

Barratt
Developments Limited
Annual Report 1980



Directors and Advisers

L.A. Barratt, F.C.I.S.
Chairman and Managing Director
J. Cassidy, F.C.A.
Deputy Chairman

W.H. Bruce
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.

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
Coringby Sea
Worthing, West Sussex BN12 6DA

Bankers

Barclays Bank Limited
Clydesdale Bank Limited
Lloyds Bank Limited
Midland Bank Limited
National Westminster Bank Limited
Williams & Glyn's Bank Limited

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
Consolidated Profit & Loss Account	10
Consolidated Balance Sheet	11
Statement of Source & Application of Funds	12
Accounting Policies	13
Notes to the Accounts	14-20
Company Balance Sheet	21
Analysis of Ordinary Shareholdings	22

Notice

Notice is hereby given that the Annual General Meeting of the Company will be held at 11.30 a.m., on Friday, 30th October 1993, at the Company's Registered Office, Wingrove House, Ponteland Road, Newcastle upon Tyne, NE20 9JH.

1. To receive and adopt the accounts and reports of the directors for the year ended 31st October 1993.
2. To elect or re-elect members of the directors.
3. To consider and, if thought fit, to pass resolutions in relation to the proposed dividend for the year ended 31st October 1993.
4. To consider and, if thought fit, to pass resolutions in relation to the proposed dividend for the year ended 31st October 1993.

By order of the directors,
I. D. MacLeod,
Secretary

Wingrove House,
Ponteland Road,
Newcastle upon Tyne,
31st October 1993

Any member of the Company entitled to attend and vote at the meeting is requested to attend and vote.

The following resolutions are proposed for consideration at the meeting and will be put to the vote on that day. The resolutions will be put to the vote on that day and will be put to the vote until the conclusion of the meeting.

1. Copy of the accounts and reports of the directors for the year ended 31st October 1993.
2. A statement of the proposed dividend for the year ended 31st October 1993.

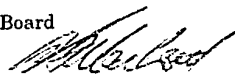
Notice of Annual General Meeting

Notice is hereby given that the twenty-second Annual General Meeting of the company will be held at the Savoy Hotel, Strand, London WC2 on Wednesday, 26th November 1980 at 11.30 a.m., for the following purposes:

1. To receive and adopt the directors' report and the audited accounts for the year ended 30th June 1980.
2. To declare a dividend.
3. To re-elect directors: Mr. A. F. Rawson and Mr. J. Cassidy.
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
31st October 1980

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.

Chairman's Statement

Once again I am pleased to report that the Barratt Group achieved record turnover of £220m. and record profits of almost £25m. The number of houses built and sold at 11,000, was the highest yet achieved by the Group, being some 10% more than the comparable figure last year, which was itself a record.

The inherent strength of our structure with thirty autonomous local subsidiaries operating from the south coast of England to the Shetland Isles has again been proved and it is particularly gratifying to see the increasing contribution from the South East and the Midlands.

The main reason for the Group's expansion during the year, which was against the national trend, was due, I believe, to our marketing strategy. I believe that we have the right product at the right price in locations of proven demand and, above all, our philosophy is to actively assist potential purchasers to acquire our houses. Our commitment to the first time buyer is stronger than ever and we are continually striving to provide the affordable house for this sector. At the same time we are building for the total spectrum and our most expensive houses are currently selling at over £125,000. Demand for home ownership is constantly increasing and the Group is assured of an expanding market through the 1980's. Major cut backs in public sector housing can only serve to increase even further the demand for private sector housing.

Although private housebuilding remains the major activity of the Group, our policy, announced last year, of increased diversification through the building and property industry continues to gain momentum. Our investment property portfolio continues to make excellent progress. The Group currently owns over one million square feet of completed property, both commercial and industrial, with a further half million square feet in course of development. Group investment properties now exist in many parts of the country from Lerwick, Shetland Isles to Camberley, Surrey. As I said in my statement last year, our immediate objective is to attain an annual rental income of £8m. by June 1981, and I am pleased to report that we are on target to achieve this. I believe this investment will continue to produce sound capital growth. Indeed, at 30th June last our portfolio was valued by your directors at £84m., being £11m. more than its book value. Our investment property management is now also applying its expertise in developing pre-funded and sold developments in conjunction with major institutions, and this will provide a useful additional source of profit.

Last month I was delighted to be present at the official opening of our leisure complex at Aviemore, in the Scottish Highlands. This will consist of 170 chalets for rent, 40 multi-ownership lodges and ancillary facilities including an hotel, golf course and other amenities, and will be completed in 1983. Aviemore has long been established as Scotland's premier resort with its year round appeal to sportsmen and tourists alike. This development represents our first venture into the leisure property industry.

Our expertise in the sphere of property conversion, providing luxury flats, is helping to extend the useful life of many of our finest listed buildings. I anticipate a steady expansion of these activities.

We have maintained our presence in the general contracting sector, and the profit from this sector, although small, reflects great credit on our contracting management, who are operating in an extremely difficult market place.

Whilst enormous opportunities will exist for many years to come in the U.K. building and property sector, we do not wish the future of the Group to be wholly reliant on the U.K. economy. After due consideration and research, it was obvious to us that the United States of America represented the greatest potential for overseas investment. The U.S.A. is the largest and most stable market place in the world with its inherent opportunities for private enterprise. Between the and 2 1/2 million houses are built each year, with the largest manufacturers taking less than 1% of the market, compared to our 11% share of the U.K. market in 1980. Furthermore it was obvious to us that of all the States, California has the most outstanding economy.

Our fir
of America
built up ve
ment team

Americ
taken comm
the Californ
portfolio.

The co
years and
acquisitions

For ma
bankers. TH
one of our b
We have ta
bank facilit
ers funds of

The Gr
areas of pro
changes in
proportion o
deferred pay

Your b
dividend of
board are al
circumstan

The las
output of th
houses and
situated the
of less than
of 3.300%. T
almost 1,00
Growth Lea
top 200 U.K.
loyal shareh
have been
dividends of

I am mo
Group, parti
an outstand
them for ach

Laurie

Laurie

Laurie Barra
Chairman
31st October

Our first investment in the U.S.A. was made on the 31st March 1980 with the acquisition of American National Housing Corporation based near Los Angeles. This company has been built up very successfully over ten years by Dale Stuard and possesses an excellent management team very similar to one of our U.K. housing subsidiaries.

American National has built 3,000 houses in California and Arizona and has also undertaken commercial developments. I foresee our U.S.A. subsidiary increasing its market share of the Californian housing market in the future and adding to the Group's property investment portfolio.

The consideration for American National amounted to £5m. cash phased over several years and whilst this is a small initial investment, we shall be seeking further selective acquisitions in the U.S.A. over the next few years.

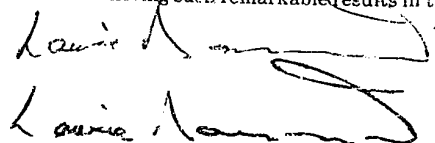
For many years we have been able to rely on the unstinting support of our clearing bankers. This year has seen a massive demonstration of their confidence in the Group. Every one of our bankers has made available to us term loans in lieu of existing overdraft facilities. We have taken up £36m. of term loans and even so we have available to us £46m. of unused bank facilities. Our total borrowings at 30th June, 1980 were £53m. which, against shareholders funds of £86m., continue to represent conservative gearing for this industry.

The Group holds over three years supply of high quality developable land all located in areas of proven demand with a market value substantially in excess of its book value. Recent changes in government policy have improved the land supply position and an increasing proportion of our land stocks are now obtained from Local Authorities and New Towns on a deferred payment basis.

Your board are proposing a final dividend of 8.85p, which together with the interim dividend of 3.5p already paid, makes a total of 12.35p, an increase of 20% over last year. Your board are also proposing a bonus issue of one for each four shares, and subject to unforeseen circumstances, intend to at least maintain the dividend per share in the future.

The last decade has seen many changes in the U.K. housebuilding industry. The annual output of the private housebuilding industry has oscillated between 100,000 and 200,000 houses and economic and political factors have rarely been favourable. Despite these vicissitudes the Barratt Group has gone from strength to strength. In 1971 we reported net profits of less than one million pounds, and a decade later the 1980 profit of almost £25m., an increase of 3,300%. The net assets underlying each share have risen from 23p to £2.28, an increase of almost 1,000%. This performance has been recognised externally and the British Business Growth League 1980, published by "Management Today" ranks the Group number 7 out of the top 200 U.K. companies in terms of overall growth. It is interesting to note that those of our loyal shareholders who have had faith to remain with the company through the last ten years have been rewarded with a growth in their investment of over 1,000% and a growth in dividends of over 800%.

I am more confident today, than ever before, in the future of our much more broadly based Group, particularly now that we have embarked on our planned expansion overseas. We have an outstanding management team, which is strengthened each year, and my thanks go to them for achieving such remarkable results in the past year.



Laurie Barratt
Chairman

31st October 1980

Directors' Report

The directors have pleasure in submitting their report and the audited accounts for the year ended 30th June 1980.

Activities of the group

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

Group turnover and profit before taxation on the new accounting basis as explained in note 1:—

	Turnover		Profit	
	1980	1979	1980	1979
	£'000	£'000	£'000	£'000
Housebuilding	196,740	145,822	22,663	17,448
Property investment income	1,968	1,515	1,461	1,185
Property conversions	2,825	1,400	469	298
Contracting	18,902	15,007	166	1,727
	<u>220,435</u>	<u>163,744</u>	<u>24,759</u>	<u>18,204</u>

Dividends and retained profit

The directors recommend payment of a final dividend on 27th November 1980 to shareholders on the register at close of business on 17th October 1980 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 compares with 10.255p per share paid last year.

The dividends paid and proposed amount to £4,675,000 and the retained profit is £16,258,000.

Share capital

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

- Issue of 2,850 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.
- Conversion of 6½% convertible unsecured loan stock 1992/1997 into 117,631 fully paid 10p ordinary shares.

Capitalisation Issue

It is proposed to capitalise £948,476 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 £4,500,000 to £6,000,000 by the creation of an additional 15,000,000 ordinary shares of 10p each.

Employee share participation scheme

On 21st November 1979 the shareholders approved an employee share participation scheme within the terms of the Finance Act 1978 in order to provide additional incentives to employees. The directors have allocated £529,000 to the scheme for the year ended 30th June 1980 and the trustees have the power to purchase shares after 23rd September 1980, although at the date of this report no shares had been allocated to individuals.

for the

ent and

ained in

fit

1979

£'000

17,448

1,185

298

(727)

18,204

o share-

re. This

o which

profit is

llows:

partly-

e share

aid 10p

existing

held by

It will

Board is

000,000

icipation

tives to

th June

hthough

Acquisitions

During the year the group has continued to expand its activities with a number of acquisitions. The most significant was American National Housing Corporation, a Southern Californian based housebuilder and property developer which was purchased on 31st March 1980 for a cash consideration of £5,146,000 phased over several years. This represents the group's initial entry into the U.S.A.

In the United Kingdom the group's activities have been strengthened by five cash acquisitions of which the principal was, in February 1980, The Scottish Homes Investment Company Limited for £3,360,000.

Directors and their shareholdings

The directors who held office throughout the year were:

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

All directors hold five year service contracts dated 1st July 1979 with the exception of Mr. J. S. R. Swanson whose contract is dated 2nd April 1979.

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

	30th JUNE 1980			1st JULY 1979		
	ORDINARY SHARES OF 10p EACH			ORDINARY SHARES OF 10p EACH		
	fully paid	1p paid	fully paid	fully paid	1p paid	fully paid
L. A. Barratt	1,295,093	—	—	1,295,093	—	—
J. Cassidy	5,492	10,000	5,000	5,492	10,000	5,000
W. H. Bruce	102,882	10,000	5,000	102,882	10,000	5,000
A. F. Rawson	3,241	7,500	3,750	3,241	7,500	3,750
R. W. R. James	1,701	2,900	1,450	1,201	2,900	1,450
J. S. R. Swanson	4,440	3,200	1,600	4,440	3,200	1,600
T. Van Ree	—	—	—	—	—	—

No notification has been received of any change in the above interests during the period from 30th June 1980 to the date of this report, except that Mr. W. H. Bruce has converted all his executive shares into fully paid shares.

All the directors are eligible for inclusion in the employee share participation scheme, but no shares had been issued at the date of this report.

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.

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 6.5% 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.

Directors' Report continued

Investment properties

In the opinion of the directors the market value of the completed investment properties exceeds book value by over £10m. (1979 £6m)

Inflation accounting

The directors are actively considering the practical implications of Statement of Standard Accounting Practice No. 16 which was published in March of this year. In the opinion of the directors, based on preliminary considerations, the dividends are adequately covered by profits determined on a current cost accounting basis.

Employees

The average number of persons employed by the group under contracts of service during the year was 4,686 and their aggregate remuneration amounted to £25,945,000. In addition a substantial number of persons was employed on group sites through sub-contractors.

Exports

There were no exports during the year.

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

31st October 1980

Audi

To the

We hav
Auditing St

In our
the compan
funds of th
1967.

Deloitte Ha
Chartered A
Newcastle u
31st Octobe

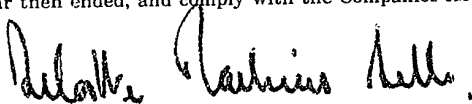
Auditors' Report

To the members of Barratt Developments Limited

We have audited the financial statements on pages 16 to 21 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 1980 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 and 1967.

Deloitte Haskins & Sells
Chartered Accountants
Newcastle upon Tyne
31st October 1980



Consolidated Profit and Loss Account

for the year ended 30th June 1980	Note	1980 £'000	1979 Restated £'000	1979 Previously Reported £'000
Turnover		220,435	163,244	169,775
Profit before taxation	2	24,759	18,204	20,658
Taxation	4	3,826	68	605
Profit after taxation		20,933	18,136	20,053
Dividends	5	4,675	3,873	3,873
Retained Profit		16,258	14,263	16,180
 Dividend cover		 4.5	 4.7	 5.2
Earnings per share	7	55.3p	49.1p	54.3p

The accounting policy for turnover and consequently taking profit was changed from 1st July 1979 and the effect upon the reserves is shown in note 1.

Cons

at 30th Ju

Investme
Fixed ass
Ground m
Subsidia

Current
Undevelo
Work in p
Debtors

Current
Bank ove
Creditors
Current t
Dividend

Net curr

Represe
Share ca
Reserve

Loans
Deffered

Net asse

L. A. Bar
R. W. R. J

Consolidated Balance Sheet

		1980	1979	1979
			Restated	Previously Reported
at 30th June 1980	Note	£'000	£'000	£'000
Investment properties	8	23,896	16,153	16,153
Fixed assets	9	5,717	6,012	6,012
Ground rents		2,479	2,180	2,180
Subsidiary not consolidated	10	5,146	—	—
		<u>37,238</u>	<u>24,345</u>	<u>24,345</u>
Current assets				
Undeveloped land		69,043	49,756	49,756
Work in progress	11	98,193	70,286	56,236
Debtors	12	10,555	8,133	27,774
		<u>177,791</u>	<u>128,175</u>	<u>133,766</u>
Current liabilities				
Bank overdrafts (secured)		15,801	29,563	29,563
Creditors	13	64,656	42,422	42,422
Current taxation	14	2,574	2,219	2,461
Dividend	5	3,350	2,776	2,776
		<u>86,381</u>	<u>76,980</u>	<u>77,222</u>
Net current assets		<u>91,410</u>	<u>51,195</u>	<u>56,544</u>
		<u>128,648</u>	<u>75,540</u>	<u>80,889</u>
Represented by:				
Share capital	15	3,789	3,777	3,777
Reserves	1	82,409	66,141	70,504
		<u>86,198</u>	<u>69,918</u>	<u>74,281</u>
Loans	16	37,210	3,950	3,950
Deferred taxation	17	5,240	1,672	2,658
		<u>128,648</u>	<u>75,540</u>	<u>80,889</u>
Net assets per share	7	228p	185p	197p

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

Statement of Source and Application of Funds

	1980	1979 Restated	1979 Previously Reported
for the year ended 30th June 1980	£'000	£'000	£'000
Source			
Profit before taxation	24,759	18,204	20,658
Adjustment for items not involving the movement of funds:			
Depreciation	1,740	1,300	1,300
Other	(277)	(836)	(836)
Generated from operations	<u>26,222</u>	<u>18,668</u>	<u>21,122</u>
Funds from other sources			
Taxation in subsidiaries at date of acquisition	2,068	3,665	3,665
Shares issued for acquisition	—	2,601	2,601
Bank loans less repayments	33,260	2,329	2,329
Funds available	<u>61,550</u>	<u>27,263</u>	<u>29,717</u>
Application			
Investment properties and fixed assets	10,403	6,229	6,229
Subsidiary not consolidated	5,146	—	—
Taxation	1,971	2,153	2,153
Dividends	4,101	3,047	3,047
	<u>21,621</u>	<u>11,429</u>	<u>11,429</u>
Increase in Working capital			
Undeveloped land	19,237	17,067	17,067
Work in progress	26,692	19,794	17,071
Debtors	2,422	2,223	7,400
Creditors	(22,234)	(10,777)	(10,777)
Movement in net liquid funds:			
Decrease (Increase) in bank overdraft	<u>13,762</u>	<u>(12,473)</u>	<u>(12,473)</u>
	<u>61,550</u>	<u>27,263</u>	<u>29,717</u>

Acco

(a) Basis
The c
including

(b) Conse
(i) T
s
n

(ii) R
e
a
v
(iii) C
T
r

(c) Turn
Turno
excluding
effect upon

(d) Basis
(i) P
c
(ii) P
to
p

(e) Depre
(i) F
th
v
(ii) S
(iii) P
fr

(f) Grou
Groun

(g) Unde
Undev
includes le
finance cha

(h) Work
Work
value. Lon
heads and

(i) Defe
Provis
there is a r

Accounting Policies

(a) Basis of accounting

The company prepares its annual accounts on the historical cost basis of accounting including the revaluation of certain fixed assets and investment properties.

(b) Consolidation

- (i) The consolidated accounts include the results of the holding company and all its subsidiary companies except American National Housing Corporation, as explained in note 10.
- (ii) Results of subsidiary companies acquired during the year are included from the effective date of acquisition. When the company's shares are issued in respect of an acquisition the amount of the share premium is computed on the basis of the market value of the shares at the date of issue.
- (iii) 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 legally completed house sales and amounts invoiced for other income, excluding inter-company transactions. This represents a change of accounting policy and the effect upon the results for the year is shown in note 1.

(d) Basis of taking profit

- (i) Profit is taken on the sale of houses, land and investment property 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) Depreciation

- (i) Freehold and long leasehold 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.

(f) Ground rents

Ground rents are valued on the basis of up to nine years' purchase.

(g) Undeveloped land

Undeveloped land is valued at the lower of cost to the group and net realisable value. Cost includes legal costs of purchase and where applicable development land tax but excludes finance charges.

(h) Work in progress

Work in progress is valued at the lower of cost, including site overheads, and net realisable value. Long term contracting work in progress is valued at cost including attributable overheads and a proportion of the estimated profits earned to date less foreseeable losses.

(i) Deferred taxation

Provision is made for deferred taxation, at the current rate of taxation, except where there is a reasonable probability that no such liability will arise in the foreseeable future.

Notes to the Accounts

1. Change in accounting policy

The accounts for the year ended 30th June 1980 reflect the change in accounting policy. Profit on sales of houses, land and investment property is now taken on legal completion where previously it was taken on physical completion and when an unconditional contract had been exchanged. Had the previous accounting policy been continued for the year ended 30th June 1980 the profit before taxation would have been approximately £26,000,000.

	Group		Company
	1980	1979	1980
	£'000	£'000	£'000
Movement on reserves:			
At 1st July 1979, as previously reported	70,504	52,344	30,072
Change in accounting policy:			
Profit adjustment	(5,591)	(3,137)	—
Attributable taxation	1,228	691	(1,676)
At 1st July 1979 as restated	66,141	49,898	28,396
Retained profit for the year (1979 restated)	16,258	14,263	3,954
Cost of control	(201)	(378)	—
Share premium	211	2,358	211
At 30th June 1980	82,409	66,141	32,561
Comprising:			
Available for distribution	55,326	39,223	5,478
Share premium	27,083	26,872	27,083
Capital reserve	—	40	—
	82,409	66,141	32,561

The adjustment to the reserves of the holding company of £1,676,000 relates to advance corporation tax written off arising from the change in accounting policy.

2. Profit before Taxation

	1980	1979
	£'000	£'000
After crediting:		
Property investment income	1,461	1,185
Profit on sale of:		
fixed assets	149	254
investment properties held for resale	689	921
land	166	378
After charging:		
Interest (note 3)	7,164	4,064
Directors' management remuneration	411	289
Depreciation	1,740	1,300
Plant hire	3,508	2,974
Auditors' remuneration	240	185

Notes to the Accounts continued

3. Interest	1980 £'000	1979 £'000
Interest payable		
Long term loans	44	64
Bank borrowings	8,479	4,335
	<u>8,523</u>	<u>4,399</u>
Less Capitalised with investment properties under development	(813)	(205)
Interest receivable	(546)	(130)
	<u>7,164</u>	<u>4,064</u>

4. Taxation	1980 £'000	1979 Restated £'000	1979 Previously Reported £'000
Corporation tax based on the taxable profit for the year at a rate of 52%	(126)	405	984
Development land tax on land sales during the year	11	164	164
Transfer to (from) deferred taxation			
— current year	6,705	(658)	37
— stock appreciation relief forgiven	—	(337)	(337)
Advance corporation tax written (back) off	(2,764)	494	(243)
	<u>3,826</u>	<u>68</u>	<u>605</u>

The taxation charge has been reduced by £9,083,000 (1979 £5,141,000) in respect of deferred tax not provided.

Stock relief has been claimed on all work in progress although the Inland Revenue now contend that certain items are not eligible for stock relief. The directors have obtained an opinion from Tax Counsel that these items qualify for stock relief and therefore the accounts have been prepared on this basis.

If the Inland Revenue is successful in refuting this claim the tax charge for the year would increase by £3,560,000 made up as follows:

	£'000
Corporation tax at a rate of 52%	421
Deferred tax	3,341
Less A.C.T. recoverable	(202)
	<u>3,560</u>

5. Dividends	1980 £'000	1979 £'000
Paid 3.50p per share (1979 2.90p)	1,325	1,097
Proposed 8.85p per share (1979 7.355p)	3,350	2,776
	<u>4,675</u>	<u>3,873</u>

Notes to the Accounts continued

6. Directors' and employees' remuneration excluding pension contributions

The emoluments of the chairman were £66,100 (1979 £54,746).

Remuneration of other directors, and employees whose emoluments exceed £20,000:

		Number of Directors		Number of Employees		Number of Directors		Number of Employees	
		1980	1979	1980	1979	1980	1979	1980	1979
£10,001-£15,000	—	1	—	—	—	—	1	2	—
£20,001-£25,000	—	1	—	23	11	—	3	—	—
£25,001-£30,000	—	—	—	23	19	3	—	—	—
£30,001-£35,000	—	—	—	14	4	3	—	—	—
£35,001-£40,000	—	—	—	2	—	—	—	—	—
£40,001-£45,000	—	—	—	—	—	—	—	—	—
£45,001-£50,000	—	—	—	—	—	—	—	—	—
£50,001-£55,000	—	—	—	—	—	—	—	—	—
£55,001-£60,000	—	—	—	—	—	—	—	—	—

7. Earnings and net assets per share

The earnings per share calculations are based on earnings of £20,933,000 (1979 £20,053,000 restated to £18,136,000) and 37,859,839 ordinary shares (1979 weighted average 36,911,613).

The net assets per share at 30th June 1980 are calculated on shareholders funds of £86,198,000 (1979 £74,281,000 restated to £69,918,000) and 37,859,839 ordinary shares (1979 37,739,358).

8. Investment properties

	Completed	Under development	Total
Cost and valuation	£'000	£'000	£'000
At 1st July 1979	14,275	1,878	16,153
Transfer on 1st July 1979	(1,215)	—	(1,215)
Additions	1,323	6,140	7,463
On acquisition	1,322	173	1,495
Reclassification	4,805	(4,805)	—
At 30th June 1980	20,510	3,386	23,896
Comprising:			
Freehold	15,545	2,520	18,065
Long leasehold	4,965	866	5,831
	20,510	3,386	23,896
Comprising:			
Cost	10,640	3,386	14,035
Valuation 1976	7,646	—	7,646
Valuation 1977	2,215	—	2,215
	20,510	3,386	23,896

On 1st July 1979 £1,215,000 representing investment properties held for resale was transferred to work in progress.

Notes to the Accounts continued

9. Fixed assets

	Property	Plant	Group	Company
	£'000	£'000	£'000	£'000
Cost and valuation				
At 1st July 1979	1,747	7,709	9,456	722
Additions	225	1,875	2,100	49
On acquisition	30	320	350	—
Disposals	(151)	(1,611)	(1,762)	(25)
At 30th June 1980	1,851	8,293	10,144	746
Comprising: cost	1,100	8,293	9,393	746
valuation 1976	751	—	751	—
	1,851	8,293	10,144	746
Comprising: freehold	1,550	—	1,550	—
short leasehold	301	—	301	—
	1,851	—	1,851	—
Accumulated depreciation	27	4,400	4,427	170
Net book value at 30th June 1980	1,824	3,893	5,717	576
Net book value at 30th June 1979	1,734	4,278	6,012	642

10. Subsidiary not consolidated

The accounts of the American National Housing Corporation acquired on 31st March 1980 have not been consolidated on the grounds that their finalisation would have unduly delayed the preparation of the group accounts. In the opinion of the directors this omission has no material effect on the results of the group.

In accordance with the accounting policy fair values will be attributed to the assets acquired which, in the opinion of the directors, are not less than the purchase consideration.

11. Work in progress

	1980	1979	1979
		Restated	Previously Reported
	£'000	£'000	£'000
Housebuilding	21,944	67,610	53,516
Property conversions	2,569	1,426	1,470
Contracting:			
short term	582	1,051	1,051
long term	12,222	9,176	9,176
Less: long term progress payments	(12,064)	(8,977)	(8,977)
	98,193	70,286	56,236

Housebuilding work in progress at 30th June 1980 includes £368,000, being investment properties held for resale.

Notes to the Accounts continued

12. Debtors

Debtors include an amount of £20,000 (1979 £nil) advanced by a subsidiary to a director to assist his house purchase on relocation in the Group.

13. Creditors

Creditors of the group include £22,260,000 (1979 £7,862,000) relating to secured creditors, mainly in respect of land purchases.

14. Current taxation	1980	1979 Restated	1979 Previously Reported
	£'000	£'000	£'000
Group: Corporation tax payable on or before 1st March 1982	—	129	371
Corporation tax payable on or before 1st March 1981	118	142	142
Development land tax	430	288	288
Advance corporation tax	2,026	1,660	1,660
	<u>2,574</u>	<u>2,219</u>	<u>2,461</u>
Company: Corporation tax payable	—	25	25
Advance corporation tax	2,003	1,660	1,660
	<u>2,003</u>	<u>1,685</u>	<u>1,685</u>
 15. Share capital		1980	1979
		£'000	£'000
Authorised: 45,000,000 ordinary shares of 10p each		4,500	4,500
Issued: Ordinary shares of 10p each			
Fully paid—37,859,839 ordinary shares		3,788	3,776
—26,400 restricted ordinary shares		1	1
Partly paid—52,800 ordinary shares 1p paid			
		<u>3,789</u>	<u>3,777</u>

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

Notes to the Accounts continued

16. Loans	Group		Company	
	1980 £'000	1979 £'000	1980 £'000	1979 £'000
Secured bank loans	36,911	3,275	12,095	775
Mortgages and loan stock at interest rates between 6.25% and 15% per annum	299	675	119	368
	<u>37,210</u>	<u>3,950</u>	<u>12,214</u>	<u>1,143</u>
Comprising:				
Repayable within 1-2 years	1,246	804	—	775
Repayable within 2-5 years	22,763	1,644	6,895	—
Repayable after 5 years	13,201	1,502	5,319	368
	<u>37,210</u>	<u>3,950</u>	<u>12,214</u>	<u>1,143</u>

Creditors of the group and the company include respectively £1,237,000 and £775,000 (1979 £804,000 and £775,000) being secured loans repayable within one year of the balance sheet date.

17. Deferred taxation	1980	1979 Restated	1979 Previously Reported
	£'000	£'000	£'000
Stock appreciation relief	13,011	2,448	2,448
Undeveloped land revaluation on acquisitions	3,957	2,927	2,927
Property revaluation	46	79	79
Plant	1,487	49	49
Losses	(7,125)	(2,652)	(324)
	<u>11,376</u>	<u>2,851</u>	<u>5,179</u>
Less: deferred asset representing advance corporation tax recoverable	<u>6,136</u>	<u>1,179</u>	<u>2,521</u>
	<u>5,240</u>	<u>1,672</u>	<u>2,658</u>
If full provision had been made for deferred taxation, the amount of tax deferred would have been:			
Stock appreciation relief	51,675	29,265	29,265
Undeveloped land revaluation on acquisitions	3,957	2,927	2,927
Property revaluation	1,663	1,583	1,583
Plant	2,267	1,868	1,868
Losses	(10,623)	(2,652)	(324)
	<u>48,939</u>	<u>32,991</u>	<u>35,319</u>
Less: advance corporation tax	<u>6,374</u>	<u>4,181</u>	<u>3,846</u>
	<u>42,565</u>	<u>28,810</u>	<u>31,473</u>

Notes to the Accounts continued

18. Subsidiary companies	1980	1979
	£'000	£'000
Shareholdings at cost less amounts written off	18,006	18,023
Net amounts due from subsidiary companies	27,640	17,248
	<u>45,646</u>	<u>35,271</u>

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

19. Contingent liabilities

Guarantees have been given by the company to secure the overdraft facilities of certain subsidiary companies.

20. Capital commitments	1980	1979
	£'000	£'000
Group		
Authorised and contracted for		
Investment properties	5,949	2,053
Fixed assets	44	116
Authorised but not contracted for		
Investment properties	1,937	3,676
Fixed assets	31	295
	<u>7,961</u>	<u>6,140</u>

Com

at 30th
Subsidi
Fixed a
Deferre
Bank
Debtor

Credito
Curren
Dividen

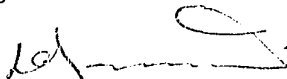
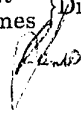
Repres
Share o
Reserv

Loans

L. A. Bar
R. W. R.

Company Balance Sheet

		1980	1979
at 30th June 1980	Note	£'000	Restated £'000
Subsidiary companies	18	45,646	35,271
Fixed assets	9	576	642
Deferred asset	17	6,136	1,179
Bank		3,571	1,786
Debtors		241	159
		<u>56,170</u>	<u>39,037</u>
 Creditors		 2,253	 1,260
Current taxation	14	2,002	1,685
Dividend	5	3,350	2,776
		<u>7,606</u>	<u>5,721</u>
		 <u>48,564</u>	 <u>33,316</u>
 Represented by:			
Share capital	15	3,789	3,777
Reserves	1	32,561	28,396
		<u>36,350</u>	<u>32,173</u>
 Loans	16	12,214	1,143
		<u>48,564</u>	<u>33,316</u>


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


Analysis of Ordinary Shareholdings

Category	Accounts		Shares	
	Number	% of total	Number	% of total
Insurance companies	25	0.30	3,103,033	8.20
Pension Funds	26	0.37	2,021,677	5.34
Nominee holdings	290	4.15	15,936,232	42.09
Other corporate bodies	346	4.96	7,277,609	19.22
Individuals	6,296	90.16	9,521,288	25.15
TOTAL	6,983	100.00	37,859,839	100.00
Holdings				
1 to 500	2,549	36.50	697,239	1.84
501 to 2,500	3,527	50.51	4,131,614	10.91
2,501 to 10,000	628	8.99	2,786,978	7.33
10,001 to 25,000	104	1.49	1,770,696	4.68
25,001 to 50,000	51	0.73	1,916,999	5.06
50,001 to 100,000	50	0.72	3,807,703	10.06
100,001 and over	74	1.06	22,748,610	60.09
TOTAL	6,983	100.00	37,859,839	100.00