.4</u>	<u>4.4</u>

14. CREDITORS DUE WITHIN ONE YEAR	Group		Company	
	1987 £m	1986 £m	1987 £m	1986 £m
Bank loans and overdrafts	20.4	5.1	1.2	—
Trade creditors	63.2	53.3	—	—
Payroll taxation including social security	1.5	1.2	—	—
Corporation tax	5.0	4.3	1.7	0.3
Advance corporation tax	5.9	5.9	5.9	5.4
Proposed dividend	11.4	10.3	11.4	10.3
Other creditors	9.7	9.4	1.8	1.4
Accruals	17.2	16.8	0.3	0.3
	<u>134.3</u>	<u>106.3</u>	<u>22.3</u>	<u>17.7</u>

15. CREDITORS DUE AFTER MORE THAN ONE YEAR	Group		Company	
	1987 £m	1986 £m	1987 £m	1986 £m
Bank loans	41.2	35.0	26.3	17.9
Trade creditors	13.7	10.0	—	—
Corporation tax	5.5	2.9	0.7	1.8
Other creditors	2.2	2.5	—	—
	<u>62.6</u>	<u>50.4</u>	<u>27.0</u>	<u>19.7</u>

	Group	
	1987 £m	1986 £m
Bank loans at interest rates related to normal base rates include:		
Repayable by instalments		
Between 1 and 2 years	2.1	2.2
Between 2 and 5 years	6.2	8.4
In 5 years or more	0.5	0.8
Not repayable by instalments		
Between 1 and 2 years	—	1.3
Between 2 and 5 years	32.4	22.3
	<u>41.2</u>	<u>35.0</u>
Other creditors include:		
Repayable, other than by instalments, in more than 5 years at an interest rate of 5.5%	1.1	1.2

Total creditors include £93.1m (1986 £56.3m) secured on the assets of the group.

	1987 £m	Group 1986 £m
16. PROVISION FOR LIABILITIES AND CHARGES		
Deferred taxation		
Timing differences	0.8	1.5
Advance corporation tax recoverable	(0.5)	(1.2)
	<u>0.3</u>	<u>0.3</u>

If the group property portfolio was to be realised at its book value a taxation liability of £2.3m (1986 £2.7m) would arise. There is a contingent liability in respect of deferred taxation on other timing differences not provided amounting to £4.6m (1986 £5.4m).

There are also tax losses, amounting to £1.7m (1986 £4.5m) at current rates which are available to set-off against future trading profits of certain group companies.

	1987 £m	1986 £m
17. CALLED UP SHARE CAPITAL		
Authorised 200,000,000 ordinary shares of 10p each	20.0	20.0
Allotted and issued ordinary shares of 10p each		
Fully paid – 178,066,889 ordinary shares		
– 25,806 restricted ordinary shares		
1p paid – 7,000 ordinary shares	<u>17.8</u>	<u>17.8</u>

The issued share capital of the company was increased during the year to 178,099,695 ordinary shares of 10p each by the issue of a further 260,449 ordinary shares of 10p each admitted to the Official List on 31st October 1986 in satisfaction of the agreed allocation to the employee share participation scheme in respect of the year ended 30th June 1986.

During the year options were exercised under the executive share incentive scheme to convert 4,600 1p paid Ordinary Shares and 16,962 restricted shares into 21,562 fully paid ordinary shares.

On the 17th December 1986 options under the executive share option scheme were granted to eighty-seven executives, including directors, over 4,205,000 ordinary shares of 10p each at an exercise price of 155p per share. Under the rules of the Scheme the options in normal circumstances can only be exercised in the period 17th December 1989 to 17th December 1996. To the 30th June 1987 options previously granted to two executives over 120,000 ordinary shares of 10p each lapsed leaving at the aforementioned date outstanding options over 4,085,000 ordinary shares of 10p each to eighty-five executives, including directors. In the period 1st July 1987 to 30th September 1987 inclusive further options previously issued to four executives over 135,000 ordinary shares of 10p each have also lapsed.

	Share premium £m	Revaluation surplus £m	Profit retained £m	Total £m
18. RESERVES				
Group				
At 1st July 1986	80.7	12.0	108.9	201.6
Movement for the year	0.4	—	11.2	11.6
Exchange adjustments	—	—	(0.8)	(0.8)
At 30th June 1987	81.1	12.0	119.3	212.4
Company				
At 1st July 1986	80.7	—	22.7	103.4
Movement for the year	0.4	—	0.3	0.7
At 30th June 1987	81.1	—	23.0	104.1

19. INVESTMENT IN SUBSIDIARIES

Shareholdings at cost £18.1m (1986 £15.0m).

The increase in investment is due to the internal transfer to the holding company of an investment in a subsidiary.

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

	Group			
	1987		1986	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
20. OPERATING LEASE OBLIGATIONS				
Annual commitments:				
Operating leases which expire:				
Within one year	0.1	0.3	0.1	0.4
Between two and five years	0.2	1.9	0.1	1.8
In five years or more	1.1	—	1.1	—
	1.4	2.2	1.3	2.2

21. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary companies amounting to £20.9m (1986 £7.1m). 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 £2.2m (1986 £1.3m). Opposition to this tax continues in the U.S.A. and it is uncertain whether or not this liability will arise.

	Note	1987 £m	1986 £m
FIXED ASSETS			
Tangible assets	11	0.1	—
Investment in subsidiaries	19	18.1	15.0
		<u>18.2</u>	<u>15.0</u>
CURRENT ASSETS			
Due from subsidiary companies		125.9	119.2
Debtors	13	4.4	4.4
Bank and cash deposits		26.8	23.2
		<u>157.1</u>	<u>146.8</u>
CURRENT LIABILITIES			
Due to subsidiary companies		4.1	3.2
Creditors due within one year	14	22.3	17.7
NET CURRENT ASSETS		<u>130.7</u>	<u>125.9</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS DUE AFTER MORE THAN ONE YEAR	15	27.0	19.7
		<u>121.9</u>	<u>121.2</u>
CAPITAL AND RESERVES			
Called up share capital	17	17.8	17.8
Share premium		81.1	80.7
Profit retained	18	23.0	22.7
		<u>121.9</u>	<u>121.2</u>

Approved by the board on 23rd October 1987

SIR LAWRIE BARRATT

R W R JAMES

} Directors

Lawrie Barratt
R W R James

Year	Turnover £m	Profit before tax £m	Share capital and reserves £m	Per ordinary share		
				earnings pence	gross dividend pence	net assets pence
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
1978	122.2	11.2	55.9	11.2	3.7	47

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

Announcement of results and dividends:

Half year	19th March 1987
Full year	23rd September 1987

Dividends:

Interim	29th May 1987
Final	19th November 1987

Annual Report posted to shareholders	23rd October 1987
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Annual General Meeting	18th November 1987
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Group Directory

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.



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