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Barratt Developments PLC
Annual Report and Accounts
for the year ended 30th June 1986

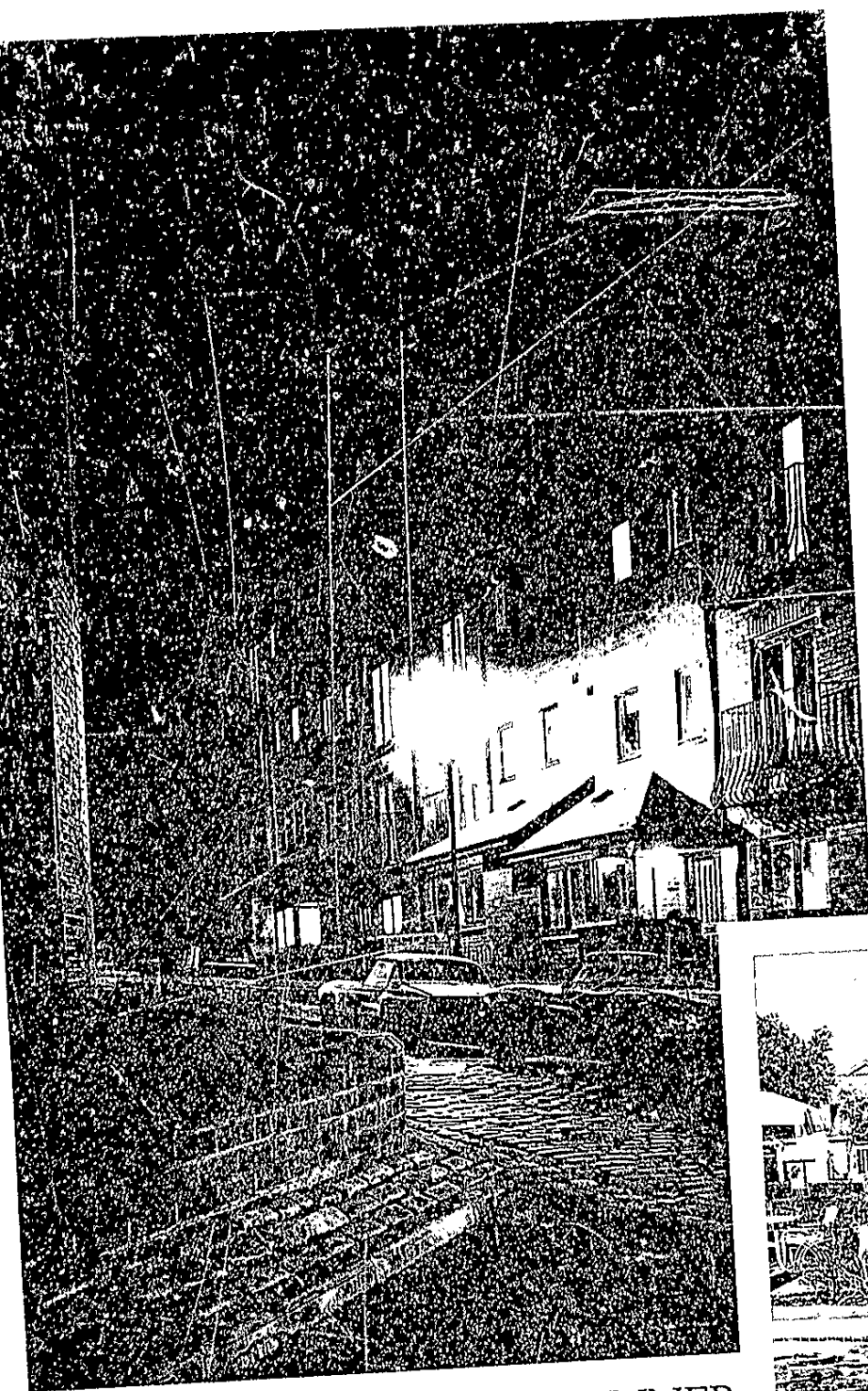
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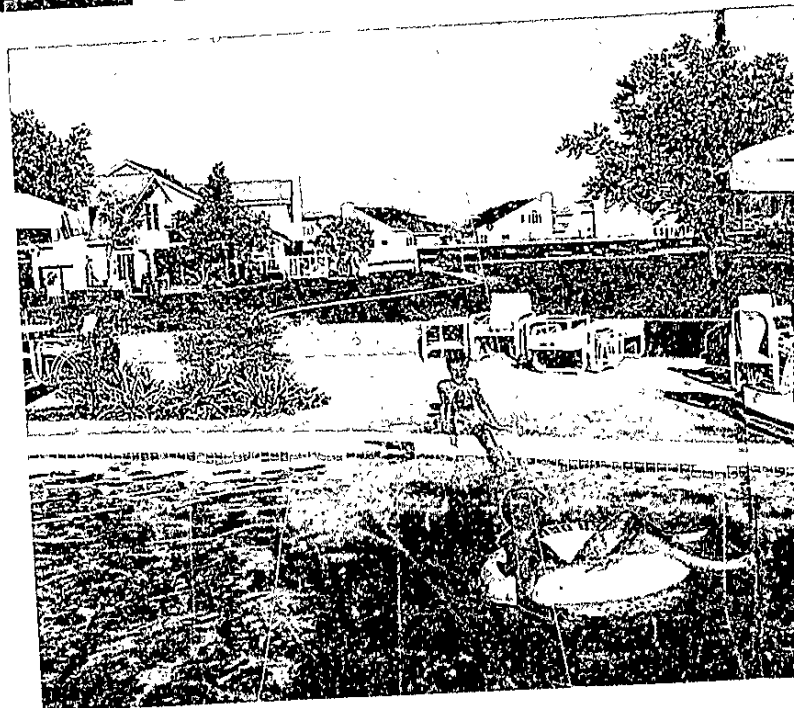
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THE YEAR AT A GLANCE



UK SUPREME AWARD WINNER

Charlotte Square, Newcastle upon Tyne: The National House Building Council – the building industry's consumer 'watchdog' body – chose Barratt as Britain's best in its 'Pride In The Job' campaign. NHBC experts inspected over 11,000 building sites throughout the UK assessing such points as quality of construction and standard of finish. The result: no other housebuilder bettered Barratt's achievements. Charlotte Square, the winning development, created affordable housing within Newcastle's ancient city wall, through close co-operation between Barratt and the City Council. This joint venture attracted the Government's first residential Urban Development Grant for the city of Newcastle.

PROGRESS IN THE USA

Creekside Village, Southern California: Major progress has been achieved at Creekside Village, Barratt American's totally planned community in the fast-growing city of Ontario east of Los Angeles. During 1986 the infrastructure and amenities on the 410 acre development have been completed and tracts sold to 11 carefully selected master builders who are now rapidly building a variety of properties.



EXPANSION IN EUROPE

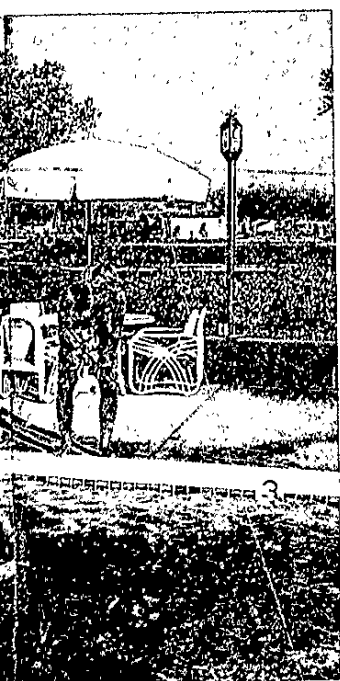
Villacana, Costa del Sol, Spain: The tremendous demand created when Barratt opened its first Spanish leisure resort in 1985 at Villacana, where timeshare weeks were substantially sold in less than two months, led to the opening of a second leisure resort in

1986. Leila Playa, a luxurious £4 million holiday village with elegant apartments and a wide range of amenities, is also located on the Costa del Sol and fronts on to the Mediterranean.

BRITAIN'S PREMIER HOUSEBUILDER

The Premier Collection: The Connaught (below) is an example of Premier Collection house styles now being built on virtually every Barratt development throughout the UK, emphasising the enormous impact these properties have made since their launch in 1985.

The Collection is a new generation of over 60 unique house styles, from single bedroom houses to six-bedroom luxury, all offering more space, more style and more features.



CHAIRMAN'S STATEMENT

In my statement last year I advised that we had achieved our twin priorities of reducing debt and restructuring the Group in order to reduce the fixed overhead. The improved results for the year ended 30th June 1986 reflected the success of our strategy to rebuild the fortunes of the Group. We have been able to further reduce investment in work in progress while at the same time increase profit from £4m to £25m. We established an operational debt level of £60m a year ago and operated within this level throughout the year.

The further benefits anticipated from our new product range and the realignment of our marketing strategy, were only partly felt in the year and will have an increasing effect over the next eighteen months or so. Our new "Premier Collection" was effectively only launched in September of 1985 and whilst this new product range has been extremely well received all over the country, clearly its availability was limited during much of the year, although it is now available on virtually all our developments. This phasing-in programme contributed significantly to the reduced number of completions in the U.K. where we built and sold 8,100 houses compared with 10,300 in the previous year.

The quality of both our product design and quality of our construction has been the subject of much national acclaim. I am delighted to feature on this page the presentation earlier this year of the National Supreme Award for Quality of the National House-Building Council, when the Minister for Housing and Construction presented it for a Barratt development. We received "Top 100" N.H.B.C. awards for a number of our developments throughout the country including over half the awards in London.

The decision taken over a year ago to effect a major change in our product mix is gaining momentum. This change is intended to shift our main emphasis in the provision of new U.K. housing towards the second time and subsequent purchasers. First time buyer product accounted for over 70% of our production in 1983, whilst in the year just ended this fell to 46% and we are on course to achieve our aim of 30% in the current year. We are convinced the large increase in home ownership in recent years will bring in its wake increased demand for larger houses. The severe lack of residential land released

through the planning system has brought about severe escalation of land prices which in turn has made it increasingly difficult for the industry to meet the needs of the first time buyer.

A number of reports have been issued over the past year, all highlighting the scale of action urgently needed to improve the quality of housing in this country, particularly in the inner cities. Over half of our production currently is in the inner cities, much of it on recycled land and in the refurbishment of local authority houses and conversion of redundant industrial buildings to residential.

We have been involved in numerous partnership developments with local authorities and housing associations in these activities, in the provision of new and refurbished houses for both purchase and rent. We are anxious to increase our activities in this sphere, where the need is so great. We are hopeful that the changing attitudes now occurring, particularly in the provision of funding for rented houses and shared ownership purchase, will bring about an increased supply of quality housing for all forms of tenure.

The private housing sector throughout the year continued to show great regional variations largely reflecting economic conditions and levels of unemployment prevailing in different parts of the country. It has been a difficult year throughout the Midlands, Northern England and Scotland but notwithstanding this we have kept our subsidiary structure intact in these areas. I believe Government measures must be taken urgently to restore the prosperity of the disadvantaged regions and when this occurs the present regional imbalance in housing starts will be corrected.

While the U.S.A. division has yet to achieve its full potential, major progress was made during the year with profitability increased and debt substantially reduced. This improvement was materially assisted by our policy of reducing housing completions from 1,750 to 1,200 and we shall maintain this level of production for the time being. A number of land sales were effected on our planned community for 2,500 houses in the County of San Bernadino in Southern California, and this new community is now very successfully established.



February, 1986: Housing Minister John Patten (right) congratulates Sir Lawrie Barratt and site supervisor Tommy Proctor (left) after presenting the UK building industry's top national award for quality workmanship and construction – the National House Building Council's 'Pride In The Job' annual award.

The population increase in California each year, coupled with the prosperity which exists in this state, will undoubtedly present many opportunities. A number of sites have been acquired in Southern California in the past six months which I am confident will generate further profitable trading.

Our leisure property division continues to perform extremely well. As a consequence of the high level of demand for purchase of our time share properties, the activities of the division were expanded and two new leisure resorts were established during the year.

We complemented the spread of our U.K. resorts with the acquisition of a leisure resort at Lymington, Hampshire, with frontage to the Solent, and work is now proceeding on the provision of a major leisure complex and further luxury apartments. Sales have now commenced and will undoubtedly gain momentum as building progresses. Six months ago we acquired our second overseas resort on the Costa Del Sol, close to Marbella. The popularity of our time share apartments in our first Spanish leisure resort at Villacana has been repeated in recent months with the launch of the new resort at Leila Playa. Barratt Multi-Ownership is the market leader in Europe in this sector and we intend to steadily expand in this growth area. The quality of our seven resorts is outstanding with a wide range of amenities and the high standards of management we provide to our owners.

Our investment property division achieved some success in terms of lettings and sales but we shall continue our present policy of restricting further investment in this sector in the foreseeable future. During the year we increased our portfolio with the completion of an office development in Glasgow which was substantially pre-let. In our contracting activities, the turnover level and profitability was largely maintained.

I believe that the action taken over the past two years has reinforced the inherent strengths of the Group and in the absence of any further major economic deterioration we are well placed to continue our recovery. Your Board, therefore, feel justified in recommending an increased dividend for the year.

My colleagues throughout the Group have worked extremely hard and with great enthusiasm to bring about our planned recovery and I am sure that we shall all do our utmost in restoring the fortunes of the Group.

LAWRIE BARRATT

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-eighth annual general meeting of the company will be held at the Connaught Rooms, Great Queen Street, London WC2B 5DA on Wednesday 19th November 1986 at 10.30am for the following purposes:

1. To receive and adopt the directors' report and the financial statements for the year ended 30th June 1986.
2. To declare a dividend.
3. To re-elect a director, Mr J S R Swanson who retires by rotation.
4. To re-appoint Deloitte Haskins & Sells, the retiring auditors, and to authorise the directors to fix their remuneration.
5. To generally and unconditionally authorise the board to exercise all powers of the company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £2,216,075.40 provided that this authority shall expire on the date of the next annual general meeting after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
6. To consider and, if thought fit, to pass the following resolution as a special resolution:

That subject to the passing of resolution 5 above the board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 5 above as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited

(a) to the allotment of equity securities in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them, and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £1,000,000 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
24th October 1986

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 director to be re-elected holds a service contract which expires on 31st December 1987.

DIRECTORS AND ADVISERS

Barratt Developments PLC

Directors

Sir Lawrie Barratt

Chairman and Managing Director

W H Bruce

Deputy Chairman

A F Rawson

R W R James, FCA, ATII

J S R Swanson

T Van Ree, FCIOB, FBIM

M Norton

T P Hartley, 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

Merchant Bankers

S G Warburg & Co Ltd

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 30th June 1986.

Activities of the group

The group's principal activities are building and development, and property investment.

The results in the United Kingdom benefited from the major restructuring of the group carried out in the previous year. The introduction of the new "Premier Collection" range of products also contributed to the improved results though the full benefit of this will be felt in the year to the 30th June 1987 and beyond.

The operating profit of the American region was maintained at \$10 million despite reduced revenue, while debt in the United States was significantly reduced.

Total group net debt at 30th June 1986 was £8.5 million, a reduction of £50.5 million over the previous year.

The directors consider that the 30th June figure is atypically low and intend for the foreseeable future to maintain gearing of around 25%.

The directors confidence in the future of the group enables them to recommend a final dividend of 5.81p per share. This represents an increase on the full year's dividend of 6.56%.

Results and dividends

Profit on ordinary activities after taxation for the year ended 30th June 1986 is £17.6m (1985 £1.3m). An interim dividend of 2.31p per share (1985 2.31p) was paid on 30th May 1986 and it is now proposed to pay a final dividend of 5.81p per share (1985 5.31p) on 20th November 1986 to shareholders on the register at the close of business on 17th October 1986.

The dividends paid and proposed amount to £14.4m and the retained profit is £3.2m.

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 1986			1st July 1985		
	ORDINARY SHARES OF 10p EACH			ORDINARY SHARES OF 10p EACH		
	executive share incentive scheme			executive share incentive scheme		
	fully paid	1p paid	fully paid	fully paid	1p paid	fully paid
Sir Lawrie Barratt	1,646,640	—	—	2,066,640	—	—
W H Bruce	143,677	—	—	284,424	—	—
A F Rawson	37,631	2,500	9,220	37,631	2,500	9,220
R W R James	24,494	4,100	15,116	24,494	4,100	15,116
J S R Swanson	48,334	900	3,316	33,334	4,100	15,116
T Van Ree	12,260	4,100	15,116	12,260	4,100	15,116
M Norton	1,430	—	—	1,430	—	—
T P Hartley	1,430	—	—	1,430	—	—

No notification has been received of any change in the above interests during the period from 30th June 1986 to the date of this report.

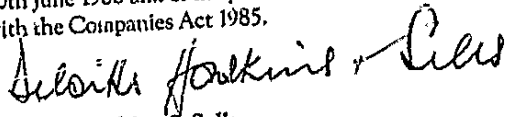
No contracts of significance in relation to the group's business in which the directors of the company had an interest subsisted at any time during the year.

AUDITORS' REPORT

To the members of Barratt Developments PLC.

We have audited the financial statements on pages 11 to 22 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30th June 1986 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

Chartered Accountants

Newcastle upon Tyne

24th October 1986

ACCOUNTING POLICIES

(a) Basis of accounting

The company prepares its financial statements on the historic cost basis of accounting including the revaluation of certain fixed assets and investment properties.

(b) Consolidation

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

(c) Turnover

Turnover comprises the total proceeds of building and development on which profit has been taken 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) Basis of taking profit

Building and development profit is taken on legal completion after making full provision for all costs of sales. 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; provision is made for any anticipated losses.

(e) Interest payable

Interest is written off when incurred except when included in the cost of investment property under development.

(f) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Investment properties under development are stated at cost including attributable overheads and interest.

(g) Investment properties

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

(h) 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.

(i) Exchange translations

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

(j) Deferred taxation

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

(k) 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 AND LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE 1986

	Note	1986 £m	1985 £m
TURNOVER		<u>444.3</u>	<u>538.4</u>
OPERATING PROFIT	1	33.1	25.8
INTEREST PAYABLE	3	<u>7.7</u>	<u>21.7</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		25.4	4.1
TAXATION	4	<u>7.8</u>	<u>2.8</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		17.6	1.3
EXTRAORDINARY ITEM	5	<u>—</u>	<u>4.1</u>
PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS.	6	17.6	(2.8)
DIVIDENDS	7	<u>14.4</u>	<u>13.5</u>
RETAINED PROFIT (LOSS)	19	<u>3.2</u>	<u>(16.3)</u>
DIVIDEND COVER		<u>1.2</u>	<u>—</u>
EARNINGS PER SHARE	10	<u>9.9p</u>	<u>0.7p</u>

GROUP BALANCE SHEET

AT 30th JUNE 1986

	Note	1986 £m	1985 £m
FIXED ASSETS			
TANGIBLE ASSETS			
Investment properties	11	85.8	76.1
Other	12	<u>6.2</u>	<u>6.4</u>
		<u>92.0</u>	<u>82.5</u>
CURRENT ASSETS			
Stocks	13	206.7	248.1
Debtors	14	46.1	60.8
Bank and cash deposits		<u>31.6</u>	<u>33.7</u>
		<u>284.4</u>	<u>342.6</u>
CURRENT LIABILITIES			
Creditors due within one year	15	<u>106.3</u>	<u>138.1</u>
NET CURRENT ASSETS		<u>178.1</u>	<u>204.5</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>270.1</u>	<u>287.0</u>
CREDITORS DUE AFTER MORE THAN ONE YEAR	16	50.4	68.3
PROVISION FOR LIABILITIES AND CHARGES	17	<u>0.3</u>	<u>0.7</u>
		<u>219.4</u>	<u>218.0</u>
CAPITAL AND RESERVES			
Called up share capital	18	17.8	17.8
Share premium		80.7	80.7
Revaluation surplus		12.0	13.7
Exchange gain		1.6	1.7
Profit retained	19	<u>107.3</u>	<u>104.1</u>
		<u>219.4</u>	<u>218.0</u>

Approved by the board on 24th October 1986

SIR LAWRIE BARRATT
R W R JAMES

Directors

L. Barratt
R. W. R. James

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED 30th JUNE 1986

	1986 £m	1985 £m
SOURCE		
Profit on ordinary activities before taxation	25.4	4.1
Items not involving the movement of funds	(0.1)	1.0
GENERATED FROM OPERATIONS	25.3	5.1
 FUNDS FROM OTHER SOURCES		
Disposal of investment properties and fixed assets	3.9	7.5
	29.2	12.6
 APPLICATION		
Investment properties and fixed assets	5.9	4.0
Taxation	9.5	14.9
Dividends	13.5	13.5
	0.3	(19.8)
 INCREASE (DECREASE) IN WORKING CAPITAL		
Stocks	(32.2)	(135.2)
Debtors	(17.6)	3.1
Creditors	(0.4)	43.5
	50.5	68.8
Increase in net liquid funds	0.3	(19.8)

NOTES TO THE FINANCIAL STATEMENTS

1. OPERATING PROFIT	1986	1985
	£m	£m
Turnover	444.3	538.4
Cost of sales ..	385.6	481.0
Gross profit	58.7	57.4
Administrative expenses	25.6	31.6
	<u>33.1</u>	<u>25.8</u>

The American region contributed £100.3m (1985 £150.6m) to turnover and an operating profit of £7.0m (1985 £8.0m).

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION IS STATED	1986	1985
	£m	£m
After charging:		
Directors' management remuneration	0.9	0.8
Depreciation	0.8	1.1
Operating lease charges – hire of plant, machinery and vehicles	4.4	4.8
– other	1.1	1.2
Auditors' remuneration	0.3	0.3
After crediting:		
Rental income	5.9	5.7
	<u>5.9</u>	<u>5.7</u>
3. INTEREST PAYABLE	1986	1985
	£m	£m
Payable:		
On bank loans and overdrafts	8.3	20.3
Repayable within 5 years not by instalments	2.1	3.6
Repayable within 5 years by instalments	0.5	0.1
Repayable wholly or partly in more than 5 years	<u>10.9</u>	<u>24.0</u>
	2.3	2.3
Less: Receivable		
Included in the cost of investment properties under development excluding tax relief of £0.4m (1985 £nil)	0.9	—
	<u>7.7</u>	<u>21.7</u>
4. TAX ON PROFIT ON ORDINARY ACTIVITIES	1986	1985
	£m	£m
Corporation tax at a rate of 38.75% (1985 43.75%)	9.0	4.6
Deferred taxation	(1.2)	(1.8)
	<u>7.8</u>	<u>2.8</u>

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

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

5. EXTRAORDINARY ITEM

The extraordinary item in 1985 was in respect of stock relief previously claimed which has been disallowed.

6. PROFIT (LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit (loss) attributable to shareholders is dealt with in the accounts of:-

	1986 £m	1985 £m
	23.1	12.0
The company	(5.5)	(14.8)
Subsidiary companies	<u>17.6</u>	<u>(2.8)</u>

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

7. DIVIDENDS

	1986 £m	1985 £m
Interim 2.31p per share paid (1985 2.31p)	4.1	4.1
Final 5.81p per share proposed (1985 5.31p)	<u>10.3</u>	<u>9.4</u>
	<u>14.4</u>	<u>13.5</u>

8. EMPLOYEES

The average number of persons employed by the group was 3,500 (1985 4,300). In addition the group employed a substantial number of persons through sub-contractors.

	1986 £m	1985 £m
Employee costs (including directors) comprise:-		
Wages and salaries	36.2	43.9
Social security	3.7	3.4
Pension	<u>1.4</u>	<u>2.1</u>
	<u>41.3</u>	<u>49.4</u>

In March 1986 the four main pension schemes within the group were subject to independent actuarial investigation, the result of which confirmed that in aggregate the schemes were in substantial surplus and as a consequence the Trustees of the respective schemes implemented a pension holiday in respect of company contributions which it is anticipated will extend to 30th June 1987. The charge in these accounts amounting to £1.4m is £0.5m less than it would have been had full company contributions been made throughout the current year.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

9. DIRECTORS AND EMPLOYEES

The remuneration of the chairman was £134,759 (1985 £98,556).

The remuneration of the highest paid United Kingdom director in 1985 was £104,594.

Remuneration of United Kingdom directors, including the chairman, and United Kingdom employees of the company:

	Number of directors			Number of employees	
	1986	1985		1986	1985
£ 50,001 – £ 55,000	—	1	£30,001 – £35,000	—	1
£ 85,001 – £ 90,000	—	4	£45,001 – £50,000	—	1
£ 90,001 – £ 95,000	1	—			
£ 95,001 – £100,000	4	1			
£100,001 – £105,000	—	1			
£110,001 – £115,000	1	—			
£130,001 – £135,000	1	—			

10. EARNINGS PER SHARE

The earnings per share calculation is based on earnings after taxation of £17.6m (1985 £1.3m) and 177.8m ordinary shares (1985 177.7m).

11. INVESTMENT PROPERTIES

	Investment properties £m	Ground rents £m	Total £m
Cost and valuation:			
At 1st July 1985	72.0	4.1	76.1
Completed during the year	9.2	—	9.2
Additions	4.4	0.3	4.7
Disposals	(3.2)	(0.1)	(3.3)
Revaluation	(0.9)	—	(0.9)
At 30th June 1986	81.5	4.3	85.8
Consisting of:			
Freehold	45.0	4.3	49.3
Long leasehold	36.5	—	36.5
	81.5	4.3	85.8

The group's portfolio of physically completed investment properties was valued at 30th June 1986 on an open market basis by independent professional surveyors and valuers, J Trevor & Sons (England) and FG Burnett (Scotland).

The historic cost of investment properties is £69.5m (1985 £58.3m).

At 30th June 1986 the group had authorised and contracted for £0.2m (1985 £0.3m) of expenditure on investment properties.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

12. FIXED ASSETS	Property £m	Plant £m	Group Total £m	Company Total £m
Cost and valuation	4.7	6.7	11.4	0.4
At 1st July 1985	0.4	0.8	1.2	—
Additions	(0.4)	(0.6)	(1.0)	—
Disposals	—	—	—	0.4
At 30th June 1986	4.7	6.9	11.6	0.4
Accumulated depreciation	0.4	5.0	5.4	0.4
Net book value at 30th June 1986	4.3	1.9	6.2	—
Net book value at 30th June 1985	4.4	2.0	6.4	0.1

Property consists of freehold £3.8m (1985 £3.8m), of which £0.4m is at valuation, and short leasehold £0.5m (1985 £0.6m).

13. STOCKS	1986 £m	1985 £m
Work in progress: building and development	177.9	190.6
long term contracting	17.7	17.1
long term contracting payments on account	(17.4)	(17.0)
Showhouse complexes and houses awaiting legal completion	28.5	57.4
	<u>206.7</u>	<u>248.1</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.

14. DEBTORS	Group 1986 £m	Group 1985 £m	Company 1986 £m	Company 1985 £m
Due within one year	15.0	20.8	—	—
Trade debtors	7.5	6.4	0.1	0.1
Other debtors	2.8	4.3	0.1	1.2
Prepayments	4.3	—	—	—
Corporation tax recoverable	—	—	—	—
Due after more than one year	13.5	24.9	—	—
Secured loans	3.0	4.4	4.2	6.4
Advance corporation tax recoverable	—	—	—	—
	<u>46.1</u>	<u>60.8</u>	<u>4.4</u>	<u>7.7</u>

NOTES TO THE FINANCIAL STATEMENTS

(CONTINUED)

15. CREDITORS DUE WITHIN ONE YEAR

	Group		Company	
	1986	1985	1986	1985
	£m	£m	£m	£m
Bank loans and overdrafts	5.1	39.5	—	—
Trade creditors	53.3	49.6	—	—
Payroll taxation including social security	1.2	1.2	—	—
Corporation tax	4.3	4.3	0.3	—
Advance corporation tax	5.9	5.8	5.4	5.8
Proposed dividend	10.3	9.4	10.3	9.4
Other creditors	9.4	11.4	1.4	2.1
Accruals	16.8	16.9	0.3	0.4
	<u>106.3</u>	<u>138.1</u>	<u>17.7</u>	<u>17.7</u>

16. CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1986	1985	1986	1985
	£m	£m	£m	£m
Bank loans	35.0	53.2	17.9	33.1
Trade creditors	10.0	11.0	—	—
Corporation tax	2.9	1.4	1.8	0.3
Other creditors	2.5	2.7	—	—
	<u>50.4</u>	<u>68.3</u>	<u>19.7</u>	<u>33.4</u>

Bank loans at interest rates related to normal base rates include:

	Group	
	1986	1985
	£m	£m
Repayable by instalments		
Between 1 and 2 years	2.2	0.9
Between 2 and 5 years	8.4	10.8
In 5 years or more	0.8	—
Not repayable by instalments		
Between 1 and 2 years	1.3	2.0
Between 2 and 5 years	22.3	39.5
	<u>35.0</u>	<u>53.2</u>

Other creditors include:

Repayable, other than by instalments, in more than 5 years at an interest rate of 5.5%	<u>1.2</u>	<u>1.4</u>
--	------------	------------

Total creditors include £56.3m (1985 £117.6m) secured on the assets of the group.

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

17. PROVISION FOR LIABILITIES AND CHARGES	1986 £m	1985 £m
Deferred taxation	1.5	2.7
Timing differences	(1.2)	(2.0)
Advance corporation tax recoverable	<u>0.3</u>	<u>0.7</u>

If the group property portfolio was to be realised at book value a taxation liability of £2.7m (1985 £2.8m) would arise. There is a contingent liability in respect of deferred taxation on other timing differences not provided amounting to £5.4m (1985 £4.2m).

There are also unabsorbed tax losses, amounting to £4.5m (1985 £6.1m) at current rates which are available to set-off against future trading profits of certain group companies.

18. CALLED UP SHARE CAPITAL	1986 £m	1985 £m
Authorised 200,000,000 ordinary shares of 10p each	<u>20.0</u>	<u>20.0</u>
Allotted and issued ordinary shares of 10p each		
Fully paid — 177,784,878 ordinary shares		
— 42,768 restricted ordinary shares		
1p paid — 11,600 ordinary shares	<u>17.8</u>	<u>17.8</u>

During the year options were exercised under the executive share incentive scheme to convert 11,500 1p paid ordinary shares and 42,404 restricted ordinary shares into 53,904 fully paid ordinary shares.

19. RESERVES	Share premium £m	Revaluation surplus £m	Exchange gain £m	Profit retained £m	Total £m
Group					
At 1st July 1985	80.7	13.7	1.7	104.1	200.2
Movement for the year	—	—	—	3.2	3.2
Property revaluation	—	(0.9)	—	—	(0.9)
Realised on disposals	—	(0.8)	—	—	(0.8)
Exchange adjustments	—	—	(0.1)	—	(0.1)
At 30th June 1986	<u>80.7</u>	<u>12.0</u>	<u>1.6</u>	<u>107.3</u>	<u>201.6</u>
Company					
At 1st July 1985	80.7	—	—	14.0	94.7
Movement for the year	—	—	—	8.7	8.7
At 30th June 1986	<u>80.7</u>	<u>—</u>	<u>—</u>	<u>22.7</u>	<u>103.4</u>

NOTES TO THE FINANCIAL STATEMENTS

CONTINUED

20. INVESTMENT IN SUBSIDIARIES

Shareholdings at cost £15.0m (1985 £15.1m).

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

21. OPERATING LEASE OBLIGATIONS

Annual commitments:	Group 1986		1985	
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Operating leases which expire:				
Within 1 year	0.1	0.4	0.2	0.8
Between 2 and 5 years	0.1	1.8	0.2	1.0
In 5 years or more	1.1	—	1.1	—
	<u>1.3</u>	<u>2.2</u>	<u>1.5</u>	<u>1.8</u>

22. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary companies amounting to £7.1m (1985 £47.5m).

There is a potential charge to Californian unitary tax in the sum of £1.3m. The directors consider it unlikely that a liability will arise in respect of this tax.

COMPANY BALANCE SHEET

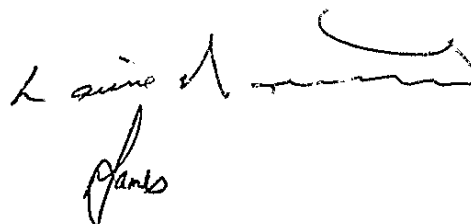
AT 30th JUNE 1986

	Note	1986 £m	1985 £m
FIXED ASSETS			
Tangible assets	12	—	0.1
Investment in subsidiaries	20	<u>15.0</u>	<u>15.1</u>
		<u>15.0</u>	<u>15.2</u>
CURRENT ASSETS			
Due from subsidiary companies		119.2	120.7
Debtors	14	<u>4.4</u>	<u>7.7</u>
Bank and cash deposits		<u>23.2</u>	<u>21.2</u>
		<u>146.8</u>	<u>149.6</u>
CURRENT LIABILITIES			
Due to subsidiary companies		3.2	1.2
Creditors due within one year	15	<u>17.7</u>	<u>17.7</u>
NET CURRENT ASSETS		<u>125.9</u>	<u>130.7</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS DUE AFTER MORE THAN ONE YEAR	16	<u>19.7</u>	<u>33.4</u>
		<u>121.2</u>	<u>112.5</u>
CAPITAL AND RESERVES			
Called up share capital	18	17.8	17.8
Share premium		80.7	80.7
Profit retained	19	<u>22.7</u>	<u>14.0</u>
		<u>121.2</u>	<u>112.5</u>

Approved by the board on 24th October 1986

SIR LAWRIE BARRATT
R W R JAMES

Directors



TEN YEAR RECORD

Year	Turnover £m	Profit before tax £m	Share capital and reserves £m	Earnings pence	Per ordinary share gross dividend pence	Net assets pence
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	264.7	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
1977	90.3	7.4	38.4	7.1	3.2	40

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	20th March 1986
Full year	24th September 1986

Dividends paid:

Interim	30th May 1986
Final	20th November 1986

Annual Report posted to shareholders	24th October 1986
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Annual General Meeting	19th November 1986
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AWARD WINNING QUALITY



Cycle hire at the award winning Dulwich Gate development, London



Today's discerning housebuyer demands higher quality in a new property – not just in its design and construction but also in the after sales service provided by the builder.

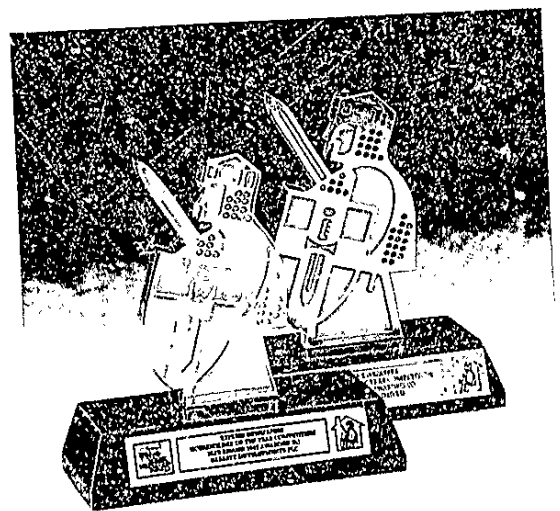
The Barratt Group's determination to meet these requirements has been recognised by several major awards in these fields.

Quality: Dulwich Gate (left) typifies why Barratt is clearly the top quality builder in London. Three of Barratt Central London's developments were selected by the National House Building Council as 'Pride In The Job' Top 100 award winners – almost half the total number given in the capital. Dulwich Gate was also named as the outright Greater London regional winner and then went on to receive the prestigious 'What House' Best Luxury Development award. Throughout the UK Barratt received a further 22 NHBC awards and commendations, culminating in the presentation of the supreme national award for quality workmanship and construction – the NHBC 'Pride In The Job' award.

Design: Barratt was the only national housebuilder to win two Top Ten awards in the 1985/86 Daily Mail Book of Home Plans design competition – and is itself encouraging young designers by sponsoring a major 'House For Today' design competition which has attracted hundreds of entries from around the world.

Service: Housebuyers throughout the UK voted Barratt best for helpful service, compared to all other major housebuilders, in the 'Housebuilder of the Year' competition organised by the Daily Express and the New Homes Marketing Board.

Environment: A special environmental award – the Queen Mother's Birthday Trophy – was presented to Barratt in recognition of its continued support of the Keep Britain Tidy Group and its annual Beautiful Britain in Bloom campaign.



Daily Express/New Homes Marketing Board awards for quality of service.

PRIVATE HOUSING



The impeccably-styled five-bedroom Fielding.



Three distinctive Premier Collection properties offering extra space for growing families.



Energy World Exhibition - Milton Keynes: displaying energy-saving features such as heat exchanger, underfloor insulation and heat reflective double glazing.



Littlehampton, Sussex: A typical Regency retirement development - here in partnership with the Orbit Housing Association - to meet the lifestyles of the retired.

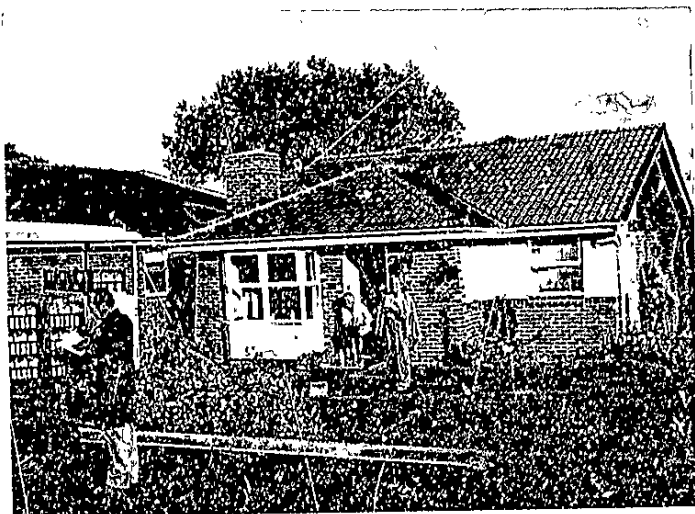


The Barratt Landscape Maintenance Division keeps the setting of this development at Brompton Park, Fulham, looking its best.

Private housebuilding remains the cornerstone of Barratt activity: from Aberdeen to Southampton, properties from the highly-acclaimed Premier Collection are being built at prices ranging from £20,000 to £500,000.

Barratt has the widest selection of quality houses and locations throughout the UK. The Premier Collection caters for all sections of the housebuying public - first time buyers, growing families and the retired - and has amply justified the investment in this wide choice of over 60 different house styles.

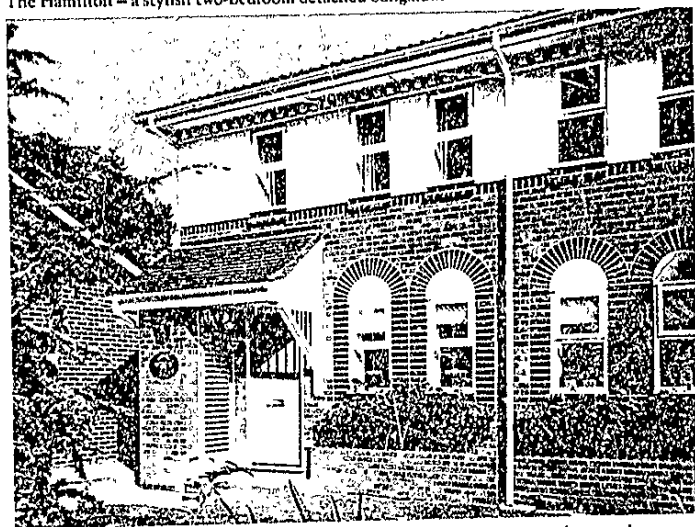
The Collection was the result of the first-ever total review of housing attempted in the building industry, when Barratt asked housebuyers themselves what they wanted in a modern house. Greater choice, higher design standards and enhanced visual appeal were top priorities and to meet those demands Group architects designed over 60 brand new houses.



The Hamilton – a stylish two-bedroom detached bungalow.



The five-bedroom Tennyson house has a beautiful Victorian-style conservatory.



The design of the Montrose offers an exciting concept in sharing by providing two large bedrooms, each having the privacy of an en suite fitted bathroom.



The spacious four bedroom detached Russell house style.

Externally, all Premier Collection homes have three alternative treatments, to offer a variety of styles.

Inside, all rooms have been designed to maximise living space, whilst wider doorways and passageways can help to make life easier for the disabled. Fully fitted kitchens are planned to house the latest appliances and quality fittings feature in all bathrooms. The latest heat technology and high standards of thermal insulation ensure low fuel bills and the traditional fireplace has been reintroduced into many lounges.

Features such as en suite and split-level bathrooms have been made more widely available throughout the Collection while conservatories and billiard rooms are now included in several Sovereign Range houses.



His Royal Highness Prince Charles and the Lord Lieutenant of Berkshire, Col. Gordon Palmer, tour Kingsmere Meadow at Bracknell, the first private sector housing development in the UK to incorporate ideas promoted by the Prince of Wales' Advisory Group on Disability.

PRIVATE HOUSING

CONTINUED



The magnificent Wordsworth house at Ravenscourt, Lymington, Hampshire, is the pinnacle of the Premier Collection's Sovereign Range.

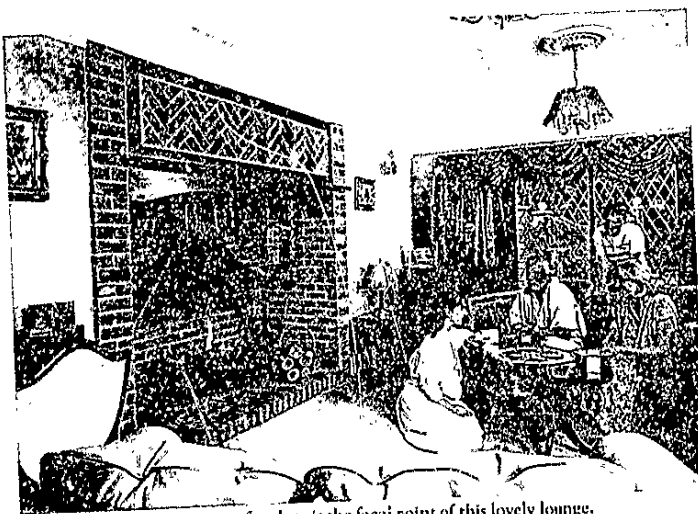
Sovereign houses boast luxury features such as sumptuous master bedroom suites, whirlpool baths, breathtaking principal bathrooms, grand entrance halls and elegant reception rooms. Most have saunas too.

Each of these prestige properties has a dream kitchen,

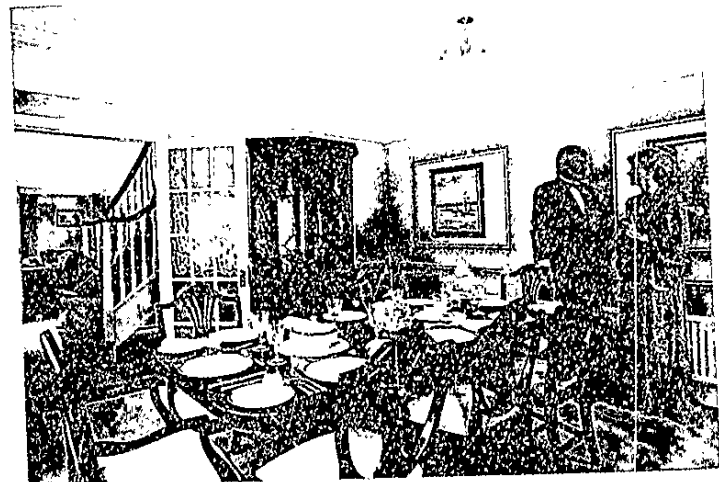
individually designed and luxuriously fitted, with all the latest labour-saving equipment.

Most have at least five bedrooms – some an additional study/bedroom or spacious 'guest suite' with private bathroom.

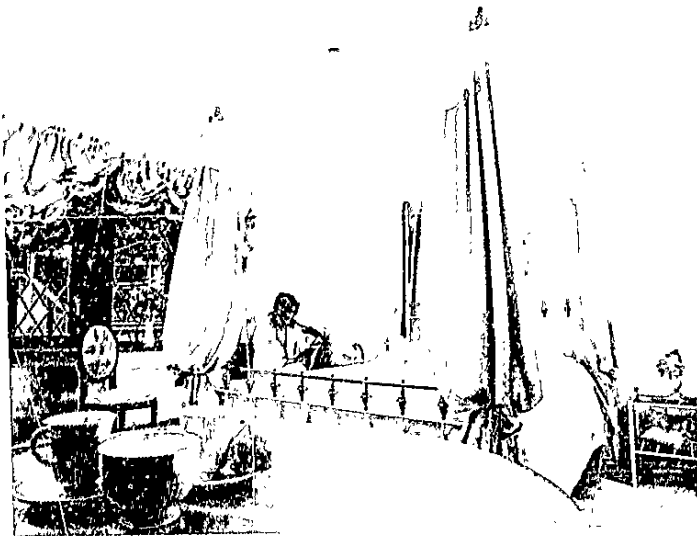
Design details abound: feature fireplaces, wall lights, beautiful door furniture and decorative ceiling covings.



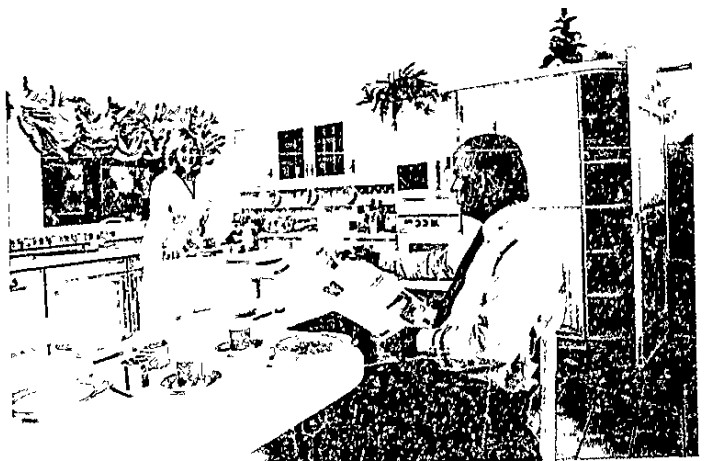
A beautiful brick feature open fireplace is the focal point of this lovely lounge.



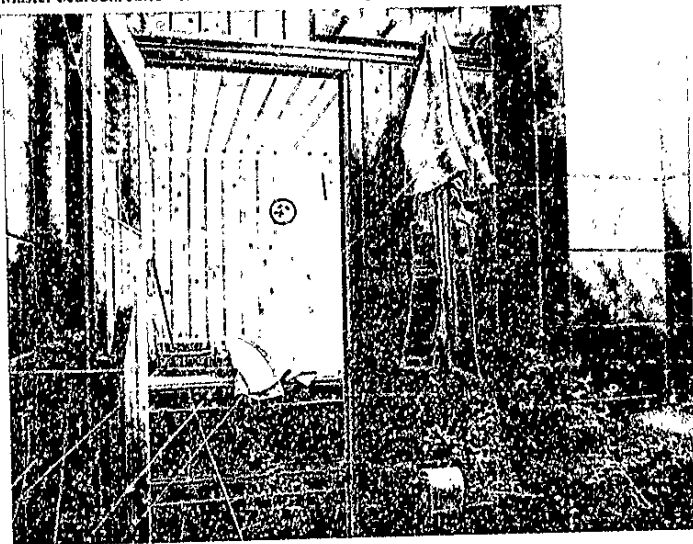
An elegant spacious dining room for entertaining in style.



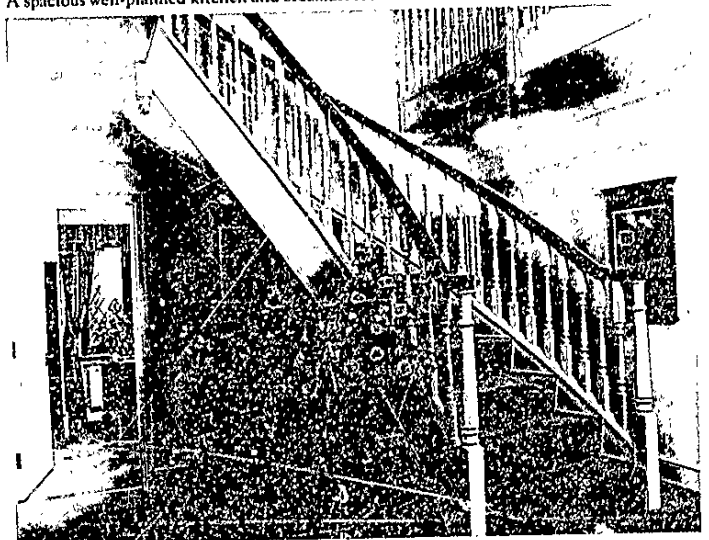
Master bedroom suite with bathroom and dressing area.



A spacious well-planned kitchen and breakfast room.



A sauna suite provides the perfect place for relaxation.



Sweeping staircases lend elegance to entrance halls in some Sovereign Range houses.



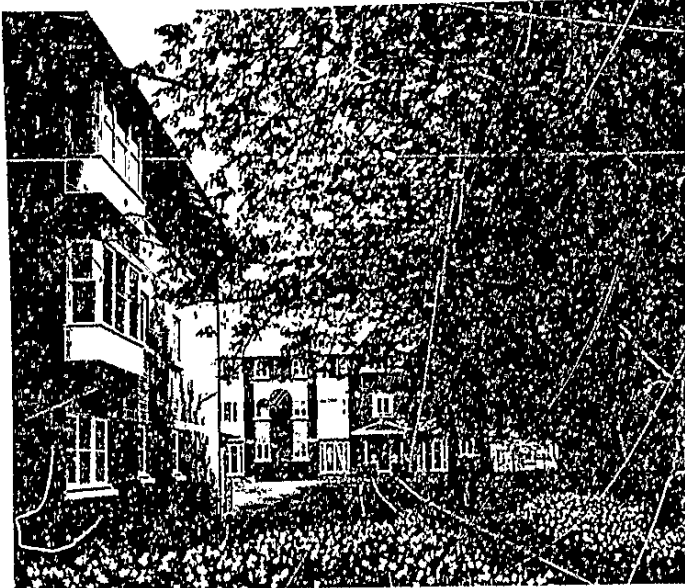
A typical conservatory overlooking the garden in a Sovereign Range house.



Typical superb principal bathrooms feature separate showers, whirlpool baths, and bidets.

INNER CITY PARTNERSHIP

NEW BUILD



1. The Beeches, East Acton Lane, London W3.



2. Meridian Gardens, Lewisham, South London SE13.

Joint ventures between Barratt and other public and private bodies have been helping to change the face of Britain's run-down inner cities in recent years.

In partnership with local authorities, central government, housing associations, lending institutions and other organisations, the Group has been involved in many innovative projects throughout the UK.

These partnerships are the key to success in halting the decline of Britain's inner cities – where many thousands of homes stand empty with local authorities unable to afford the repairs needed and hundreds of square miles of useful urban land lie derelict.

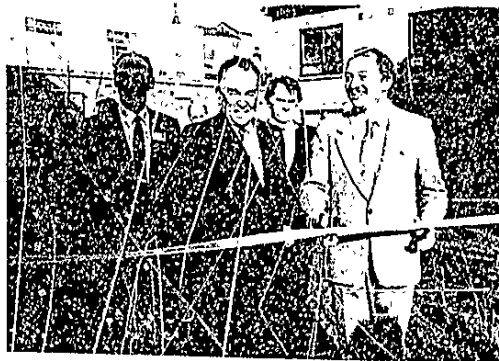
Barratt was the first major private housebuilder to tackle inner city problems on a large scale and is increasing its commitment to urban renewal each year.



3. James Collins Close, Harrow, London

1. Retirement apartments at The Beeches, East Acton Lane, London. This development of 45 apartments was built on a 2½ acre inner city site. In addition to a resident warden and communal facilities such as residents' lounge, there are guest suites for overnight visitors.

2. The striking architectural design of Meridian Gardens in Lewisham, South London, attracted substantial interest when the first phase of apartments was released for sale. This stylish £7 million project – which provides 152 apartments at affordable prices – is built on a former factory site which actually straddles the Greenwich Meridian.

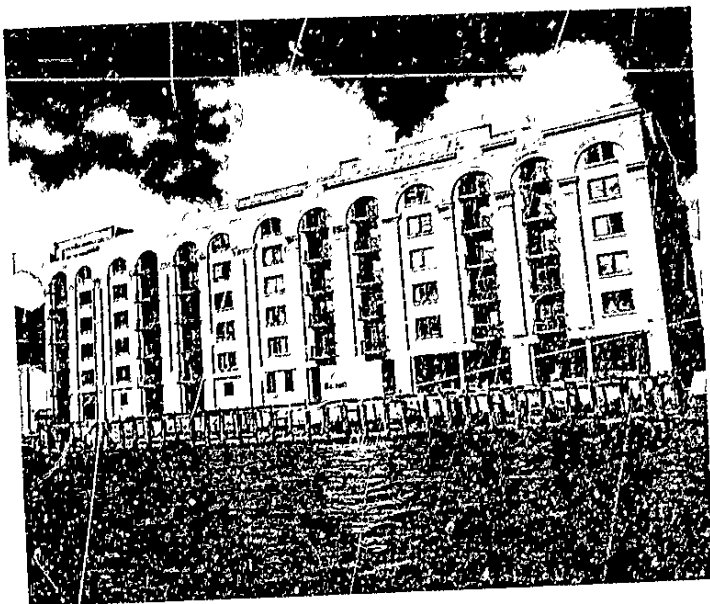


4. James Collins Close, Harrow, London

3. James Collins Close, Harrow, London: This imaginative scheme alongside the Grand Union Canal was the result of a partnership initiative between Barratt and the Brent People's Housing Association. Its 39 houses, maisonettes, and flats are let as fair rent accommodation and tenants include nurses from a nearby hospital and people with special housing needs, including disabled people who qualified for mobility flats on the development.

4. Ken Livingstone (then leader of the Greater London Council), accompanied by Sir Lawrie Barratt and the Brent People's Housing Association chairman Jim Cunningham (left), cuts the tape to officially open James Collins Close.

CONVERSION



1. Gun Wharf, Wapping, London E1.



2. Gun Wharf, Wapping, London E1.



3. The conversion of Salford City Fire Station.

1. Adjoining the successful conversion of a former spice warehouse at Gun Wharf, Wapping – a historic riverside location only minutes from the City of London – the imaginative conversion of another disused warehouse at Gun Place is fast approaching completion while work is continuing on the conversion of a former soap factory at nearby Bridewell Place, Wapping, representing a £20 million investment in the area by Barratt to provide a total of 189 apartments and maisonettes.

2. Spacious interiors are a feature of Barratt apartments available at Wapping, London E1.



4. Maritime Court, Leith, Edinburgh.

3. Salford City Fire Station, Greater Manchester: one of the area's best known landmarks, had stood empty until a £1 million Barratt refurbishment scheme transformed the Edwardian building into office accommodation and an exhibition centre, while preserving the frontage. A quadrangle of 29 former firemen's homes at the rear was also converted to provide two and three bedroom mews style town houses around a landscaped cobbled courtyard.

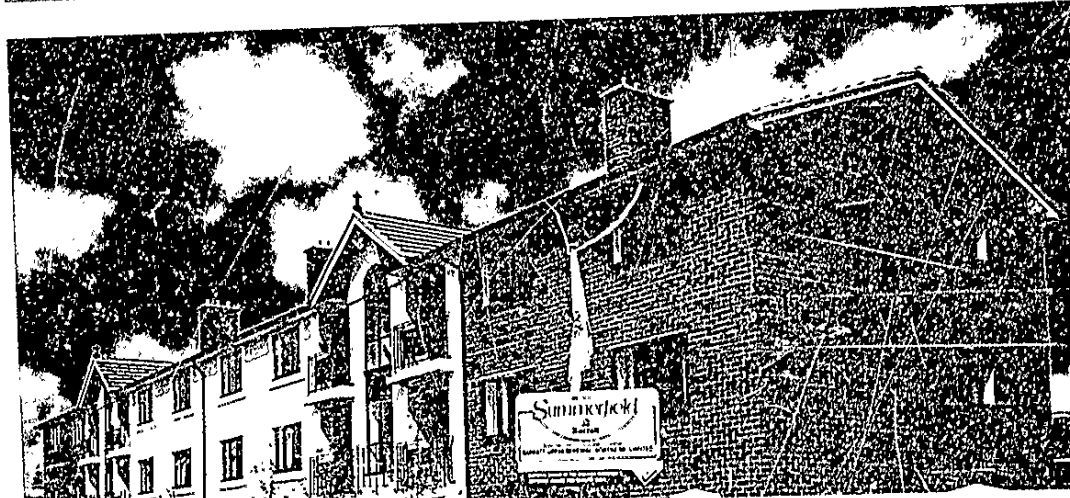
4. Maritime Court, a conversion of a former warehouse into 69 apartments in the Port of Leith area of Edinburgh, offers a wide choice of accommodation all fitted and finished to a high specification.

INNER CITY PARTNERSHIP

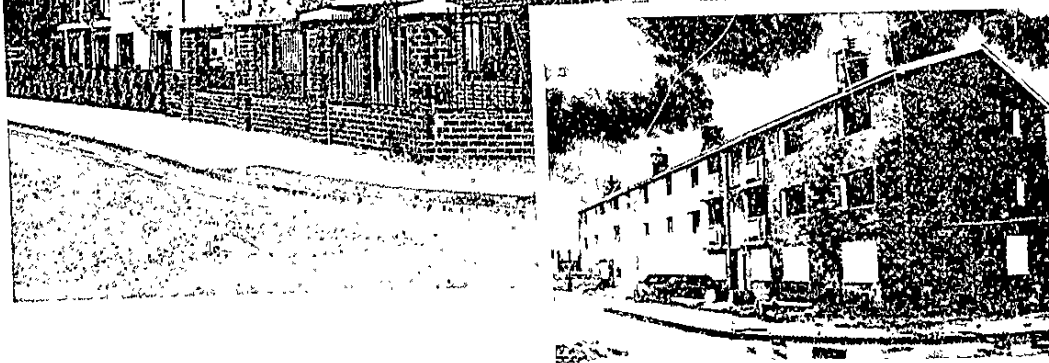
CONTINUED



Trinity Court, Rotherhithe, Southwark: a joint venture fair rent project refurbished by Barratt for the South London Housing Association on a 'design and build' basis and completed five months ahead of schedule. The newly-refurbished apartments - with the emphasis on privacy - were let to local people in housing need.



Jersey Close was a local authority estate of three and four-storey flat blocks in the centre of Bootle, Merseyside, suffering from the usual symptoms of urban decay. Now the bleak cityscape of neglect and vandalism has been replaced by Summerfield: bright modern bungalows, houses and apartments offering a much needed choice of low cost accommodation.



REFURBISHMENT



A £3.2 million partnership venture between Barratt and Wandsworth Borough Council transformed seven blocks of dilapidated pre-war council flats into modern apartments (ranging in size from one to four bedrooms) in an attractive landscaped setting. The Bridge Park flats, officially opened by Environment Secretary Kenneth Baker, were all offered for sale at an agreed discount to families nominated by the local authority.



Priesthill, Glasgow: Close co-operation between Barratt and Glasgow District Council in an £8 million project is transforming this problem housing scheme. The partnership, the first of its kind in the city, will create almost 500 new homes.

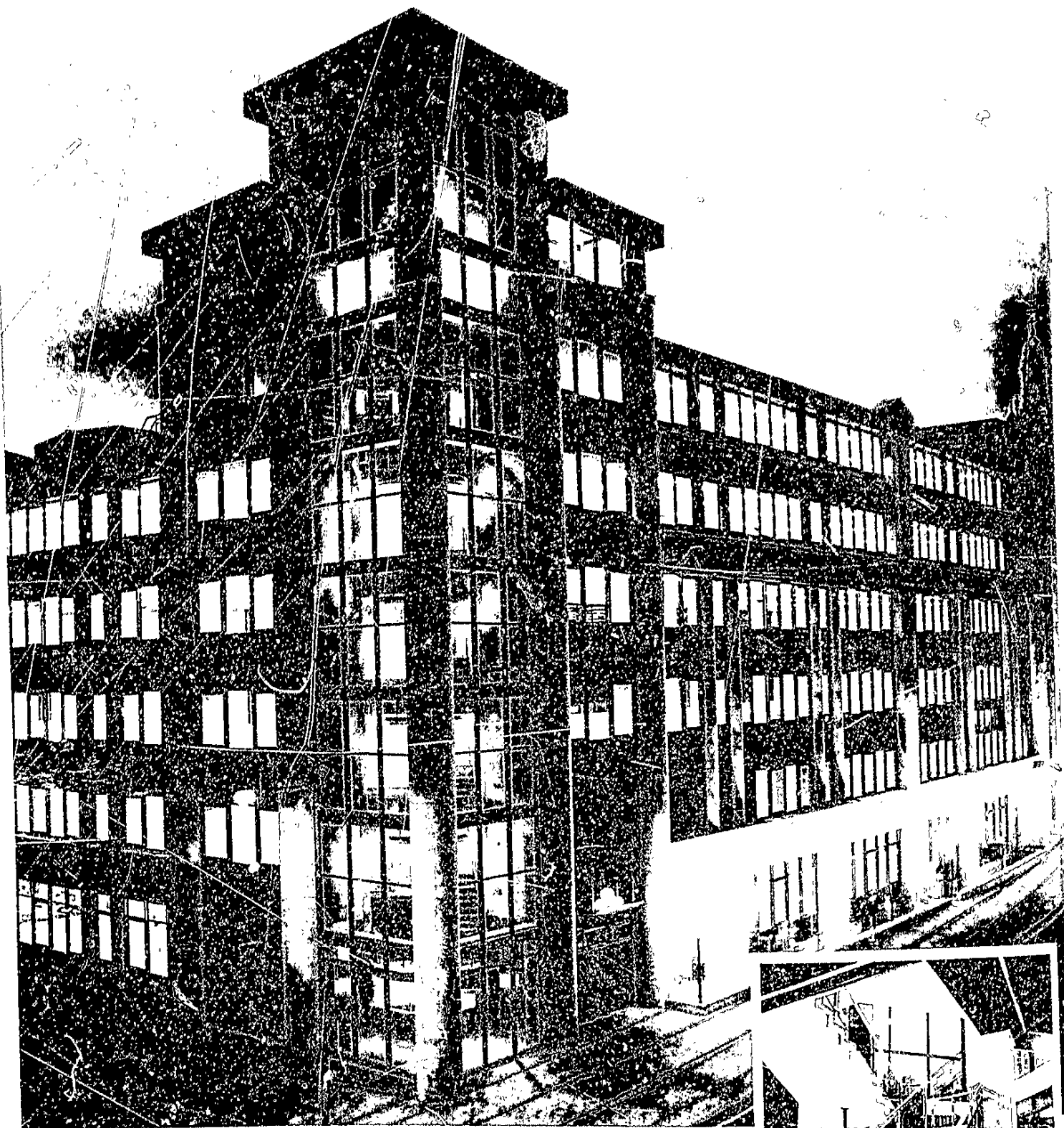


His Royal Highness, The Prince Philip, Duke of Edinburgh, visits Ambrose Court, Beckton, London, a fair rent sheltered housing project built by Barratt on derelict land in partnership with the East London Housing Association. Prince Philip is accompanied by Sir Lawrie Barratt; Gladys Dimson (left), chairman of the East London Housing Association; and Pam Hill, warden of Ambrose Court.

Mixed tenure developments in the inner cities can provide not only much-needed modernised public housing for rent but also homes for shared ownership through housing associations and for sale at subsidised prices to council nominees and buyers on low incomes.

Sheltered homes for the elderly and accommodation for people with special housing needs have also been created in many projects. Urban renewal can also result in huge savings to local authorities – and create jobs in areas of high unemployment.

Architectural Record, 1934, p. 100



Architectural Record, 1934, p. 100. The building is a multi-story structure with a prominent corner tower. The tower is a square structure with a flat roof and a grid of windows. The building is surrounded by scaffolding and construction equipment, indicating it is under construction or renovation. The image is a high-contrast, black and white photograph.



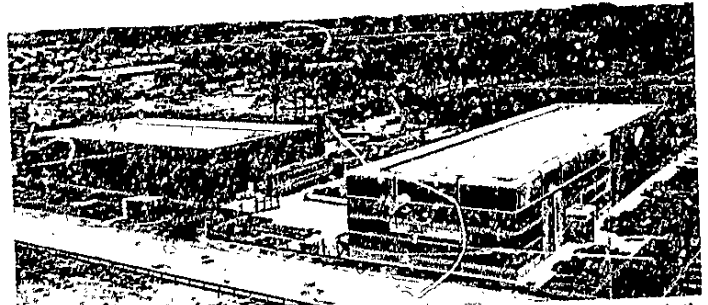
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CONSTRUCTION



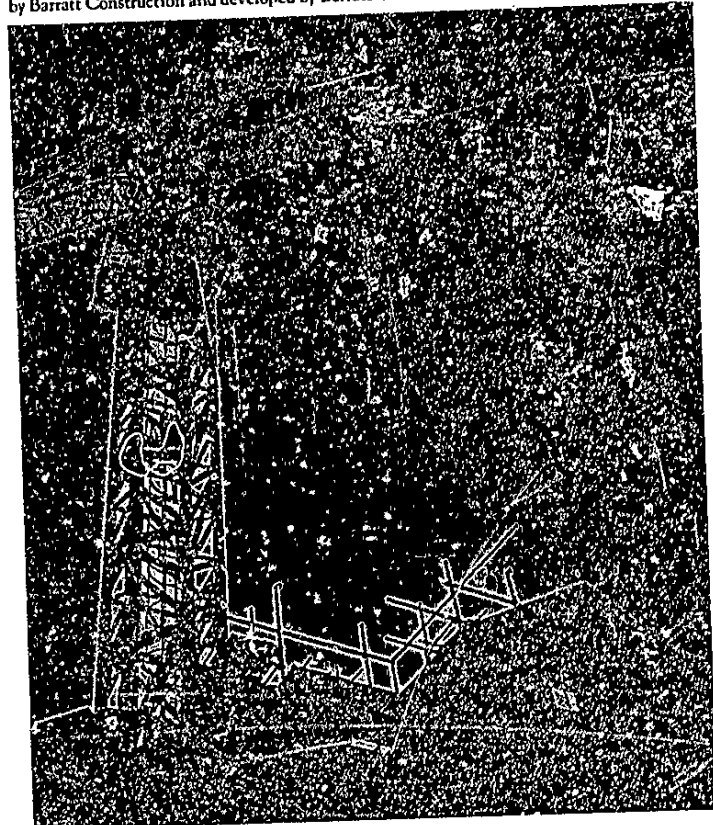
In addition to this retail unit for MFI at Ayr – one of many such units built by Barratt and let or sold to household name companies – the scheme also included 55 residential apartments.



The Drill-Quip unit at Stonywood Industrial Park, Dyce, Aberdeen: a £2 million scheme built by Barratt Construction and developed by Barratt Commercial.



This attractive development of 86 apartments at Powis Place, Aberdeen, was built by Barratt for the City of Aberdeen District Council.



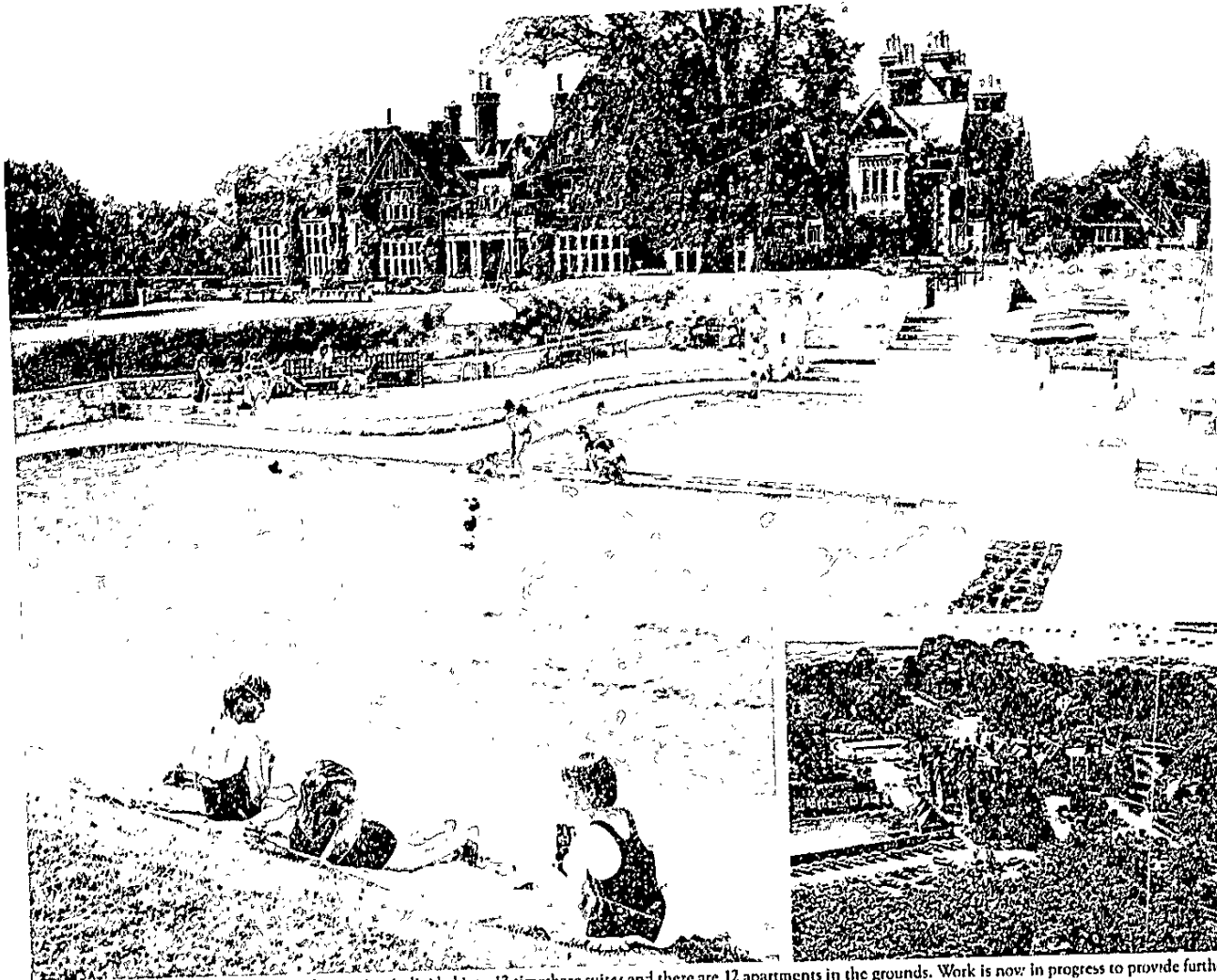
Construction work underway close to Aberdeen city centre.

Barratt Construction can offer experience and expertise in the increasingly competitive field of general contracting.

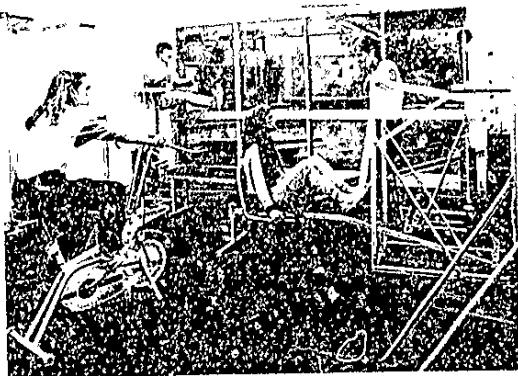
During the past year the company has successfully completed office building projects and housing redevelopment/refurbishment schemes, for a variety of clients including local authorities, housing associations and private industry.

The experience Barratt has gained in other sectors of the construction industry is a major benefit when projects are undertaken in the industrial and commercial property fields.

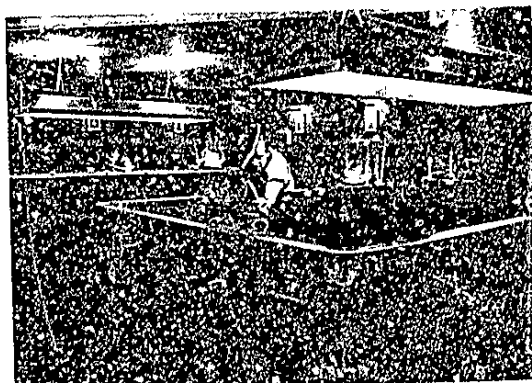
From the drawing board onwards, Barratt Construction has the relevant skills to ensure the efficient completion of specialist building contracts.



Elmers Court, Hampshire. The Tudor-style mansion is divided into 13 timeshare suites and there are 12 apartments in the grounds. Work is now in progress to provide further apartments and the same high standard of amenities available at all other Barratt leisure resorts.



Keeping in trim in a typical leisure resort gymnasium.



A relaxing game of snooker.

UNITED KINGDOM

Elmers Court, a Tudor-style mansion at Lyminster, Hampshire, is the latest superb Barratt timeshare leisure resort in the UK.

This £10 million complex is set in 23 acres of beautiful landscaped grounds, adjoining the New Forest and fronting onto the Solent.

Elmers Court is the fifth British leisure resort to be opened by Barratt Multi Ownership and Hotels Ltd – now Europe's largest timeshare developer, with over 10,000 owners. Since Barratt introduced the first multi-ownership development to Britain in 1975 the concept has rapidly grown in popularity. As the leader in this

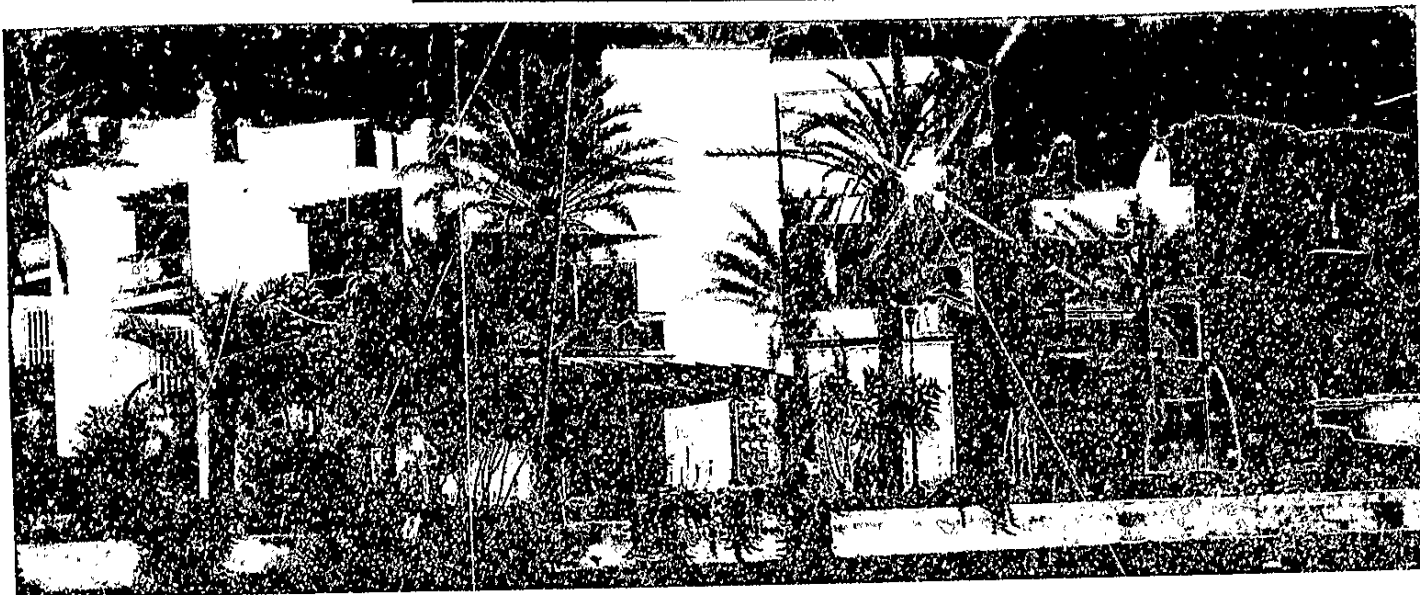
leisure field Barratt is setting even higher standards of location, luxury and facilities.

Elmers Court leisure activities already include swimming, tennis, croquet, bowls, sauna and snooker – and its new leisure centre will also provide an indoor swimming pool, Turkish baths, badminton, squash, gymnasium, restaurant and bar. At the four other British resorts – all set in areas of outstanding natural beauty – similar comprehensive leisure amenities have recently been expanded to provide an even greater choice of all-year-round recreation.

BARRATT – EUROPE'S LARGEST TIMESHARE DEVELOPER

LEISURE RESORTS AT: 1. ELMERS COURT, LYMINGTON, HAMPSHIRE. 2. FOREST HILLS, THE TROSSACHS. 3. DALFABER, AVIEMORE. 4. LOCH RANNOCH, PERTSHIRE. 5. PLASTALGARTH, SNOWDONIA NATIONAL PARK. 6. LEILA PLAYA, COSTA DEL SOL. 7. VILACANA, COSTA DEL SOL.

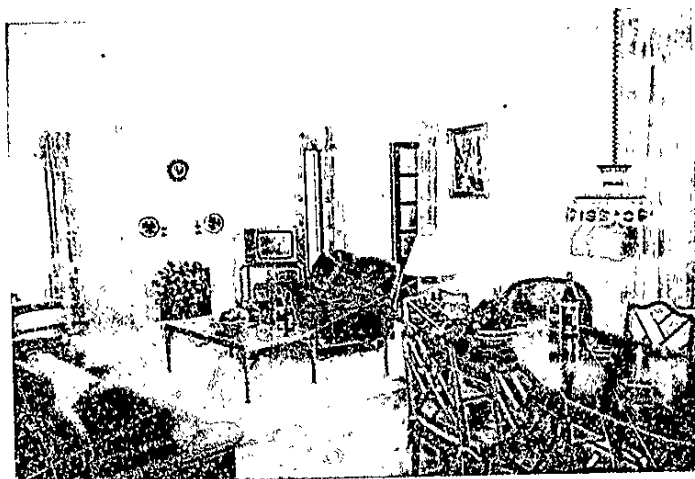
LEISURE PROPERTY



The magnificent beachside setting of Leila Playa holiday village.



Castilian town houses at Villacana complete with private pool and gardens.



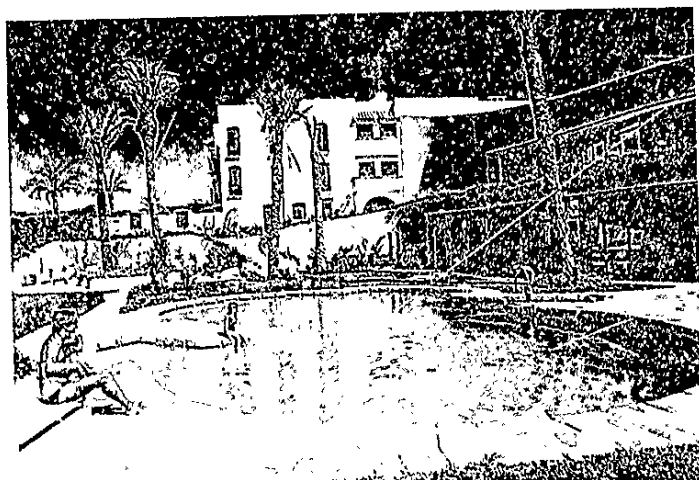
A cool and spacious lounge with marble floor, tasteful furnishings and balcony.

EUROPE

Following the success of the Villacana leisure resort, where more than half of the timeshare weeks were sold in less than two months after it opened in 1985, Barratt opened its second overseas leisure resort at Leila Playa in 1986.

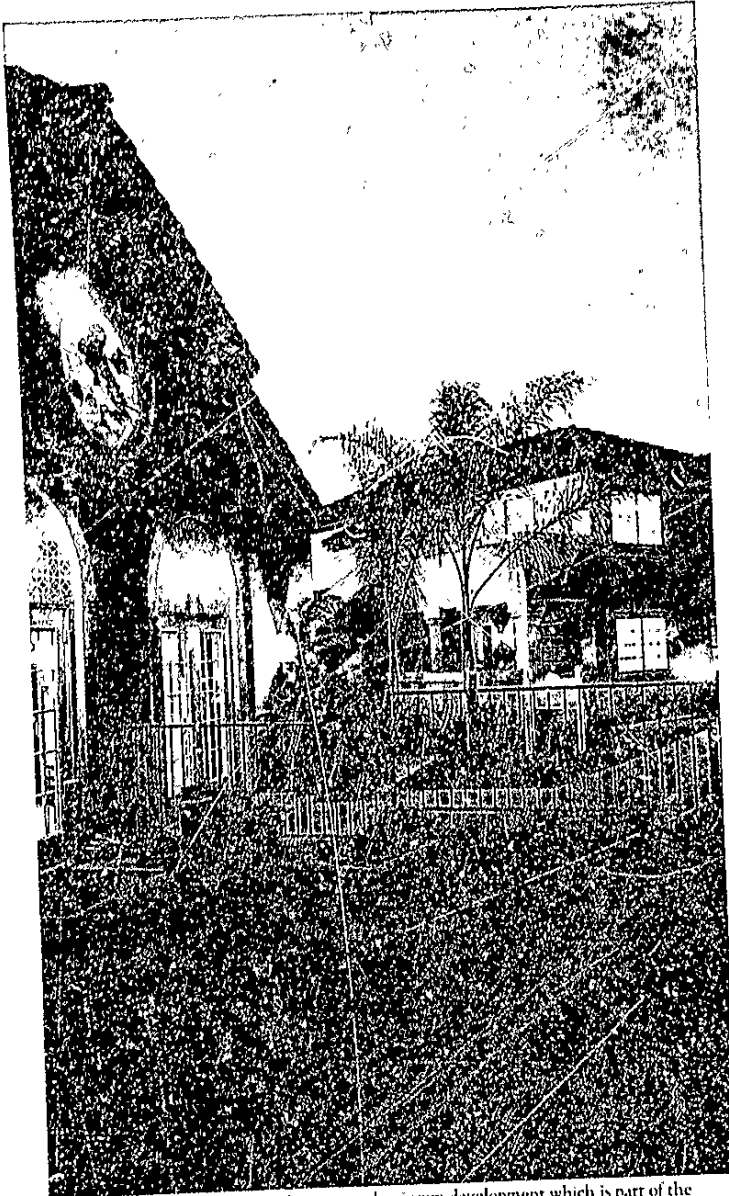
This magnificent new £4 million holiday village at the heart of Europe's most sought-after holiday destination, Spain's Costa del Sol, enjoys a superb beachside setting overlooking the Mediterranean near Marbella and has easy access to nearby airports.

Leila Playa's elegantly furnished apartments, all have a direct ocean view. The resort has its own club, bar, restaurant, swimming pool and beach amenities include sailing and windsurfing.

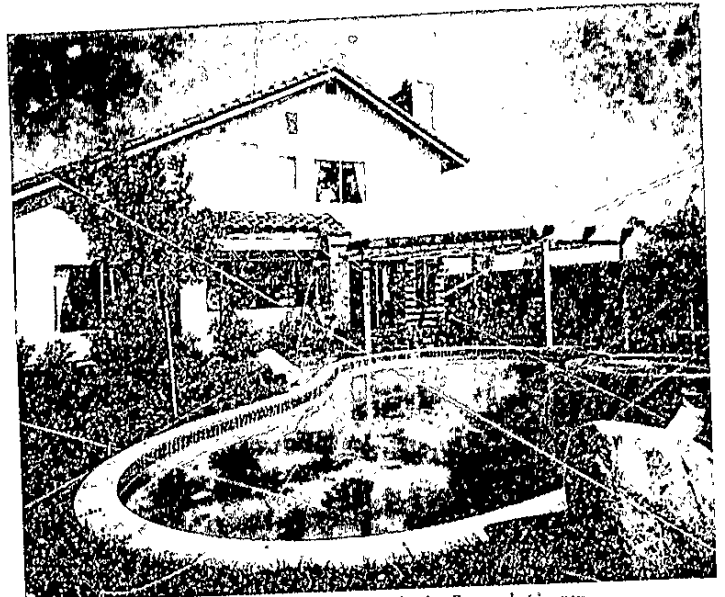


The Villacana Owners' Club includes pool, private bar, jacuzzi, saunas and a roof sun terrace.

UNITED STATES OF AMERICA



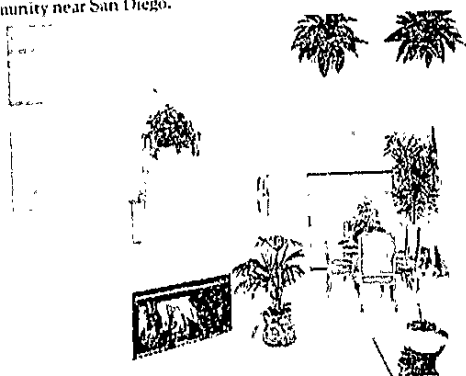
Evening at Villa Martinique, a 231 unit condominium development which is part of the Eastlake planned community near San Diego.



Large garden areas are an attractive feature at Northridge Riverside County.



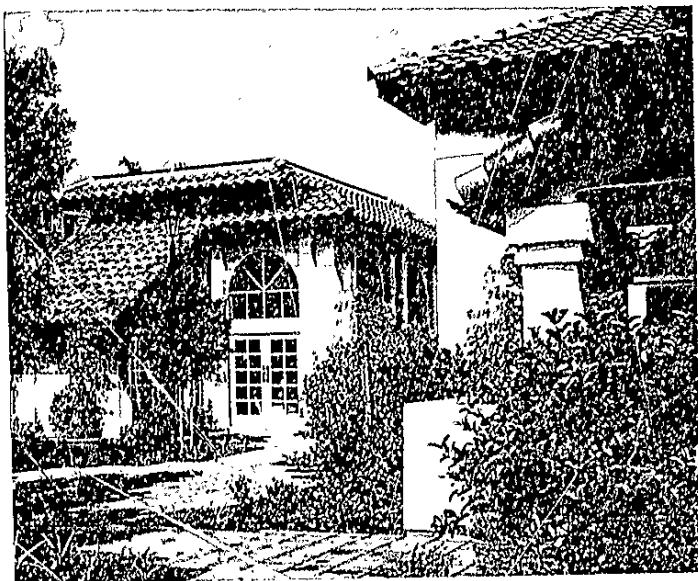
Villa Vidrio home style at Ventana, Mission Viejo, offers affordably priced 3 bed, 3 bath living.



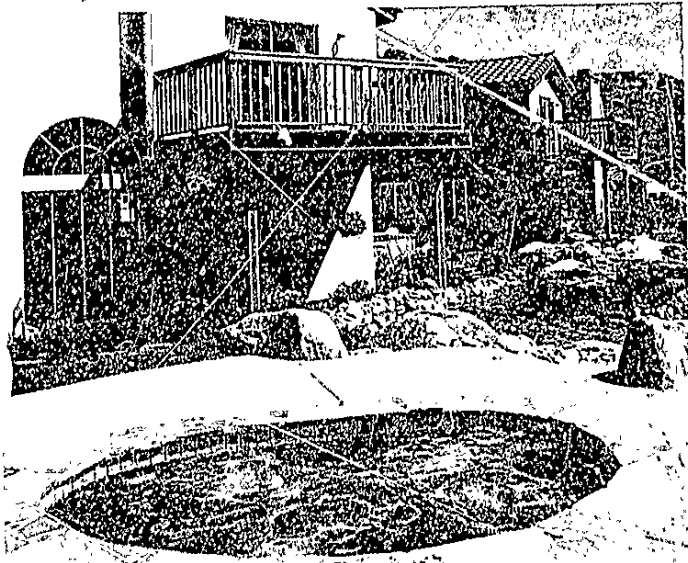
An attractive lounge setting in this Villa Fuero home style.



Spacious living is a feature of this Villa Galleria



Mission Viejo, Orange County: a \$33 million complex of 405 condominiums and town houses.

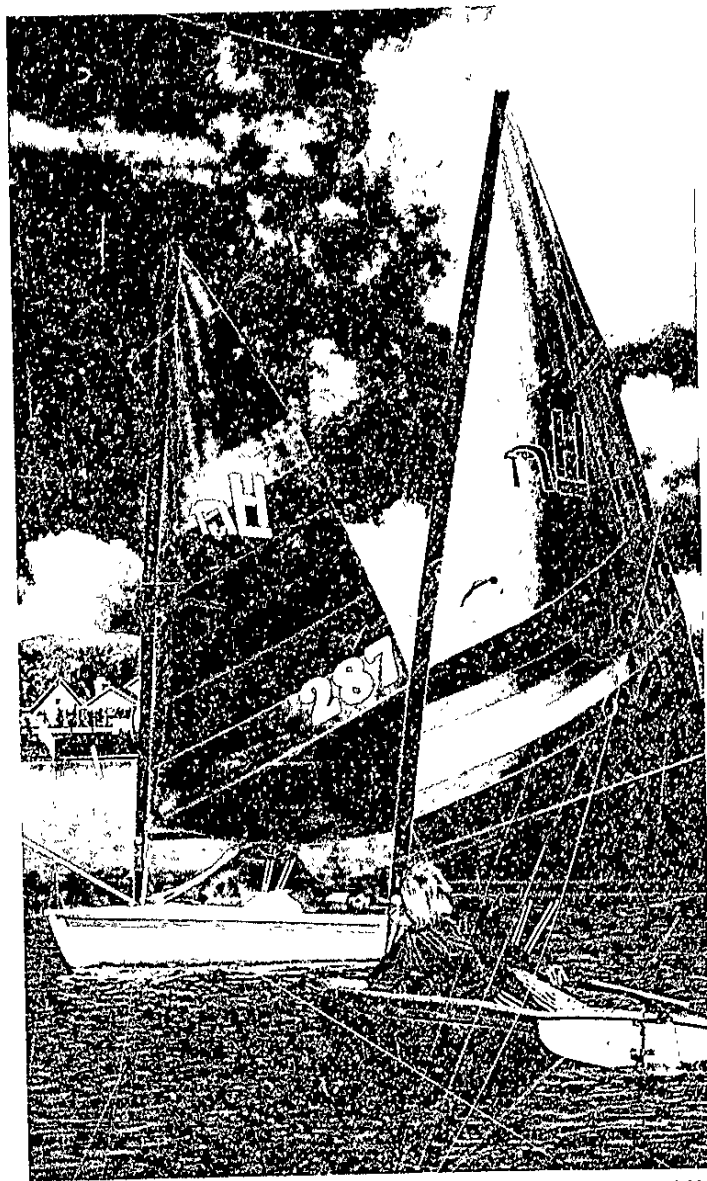


A viewing balcony off the master bedroom is a feature of most homes at the Montecito development near San Diego - a joint venture between Barratt and Home Capital Corporation, a subsidiary of a leading US savings and loan association.

Since the Barratt American homebuilding subsidiary was established in 1980 it has steadily progressed to become one of California's foremost homebuilders.

This is due to the quality and range of its products, the Barratt Group's financial strength and in no small part to the dedication of the Barratt American team.

As well as building new homes for all sectors of the market at prices from \$50,000 to \$300,000, Barratt American is actively involved in urban renewal projects which are helping to breathe life back into previously run down areas of several Californian cities.

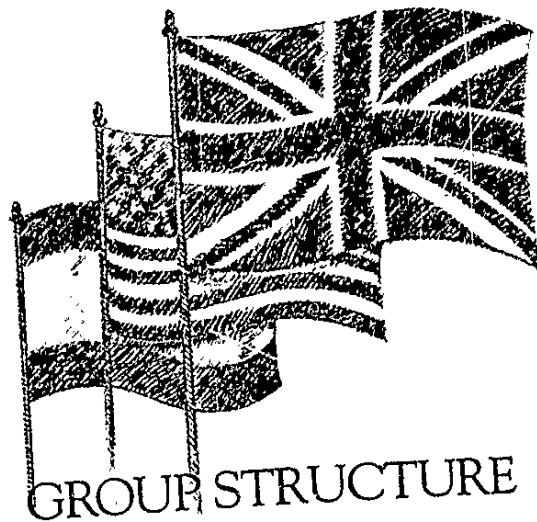


Sailing on the 7½ acre Barratt-built lake is one of the numerous recreation amenities available at Creekside Village, Ontario, near Los Angeles - a planned community of 2,500 homes in a unique landscaped 'country living' setting.

At Creekside Village, Barratt American's totally planned community at Ontario, near Los Angeles, major progress has been achieved during 1986. Infrastructure and amenities on the 410 acre development have been completed and tracts sold to 11 master builders who are now rapidly building a variety of homes.

The organisation has the flexibility needed to meet the changing demands of the market and its objective remains to continue to provide high quality homes and create fine neighbourhoods throughout California.

GROUP DIRECTORY



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.

In this way decentralisation is central to the strength and success of the Barratt Group.

It offers a high degree of flexibility: local expertise backed by the cohesive power and resources of a large international organisation.



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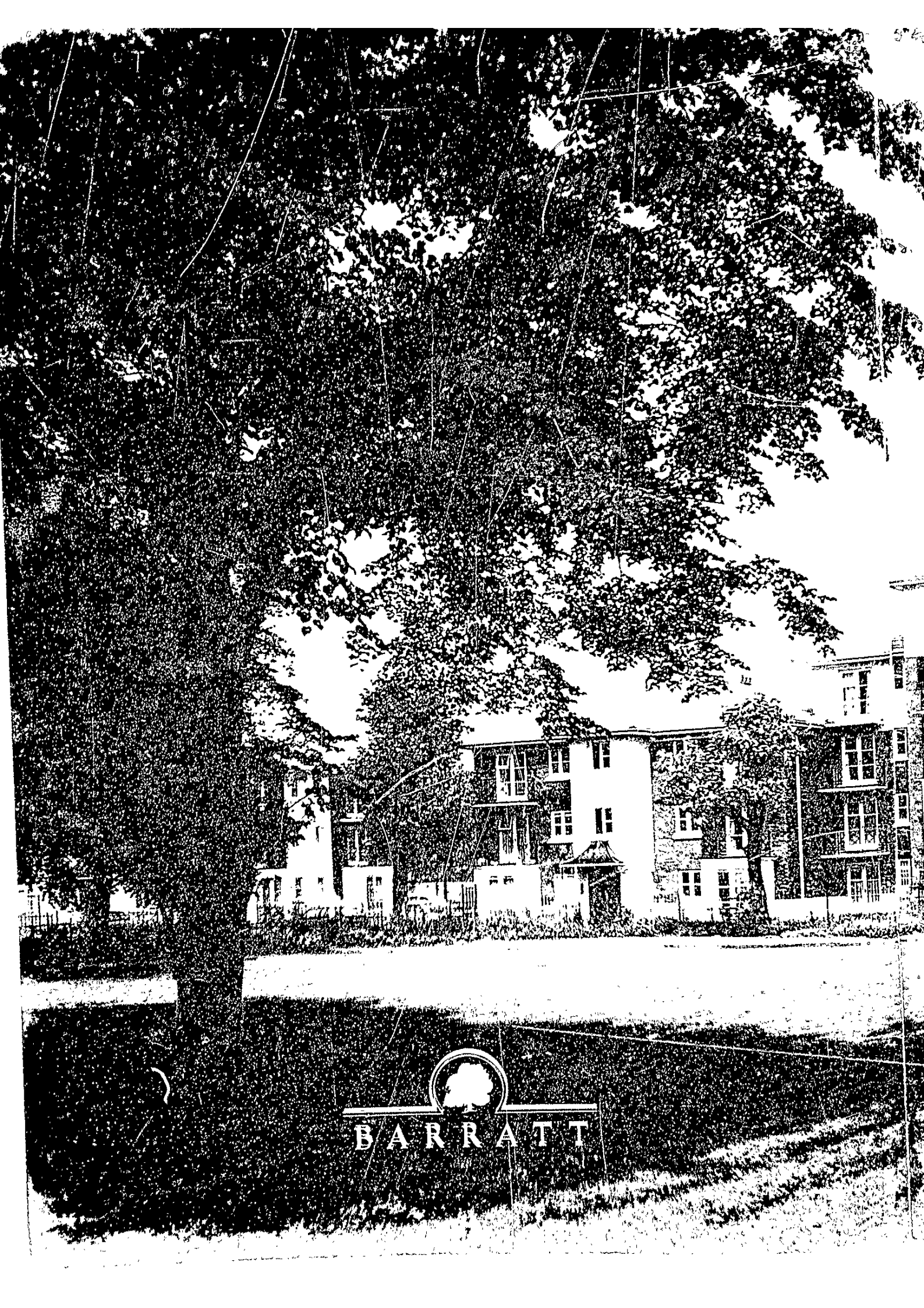
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