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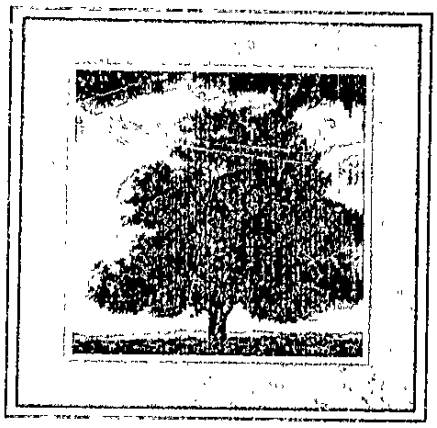
BARRATT ANNUAL REPORT 1981

COMPANIES INSTITUTE
15 JAN 1982

BARRATT DEVELOPMENTS LIMITED

COMPANY PROFILE

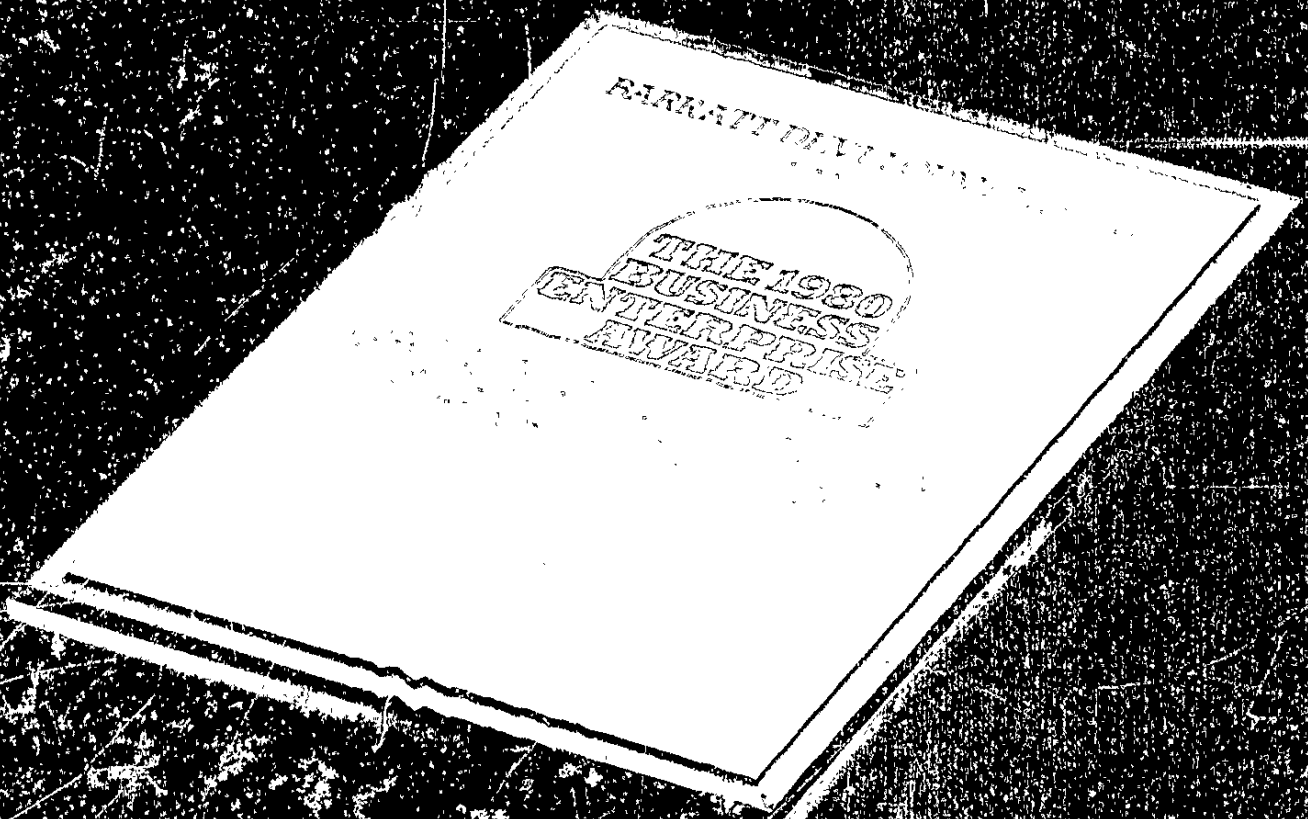


CONTENTS

Section 1	
The growth of the Barratt Group	1 - 4
Group structure	5 - 8
Private housing	9 - 16
Conservation of listed buildings	17 - 20
General construction work	21 - 26
Investment Property Portfolio	27 - 32
Barratt in America	33 - 36
The Barratt Image	37 - 42
Section 2	
Annual Report 1981	1 - 24

"Barratt have achieved exceptional success–despite the recession"

WALTER GOLDSMITH,
DIRECTOR GENERAL,
INSTITUTE OF DIRECTORS.



From acorn to oak tree in twenty three years

The Barratt oak was first planted in Newcastle upon Tyne in 1958.

For its first thirteen years it grew steadily, establishing the financial and management roots which were to be the foundation for its dynamic growth during the Seventies.

In 1972 – having become a public company four years earlier – Barratt Developments rapidly expanded from North East England by a combination of acquisitions, and the creation of new companies.

The Group first expanded into Yorkshire, the North West and Scotland.

The West Country, the Midlands, East Anglia and South Wales quickly followed.

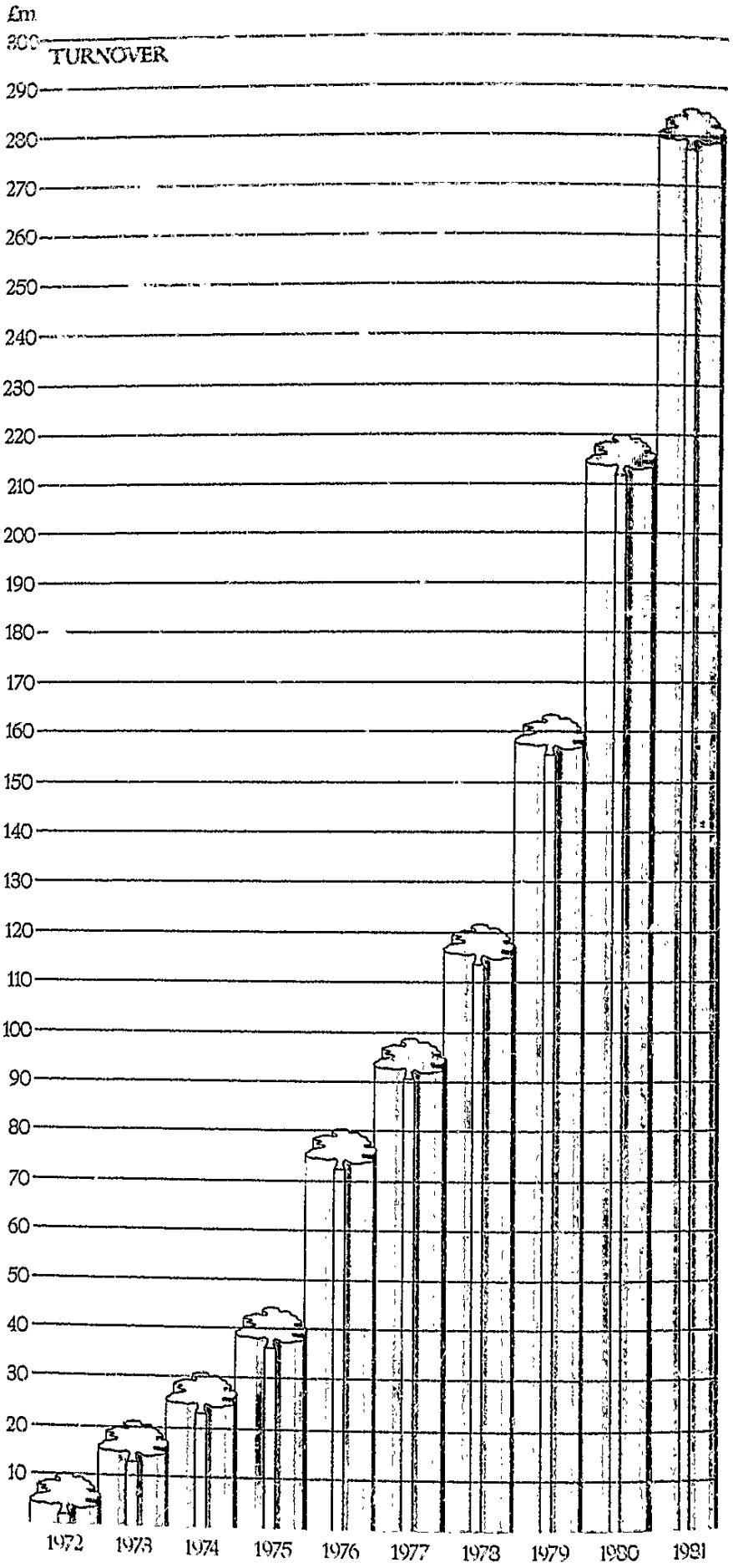
Barratt finally became national in 1978, when new subsidiaries were formed in the South East, to serve London and the Home Counties.

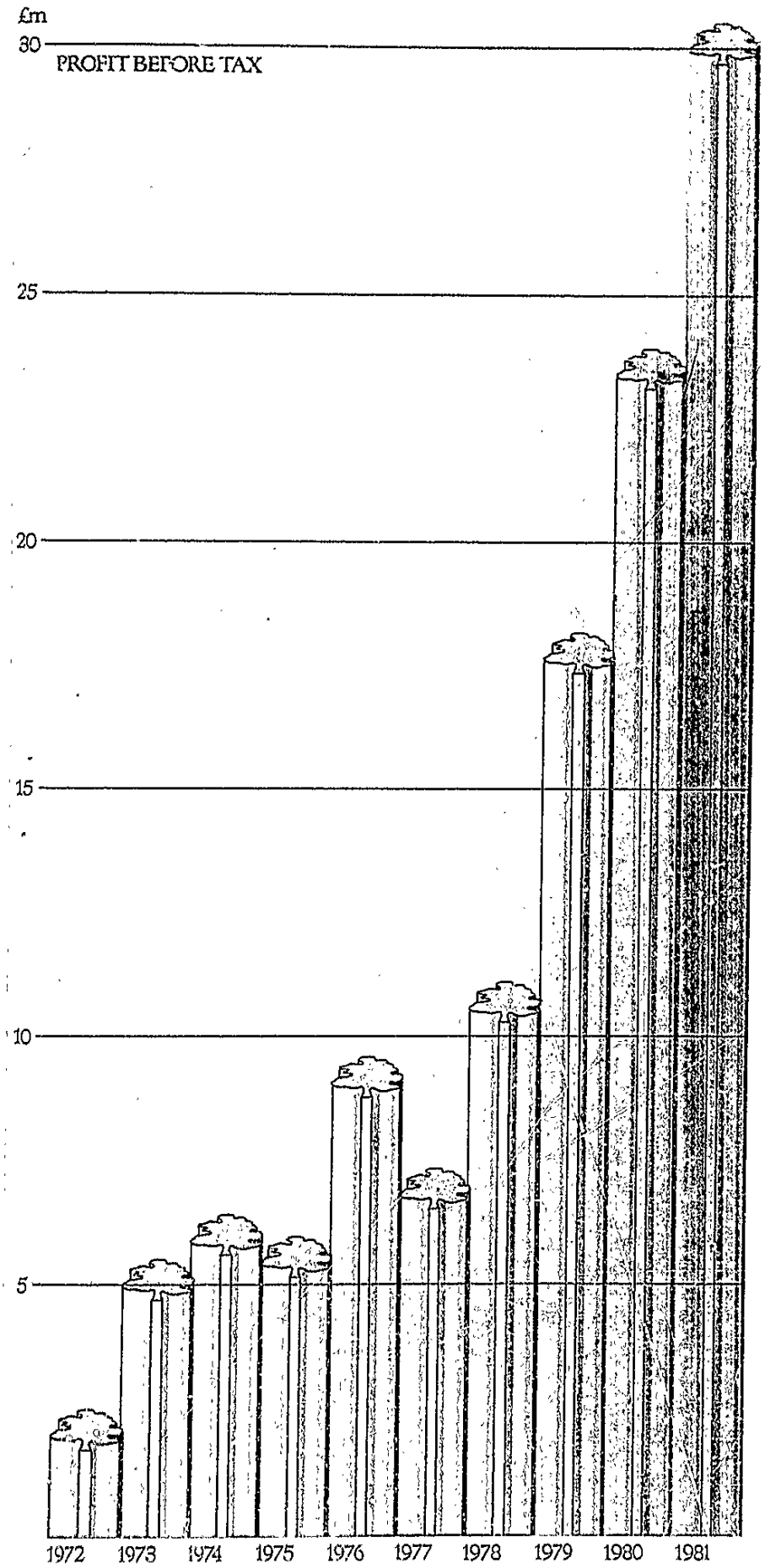
And in 1980, the oak tree became international.

Barratt has moved across the Atlantic, establishing a strong base in California for expansion throughout the United States: Barratt American consists of six operating divisions in California, located to serve this state's total market.

This steady geographic growth has been matched by the Group's financial performance.

A 10,000% increase in turnover during the last decade,





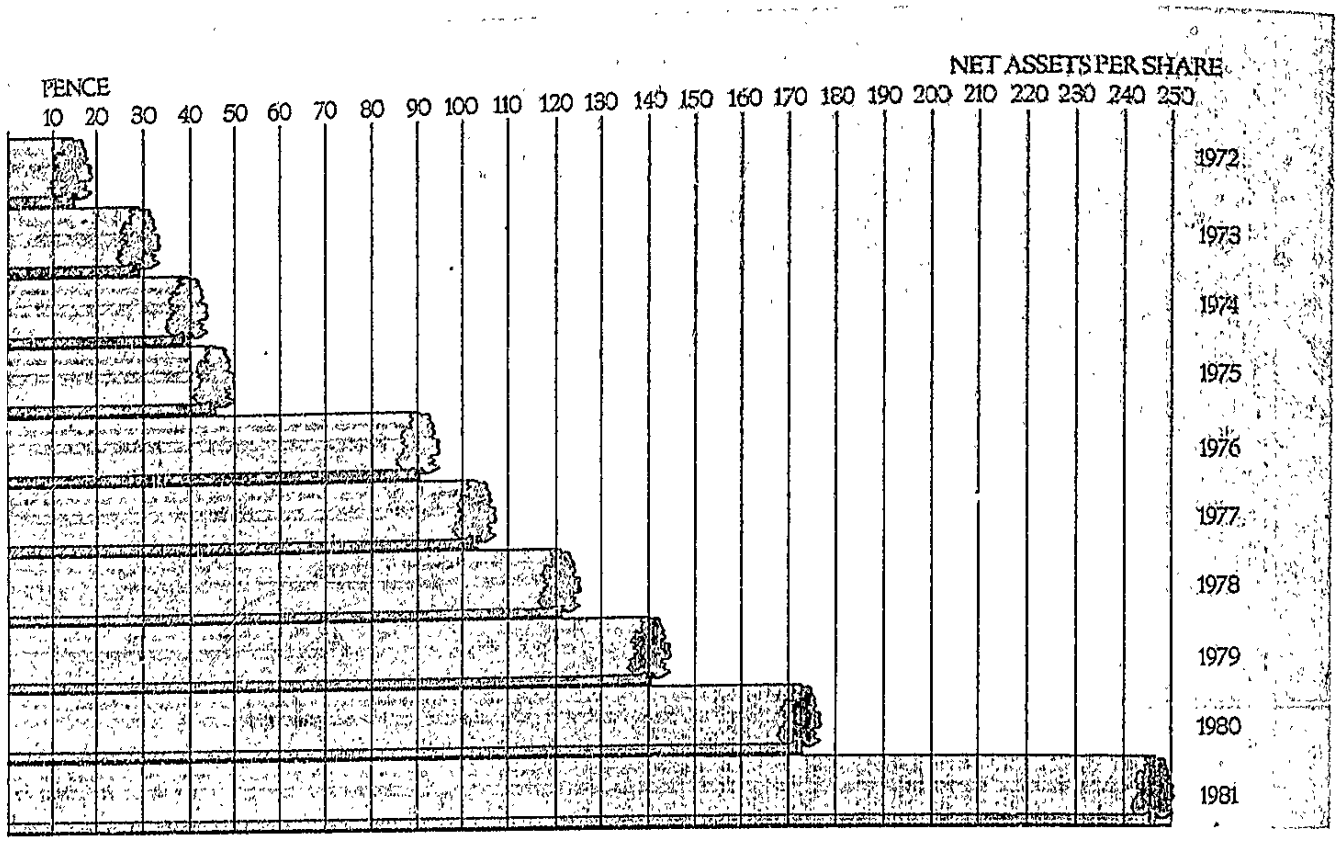
from around £2 million to almost £300 million, means that Barratt is now unchallenged as Britain's largest private housebuilder.

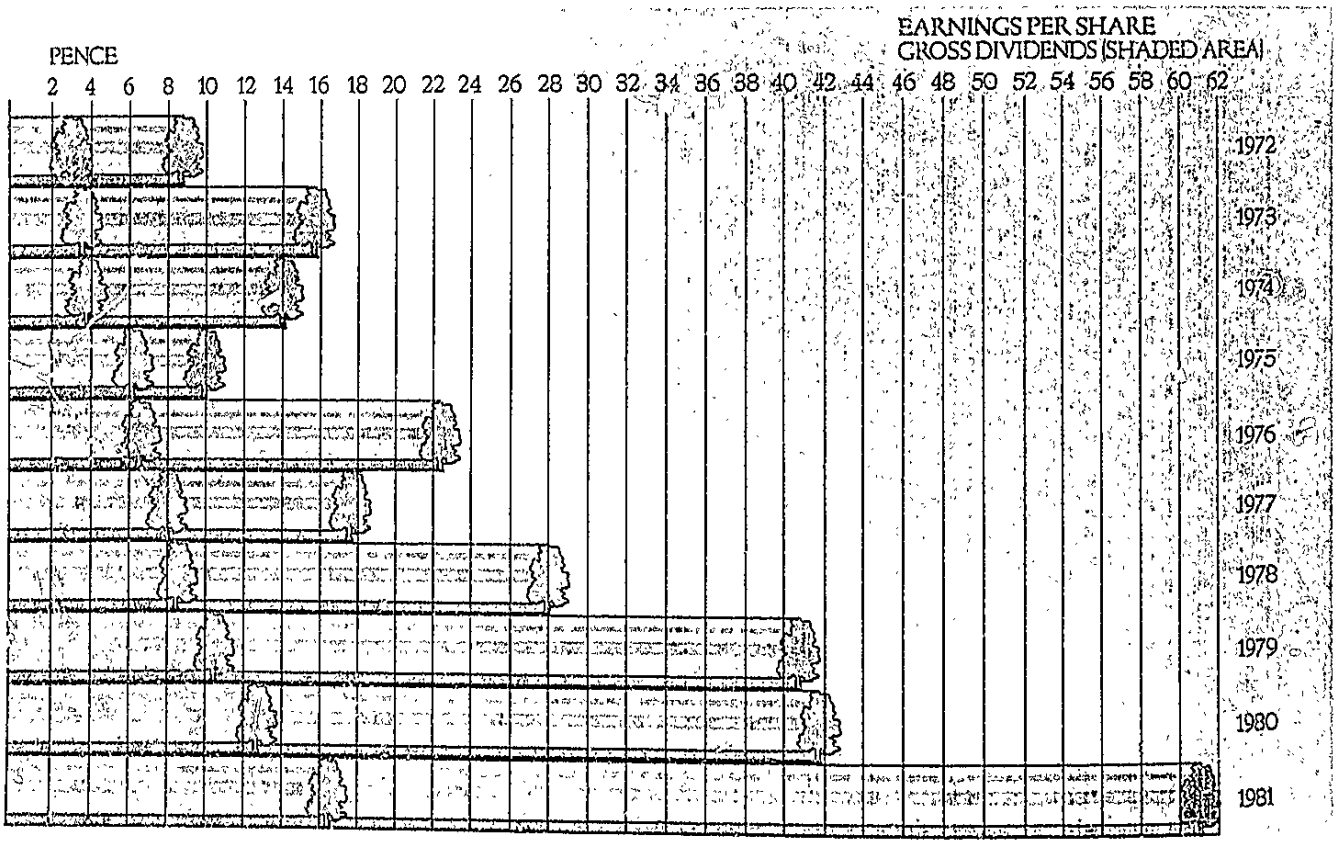
Although housebuilding remains the cornerstone of the Barratt Group, it has widened its profit base by diversifying into all other major areas of the construction industry. Barratt builds and lets investment properties; it renovates important historic houses; it handles an endless variety of general contracting work; and most recently the company is marketing, under the banner of Barratt Leisure, time-sharing lodges and chalets-for-rent at Aviemore, Scotland, Britain's premier year-round resort.

Now directly or indirectly employing some 16,000 people nationwide, Barratt is well poised for further growth throughout the Eighties, with particular emphasis on the investment property portfolio and overseas expansion, plus the continuing development of housebuilding activities in the UK, particularly in the substantial markets of South East England.

The Group's performance was summarised late last year, when Barratt won the first British Business Enterprise Award, awarded by the Institute of Directors "in recognition of Barratt's contribution to the creation of wealth, employment and a greater understanding between industry and the city."

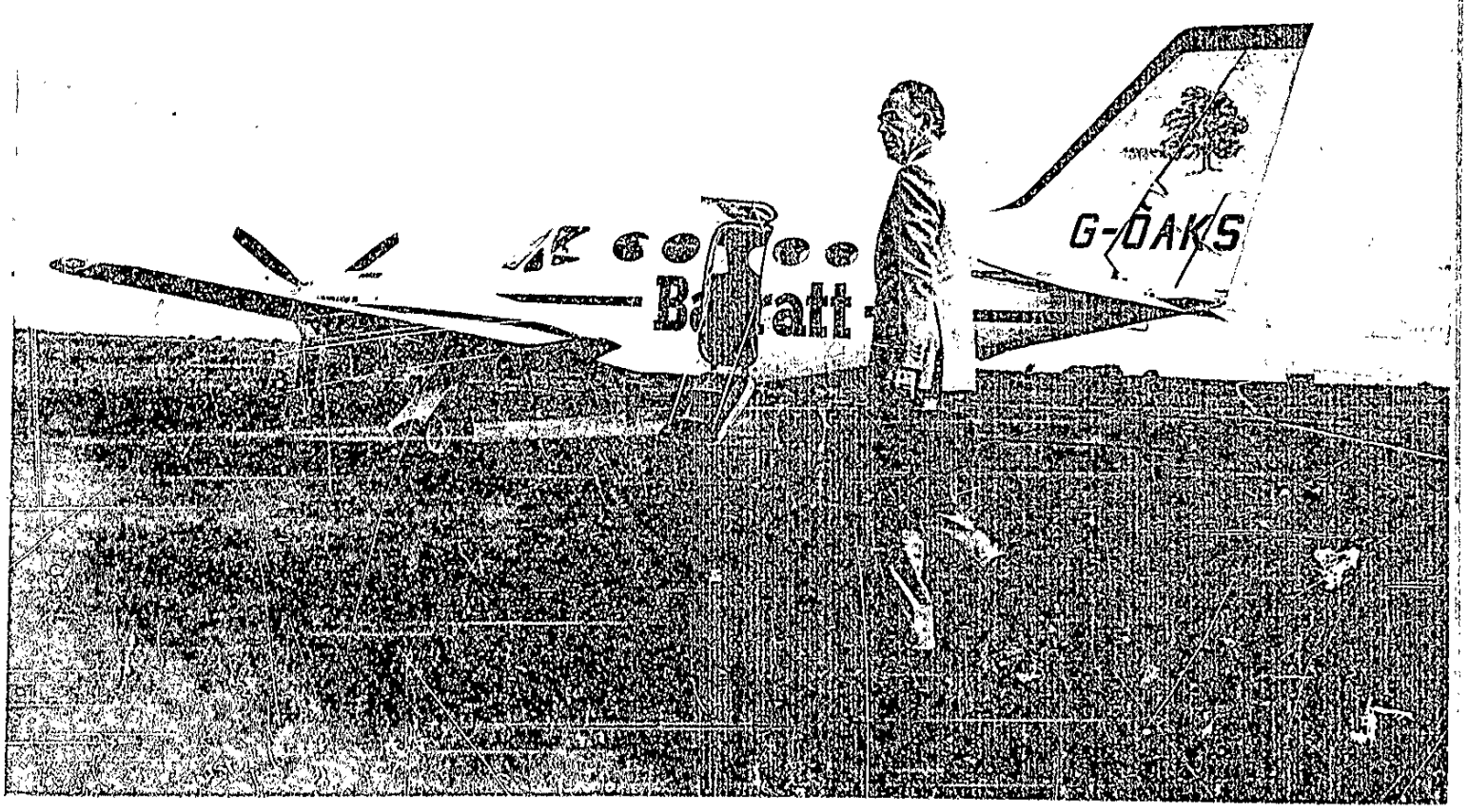
Barratt


NET ASSETS PER SHARE
PENCE
10 20 30 40 50 60 70 80 90 100 110 120 130 140 150 160 170 180 190 200 210 220 230 240 250
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981

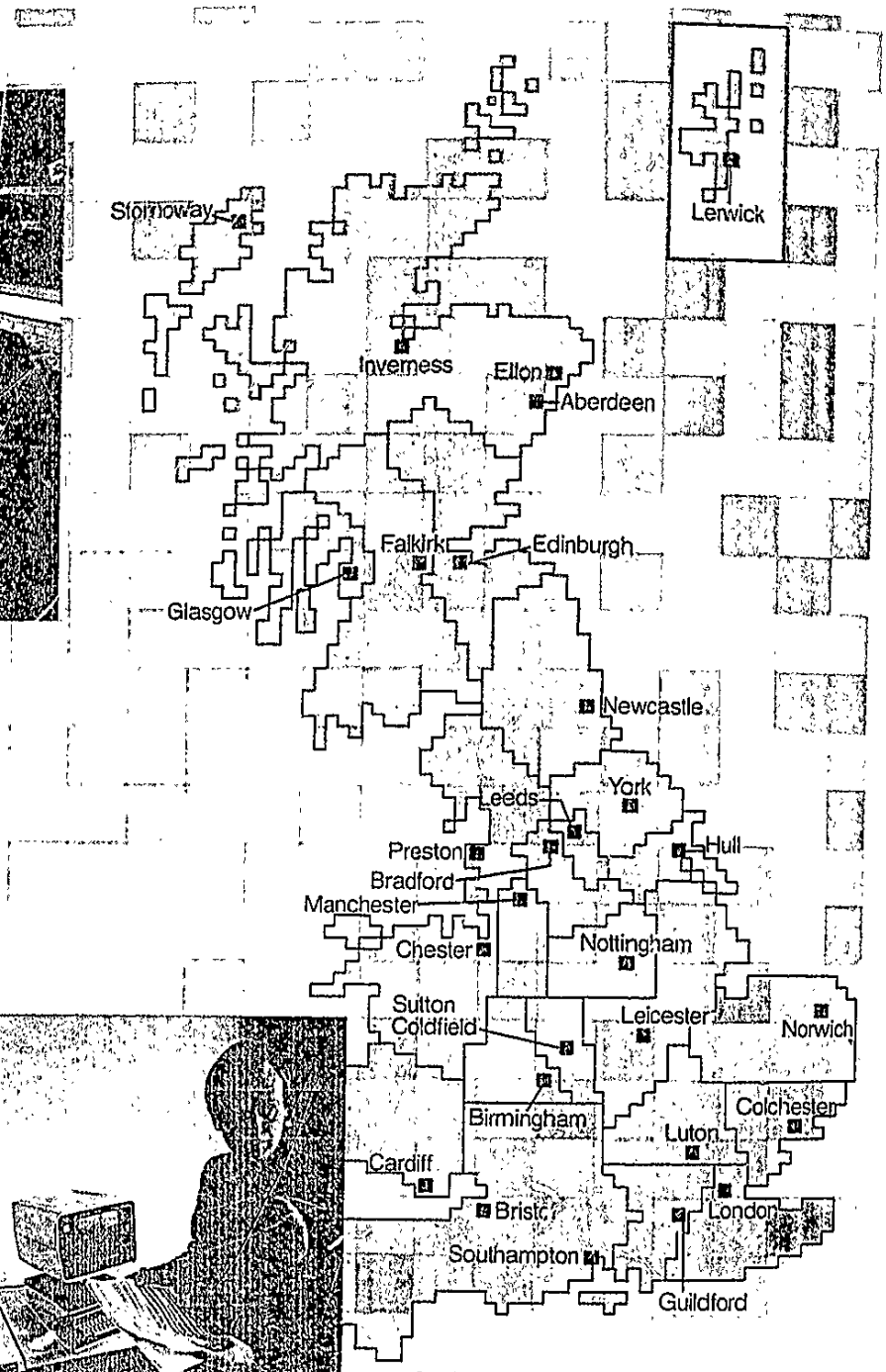

EARNINGS PER SHARE
GROSS DIVIDENDS (SHADED AREA)
PENCE
2 4 6 8 10 12 14 16 18 20 22 24 26 28 30 32 34 36 38 40 42 44 46 48 50 52 54 56 58 60 62
1972
1973
1974
1975
1976
1977
1978
1979
1980
1981

"Decentralisation: that's central to Barratt success"

LAURIE BARRATT
CHAIRMAN
BARRATT DEVELOPMENTS LIMITED



Bill Bruce, Deputy Chairman Barratt Developments Limited and Chairman Barratt Scotland



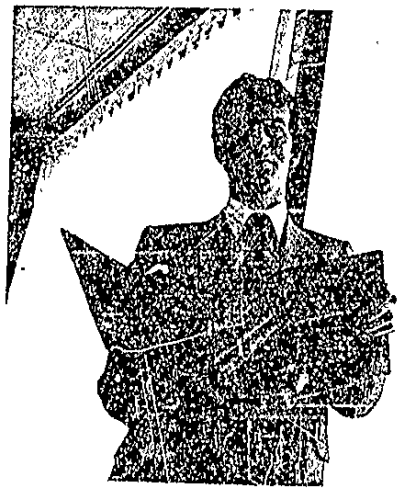
The key to the growth of the Barratt oak is rooted in its people and the way in which they are organised to give maximum service to the customer – whether a young househunter seeking a first home or a major industrialist looking for a new factory.

Each member of the Group Board has a responsibility for either a specific operating area or for a centralised management function.

Working under this Group Board is a structure of other Boards of Directors, each one in charge of a local operating subsidiary.

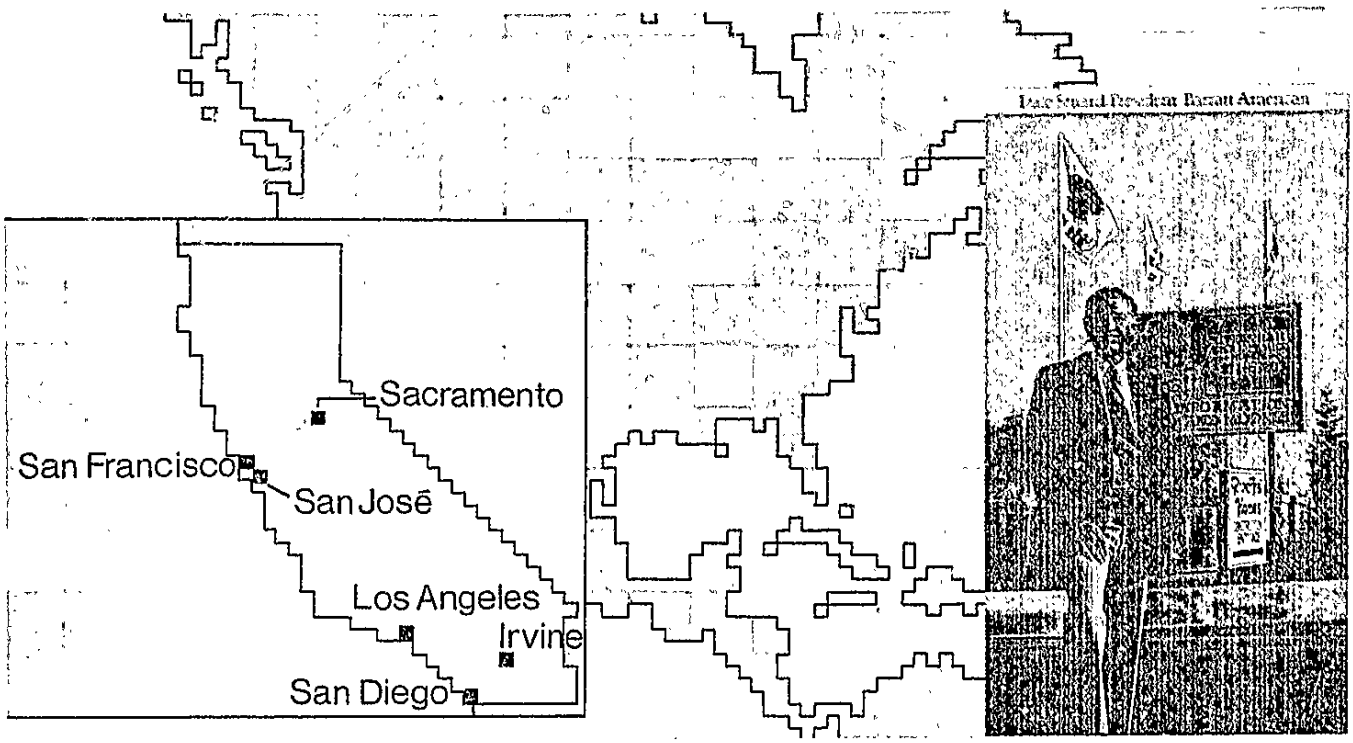
Although these local boards are always chaired by a Group Board Member, they control companies which are fully decentralised profit centres in their own right: local, with local knowledge

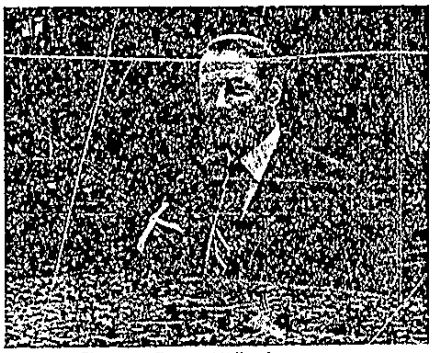
Bob James, Group Finance Director



Terry van Ree Chairman Barratt Northern.

Alan Rawson, Chairman Barratt Southern & South East




Ken Janes, Chairman: Barratt Midlands.

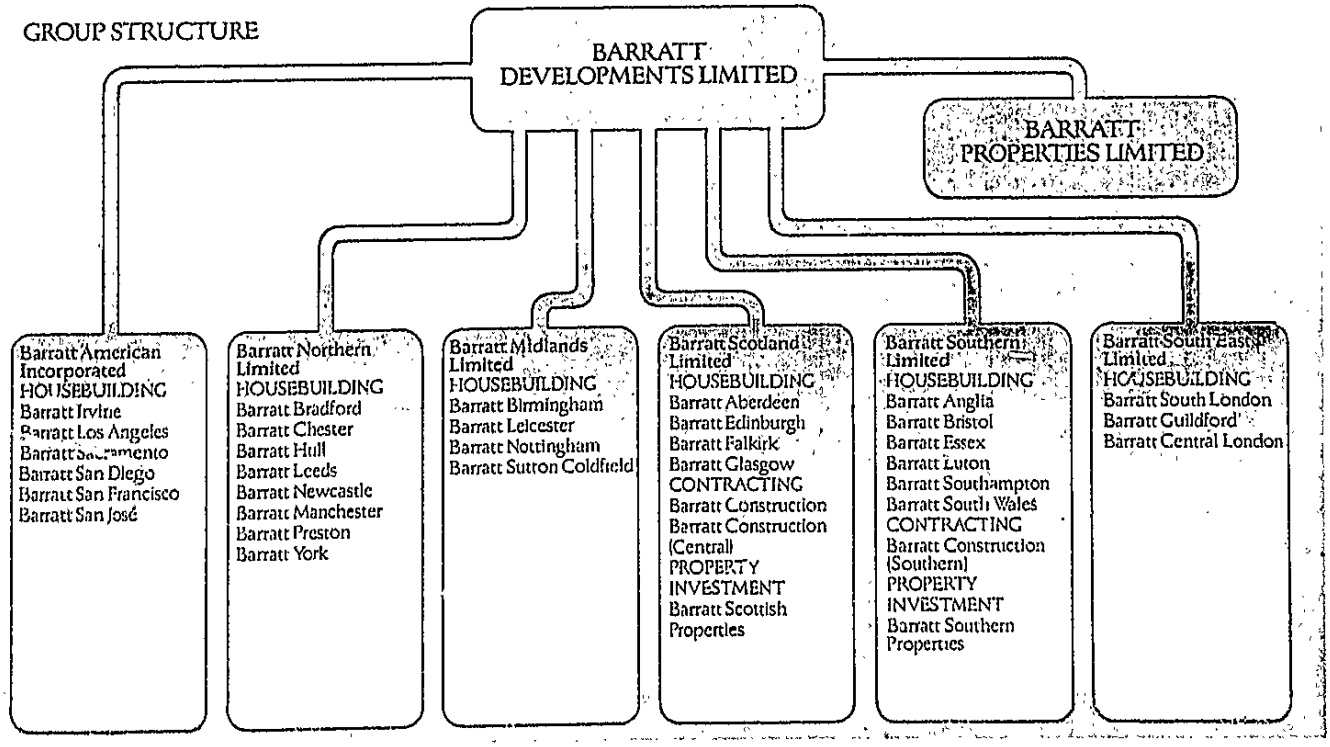
and goodwill, yet backed by the national financial and management resources of the Group.

This concept of highly motivated decentralised management sets Barratt apart from most other companies - let alone other housebuilders.

Intercompany communication is vital to such a finely tuned network, and the Barratt 'flying offices' - including the famous TV helicopters - are an integral part of the Group's communication system, being almost constantly airborne to ferry key executives to offices and building developments throughout the country.

With all procedures and information systems rationalised throughout the Group, Barratt has the unique flexibility to act and react immediately to the needs of an ever-changing market.

GROUP STRUCTURE



The Barratt Group.

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*Barratt Glasgow Limited,
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*Barratt Construction (Central) Limited,
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Manchester, M22 5QR. Telephone: 061-499 2455.

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Sales Enquiries: 0244 317992.

Barratt Hull Limited,
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North Humberside, HU3 1TY. Telephone: 0482 28645.

Barratt Leeds Limited,
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Barratt Manchester Limited,
Worrall House, 683 Chester Road, Manchester,
M16 0QS. Telephone: 061 872 1402.
Sales Enquiries: 061 872 6004.

Barratt Newcastle Limited,
Barratt House, Airport Industrial Estate,
Kenton, Newcastle upon Tyne, NE3 2EO.
Telephone: 0632 869866.

Barratt Preston Limited,
Buckingham House, Glovers Court, Preston,
PR1 3LS. Telephone: 0772 58085.

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

MIDLANDS REGIONAL HOLDING COMPANY
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Birmingham, B5 7AS. Telephone: 021 622 6278/9.

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54 Hagley Road, Fiveways, Edgbaston, Birmingham,
B16 8PA. Telephone: 021 454 2981.

Barratt Leicester Limited,
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Thurmaston, Leicester, LE4 8GP.
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Barratt Bristol Limited,
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Barratt Essex Limited,
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Barratt Luton Limited,
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Barratt Southampton Limited,
Mitchell House, 40/60 Southampton Road, Eastleigh,
Southampton. Telephone: 0703 619812.

Barratt South Wales Limited,
Castle House, 63/69 Cardiff Road, Taffs Well, Cardiff,
CF4 7RD. Telephone: 0222 811488.

CONTRACTING
Barratt Construction (Southern) Limited,
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SOUTH EAST REGIONAL HOLDING COMPANY
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HOUSEBUILDING
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Barratt Central London Limited,
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Barratt South London Limited,
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HOUSEBUILDING
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Barratt Los Angeles,
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CA 91366. U.S.A. Telephone: 0101 213 703 7989.

Barratt Sacramento,
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U.S.A. Telephone: 0101 916 485 2575.

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U.S.A. Telephone: 0101 714 298 7580.

Barratt San Francisco,
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CA 94402. U.S.A. Telephone: 0101 415 348 2700.

Barratt San Jose,
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U.S.A. Telephone: 0101 408 395 3451.

Barratt Urban Housing,
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Telephone: 031 229 9765/6.

Glasgow
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Liverpool
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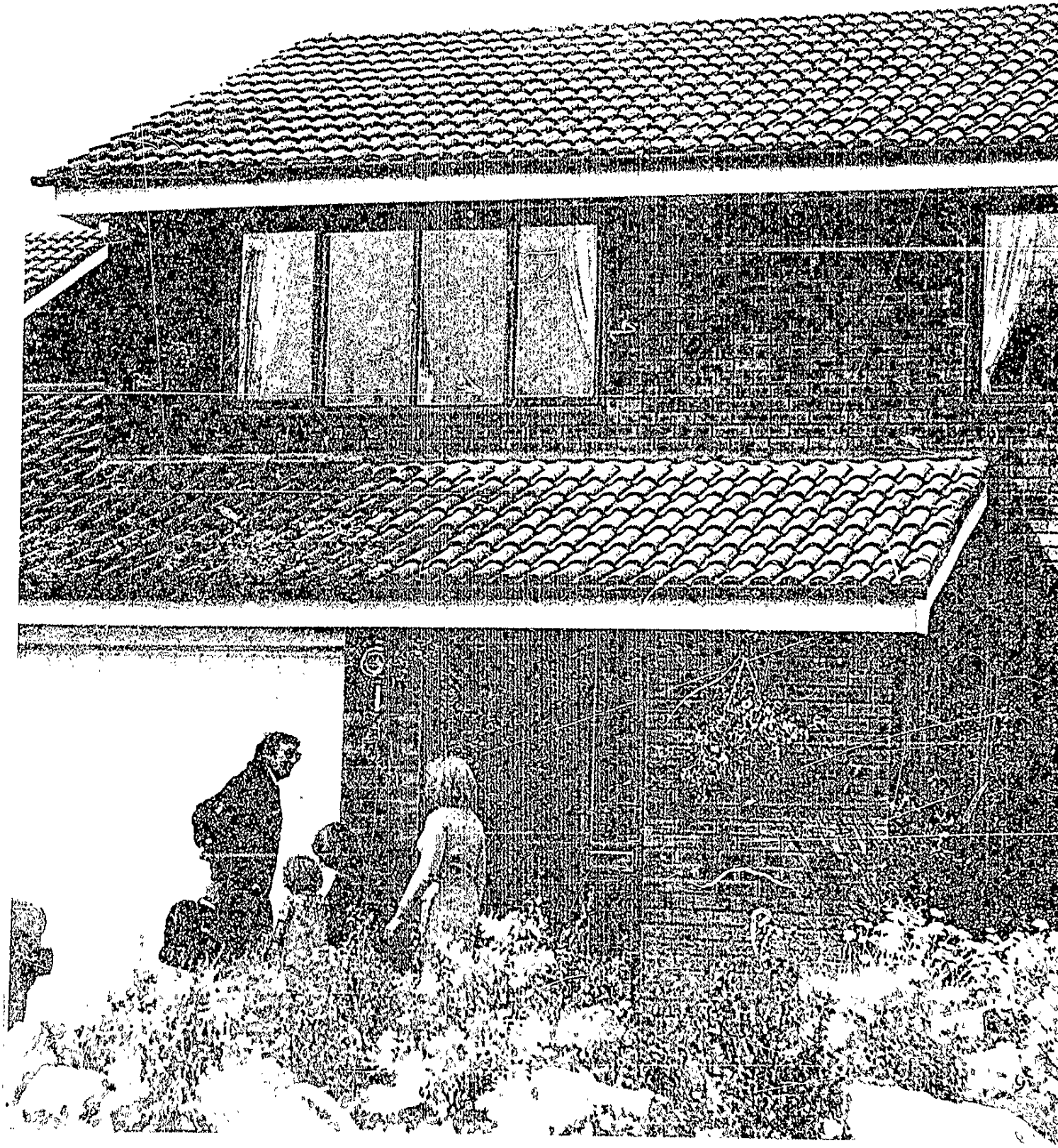
Telephone: 051 708 8767.

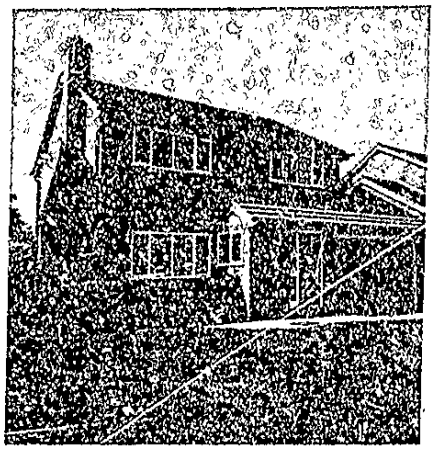
All the above companies are registered in England except for those marked * which are registered in Scotland. Barratt American Inc. is registered in the United States of America.

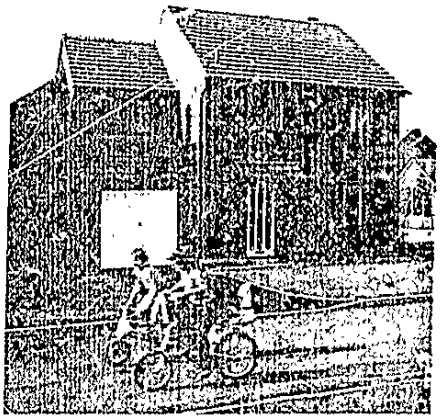
Opposite: Detached family house, on the attractive development at Timperley, Cheshire.

"Last year, Barratt helped more people become houseowners than any other housebuilder"

JOHN SWANSON,
SALES AND MARKETING DIRECTOR,
BARRATT DEVELOPMENTS LIMITED







Varying elevational treatments on luxurious family houses built throughout Britain

Well over three quarters of all the families in Britain would like to own their own houses. Just over a half actually do so.

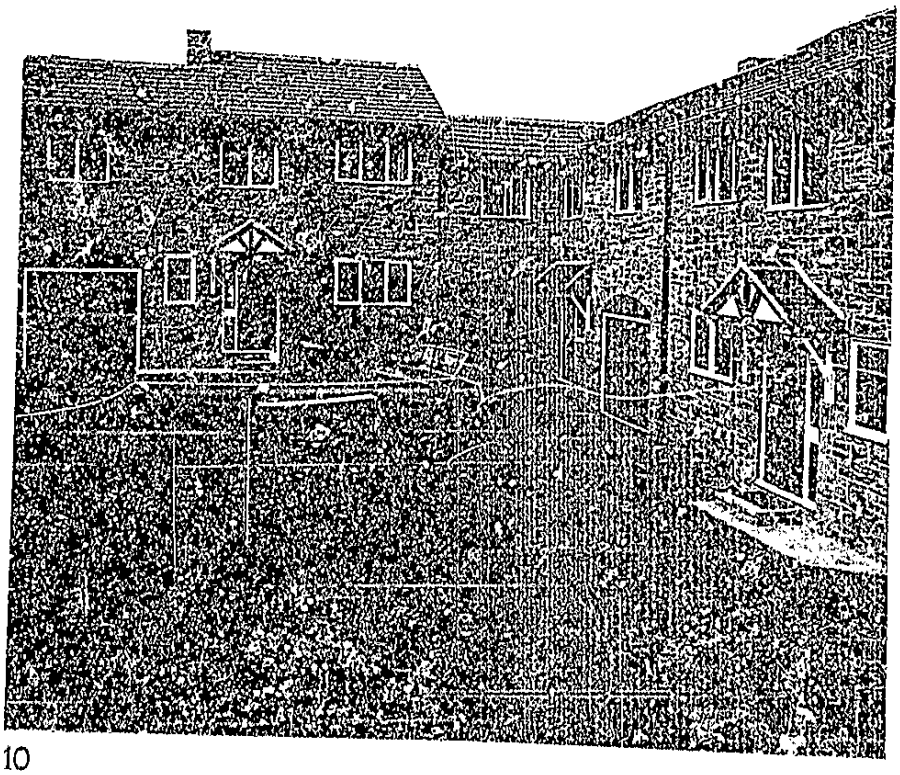
Ignoring people, these figures coldly demand 200,000 new private houses each year – a demand which has never once been met during the last decade.

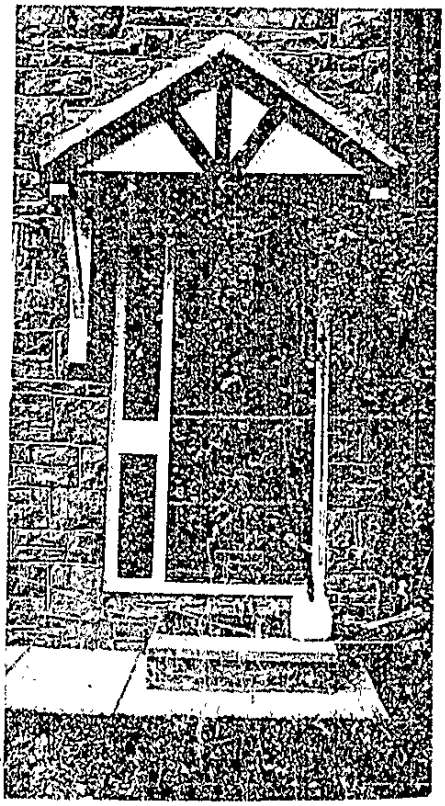
But you can't ignore people: and that's why the Barratt message to all potential housebuyers is "we'll do more than build you a house – we'll help you buy it."

Armed with this philosophy, Barratt is doing more than any other British housebuilder to alleviate the problem, building and selling 12,000 houses a year – approximately one in every ten of all new private houses in the UK.

Barratt houses sell because, quite simply, they offer the best value for money: outstanding quality at sensible prices. What's more, they're made easy to buy, with a variety of special financial programmes designed to help every kind of purchaser.

And Barratt knows precisely who these purchasers are and what they need, because the Group has carried out extensive market research programmes: "a thing," as Marketing Magazine pointed out recently, "unheard of in the Building Industry."

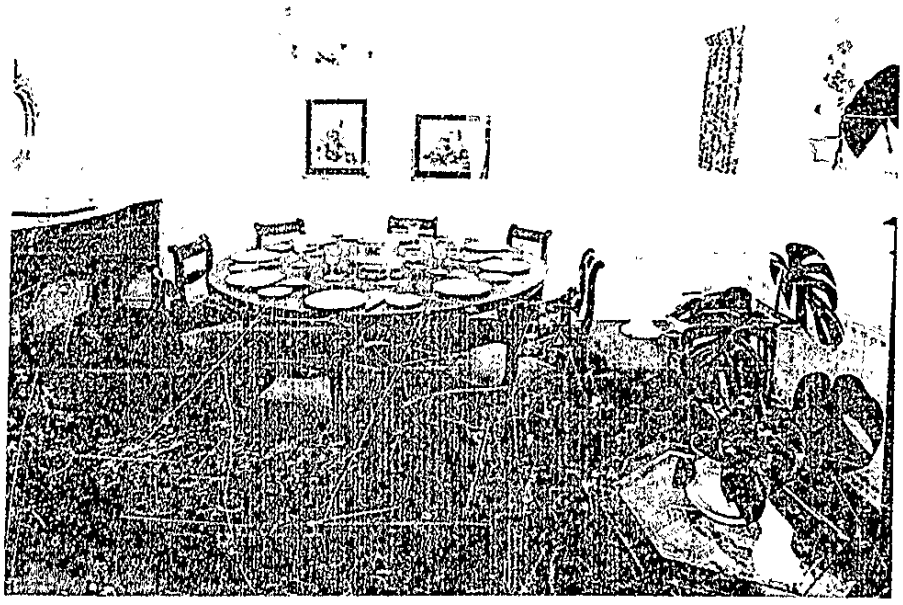




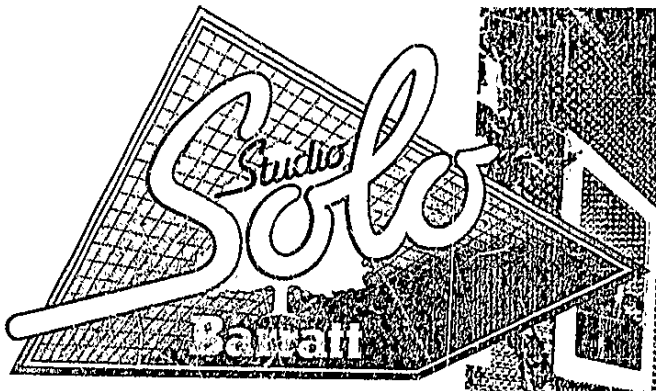
Indicative [illegible] Adlestrop [illegible] to Leeds

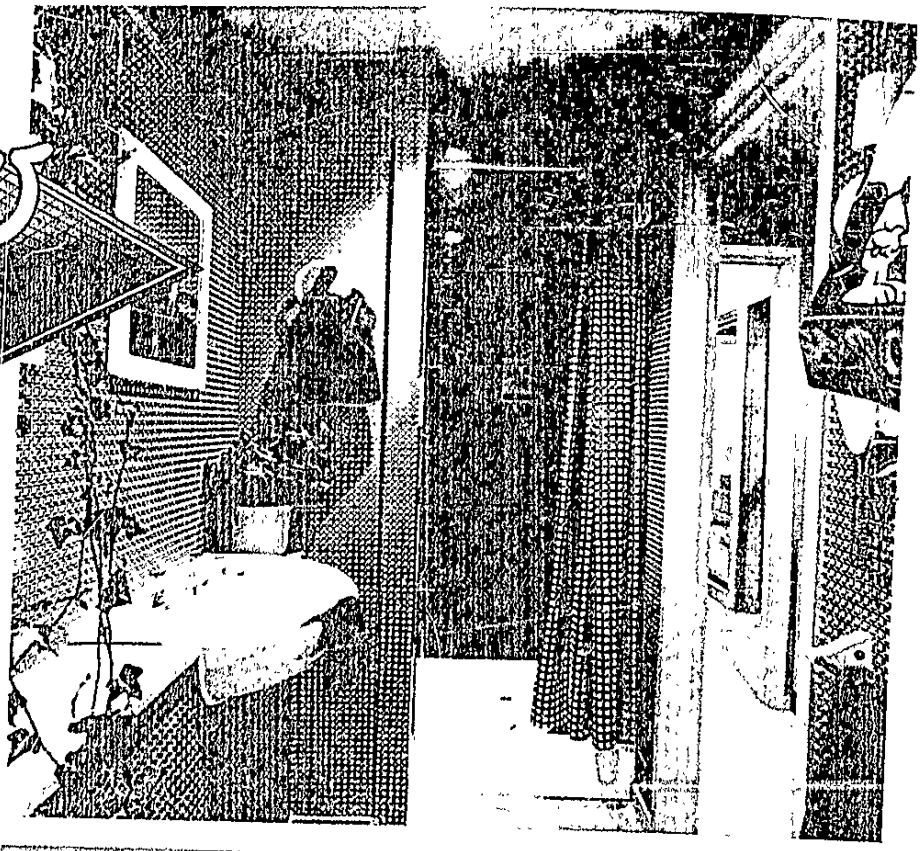
Exclusive Osiers Green, at Grundisburgh, Suffolk

Showhouse interior at Solihull, Warwickshire



Barratt





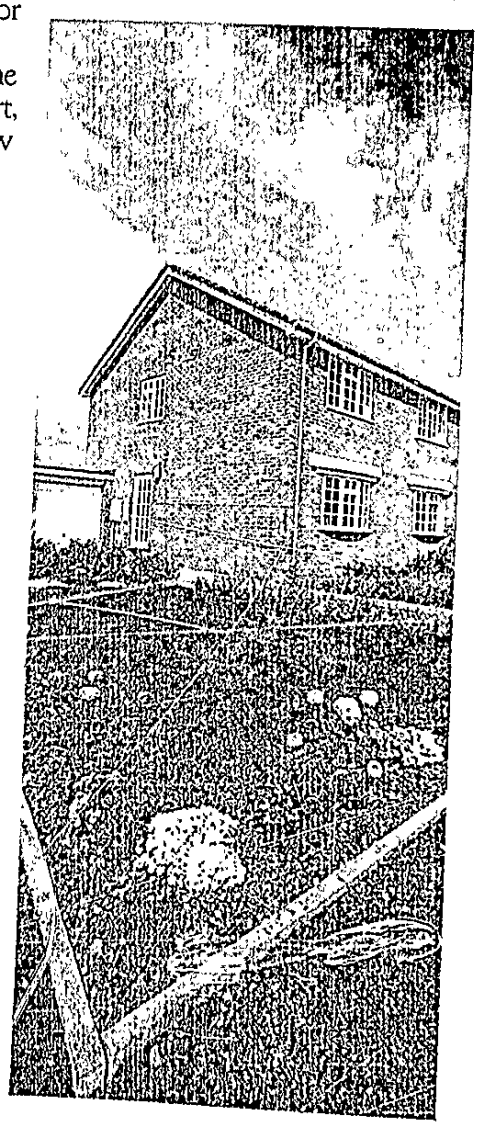
Planned innovation

By finding out what people want and can afford, Barratt has led the field with practical and innovative concepts such as the highly successful Mayfair one bedroom house.

The number of single people who enquired about the Mayfair triggered yet another major research exercise, which resulted in the concept and design of Studio Solo – Britain's first fully furnished, fully fitted, mortgageable home for single people.

Having made its debut at the Ideal Home Exhibition, Earls Court, earlier this year, Studio Solo is now being offered on developments nationwide. The tremendous demand it has created underlines the Group's belief in the effectiveness of intelligent research.

And the basic concept of Studio Solo has now been extended to certain Barratt family houses, which are now optionally available in fully furnished, fitted and decorated versions.

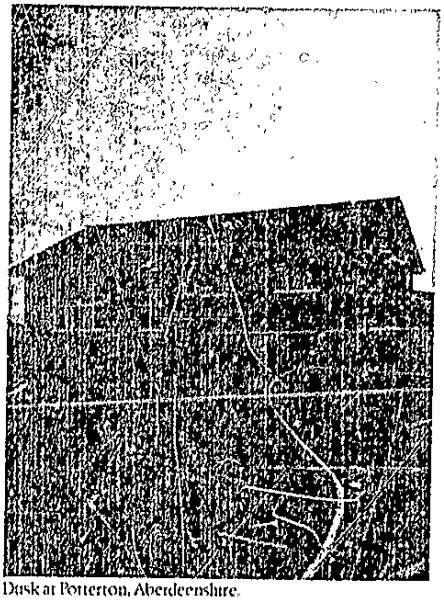


Examples of the Studio Solo (above) and Conway in great demand throughout the UK

Technical Research too

Offering the country's widest choice and price range of houses, bungalows and luxury apartments - and with over 400 developments staffed seven days a week, from Southampton to the Shetlands - Barratt is also exploring the frontiers of house design and construction.

For instance, the Group is building more and more timber framed houses - a structural framework of timber is strengthened by sheet material, thoroughly insulated by a layer of fibre quilting, and totally protected against moisture and vapour before being clad with bricks. This system reduces heat loss through walls by at least 60%: heat retention is two to six times better, the house is warmer, and its running costs are far lower.

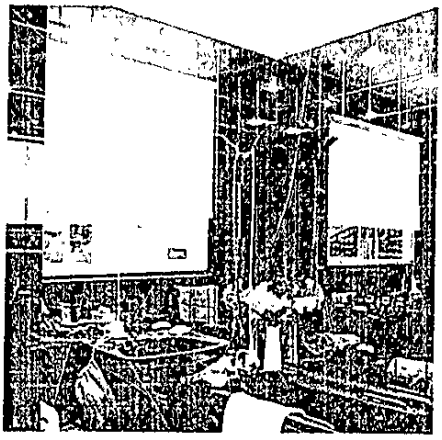


Dusk at Potterton, Aberdeenshire.

The efficiency is reflected in the fact that more Barratt houses have won Electricity Council Medallion Awards for energy saving than any other builder's.

But of course, the Group is no stranger to awards - many Barratt developments and individual housestyles have won major design and value-for-money awards from the housebuying press and Local Authorities.

The timber frame Mayfair won the Electricity Council's Medallion Award.



Barratt

Over five million British families live in substandard houses.

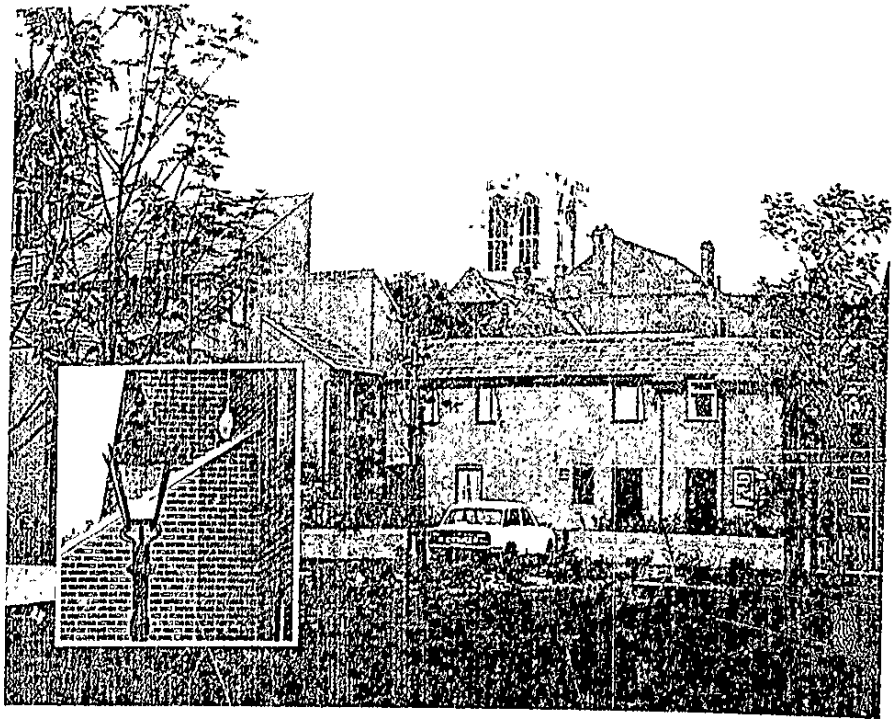
The irony is that over 250,000 acres of land stand derelict in our towns and cities.

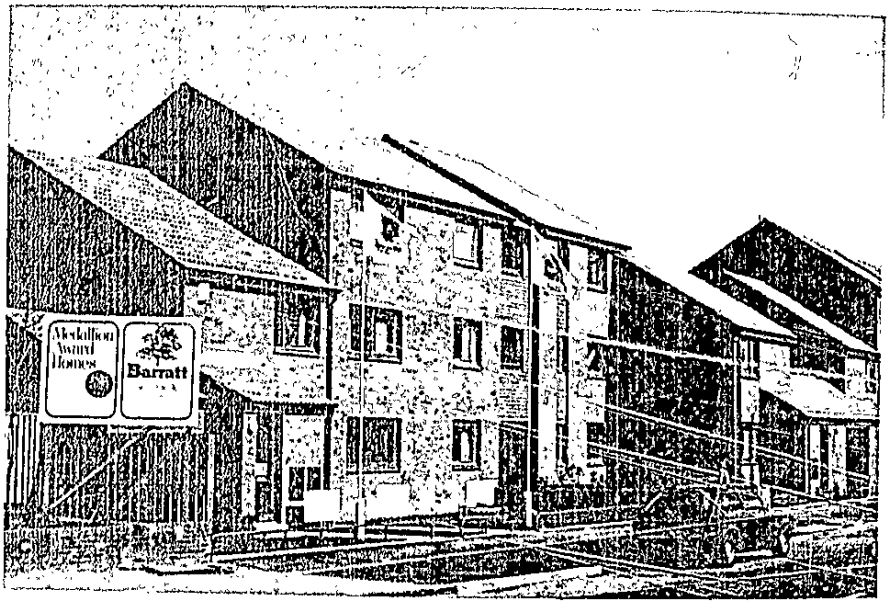
Barratt is determined to recycle such land, and recreate living communities in these valuable areas, where people can return to enjoy all the financial and social advantages of inner city life.

In most cases amenities such as schools, shops and leisure facilities already exist and the Barratt sales success on redevelopment sites proves that people are eager to return.

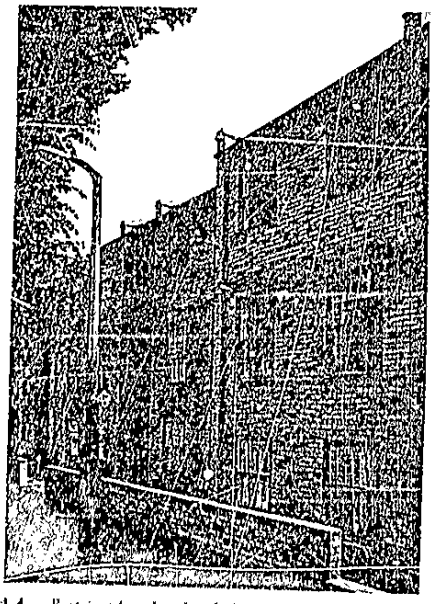
Now acknowledged as the leaders in inner city regeneration, the company has re-introduced private housing into the central areas of many cities such as London, Glasgow and Liverpool, where thousands of houses now stand on former slum sites.

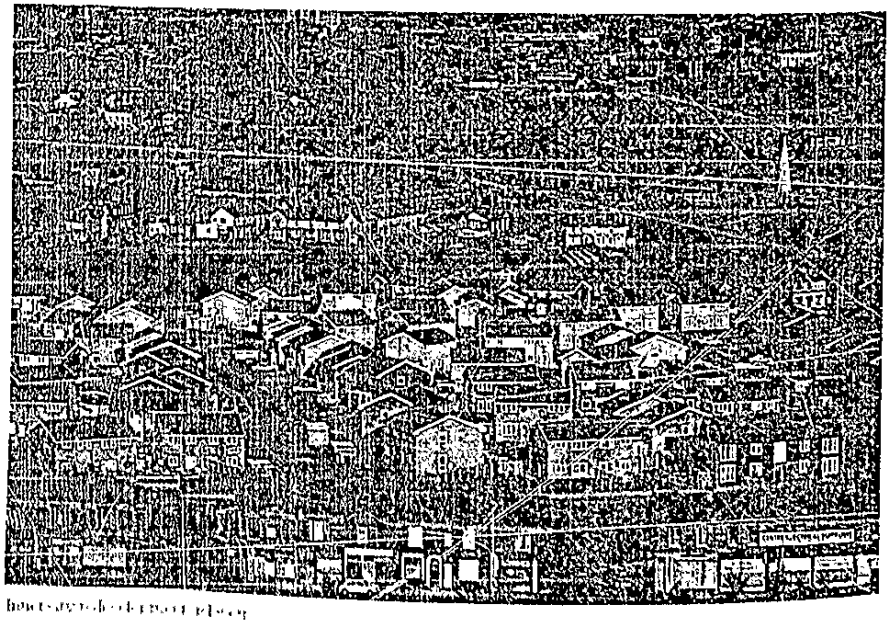
This is socially important work. Barratt is only too aware of the effect that environment can have on the way that people think – and act.

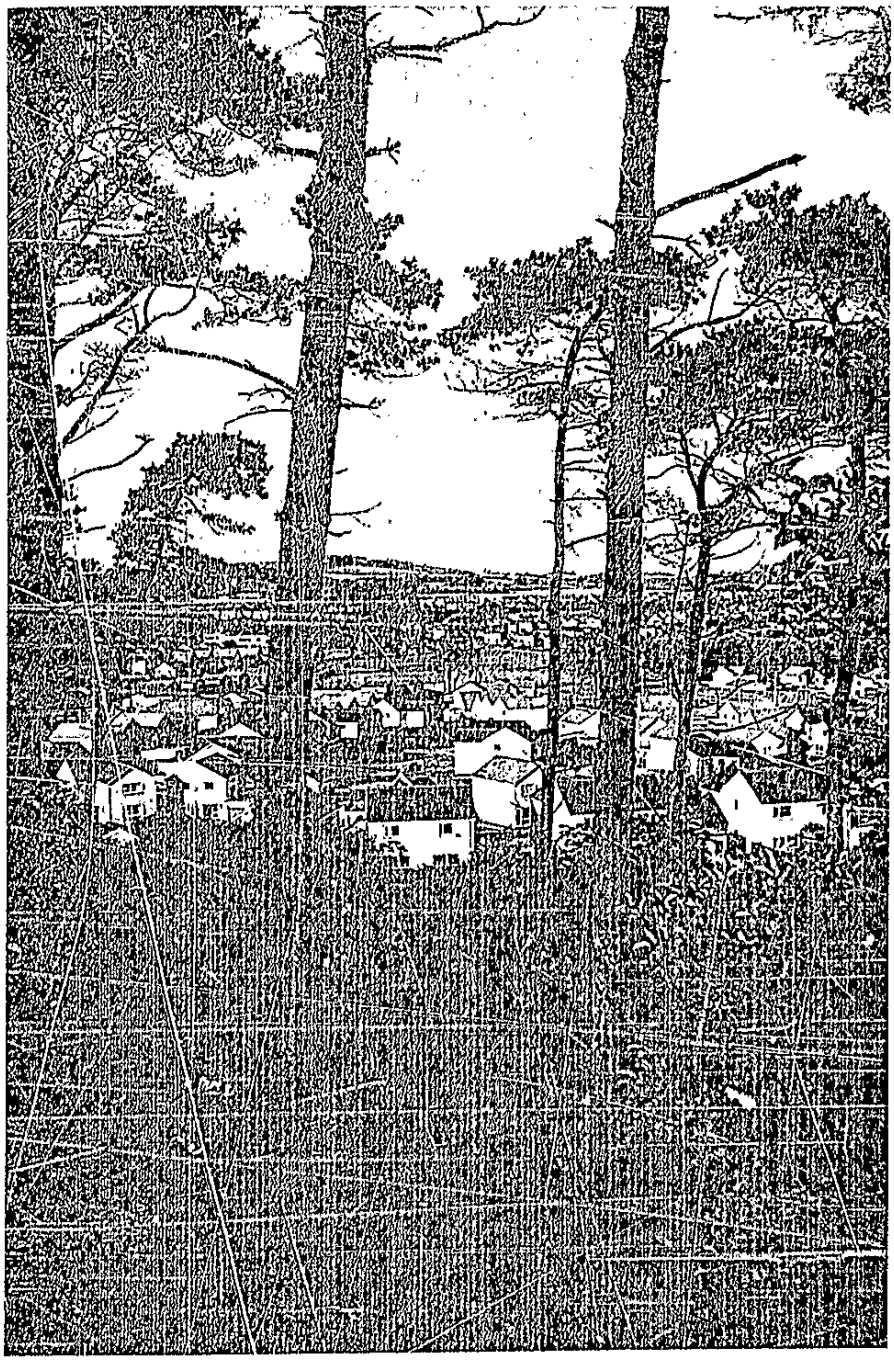




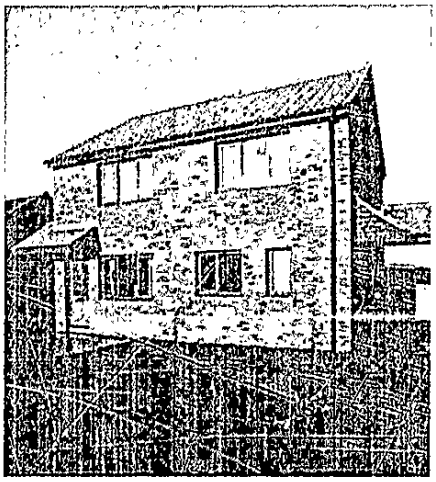
Showhouse complex at Victoria Court, Whitemilk, Glasgow, a site formerly occupied by derelict tenements







Timber frame to [illegible] at Milton Keynes New Town



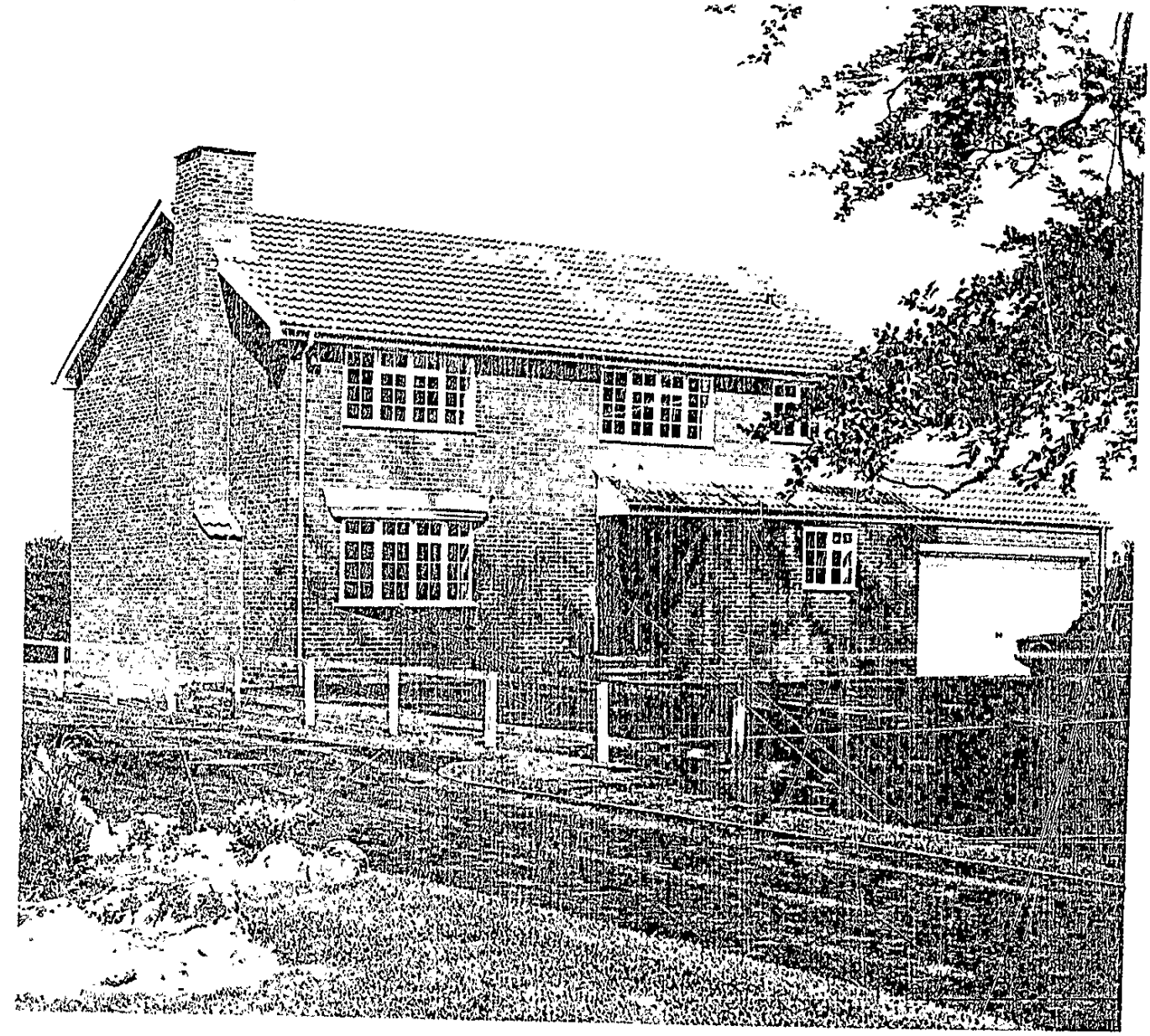
Wherever the ideas come from, the Barratt Group welcomes all concepts which can help to solve the nation's critical housing problems.

In this respect a vital role is being played by New Towns.

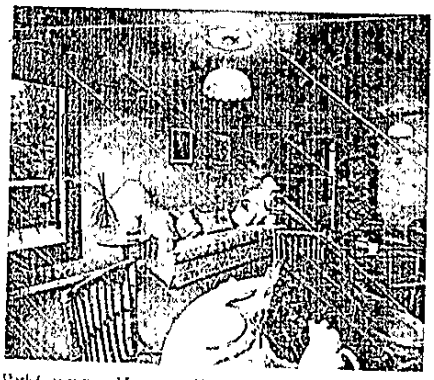
The provision of private housing in these towns is one key to their success – and nowhere is this better illustrated than at Milton Keynes, where the Barratt 'energy saving house' gives a glimpse of how much can be done in the future.

Currently, the Group is building in every New Town in the United Kingdom where land is available.

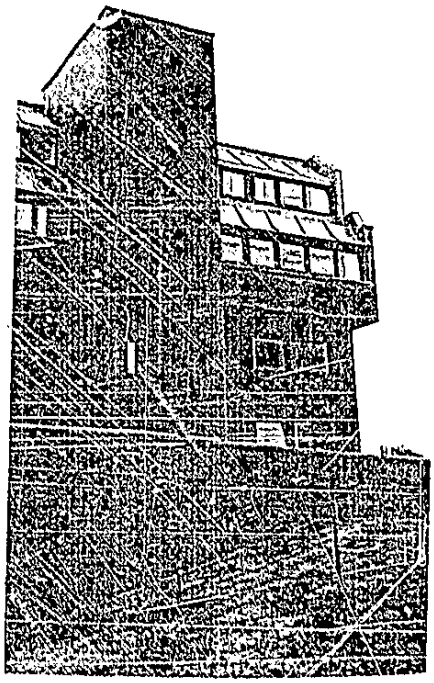
Barratt



Calmingle Court, a development of flats and maisonettes close to Edinburgh City Centre



Park Court near Hampstead Heath London, a development of 219 luxury apartments



"The [illegible] should be [illegible] concern"

[illegible] LAWSON
CHAIRMAN
BARRATT DEVELOPMENTS (SOUTHERN) LIMITED

The future looks grim for Britain's great historic houses and most people agree that something ought to be done about it.

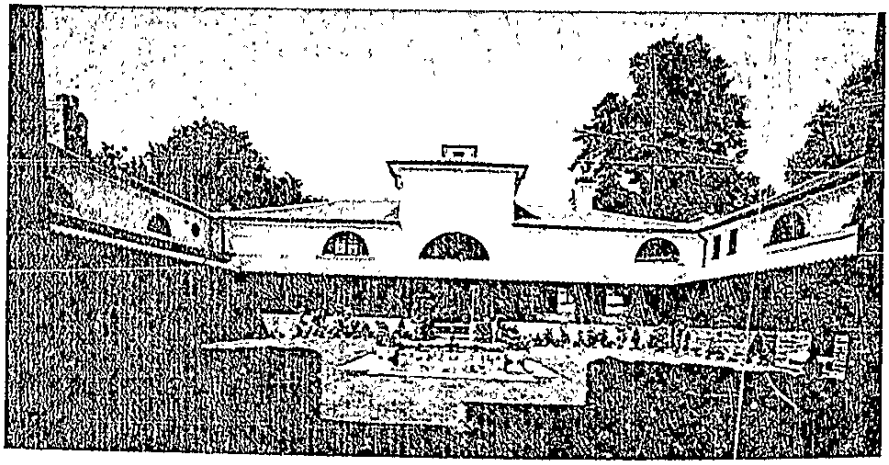
Barratt agrees - and is doing something about it.

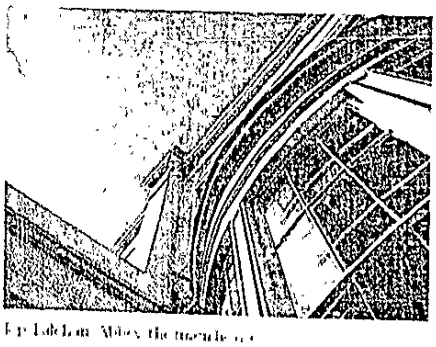
Already the Group has rescued and revitalised a number of Grade I and II listed buildings, by sending in specialist craftsmen to rebuild and renovate - with a firm brief to preserve, wherever possible, all original features such as fireplaces, cornices, pillars, architraves and so on.

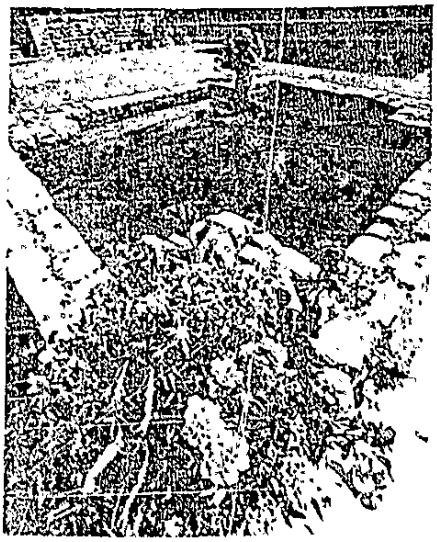
But the conservation and restoration of these fine old houses does not end there.

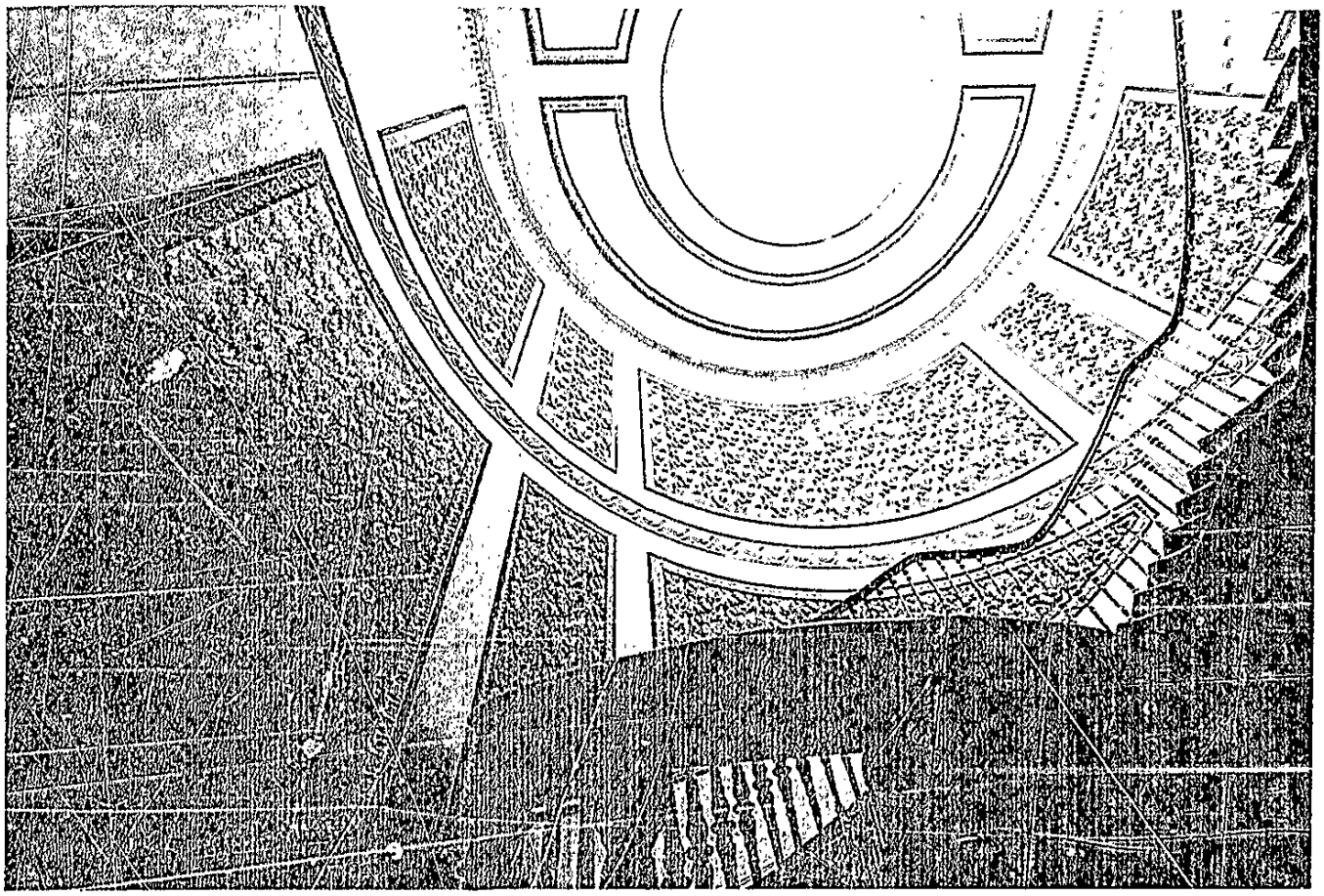
From the start, Barratt conceived the idea of bringing people back to live in them: of turning them into homes again.

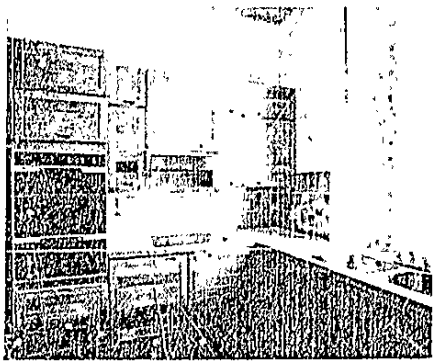
After the restoration - and working closely with Local Authorities and the Department of the Environment to integrate the design, building and marketing programmes - there follows the installation of the most up-to-date fittings and equipment.



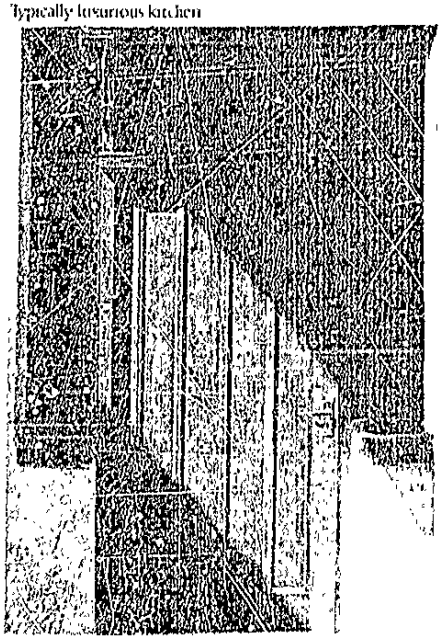


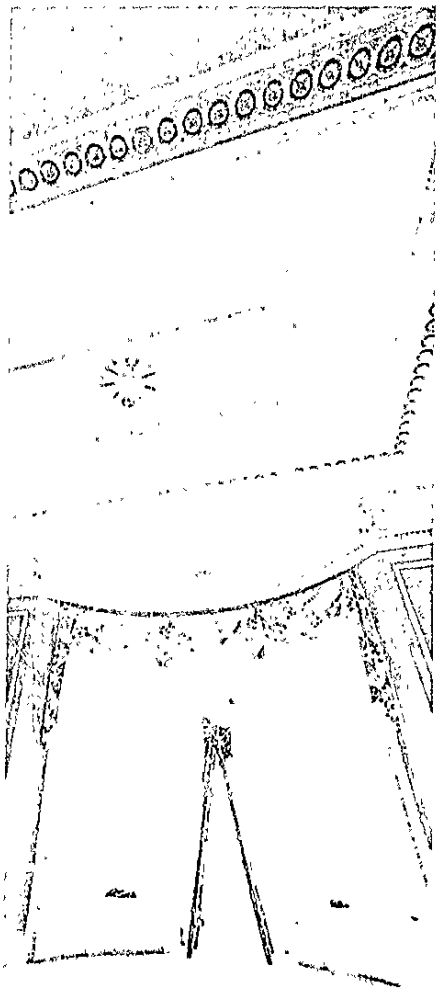






Typically luxurious kitchen

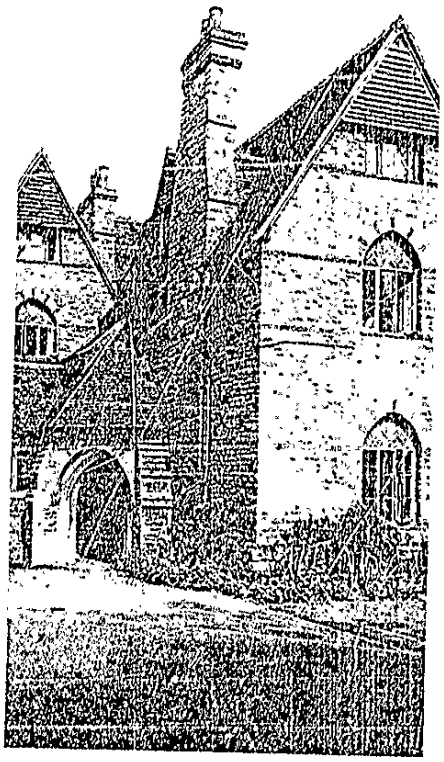


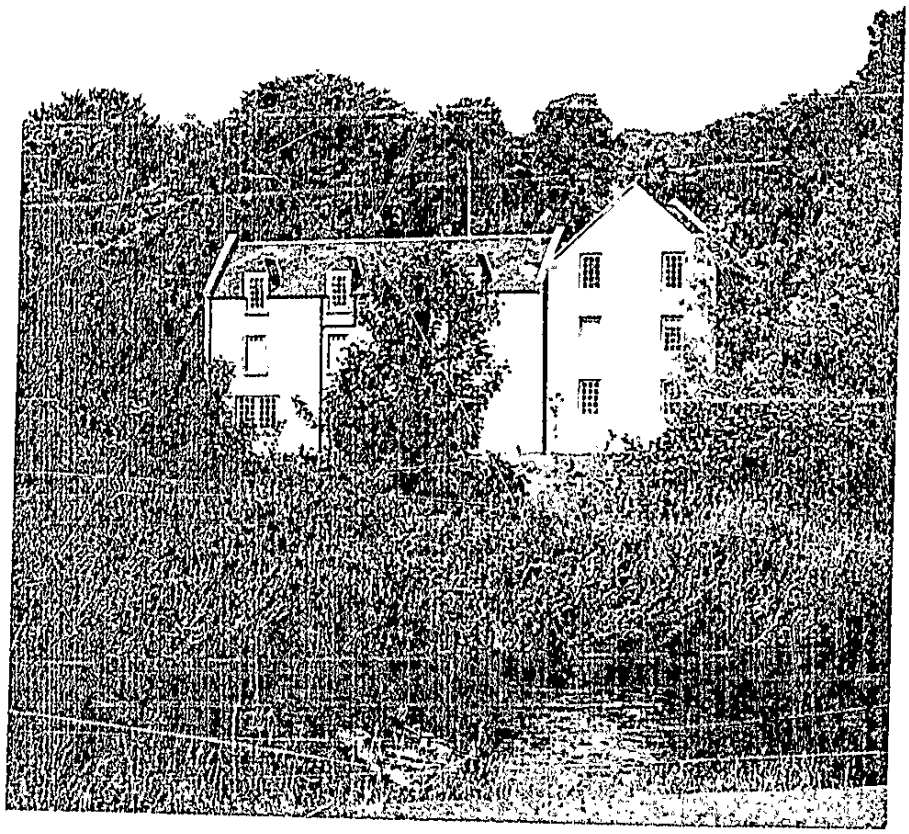


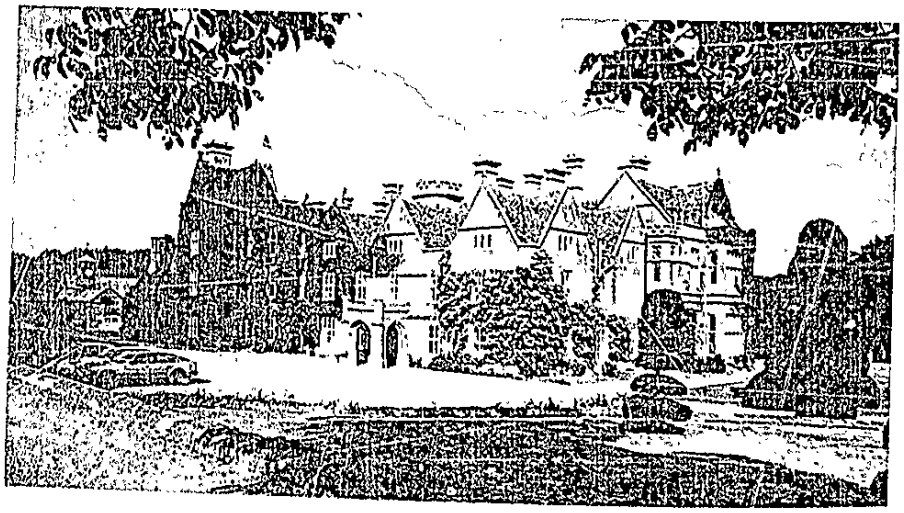
So, quite apart from the aesthetic merits of conserving our architectural heritage, Barratt is able to add to the stock of the nation's homes without calling for more land – and in many cases the work helps to reverse the decline of inner city areas as well.

Many conservation projects have been completed and many more are in hand; the Group has taken the lead in this field – and intends to keep it.

Barratt





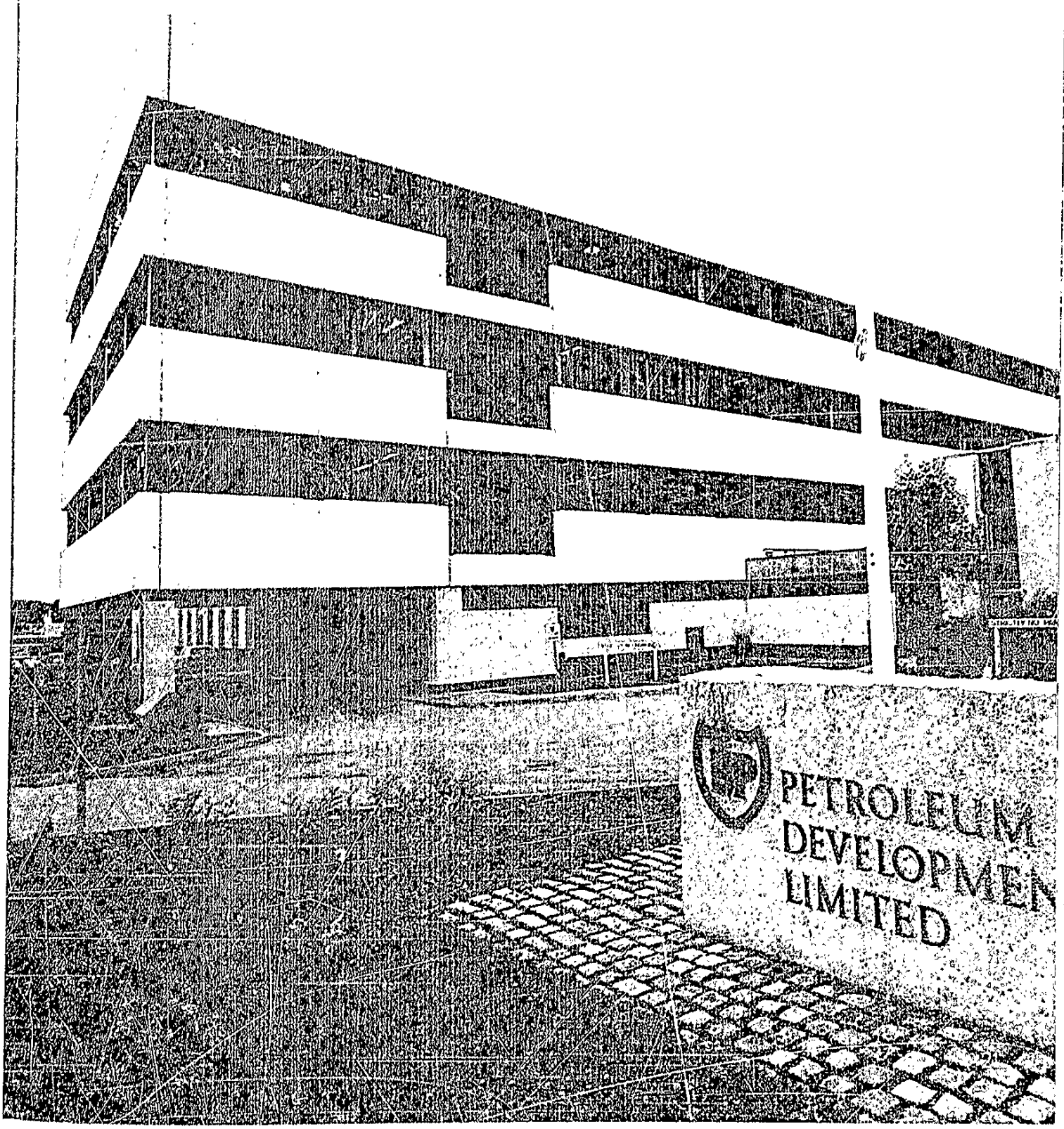


Lansdown Court, a listed building designed by John Papworth and built in 1841 now provides studio apartments in the heart of regency Cheltenham

[illegible] Cotswold stone mansion built in [illegible] Park has been converted to 21 exclusive [illegible] only 6 miles from Cheltenham

"We don't work for our clients: we work with them"

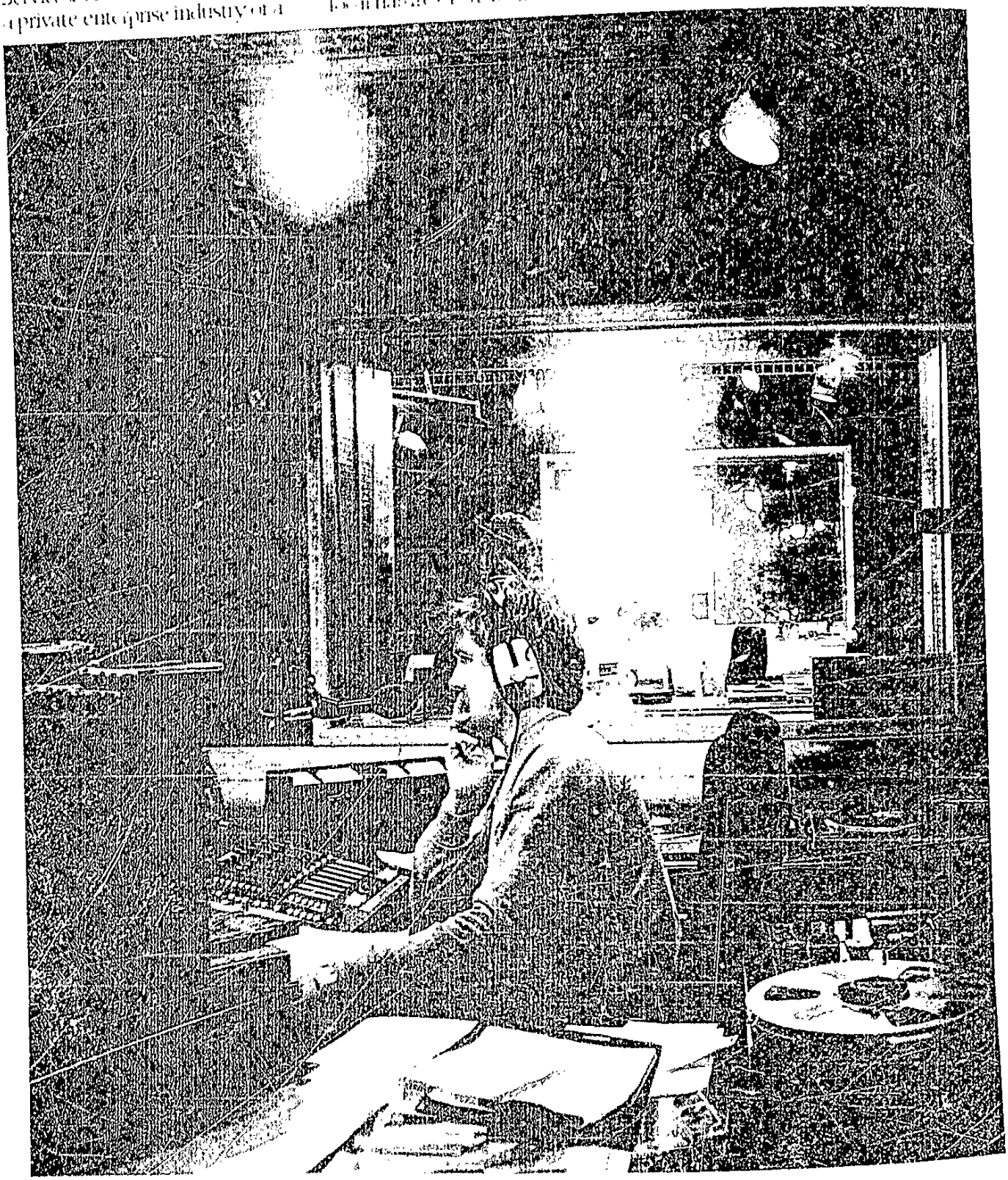
BILL BRUCE,
DEPUTY CHAIRMAN,
BARRATT DEVELOPMENTS LIMITED.

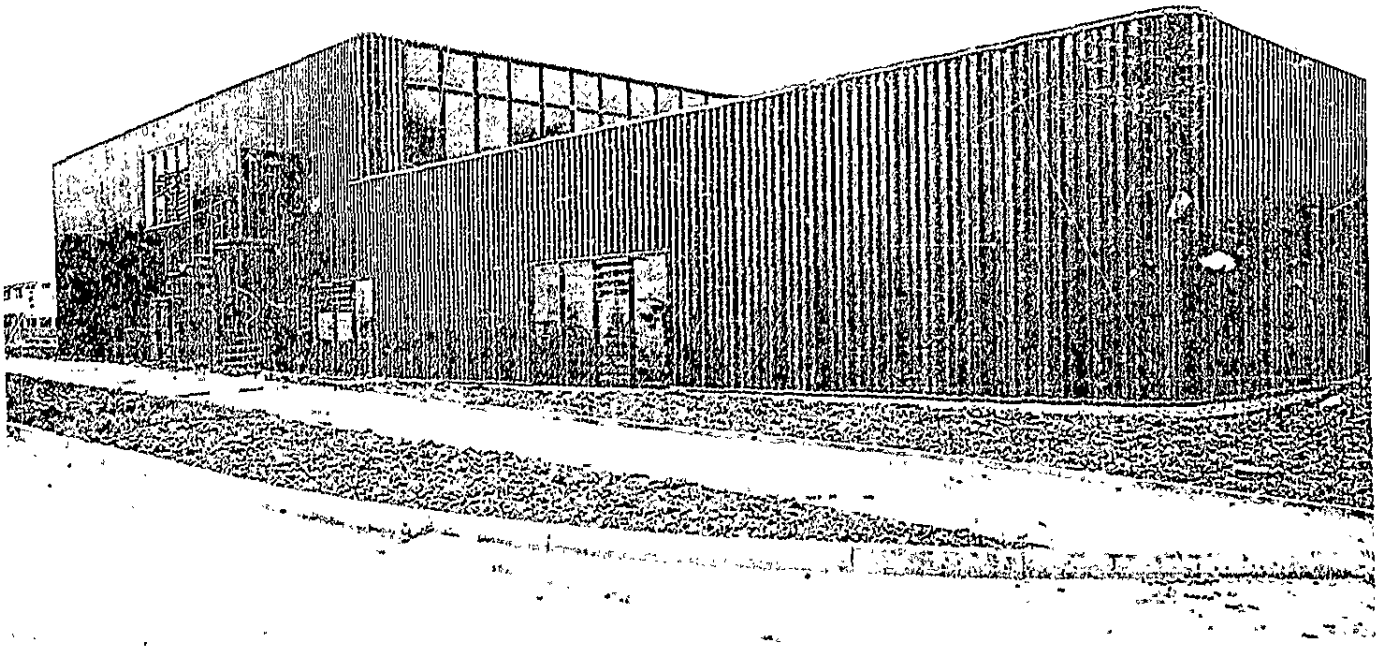


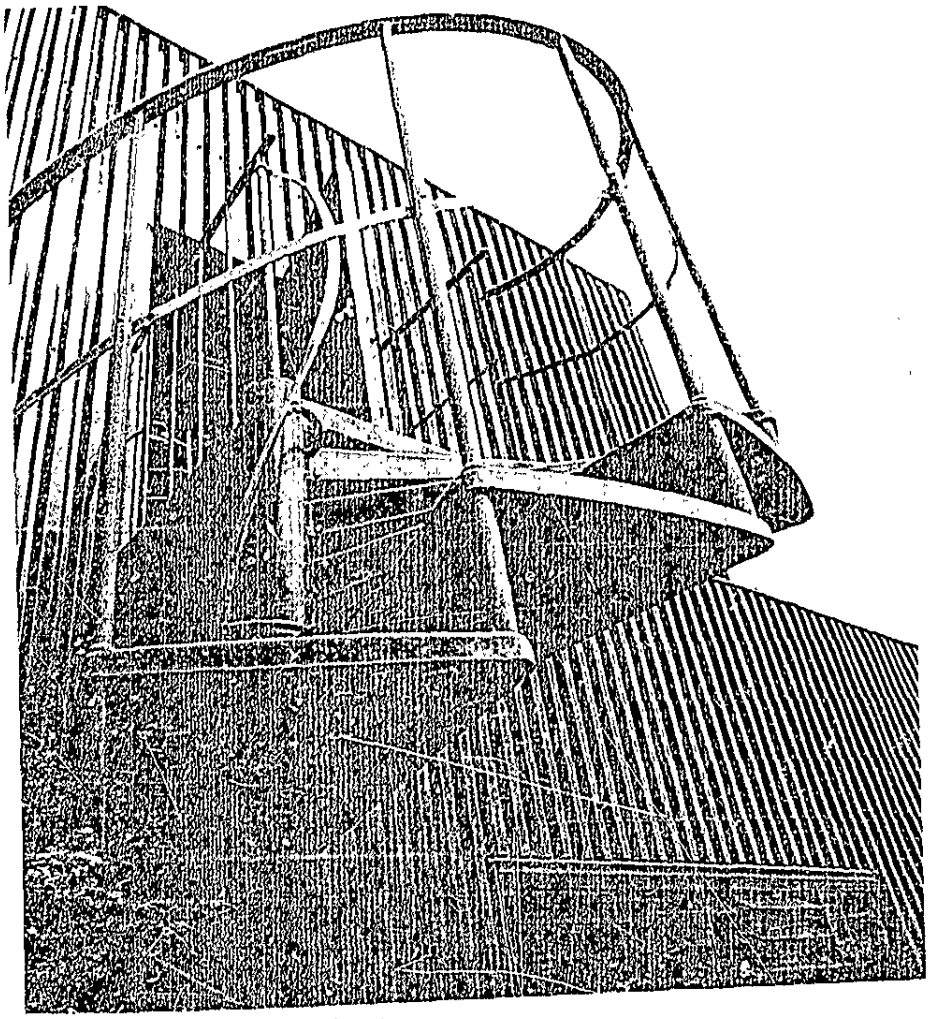
[illegible]

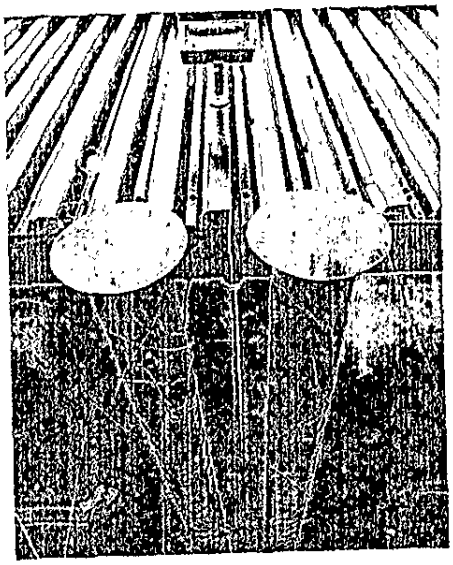
by nature.

Each [illegible] Authority, [illegible] the Armed Services, a Nationalised Industry, a private enterprise industry or a









This industrial unit with many interesting design features was built for Aylesbury District Council

The contracts are incredibly varied, but they include a large number of buildings for the Property Services Agency, post offices, telephone exchanges, etc. and for the Armed Forces – accommodation, offices, workshops, and Territorial Army Centres.

Barratt

For Local Authorities, the Group has built educational establishments, recreation centres, swimming pools, fire stations, roads, main drainage systems and, of course, houses and flats.

In the last two cases Barratt plays a major role, for although the public rented sector may be in decline there will always be those who - by choice or otherwise - rent rather than buy. As long as these people require housing, there will be community-minded Authorities who will provide it for them: and Barratt will always be willing to help, adapting and co-operating in whatever ways are needed to achieve this end.

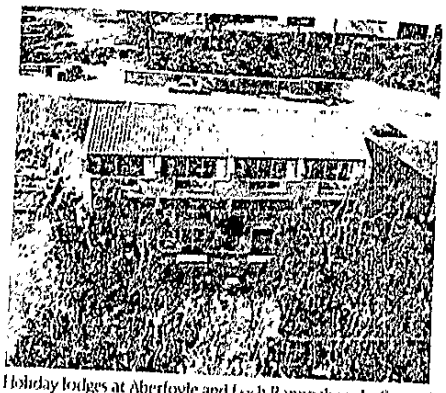
For the nationalised supply industries, buildings for electricity, gas and water authorities have been completed.

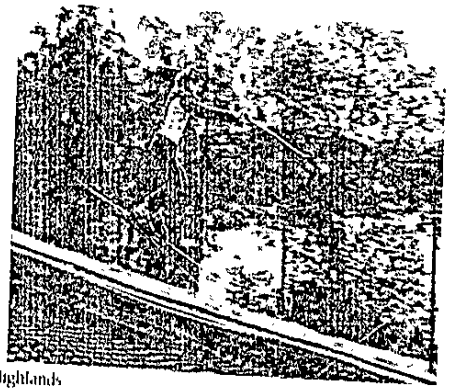
And as far as private industry is concerned, Barratt has aided the expansion, and therefore the job-creation opportunities, of both major industries and small businesses, by building banks, offices, factories, shops, supermarkets, showrooms, hotels, public houses and sports centres.

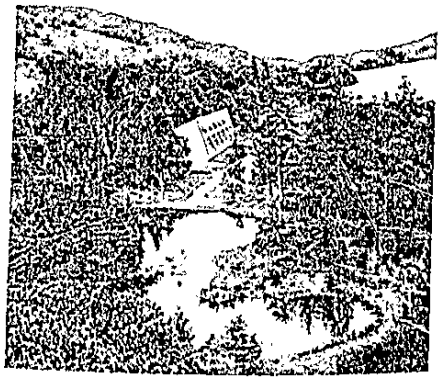
Whether it's a flight simulator building, a church, a school - or even the laying of synthetic turf at the Queens Park Rangers football ground! - all Barratt contracting work has one thing in common: the client is served by a local company backed by national resources.

And that's an unbeatable combination.

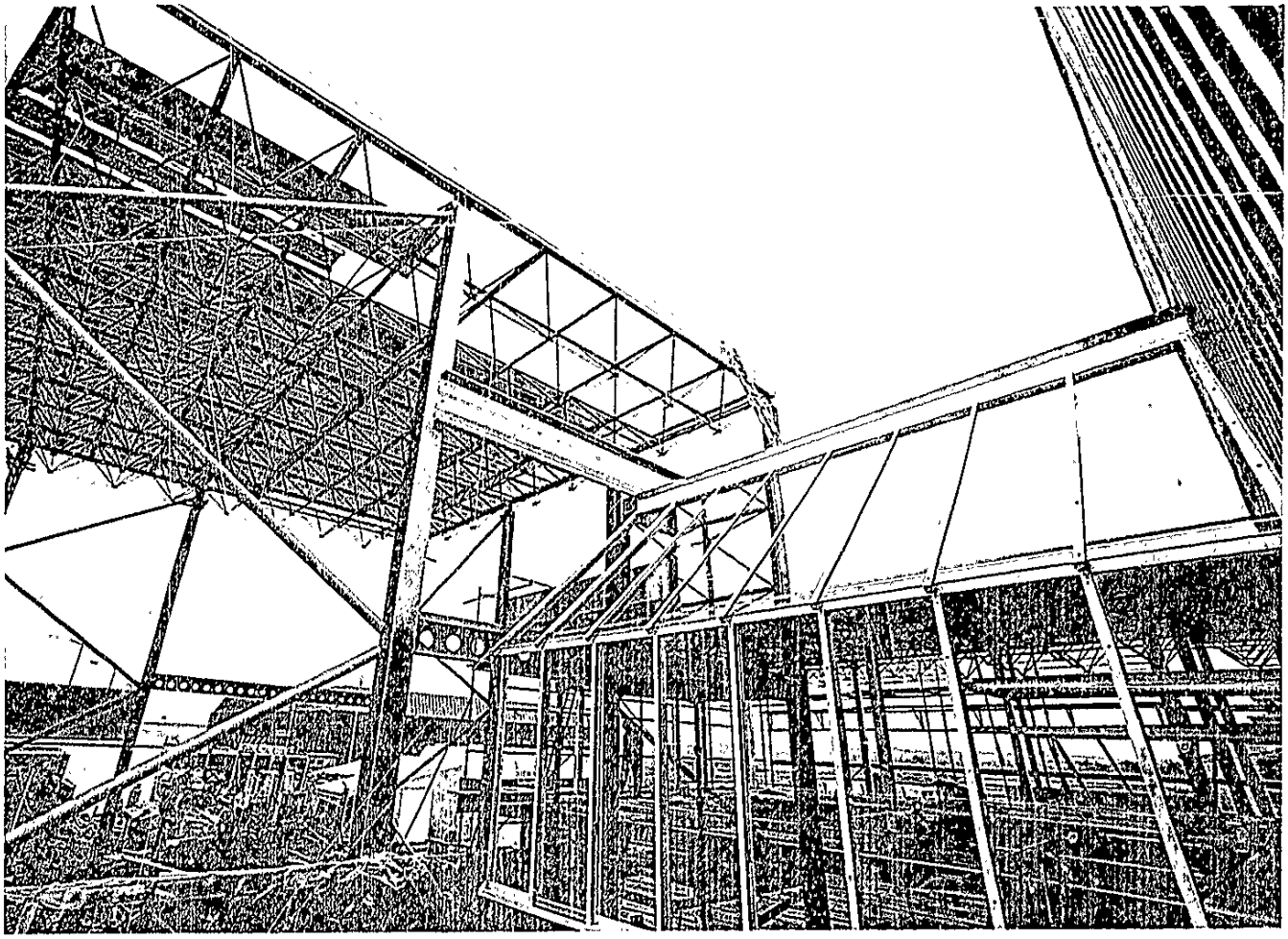
Innovation at Queens Park Rangers Football Club - Britain's first artificial football pitch being laid at Loftus Road.

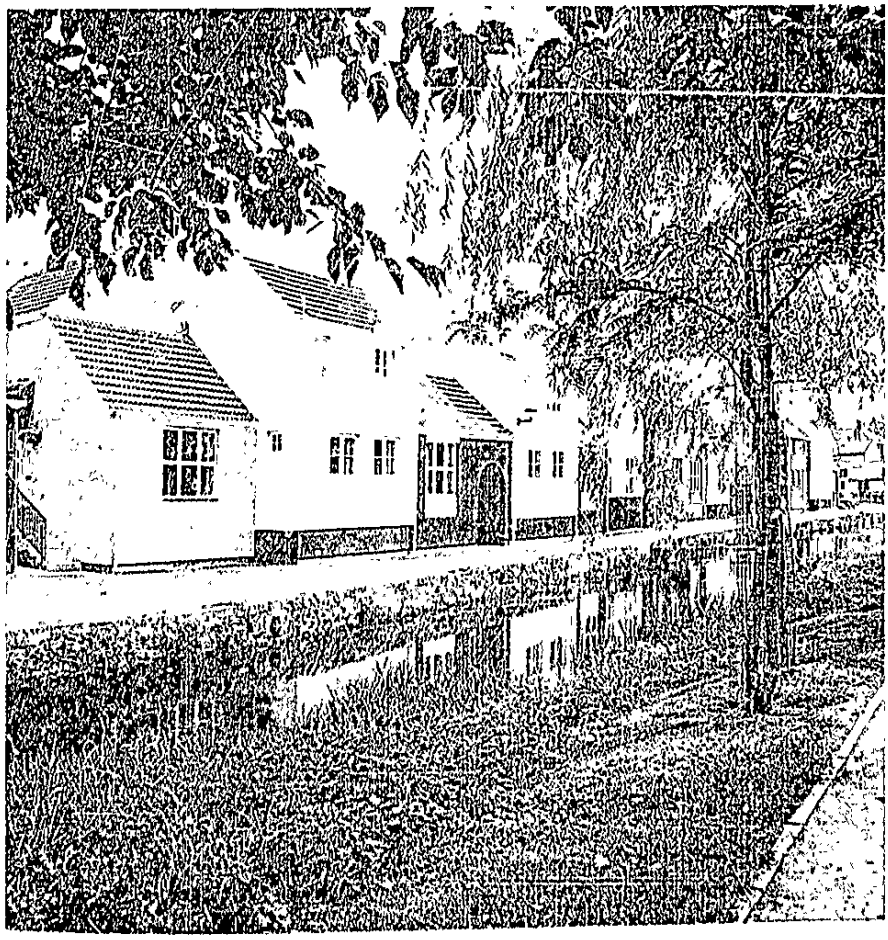


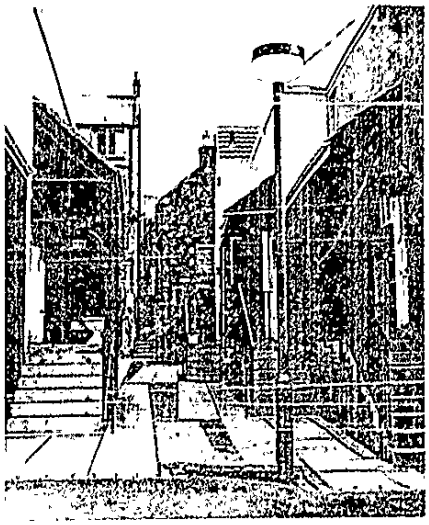




Holiday lodges at Aberfoyle and Loch Rannoch in the Scottish Highlands

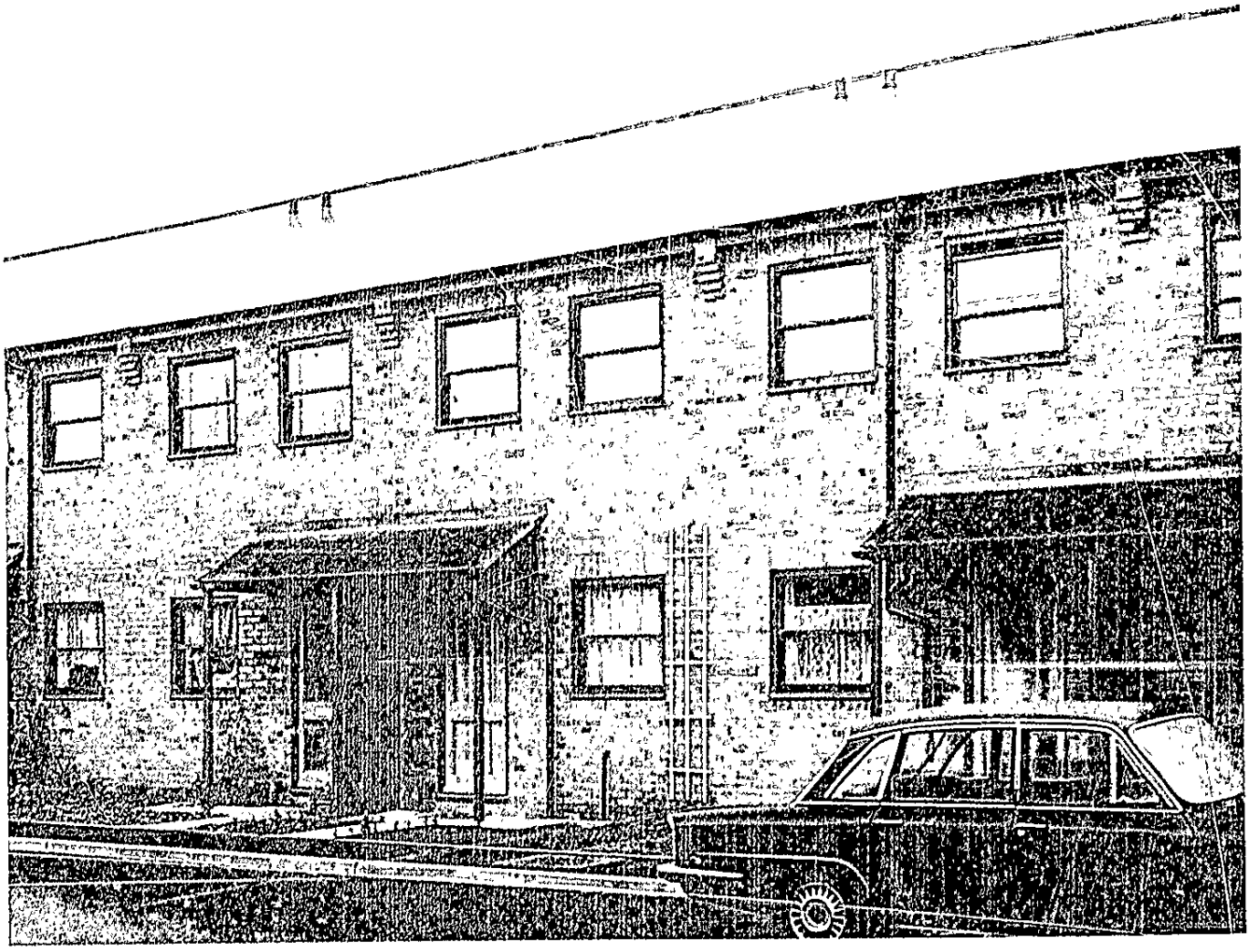






New Local Authority Housing at Cuddyside, Peebles, echoes the character of this Scottish border town.

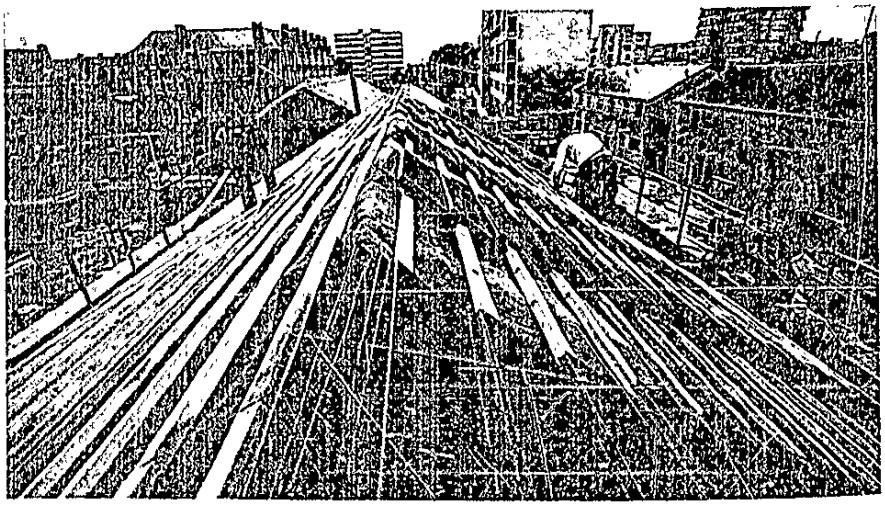
Barratt

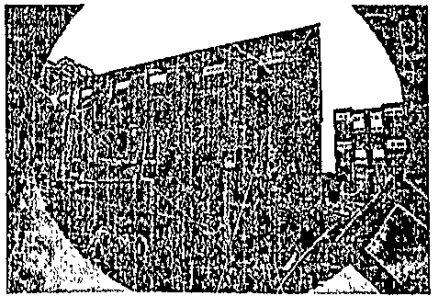


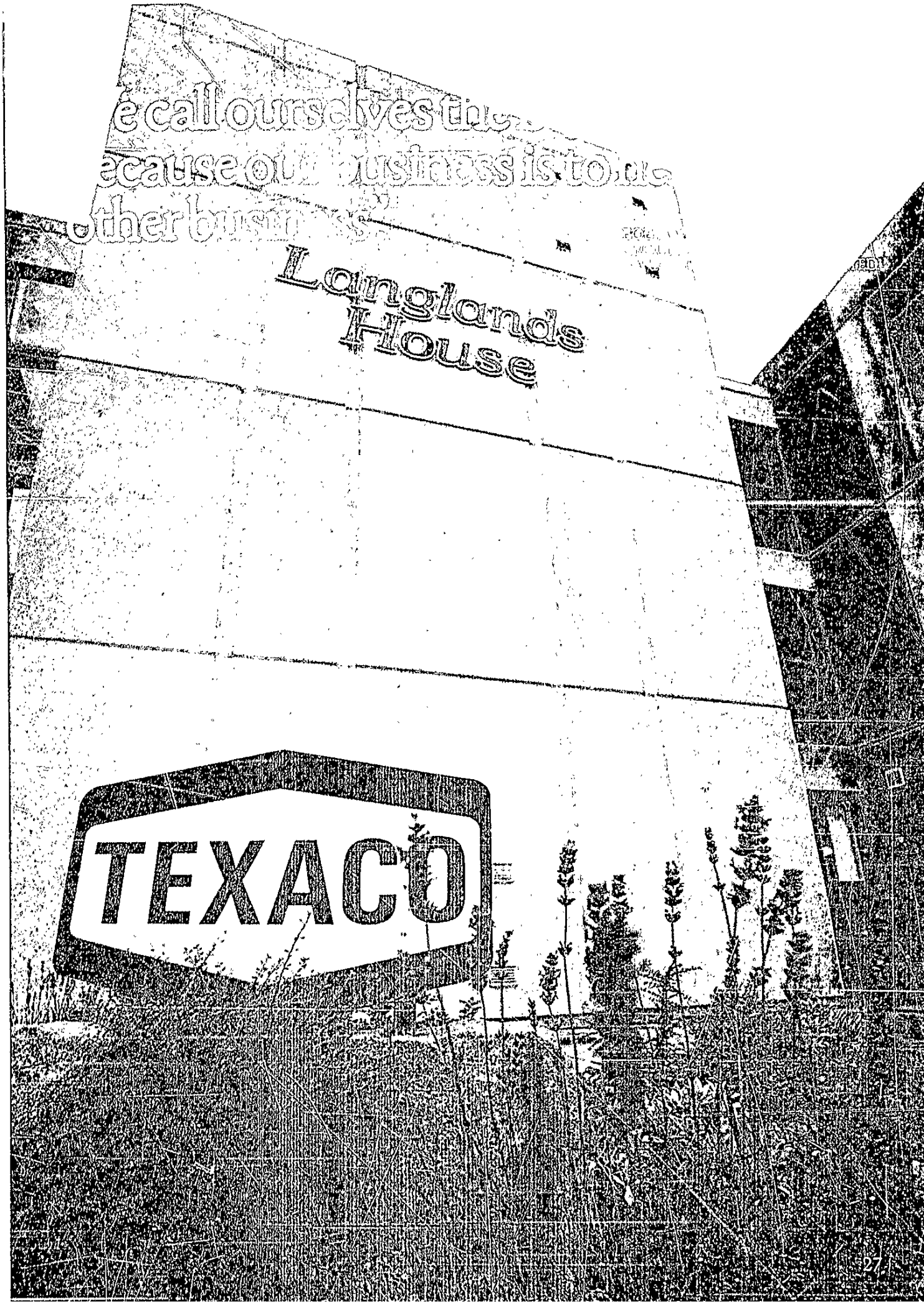
Amongst the many original projects that Barratt has worked on over the past year are the houses built for the Abbey National Building Society when it took the decision to form its own Housing Association to help first time buyers.

The first phase of 104 two and three bedroom houses at Tower Hamlets, close to central London, has been an instant success.

With its firm views on the social aspects of housing, and in particular the importance of rejuvenating inner city areas, the Group looks forward to more involvement with such fruitful partnerships.






Langlands
House
TEXACO

Since the early Seventies – when the capital value of the Barratt investment property portfolio stood at £400,000 – the Group has pursued a policy of expanding its interests in property.

Today, including property under construction, the portfolio is worth over £50 million.

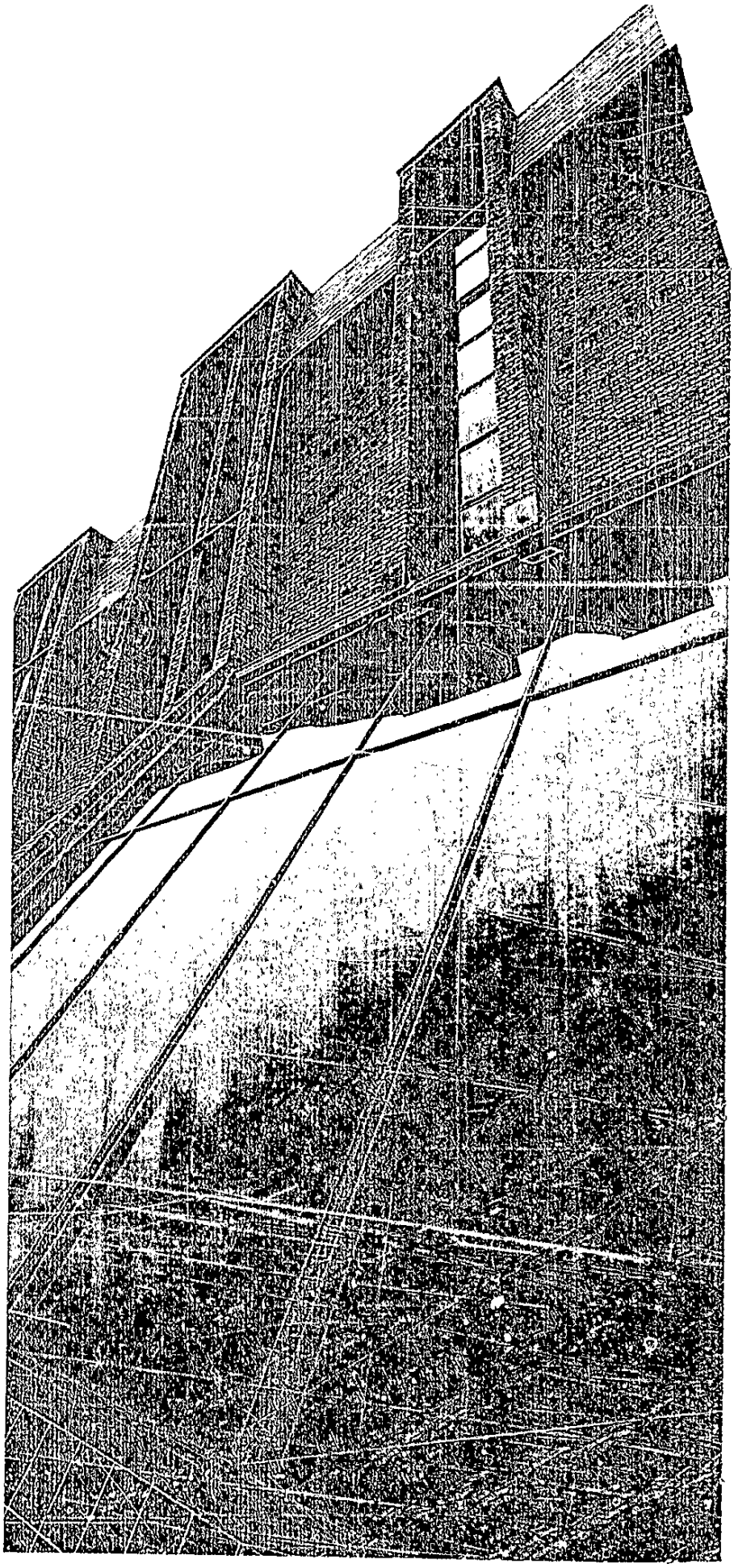
The rent roll from Barratt Industrial Parks, and offices throughout the UK was £2 million in June 1980 and will achieve £4 million by June 1982.

The Group's aim is to give British business the room it needs at the prices that keep it competitive: already leasing from Barratt are such organisations as The Civil Aviation Authority, Her Majesty's Government, multi-national oil companies, banks, breweries, insurance companies and many more.

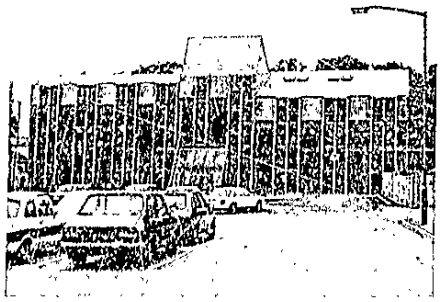
These account for 1.1 million square feet of let office space with a further 900,000 square feet planned on sites owned. Half a million square feet of space in Industrial Parks has been completed with another quarter million square feet under construction.

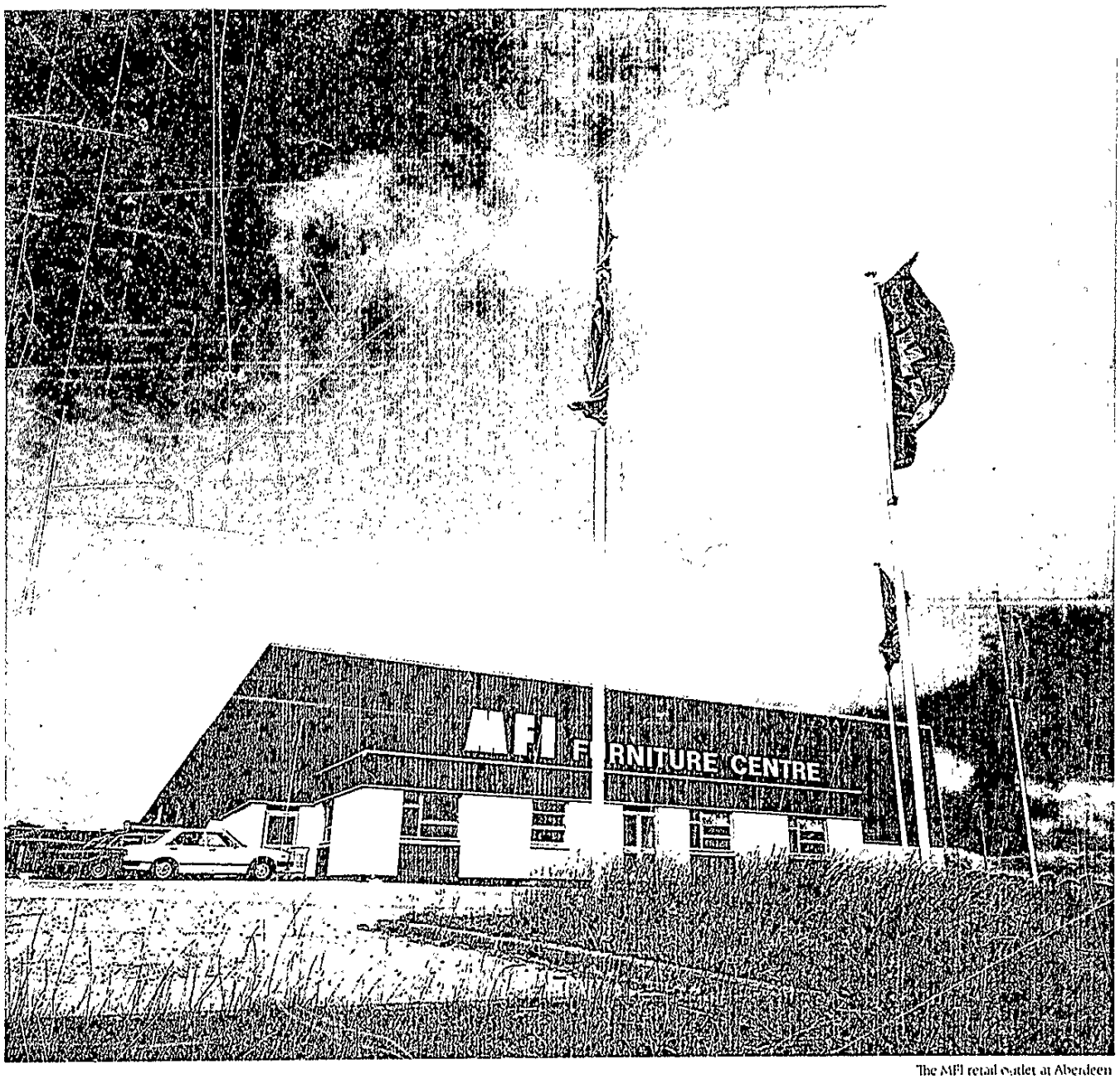
Flexibility is the keynote of the Group's dealings with its tenants: to keep today's businesses alive and thriving it is vital to appreciate each user's special requirements and to provide the industrial and commercial properties in which both employers and employees are happy to work.

Barratt admire enterprise – and will continue to help and support it wherever it can.

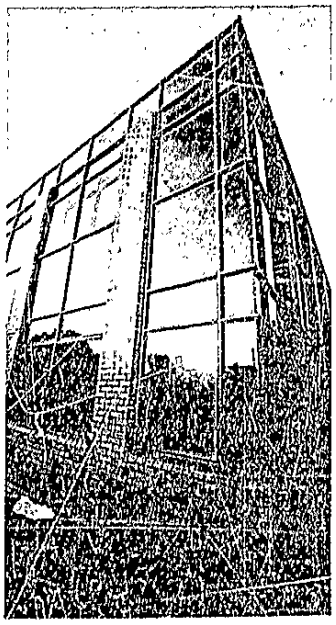


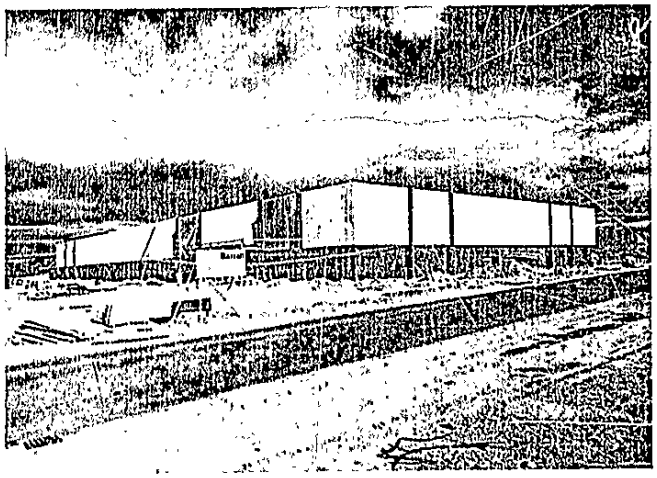
33,000 sq ft office development at Camberley, Surrey, recently let to a subsidiary of the General Electric Corporation of America





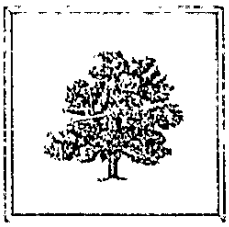
The MFI retail outlet at Aberdeen



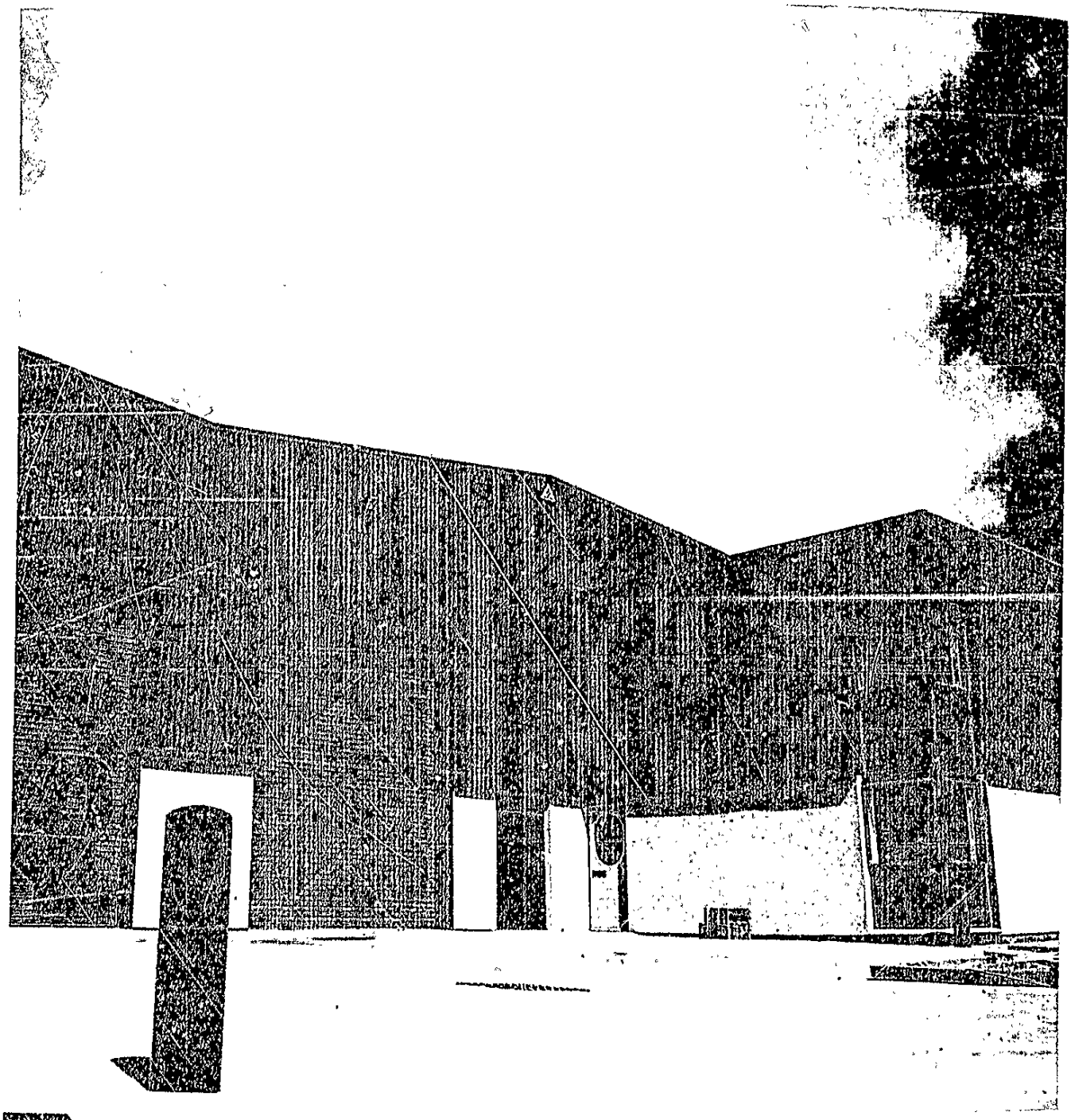


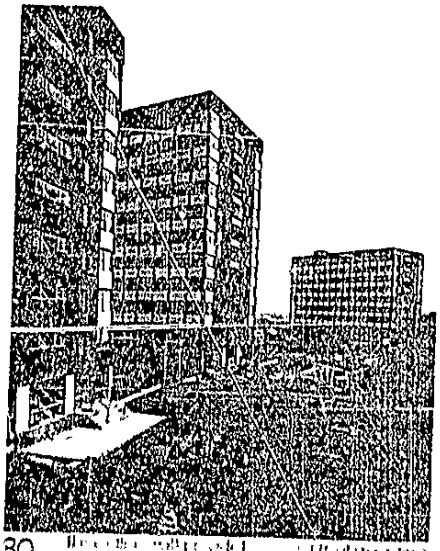
The latest Dodge City DIY Centre under construction in Aberdeen

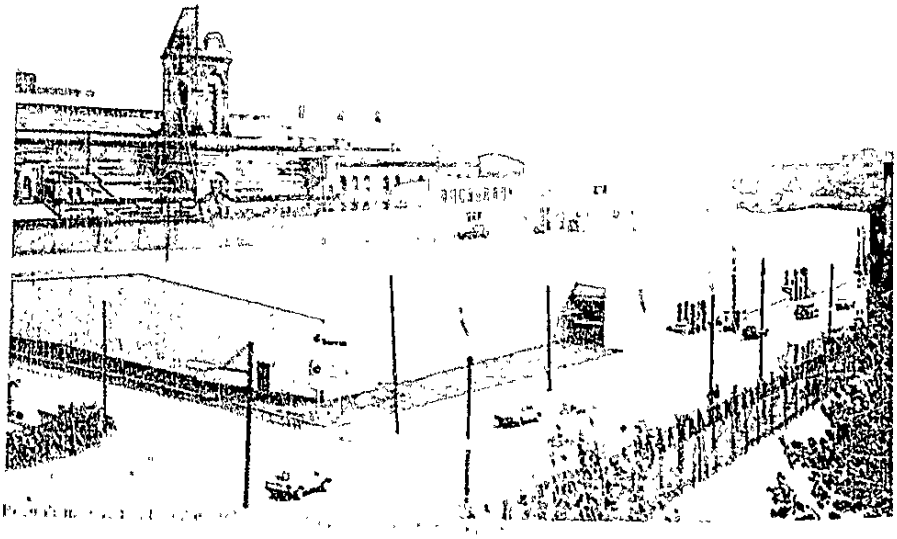
Avonmouth House, Edinburgh, the head quarters of the Civil Aviation Authority in Scotland

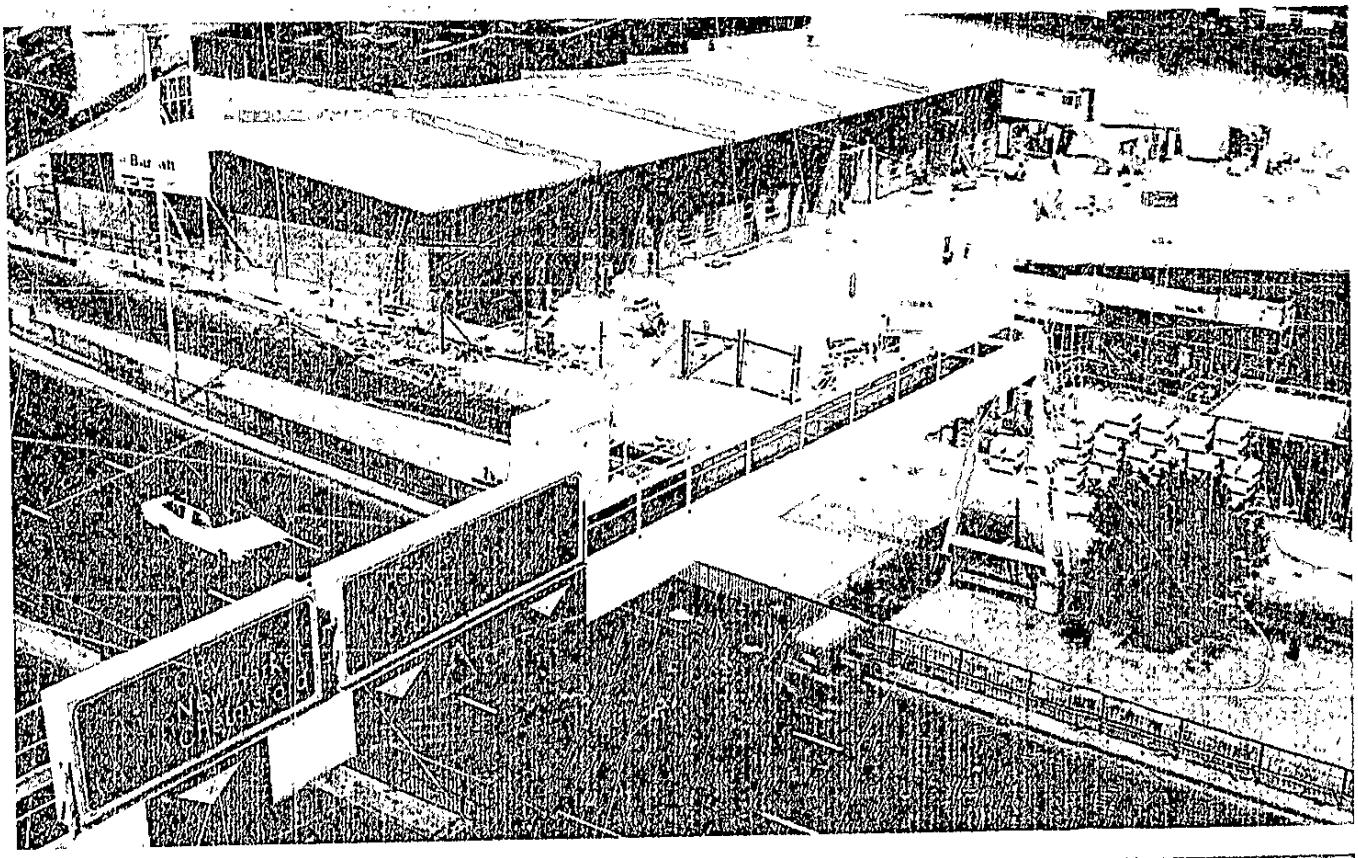


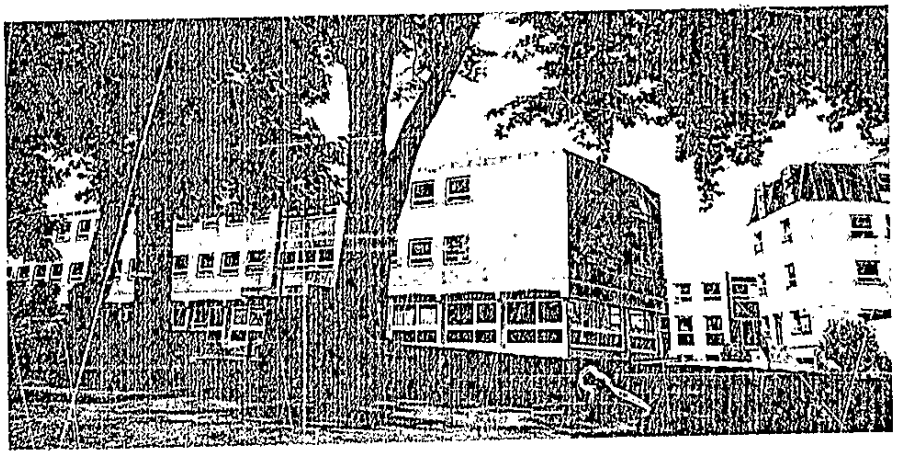
Barratt

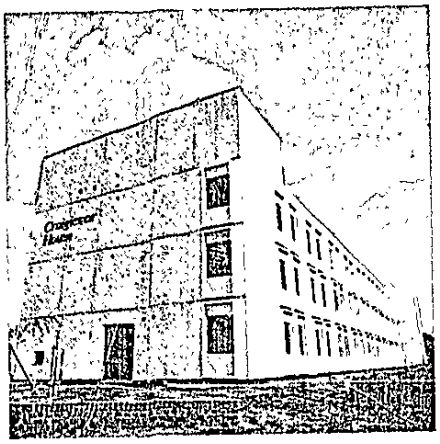


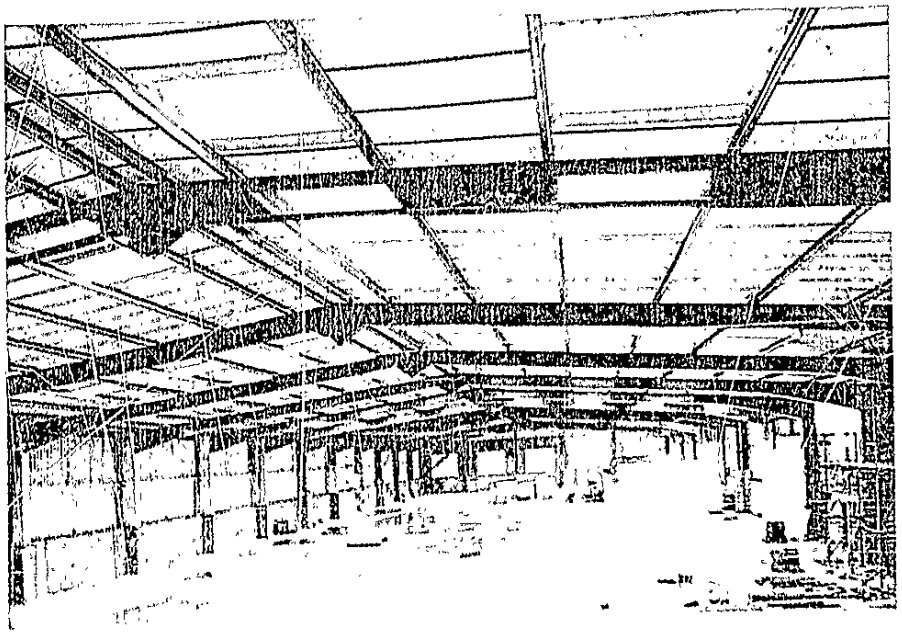












Above New office accommodation close to Edinburgh Airport

Centre left Ladywell House provides 52,000 sq ft of office space for a Government Department to the West of Edinburgh City Centre

Left Phase 1 of the Barratt Industrial Park under construction at Christchurch where complete will provide 126,000 sq ft of light industrial space

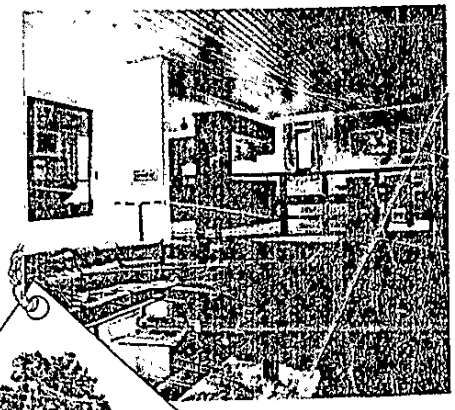
Barratt

Barratt at leisure

With the increasing use of automation and computerisation within business and industry, it has often been remarked that work seems to be becoming a leisure time activity: a cynicism perhaps, but with an element of truth. Barratt has been quick to note that leisure is fast becoming a business activity.

The average person now has more free time each year than has ever been known before, and a new social problem is being created – how to use that time to best advantage.

Hence the formation of Barratt Leisure.



Barratt Leisure markets holiday homes for sale or for rent.

The Group first started to build luxury time sharing lodges at Dalfaber Village, Aviemore, high in Scotland's beautiful Cairngorms. These, plus a variety of superbly fitted chalets for renting as self-catering holiday homes, have laid the foundations for a major extension of Barratt activity in the leisure market.

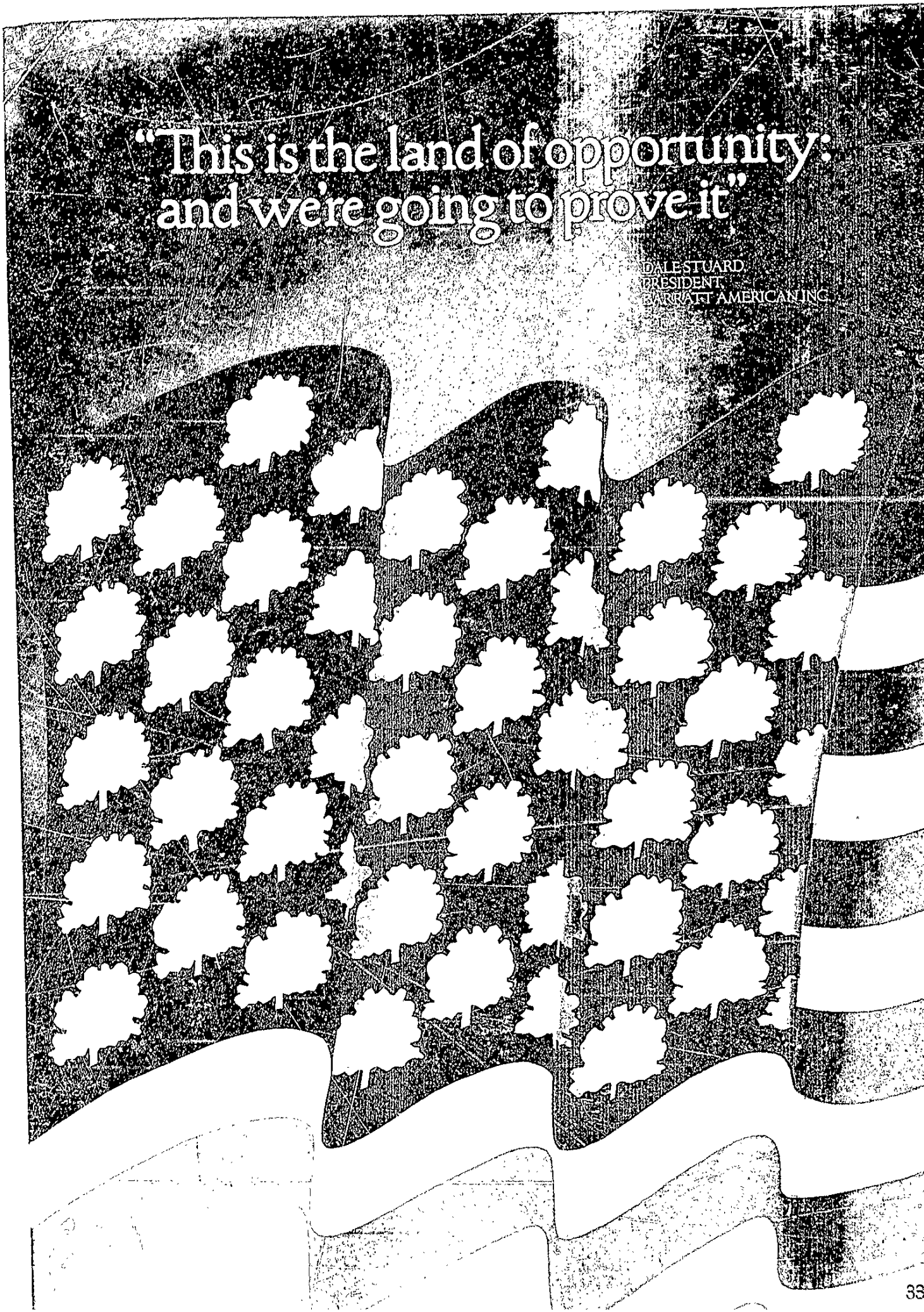
Barratt has also arranged international time-exchange facilities, whereby Barratt time-sharers in Britain can exchange their holiday weeks with owners of many equally luxurious homes worldwide.

The Group continues to investigate further opportunities for expansion in this sector.

The British leisure market is growing fast – and Barratt is in the forefront.

Barratt LEISURE

THE HOMES THAT MAKE THE HOLIDAY.


"This is the land of opportunity:
and we're going to prove it"
DALE STUARD
RESIDENT,
RRATT AMERICAN INC.

Detached family homes at Meadowlands, Milpitas

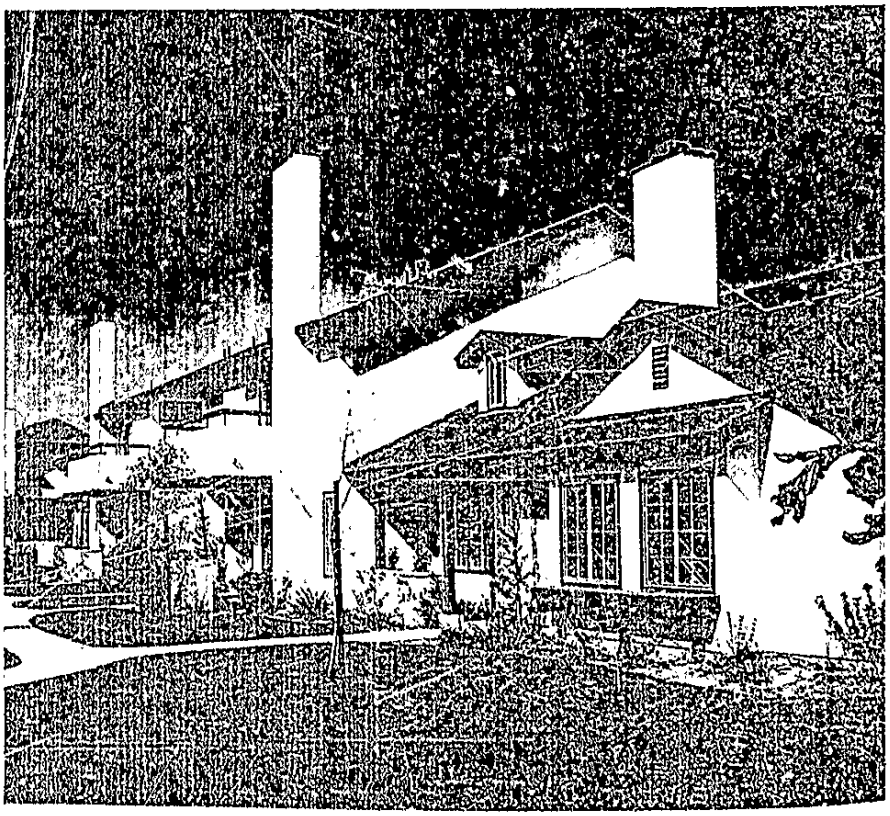
Architectural elegance and luxurious appointments characterise the houses at San Ramon.

The Barratt Group chose California as the base for its expansion through the United States of America because of its remarkable economic stability and strength – and because this state alone has a need for 200,000 new homes a year, equivalent to the annual demand for the whole of Great Britain.

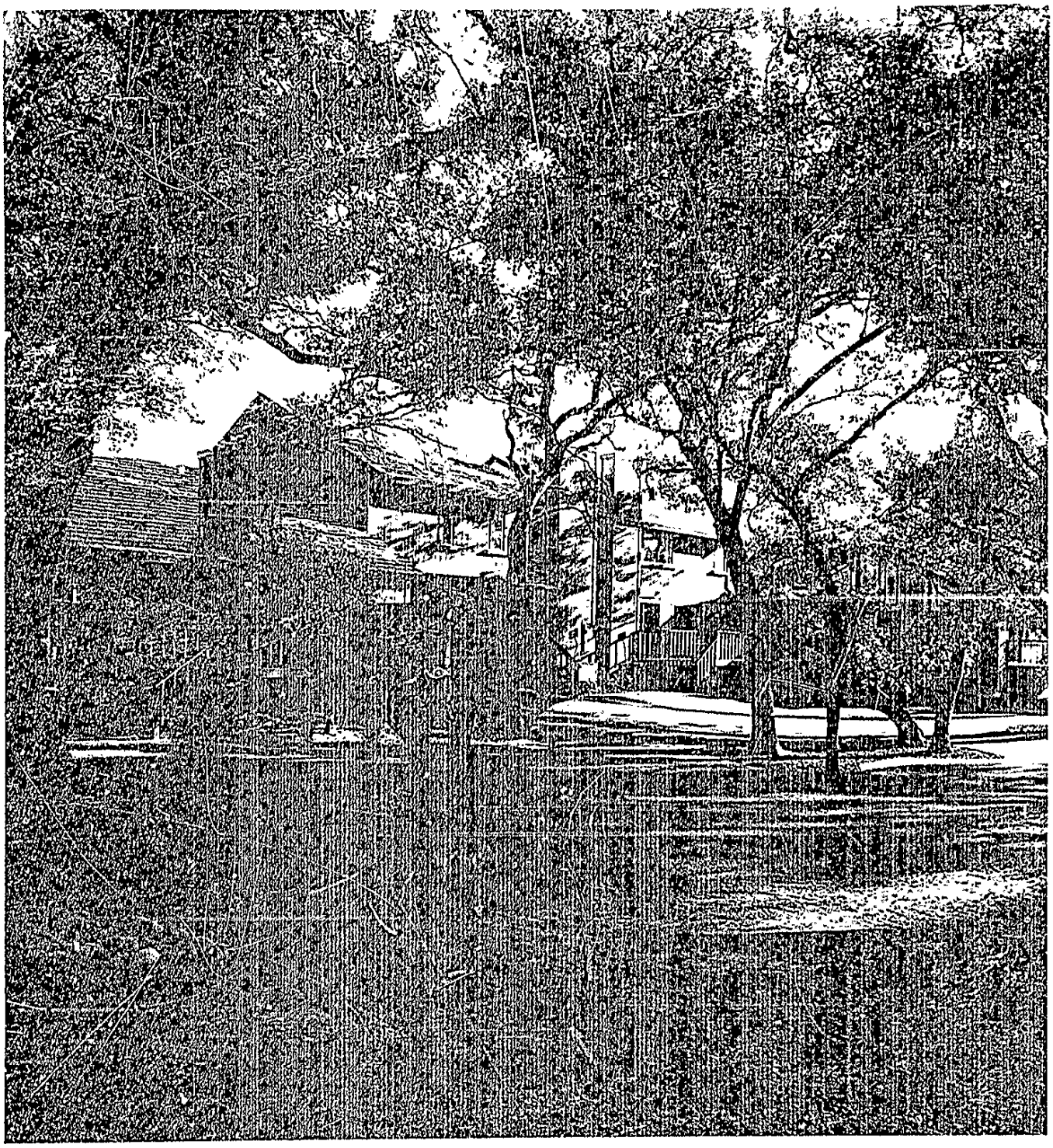
Barratt American Inc. was formed in 1980 and the oak tree is now firmly rooted in California with two respected and long established housebuilders.

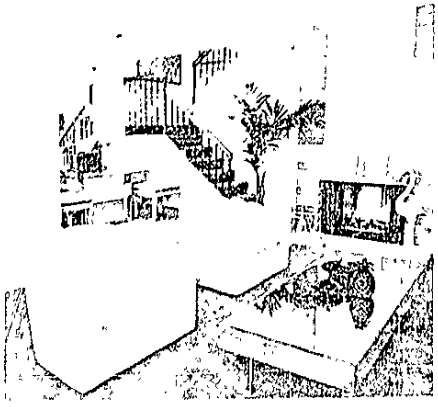
These two building companies are now operating under the Barratt name, and their American management teams have been restructured into six local divisions: Barratt Sacramento, Barratt San Francisco, Barratt San José, Barratt Los Angeles, Barratt Irvine and Barratt San Diego.

A further Management division, Barratt Urban Housing, has been created to specialise in the redevelopment of inner-city sites throughout the State.



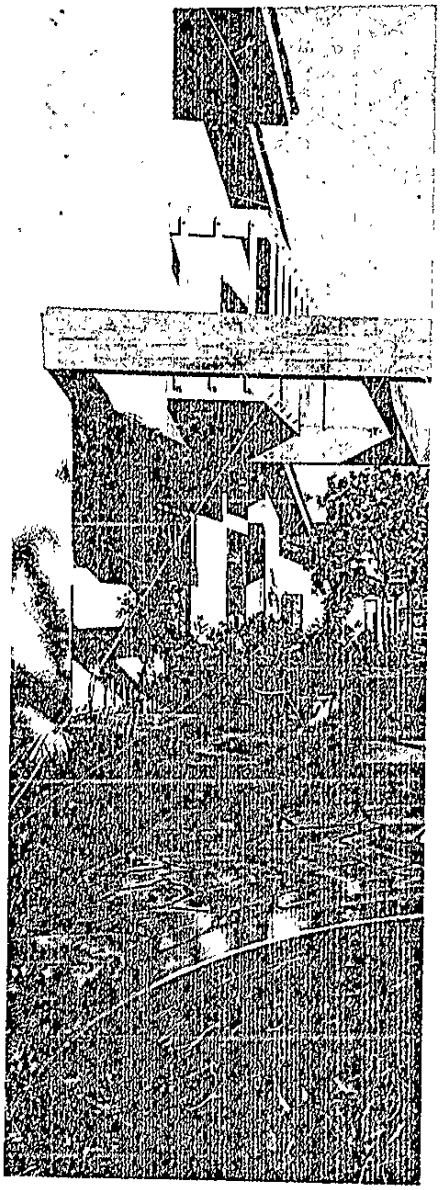
A recent luxury development at Mountain View in Diego

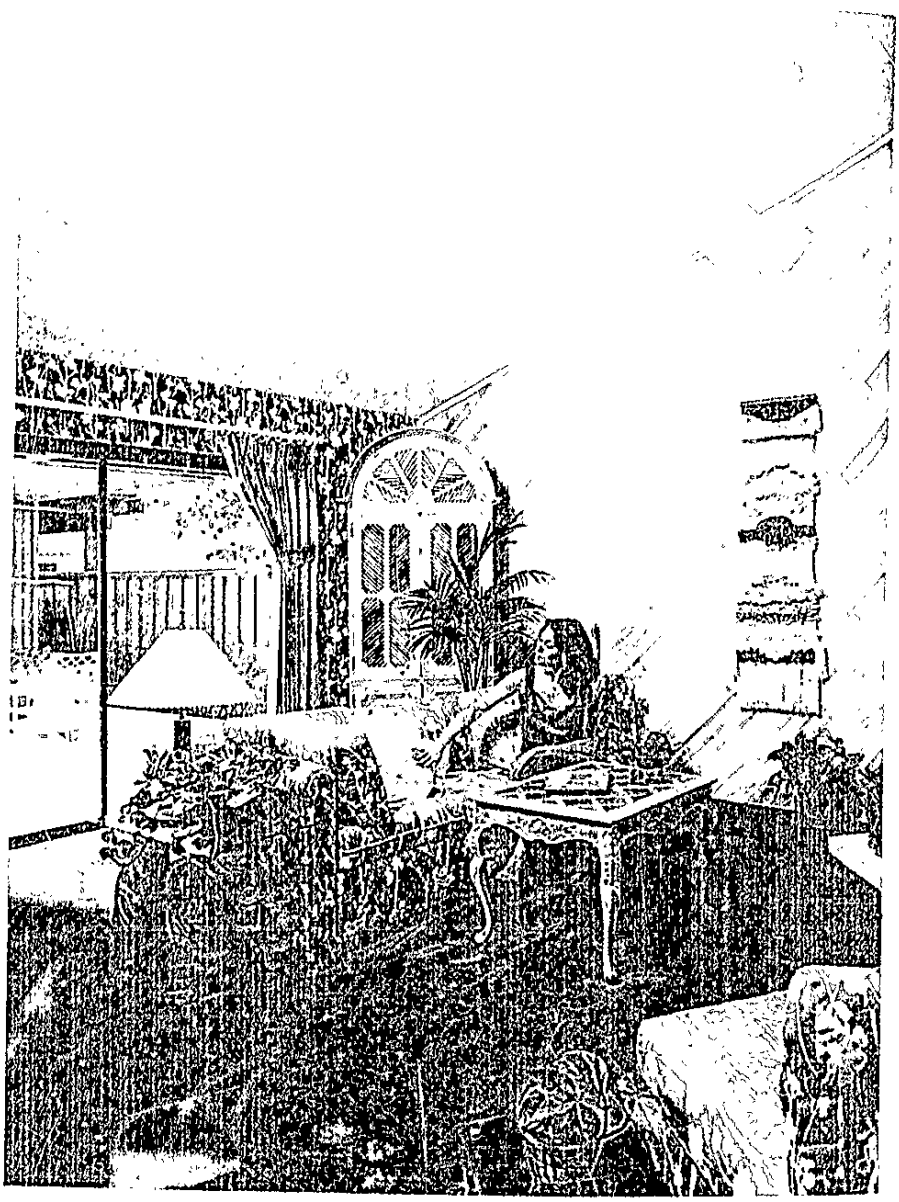




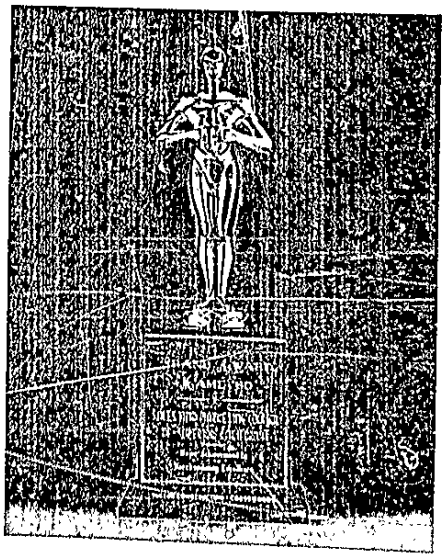
This concept of decentralised management has been the basis of Barratt growth in Britain and Barratt American following the Group philosophy of helping people by their homes. The [illegible] independently needed in the [illegible] and the UK and Barratt American [illegible]

Barratt





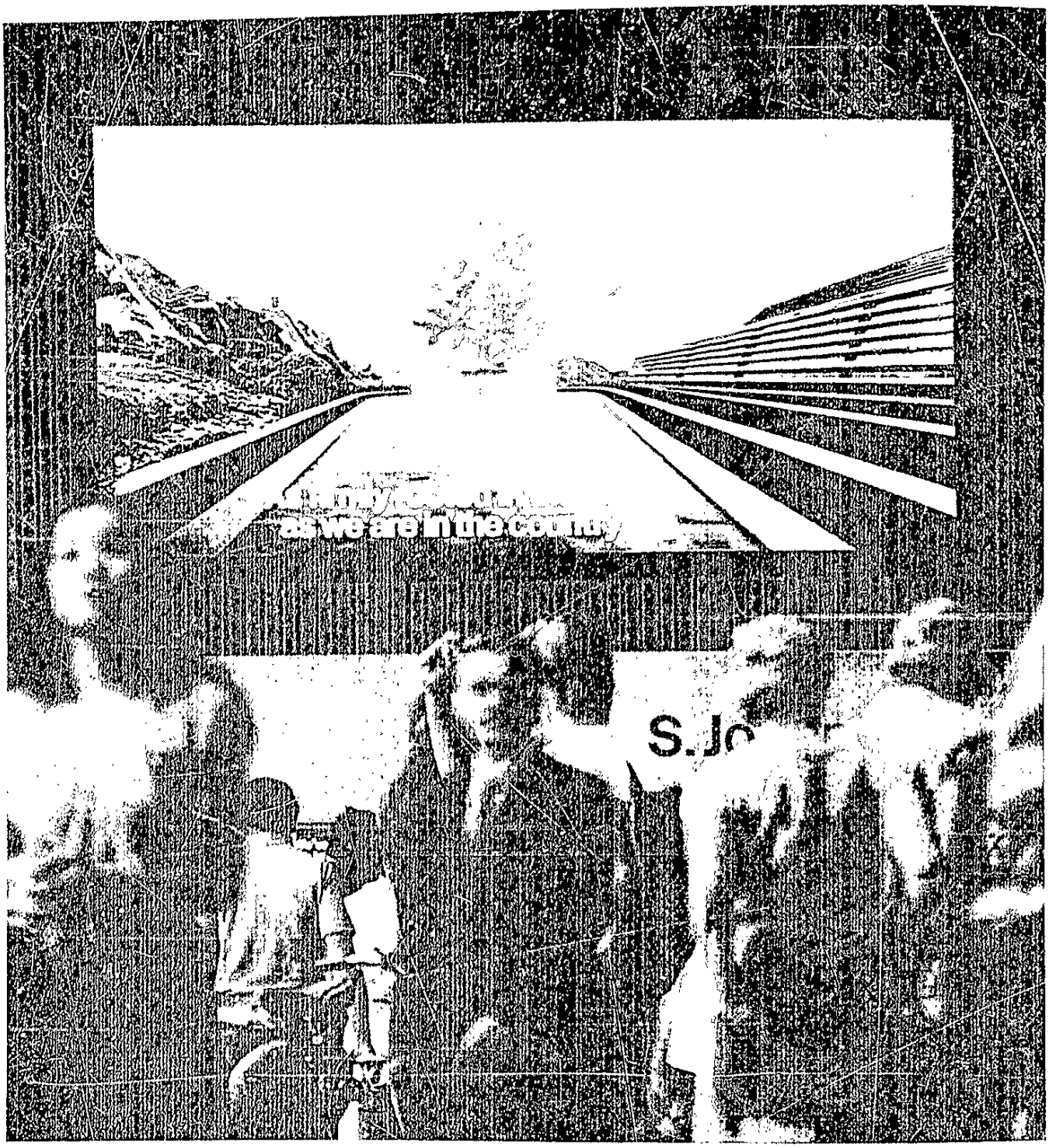
Although Barratt American's initial involvement is in house-building, the Group will be evermindful of other areas of expansion and will gradually diversify into property investment and other building-related activities.



Barratt marketing strategies are as unique in the United States of America as they are in the United Kingdom, and these, combined with the potential size of the American market, will be a major contributory factor in the overall growth of the Barratt Group.

Barratt success has come through innovation and daring, imaginative marketing

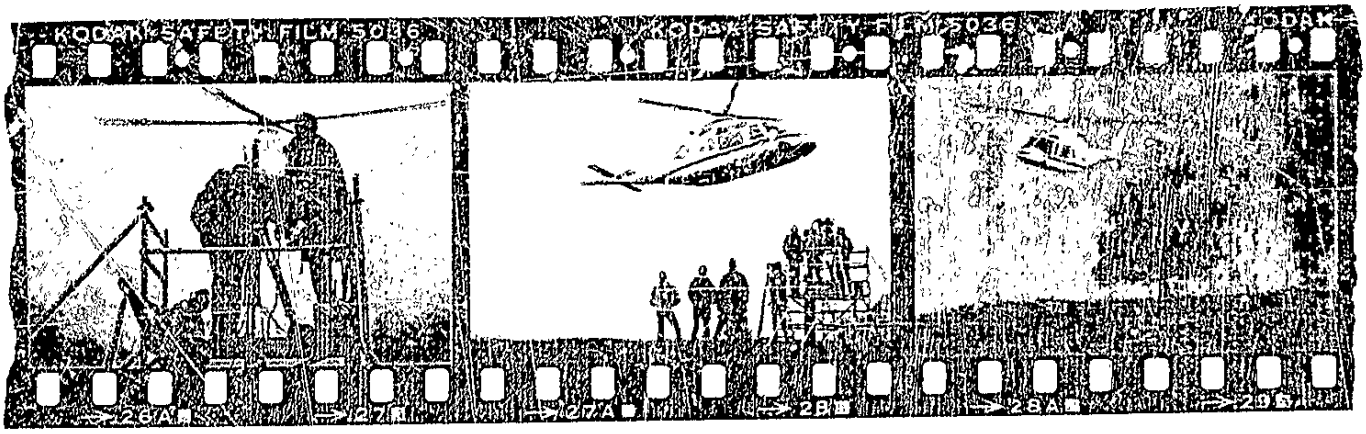
SUNDAY TELEGRAPH



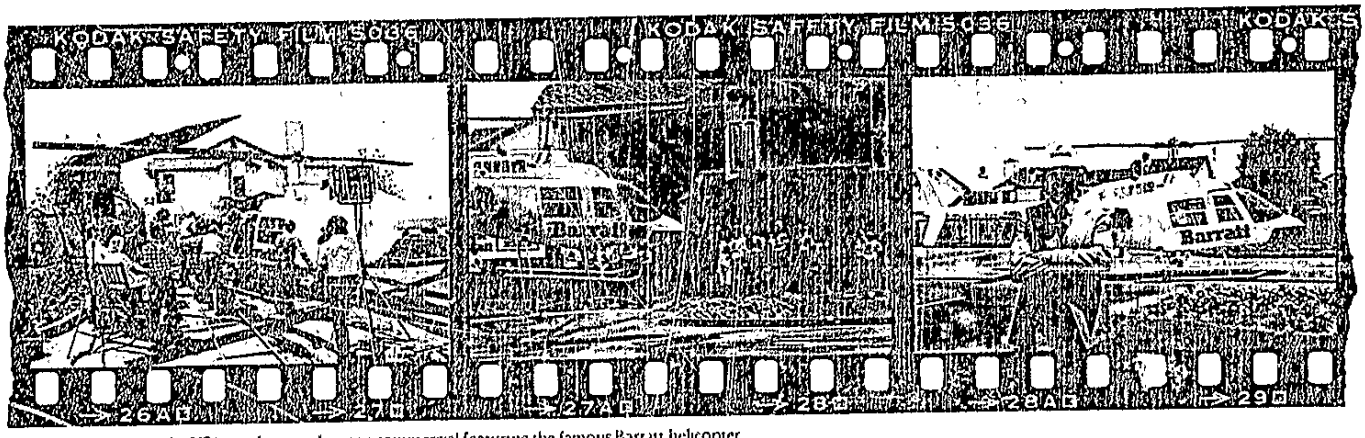
Corporate illuminated poster campaign in major London Railway Stations

The Barratt TV helicopter has become one of the best known visual images of modern advertising.

The commercials in which it stars represent the spearhead of the Group's total promotional output: their purpose is simply to create a corporate identity, a platform of company awareness upon which an integrated marketing programme can be built.

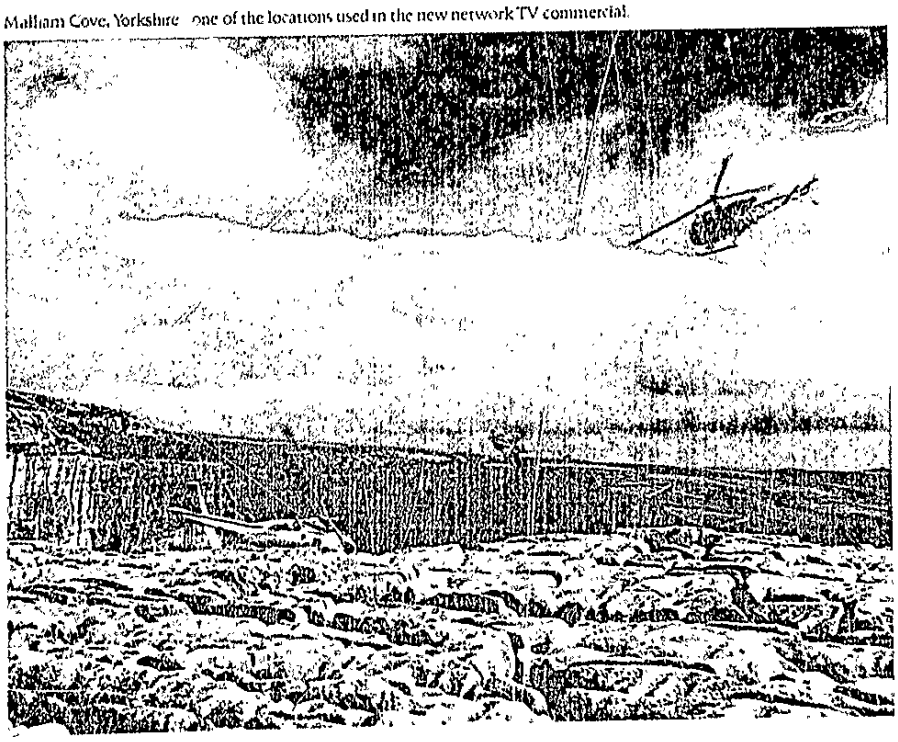


On location during the filming of the latest British television commercial



Launching Barratt in the USA – making a television commercial featuring the famous Barratt helicopter.

Malham Cove, Yorkshire – one of the locations used in the new network TV commercial.



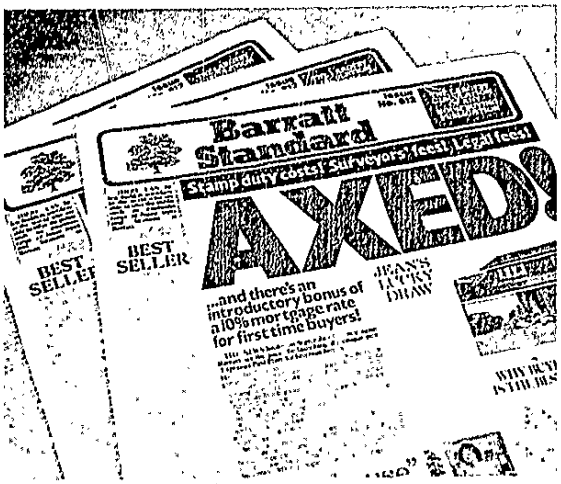
Barratt success is based on meeting the needs of people, so national press advertising follows through to show homeseekers how easy Barratt have made housebuying in the Eighties, with details of the financial help programmes, mortgage facilities and so on.

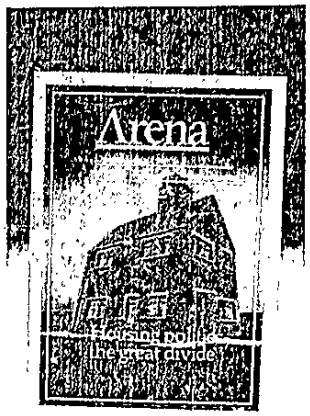
Finally, at local level, the individual Barratt subsidiaries use their local media to advertise their own specific houses and developments.

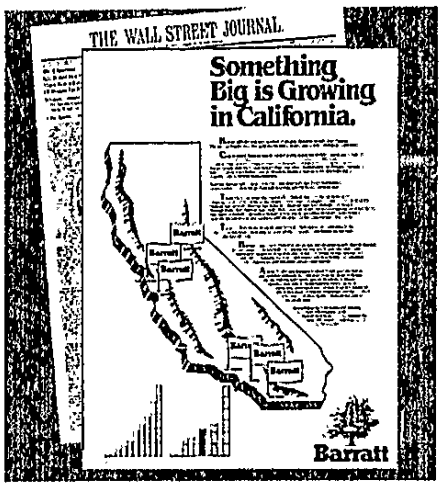
The effect of this carefully integrated three-tier advertising approach is beyond dispute – but the Group's promotional activities do not end with TV, cinema and press advertising.

Barratt

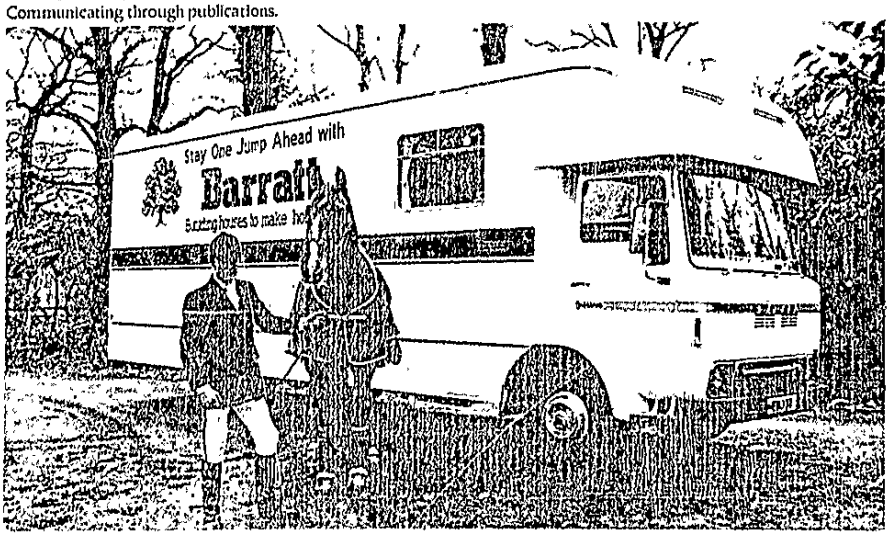
Press advertising in the UK & the USA.



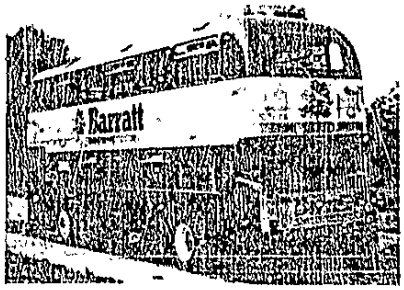




Communicating through publications.



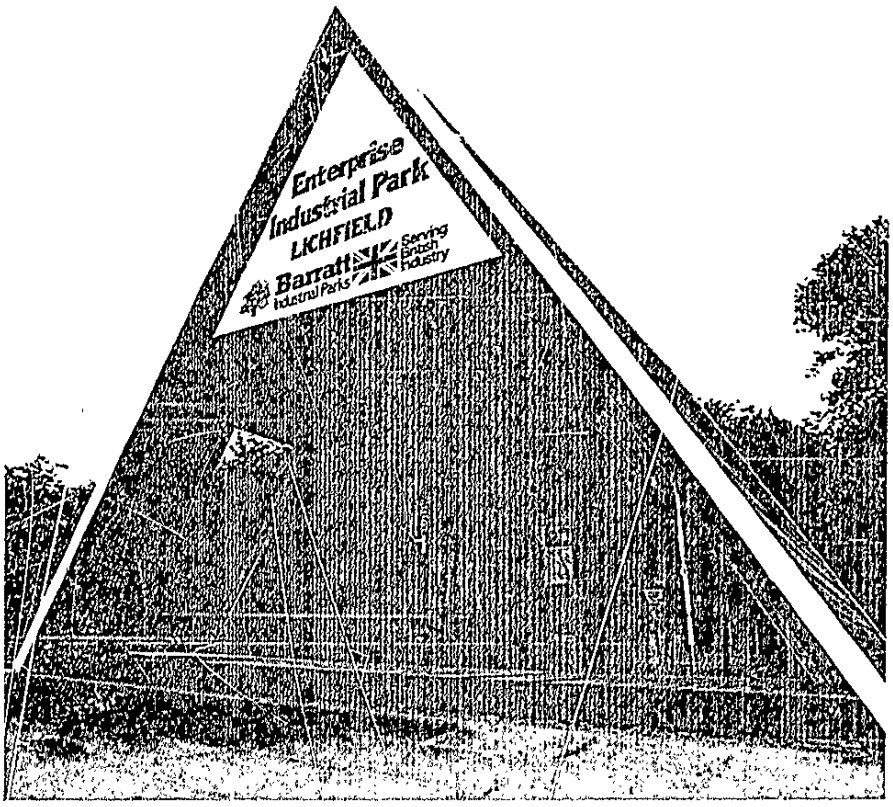
Mobile advertising.



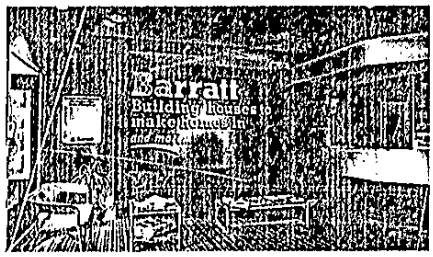
Barratt communicates with potential buyers and investors through all available channels: exhibitions, posters, buses, show-house openings, sponsored events, house newspapers, charity work, PR editorials, local radio and so on.

The Barratt oak is ubiquitous, and the Group has won major national and international awards for its advertisements, commercials and film documentaries - indeed, the design and presentation of the 1980 Report and Accounts scooped a major award from the Observer!

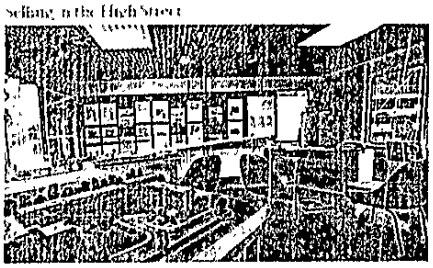
Communicating with house-hunters and industrial and commercial clients is one matter, but Barratt also appreciate the importance of relating to and working with building societies, banks, and other influential bodies allied to the industry - not to mention other builders.



Barratt sky divers



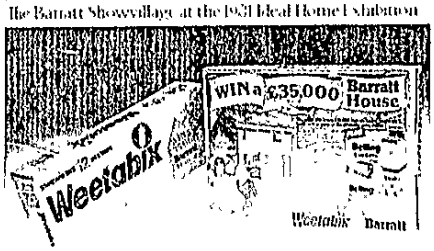
Selling in the High Street



Well planned selling environment

Celebrities help promote the product.

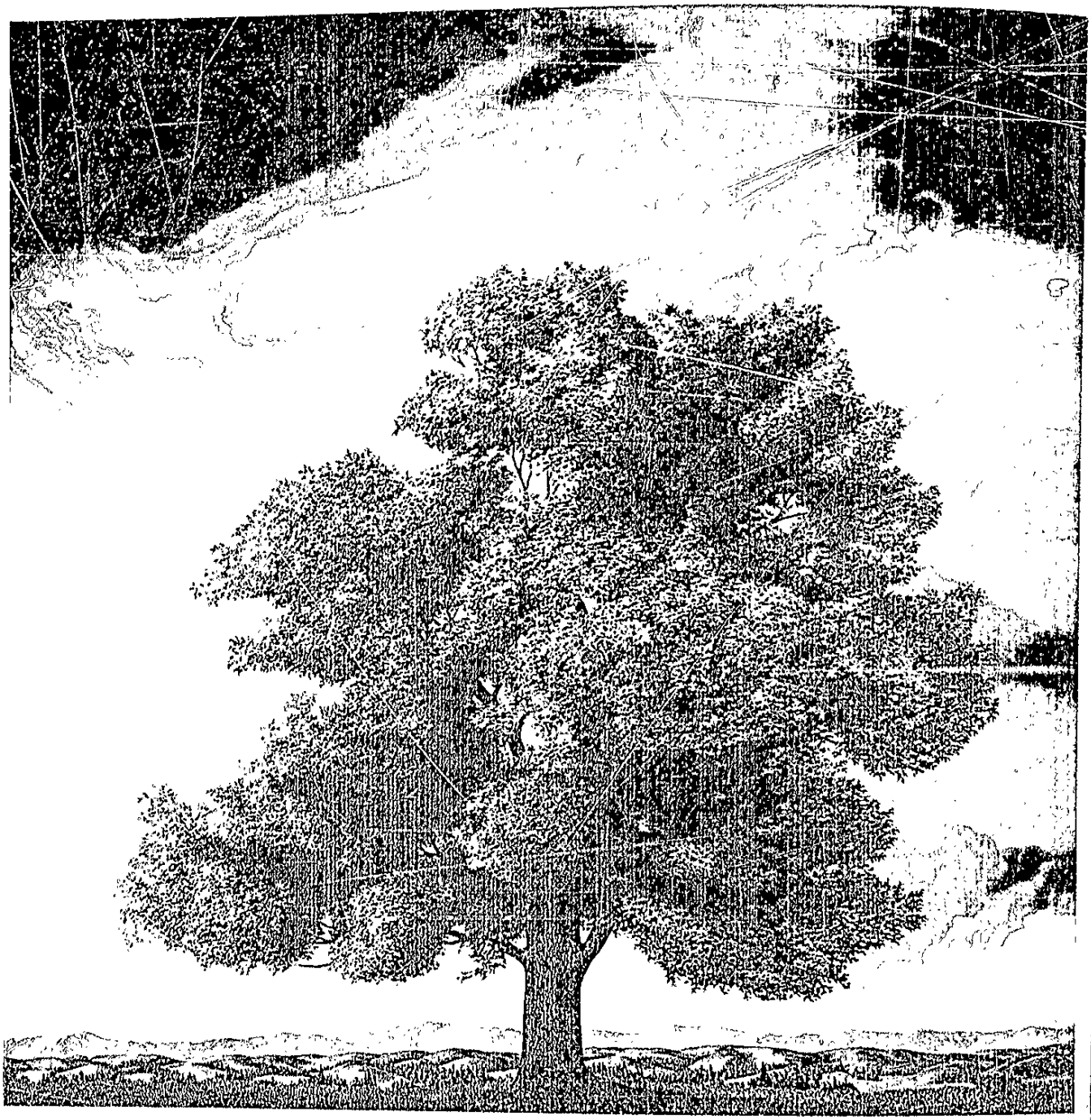
The Barratt Showvillage at the 1983 Ideal Home Exhibition

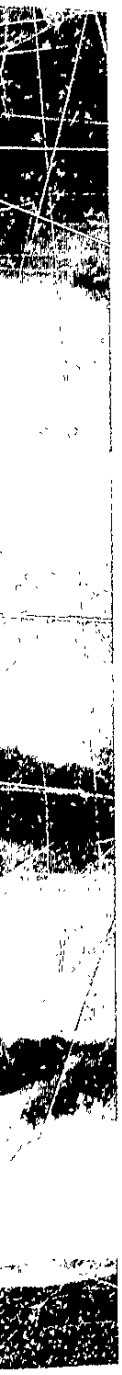


For instance, Barratt has recently introduced a publication called 'Arena', a magazine designed as a forum for everyone involved in the building industry. The articles and features within it, whether by a senior Government Minister, or the General Manager of a building society or a bank, do not necessarily represent the Group's own opinions – but the Barratt philosophy encourages constructive thinking and the free flow of ideas.

Only through innovation will the building industry move forward: and innovation is the essential hallmark of the Barratt Group, both now and in the future.

Barratt





BARRATT DEVELOPMENTS LIMITED

ANNUAL REPORT 1981

Directors and Advisers

L.A. Barratt, F.C.I.S.
Chairman and Managing Director
W.H. Bruce
Deputy Chairman

A.F. Rawson
R.W.R. James, F.C.A., A.T.I.I.
J.S.R. Swanson
T. Van Ree, F.I.O.B., M.B.I.M.
K.A. Janes
D. Stuard (U.S.A.)

Secretary and Registered Office
I.D. MacLeod, A.C.I.S., A.I.B.
Wingrove House, Ponteland Road,
Newcastle upon Tyne NE5 3DP

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

Bankers
Barclays Bank
Clydesdale Bank
Lloyds Bank
Midland Bank
National Westminster Bank
Williams & Glyn's Bank
Bank of America
First Interstate Bank
Security Pacific National Bank

Auditors
Deloitte Haskins & Sells
Newcastle upon Tyne

Solicitors
Slaughter and May
London

Brokers
Cazenove & Co.
London

Merchant Bankers
S.G. Warburg & Co. Ltd
London

Contents

Notice of Annual General Meeting	3
Chairman's Statement	4—5
Directors' Report	6—8
Auditors' Report	9
Group Profit and Loss Account	10
Group Balance Sheet	11
Statement of Source and Application of Funds	12
Accounting Policies	13
Notes to the Accounts	14—19
Company Balance Sheet	20
Group Current Cost Accounts	21—23
Historic Ten Year Record	24
Analysis of Ordinary Shareholdings	24

Notice of Annual General Meeting

Notice is hereby given that the twenty-third Annual General Meeting of the company will be held at the Savoy Hotel, Strand, London WC2 on Tuesday, 24th November 1981 at 11.30 a.m., for the following purposes:

1. To receive and adopt the directors' report and the financial statements for the year ended 30th June 1981.
2. To declare a dividend.
3. To re-elect directors: Mr. T. Van Ree who retires by rotation and Mr. K. A. Janes and Mr. D Stuard who retire at the first annual general meeting following their appointment.
4. To re-appoint Deloitte Haskins & Sells, the retiring auditors, and to authorise the directors to fix their remuneration.

By order of the Board
I. D. MacLeod
Secretary

Wingrove House
Ponteland Road
Newcastle upon Tyne NE5 3DP
27th October 1981

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.

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 11.15 a.m. until the conclusion of the meeting.

1. Copies of contracts of service of the directors with the company.
2. A statement of all transactions of directors (and of their family interests) in the share capital of the company for the past year.

The directors to be re-elected all hold five year service contracts dated as follows: Mr. T. Van Ree 1st July 1979, Mr. K. A. Janes 1st January 1981 and Mr. D. Stuard 31st March 1980.

Chairman's Statement

In an environment which was both difficult and challenging, and amidst one of the worst recessions since the war, the Barratt Group achieved record turnover of £285M and record profit of over £30M. Every sector of our activities, both in the U.K. and abroad contributed to this achievement. The group's results contrast with those of many others in the building industry because of our different approach to the industry. Business is, of course, all about people, and this achievement is the result of the hard work and dedication of the group's employees to whom I offer my thanks. Our decentralised management structure has enabled us to adapt constantly to the changing problems of the market. A local service combined with national resources has enabled the group to continue to expand, notwithstanding the depressed state of the industry.

During the past decade this management structure has been the foundation of our success. During this period we have increased turnover from £10M to £285M and profits from £2.6M to over £30M, which represents an annual compound profit growth rate of 45%.

The private housing sector continues to be our main stream activity, and once again we have built and sold a record number of houses. Barratt became the largest builder of private houses in the U.K., due principally to our radical approach to marketing and, not least of all, to product design. We now serve the entire U.K. housing market, selling in a current price range of £12,000 to £200,000, and are able to meet the needs of virtually the whole of the house buying public. We are constantly aware of the changing needs of the consumer, and perhaps our most interesting innovation this year has been the introduction of "Studio Solo". This exciting new product has broken new ground in marketing in volume, for the first time, accommodation specifically designed for the growing and hitherto neglected single person market, and simultaneously introducing to Britain the concept of completely furnished accommodation for purchase as a single "package". "Studio Solo" was an instant success and this broadening of our product range is bound to assist us in increasing our future housing output. The service which we give to the first time buyer has been instrumental in assisting many people to embark on home ownership, while our part exchange scheme has been of considerable assistance to second time house purchasers. It is interesting to note that during the past year we have sold over 2,500 houses which we had acquired by virtue of this scheme. We have long experience in the operation of this scheme, over many years, and stocks are kept under constant control.

Our involvement in the redevelopment of derelict sites in inner cities is of increasing importance. We have developed many outstanding schemes in the inner cities throughout the U.K., and have just commenced our first inner city redevelopment in California. We see the recycling of this land as a vital necessity in order to meet the demand from people wishing to return to live in the inner cities. In contrast we have also continued our specialist activity in the renovation and conversion of suitable historic buildings into residential apartments.

As indicated two years ago we have continued to increase the scale of our portfolio of investment properties. Our contracted rent roll has increased from £2M to over £3M during the year, and we should achieve a further increase to £4M during the current year. A substantial part of our development programme is located in the South of England, and this is giving us a greater spread of investments throughout the country. As you will see from the Accounts we have had our portfolio professionally revalued, and the resulting surplus of £16M fully justifies our investment in this sector of the industry. We are confident that further increased values will arise as those developments currently under construction become rent producing.

Our contracting subsidiaries operated successfully and made a useful contribution to profits, notwithstanding the very difficult market in that sector. This progress should continue in the current year with the benefit of our strong forward order position.

In the U.S.A. we achieved our objective of making a second acquisition in California with the purchase of the residential development business of McKeon Construction Inc., for a consideration of £17M. McKeon is a long established Californian housebuilding company with its principal strengths in Northern California, which made it a logical acquisition, since

our existing subsidiary operated only in the south of the State. Despite the extremely difficult trading conditions in the U.S.A., in particular the high interest rates prevailing, our American companies operated profitably. Our initial objective of restructuring these two companies into six subsidiaries to serve substantially the whole of the Californian housing market is now well under way. Our group disciplines of financial controls and our sales and marketing methods have now been introduced, and I am confident that the group investment, in terms of both cash and management time, will bring increased volume and profitability when interest rates return to more normal levels.

As in the past we have enjoyed tremendous support throughout the year in our financial requirements from our clearing banks, in both the U.K. and the U.S.A. Recently this support has been extended even further by these banks making available to us forward lines of mortgage finance for the use of our customers. The major building societies have also increased their commitment in this sphere, and additionally such assistance is now being provided by certain insurance companies.

After having raised only £7M by way of Rights Issue since the company became public in 1968 your board deemed it proper to extend the capital base of the company, and accordingly announced in May last a Rights Issue to raise £21M to assist in the future expansion of the group. The Issue was a great success and we are most appreciative of this further indication of confidence in the company evinced by our shareholders. The proceeds of the Issue have enabled us to refinance part of the cost of our U.S.A. acquisition, but the main part will be utilised in funding our new housebuilding subsidiaries in the South of England, and in extending further our property investment programme. You will readily appreciate the cash intensive nature of our industry.

Your board is proposing a final dividend of 8.85p per share, which together with the interim dividend already paid makes a total of 12.35p for the year. Taking into account the Capitalisation Issue last year this effectively represents an increase of 25%. Your board is also proposing a further Bonus Issue of one share for every four shares held, and subject to unforeseen circumstances intends to at least maintain the dividend per share.

Very real economic problems exist both in the U.K. and the U.S.A. and the recent increase in U.K. interest rates is bound to have a short term detrimental effect on the industry. Nevertheless, we face the future with confidence. The land supply position has improved a little during the year, and we hold an excellent supply, equivalent to almost three years production, in both the U.K. and the U.S.A. Each year we increase our involvement in the building industry and also increase our geographical coverage. I believe that the need for "shelter", in the widest sense of that word, is permanent and we shall constantly strive to satisfy the needs of those requiring new buildings. We have a sound financial base and we have a talented and dedicated management team which I know will enable us to continue to be successful in the future.

Laurie Barratt

Laurie Barratt
Chairman
27th October 1981

Directors' Report

The directors have pleasure in submitting their report and the financial statements for the year ended 30th June 1981.

Activities of the group

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

Group turnover and profit before taxation:

	Turnover		Profit	
	1981 £'000	1980 £'000	1981 £'000	1980 £'000
Building and development	262,458	199,565	28,486	23,132
Property investment	2,413	1,968	1,043	1,461
Contracting	19,822	18,902	983	166
	284,693	220,435	30,512	24,759

Dividends and retained profit

The directors recommend payment of a final dividend on 25th November 1981 to shareholders on the register at close of business on 16th October 1981 of 8·85p net per share. This together with the interim dividend of 3·50p per share will make a total of 12·35p which taking into account the capitalisation issue represents an effective increase in dividends per share of 25 per cent.

The dividends paid and proposed amount to £6·9m and the retained profit is £23·9m.

Acquisitions

On 16th April 1981 the group strengthened its presence in California with the acquisition of the business of McKeon Construction for a cash consideration of £17·1m. McKeon, a San Francisco based housebuilder, is active throughout California.

Investment properties

On 30th June 1981 the group revalued its investment properties and credited the resulting surplus of £15·9m to reserves.

Current cost accounts

The group current cost profit before taxation is £22·8m compared with £30·5m on the historical cost basis and the current cost dividend cover is 3·4. The current cost accounting standard does not readily relate to the building industry, particularly when considering land held for development. The preparation of the current cost accounts has therefore involved subjective judgement and it would be unreasonable to expect the figures to give more than a broad indication of the impact of inflation.

Share capital

The movement on the issued share capital of the company during the year was as follows:

(i) Issue of 37,877 fully paid 10p ordinary shares with a corresponding reduction in the partly paid and fully paid restricted 10p ordinary shares under the terms of the executive share incentive scheme.

(ii) Capitalisation issue of 9,484,760 new ordinary shares to existing shareholders in October 1980 on the basis of one new share of 10p for every four ordinary shares.

(iii) Rights issue of 11,855,950 fully paid 10p ordinary shares at £1·90 per share in May 1981 for a net consideration of £21·8m.

Directors' Report continued

Capitalisation issue

It is proposed to capitalise £1,481,994 of reserves in favour of the holders of the existing ordinary shares and to distribute one new ordinary share for every four existing shares held by them. Details of this issue are set out in a separate document enclosed with this report. It will first be necessary to increase the authorised share capital of the company and the board is recommending that the authorised share capital be increased from £7,000,000 to £10,000,000 by the creation of an additional 30,000,000 ordinary shares of 10p each.

Employee share participation scheme

The directors have allocated £768,000 (1980 £529,000) to the scheme for the year ended 30th June 1981 and the trustees have the power to purchase shares after 22nd September 1981 although at the date of this report none of the 1981 shares had been allotted to individuals.

Directors and their shareholdings

The directors who held office throughout the year were:

L. A. Barratt	R. W. R. James
W. H. Bruce	J. S. R. Swanson
A. F. Rawson	T. Van Ree

Mr. K. A. Janes was appointed a director on 1st December 1980 and Mr. D. Stuard, a resident of the United States of America, was appointed on 1st January 1981. Mr. J. Cassidy resigned on 26th November 1980 on account of ill health.

Directors' beneficial interests in the shares of the company were as follows:

	30th JUNE 1981 ORDINARY SHARES OF 10p EACH			1st JULY 1980 or date of appointment 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
L. A. Barratt	1,619,363	—	—	1,295,093	—	—
W. H. Bruce	129,099	—	—	102,882	10,000	5,000
A. F. Rawson	6,210	10,000	8,750	3,241	7,500	3,750
R. W. R. James	5,075	4,100	3,587	1,701	2,900	1,450
J. S. R. Swanson	9,355	4,100	3,587	4,440	3,200	1,600
T. Van Ree	2,330	4,100	3,587	—	—	—
K. A. Janes	88,057	—	—	68,246	—	—
D. Stuard	—	—	—	—	—	—

No notification has been received of any change in the above interests during the period from 30th June 1981 to the date of this report except that the Stuard Family Trust, in which Mr. Stuard has a beneficial interest, purchased 59,972 ordinary shares following the preliminary announcement on 22nd September 1981.

All the directors, except Mr. D. Stuard, are eligible for inclusion in the employee share participation scheme.

Except as disclosed no contracts of significance in relation to the company's business in which the directors of the company had an interest subsisted at any time during the year. On 31st March 1980 the group purchased from Mr. Stuard's Family Trust the American National Housing Corporation for a cash consideration of £5·1m payable over several years.

Directors' Report continued

Substantial interests

According to notification received by the company the Norwich Union Insurance Group holds 5% of the issued share capital. Certain unit trusts managed by the Save and Prosper Group have holdings which in aggregate amount to 5·1% of the issued share capital. The directors are not aware that any other person or corporation holds or held at any time during the year 5%, or more, of the issued share capital.

Reregistration

As required by the Companies Act 1980 the directors intend to pass a resolution on 12th November 1981 changing the name of the company from Barratt Developments Limited to Barratt Developments PLC.

Employees

The average number of persons employed by the group under contracts of service during the year was 4,378 and their aggregate remuneration amounted to £29·4m. In addition a substantial number of persons was employed on group sites through sub-contractors.

Taxation

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

Auditors

In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells as auditors to the company will be put to the annual general meeting.

On behalf of the board

I. D. MacLeod
Secretary
Newcastle upon Tyne
27th October 1981

Auditors' Report

To the members of Barratt Developments Limited

We have audited the financial statements on pages 10 to 20 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 1981 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1980.

In our opinion the abridged supplementary current cost accounts set out on pages 21 to 23 have been properly prepared, in accordance with the policies and methods described, to give the information required by Statement of Standard Accounting Practice No. 16.

Deloitte Haskins & Sells
Chartered Accountants
Newcastle upon Tyne
27th October 1981

Group Profit and Loss Account

for the year ended 30th June 1981	Note	1981 £'000	1980 £'000
Turnover		284,693	220,435
Profit before taxation	1	30,512	24,759
Taxation	3	(370)	3,826
Profit after taxation		30,882	20,933
Dividends	4	6,900	4,675
Retained profit		23,982	16,258
Dividend cover		4·5	4·5
Earnings per share	6	61·9p	42·7p

Group Balance Sheet

at 30th June 1981	Note	1981 £'000	1980 £'000
Investment properties	7	50,828	26,375
Fixed assets	8	3,920	5,717
Current assets			
Work in progress	9	213,924	167,236
Debtors	10	20,577	10,555
Bank deposits		12,701	5,272
		247,202	183,063
Current liabilities			
Bank overdrafts (secured)		18,891	21,073
Creditors	11	79,447	64,656
Current taxation	12	5,747	2,574
Dividend		5,242	3,350
		109,327	91,653
Net current assets		137,875	91,410
Deferred asset	13	1,847	(5,240)
Subsidiary not consolidated	14	—	5,146
		194,470	123,408
Loans	15	46,067	37,210
		148,403	86,198
Share capital	16	5,925	3,789
Reserves	17	142,478	82,409
		148,403	86,198
Net assets per share	6	250p	176p

L. A. Barratt
R. W. R. James } Directors
27th October 1981

Statement of Source and Application of Funds

for the year ended 30th June 1981	1981 £'000	1980 £'000
Source		
Profit before taxation	30,512	24,759
Items not involving the movement of funds	(602)	1,463
Generated from operations	29,910	26,222
Funds from other sources		
Rights issue	21,831	—
Loans	8,857	33,260
Sale of investment properties and fixed assets	3,612	1,005
Taxation in subsidiaries at date of acquisition	—	2,068
Funds available	64,210	62,555
Application		
Investment properties and fixed assets	10,924	11,408
Subsidiary not consolidated	(5,146)	5,146
Taxation	1,894	1,971
Dividends	5,008	4,101
	12,680	22,626
Increase in working capital		
Work in progress	46,688	45,979
Debtors	10,022	2,422
Creditors	(14,791)	(22,234)
Movement in net liquid funds:		
Decrease in bank borrowings	9,611	13,762
	64,210	62,555

The details of acquisitions are shown in note 19.

Accounting Policies

(a) Basis of accounting

The company prepares its financial statements on the historical cost basis of accounting including the revaluation of certain fixed assets and investment properties. Supplementary accounts are prepared on the current cost basis of accounting.

(b) Consolidation

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

(ii) Results of subsidiary companies acquired during the year are included from the effective date of acquisition. On the acquisition of a company fair values are attributed to the net assets acquired. The difference between the consideration paid and these values is transferred to reserves.

(c) Turnover

Turnover represents legal completions and amounts invoiced for other income, excluding inter-company transactions.

(d) Basis of taking profit

(i) Building and development profit is taken on legal completion.

(ii) 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:

(i) In accordance with accounting standards and practice of the United States of America, interest relating to work in progress in that country is included in cost.

(ii) When capitalised with investment property under development.

(f) Work in progress

Building and development work in progress, including undeveloped land, is valued at the lower of cost and net realisable value. Long term contracting work in progress is valued at cost including attributable overheads and profits earned to date less foreseeable losses.

(g) Investment properties

Investment properties are included in the balance sheet at cost or professional valuation. Cost includes attributable overheads and interest, net of the relevant tax relief.

(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 dealt with through reserves.

(i) Depreciation

(i) 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 net book value.

(ii) Short leasehold properties are depreciated over the unexpired term of the lease.

(iii) Plant is depreciated on a straight line basis over its expected useful life which ranges from one to ten years.

(j) Deferred taxation

Provision is made for deferred taxation for all liabilities that may arise in the foreseeable future.

Notes to the Accounts

1. Profit before taxation	1981 £'000	1980 £'000
After crediting:		
Property investment income	1,043	1,461
Profit on sale of:		
Investment properties	681	—
Fixed assets	225	149
After charging:		
Interest (note 2)	9,249	7,164
Directors' management remuneration	502	411
Ex gratia payment to former director	25	—
Depreciation	1,483	1,740
Plant hire	3,974	3,508
Auditors' remuneration	280	240

2. Interest	1981 £'000	1980 £'000
Interest payable:		
Long term loans	247	44
Bank borrowings	13,386	8,479
Interest receivable	(1,359)	(546)
	12,274	7,977
Less:		
Capitalised with investment properties under development gross of tax relief of £573,000 (1980 £423,000)	(1,101)	(813)
Increase in interest carried in work in progress	(1,924)	—
	9,249	7,164

3. Taxation	1981 £'000	1980 £'000
United Kingdom:		
Corporation tax at a rate of 52%	7,167	(115)
Transfer (from) to deferred taxation	(7,834)	6,705
Advance corporation tax written back	(202)	(2,764)
Overseas:		
Transfer to deferred taxation	499	—
	(370)	3,826

The taxation charge has been reduced by £16,150,000 (1980 £9,083,000) in respect of deferred tax not provided and deferred tax no longer required as a result of the new legislation on stock relief.

4 Dividends	1981 £'000	1980 £'000
Paid 3.50p per share (1980 3.50p)	1,658	1,325
Proposed 8.85p per share (1980 8.85p)	5,242	3,350
	6,900	4,675

5. Directors' and employees' remuneration excluding pension contributions

The emoluments of the chairman were £91,625 (1980 £66,100).

Remuneration of other directors, and employees whose emoluments exceed £20,000, other than those working overseas:

	Number of directors		Number of employees			Number of directors		Number of employees	
	1981	1980	1981	1980		1981	1980	1981	1980
£15,001–£20,000	1	–			£40,001–£45,000	—	—	4	2
£20,001–£25,000	—	—	27	23	£45,001–£50,000	—	—	5	—
£25,001–£30,000	—	—	23	23	£50,001–£55,000	—	3	3	—
£30,001–£35,000	1	—	29	14	£55,001–£60,000	—	3	—	—
£35,001–£40,000	—	—	10	2	£65,001–£70,000	5	—	—	—

6. Earnings and net assets per share

The earnings per share calculations are based on earnings of £30,882,000 (1980 £20,933,000) and the weighted average of 49,844,101 ordinary shares (1980 37,859,839 as adjusted to 49,014,967).

The net assets per share at 30th June 1981 are calculated on shareholders funds of £148,403,000 (1980 £86,193,000) and 59,222,376 ordinary shares (1980 37,859,839 as adjusted to 49,014,967).

7. Investment properties

	Completed	Under development	Ground rents	Total
Cost and valuation	£'000	£'000	£'000	£'000
At 1st July 1980	20,510	3,386	2,479	26,375
Additions	110	9,395	343	9,848
Disposals	(1,314)	—	—	(1,314)
Completed during year	4,338	(4,338)	—	—
Revaluation surplus	15,293	626	—	15,919
At 30th June 1981	38,937	9,069	2,822	50,828
Comprising:				
Freehold	30,462	4,794	2,822	38,078
Long leasehold	8,475	4,275	—	12,750
	38,937	9,069	2,822	50,828
Comprising:				
Valuation on 30th June 1981	38,937	4,000	—	42,937
Cost	—	5,069	2,822	7,891
	38,937	9,069	2,822	50,828

The group's portfolio of physically completed commercial investment properties, and those under development which are let, was valued at 30th June 1981 on an open market basis by J. Trevor & Sons in England and F. G. Burnett in Scotland.

At 30th June 1981 the group had authorised and contracted for £1,726,000 (1980 £5,949,000) and authorised but not contracted £7,426,000 (1980 £1,937,000) of expenditure on investment properties.

8. Fixed assets

Cost and valuation	Property £'000	Plant £'000	Group Total £'000	Company Total £'000
At 1st July 1980	1,851	8,293	10,144	746
Additions	133	885	1,018	51
On acquisition	-	97	97	—
Disposals	(499)	(2,085)	(2,584)	(222)
At 30th June 1981	1,485	7,190	8,675	575
Comprising:				
Cost	821	7,190	8,011	575
Valuation 1976	664	—	664	—
	1,485	7,190	8,675	575
Accumulated depreciation	49	4,706	4,755	175
Net book value at 30th June 1981	1,436	2,484	3,920	400
Net book value at 30th June 1980	1,824	3,893	5,717	576

Property comprises freehold of £1,135,000 and short leasehold of £350,000.

9. Work in progress

	1981 £'000	1980 £'000
Building and development	213,523	166,496
Contracting:		
Short term	9	582
Long term	19,035	12,222
Less: long term progress payments	(18,643)	(12,064)
	213,924	167,236

10. Debtors

Debtors include secured amounts of £5,671,000 (1980 £1,087,000) not receivable within one year of the balance sheet date of which £1,897,000 arose on acquisitions.

Debtors include an amount of £15,000 (1980 £20,000) advanced by a subsidiary to a director to assist his house purchase on relocation in the group.

11. Creditors

Creditors include £14,351,000 (1980 £22,260,000) relating to secured creditors, mainly in respect of land purchases.

Notes to the Accounts continued

12. Current taxation

	1981 £'000	1980 £'000
Group: Corporation tax	2,790	571
Advance corporation tax	2,957	2,003
	5,747	2,574
Company: Corporation tax	149	—
Advance corporation tax	2,957	2,003
	3,106	2,003

The Inland Revenue contends that certain items on which stock relief was claimed in previous years are not eligible for relief. The directors have obtained an opinion from Tax Counsel that these items are eligible and therefore the accounts have been prepared on this basis. If the Inland Revenue is successful the current tax liability at 30th June 1981 would increase by £1,763,000 being corporation tax of £4,167,000 less advance corporation tax of £2,404,000.

13. Deferred asset

	1981 £'000	1980 £'000
United Kingdom:		
Advance corporation tax recoverable	6,062	6,136
Deferred taxation on timing differences	(3,401)	(11,376)
Overseas:		
Deferred taxation on timing differences	(814)	—
	1,847	(5,240)

If the group property portfolio was to be realised at book value a taxation liability of £6,853,000 would arise. Unabsorbed tax losses which, at a rate of 52%, amount to £2,762,000 are available to set against future trading profits of certain group companies. The company deferred asset represents advance corporation tax recoverable less deferred taxation on timing differences.

14. Subsidiary not consolidated in 1980

The group financial statements include the results of American National Housing Corporation for the fifteen month period from the date of acquisition.

15. Loans

	Group		Company	
	1981 £'000	1980 £'000	1981 £'000	1980 £'000
Secured bank loans	38,903	36,911	13,194	12,095
5·5% debenture	6,108	—	—	—
Loans at interest rates between 6·25% and 10% per annum	1,056	299	110	119
	46,067	37,210	13,304	12,214
Repayable:				
Within 1-2 years	2,643	1,246	600	—
Within 2-5 years	26,425	22,763	8,794	6,895
After 5 years	16,999	13,201	3,910	5,319
	46,067	37,210	13,304	12,214

Notes to the Accounts continued

16. Share capital

	1981 £'000	1980 £'000
Authorised: 70,000,000 ordinary shares of 10p each	7,000	4,500
Issued: Ordinary shares of 10p each		
Fully paid - 59,222,376 ordinary shares		
- 26,773 restricted ordinary shares	5,924	3,788
Partly paid - 30,600 ordinary shares 1p paid	1	1
	5,925	3,789

Details of the changes in the issued share capital during the year are set out in the directors' report.

17. Reserves

	Group £'000	Company £'000
At 1st July 1980	82,409	32,561
Retained profit for the year	23,982	(319)
Revaluation surplus	15,919	—
Gain on exchange rates	470	—
Share premium	20,646	20,646
Capitalisation issue	(948)	(948)
	142,478	51,940
Comprising:		
Share premium	46,781	46,781
Revaluation surplus	15,919	—
Exchange gain	470	—
Retained profits	79,308	5,159
	142,478	51,940

18. Subsidiary companies

	1981 £'000	1980 £'000
Shareholdings at cost less amounts written off	18,006	18,006
Net amounts due from subsidiary companies	51,963	27,640
	69,969	45,646

The principal subsidiary companies are set out on page 8 of the Group Profile.

Notes to the Accounts continued

19. Acquisitions

The net assets of American National Housing Corporation and McKeon Construction acquired were:

	£'000
Fixed assets	58
Work in progress	42,713
Debtors	5,148
Bank overdrafts	(15,653)
Creditors	(3,893)
5·5% debenture	(6,108)
	22,260

Company Balance Sheet

at 30th June 1981	Note	1981 £'000	1980 £'000
Assets:			
Subsidiary companies	18	69,969	45,646
Fixed assets	8	400	576
Bank		7,021	3,571
Debtors		254	241
Deferred asset	13	5,829	6,136
		83,473	56,170
Less liabilities:			
Creditors		3,956	2,253
Current taxation	12	3,106	2,003
Dividend		5,242	3,350
Loans	15	13,304	12,214
		25,608	19,820
		57,865	36,350
Share capital	16	5,925	3,789
Reserves	17	51,940	32,561
		57,865	36,350

L. A. Barratt
R. W. R. James } Directors

27th October 1981

Current Cost Accounts
Accounting Policies

(a) Basis of accounting

The company has prepared its first supplementary current cost statements in accordance with Statement of Standard Accounting Practice No. 16 and with the historic cost accounting policies as modified below.

(b) Cost of sales

The adjustment has been calculated either by use of Government indices or, in the case of land held for development, by internal revaluations. Work in progress is included in the balance sheet at replacement cost.

(c) Monetary working capital

The adjustment has been calculated using Government indices on the element of work in progress not included in the cost of sales adjustment, debtors and trade creditors.

(d) Gearing

This adjustment is calculated on a group basis excluding exempt property companies and reduces the current cost adjustments by the proportion of the net operating assets which have been financed by borrowings.

(e) Investment properties

Investment properties are stated as in the historic accounts including a professional valuation at 30th June 1981.

(f) Fixed assets

Property has been internally revalued. No other adjustments have been made to fixed assets as the effect is immaterial.

Group Current Cost Profit and Loss Account

for the year ended 30th June 1981	£m	£m
Turnover		284·7
Historic cost profit before taxation		30·5
Interest payable		9·2
Historic cost profit before interest		39·7
Current cost operating adjustments (note 1)		13·4
Current cost operating profit		26·3
Gearing adjustment	5·7	
Less: interest payable	9·2	3·5
Current cost profit before taxation		22·8
Taxation		(0·4)
Current cost profit after taxation		23·2
Dividends		6·9
Retained current cost profit		16·3
Dividend cover		3·4
Current cost earnings per share		46·5p

Group Current Cost Balance Sheet

at 30th June 1981	£m
Investment properties	50·8
Fixed assets	4·8
Current assets	
Work in progress	222·1
Debtors	20·6
Bank deposits	12·7
	255·4
Current liabilities	109·3
Net current assets	146·1
Deferred asset	1·8
	203·5
Loans	46·1
	157·4
Share capital	5·9
Reserves	151·5
	157·4
Net assets per share	266p

Notes to the Current Cost Accounts

		£m
1. **Current cost operating adjustments**		£m
Cost of sales		14·4
Monetary working capital		(1·0)
		13·4

	£m	£m
2. **Reserves**		
At 30th June 1981		
Current cost reserve:		
Unrealised surplus on revaluation:		
Work in progress		8·2
Fixed assets		0·8
Realised adjustments:		
Operating	13·4	
Gearing	(5·7)	7·7
		16·7
Other reserves:		
Historic reserves at 1st July 1980	82·4	
Current cost profit for the year	16·3	
Other movements	36·1	134·8
		151·5

Historic Ten Year Record

Year	Turnover £'000	Profit before tax £'000	Share capital and reserves £'000	Per ordinary share earnings pence	gross dividend pence	net assets pence
1981	284,693	30,512	148,403	61·9	17·6	250
1980	220,435	24,759	86,198	42·7	13·6	176
1979	163,244	18,204	69,918	41·9	11·3	143
1978	122,210	11,174	55,868	28·9	9·4	123
1977	99,317	7,407	38,432	18·5	8·3	106
1976	81,771	9,714	33,714	23·4	7·5	93
1975	44,593	6,059	12,357	10·7	6·9	48
1974	31,845	6,526	7,786	15·0	4·3	42
1973	21,801	5,634	5,569	16·6	4·1	31
1972	10,566	2,603	2,857	9·8	3·9	16

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

Analysis of Ordinary Shareholdings

	Accounts		Shares	
Category	**Number**	**% of total**	**Number**	**% of total**
Insurance companies	30	0·41	4,839,315	8·17
Pension funds	27	0·37	2,989,566	5·05
Nominee holdings	418	5·65	26,611,882	44·94
Other corporate bodies	485	6·56	12,277,909	20·73
Individuals	6,435	87·01	12,503,704	21·11
TOTAL	7,395	100·00	59,222,376	100·00
Holdings				
1 to 500	2,027	27·41	542,653	0·92
501 to 2,500	4,067	55·00	5,138,412	8·67
2,501 to 10,000	922	12·46	4,048,462	6·84
10,001 to 25,000	137	1·85	2,337,303	3·95
25,001 to 50,000	59	0·80	2,188,169	3·69
50,001 to 100,000	67	0·91	5,023,177	8·48
100,001 and over	116	1·57	39,944,200	67·45
TOTAL	7,395	100·00	59,222,376	100·00

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