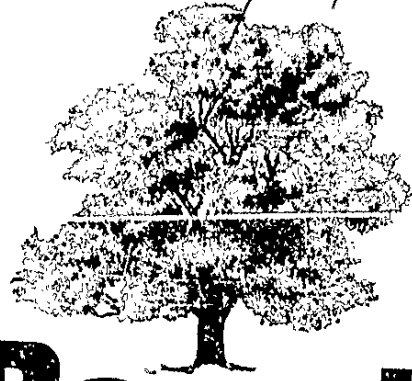


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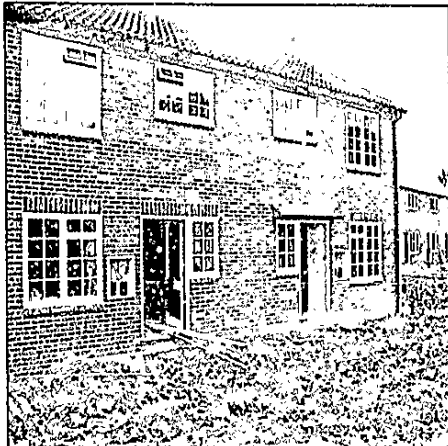
Barratt

Developments Limited

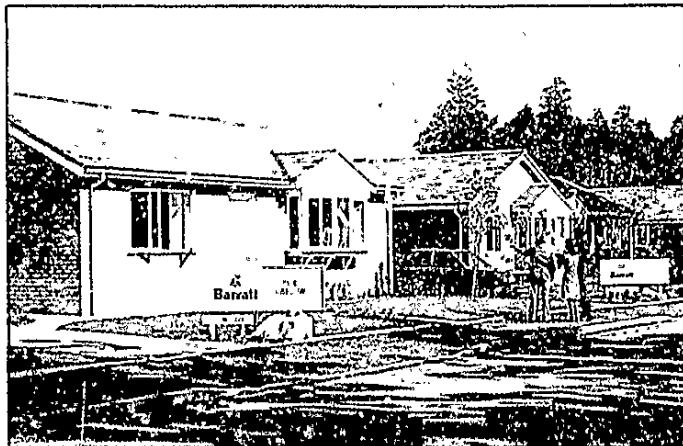
Annual Report 1978



Southern England



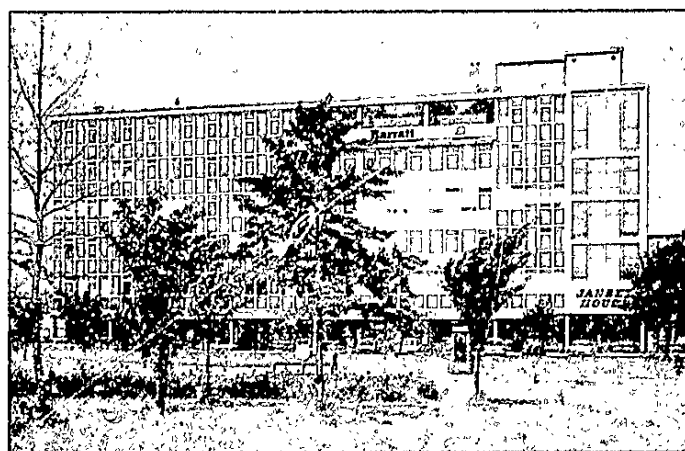
Barratt Developments (London) is now active on 7 developments in the S.E. Seen here are houses rising on its first development at East Grinstead.



These attractive bungalows are part of a 100 house development by Barratt Developments (Bristol) near Gloucester.



Barratt Developments (Investments) recently commenced the conversion of this magnificent Georgian building into flats in a £1.25m. scheme.

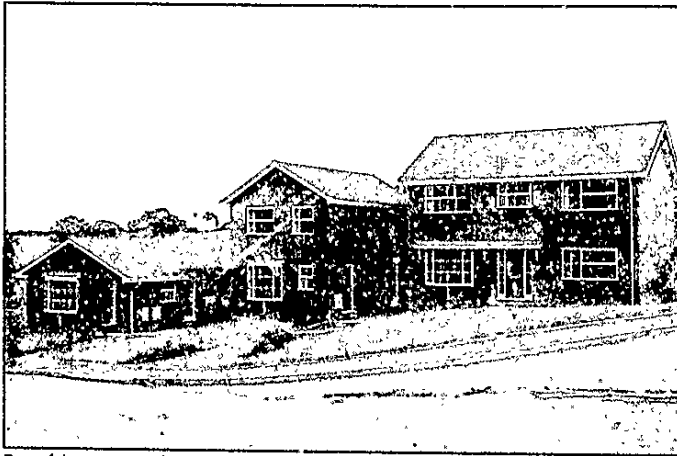


Jansel House in Luton, of which the major part is let to the Department of the Environment, is owned by Barratt Developments (Southern).

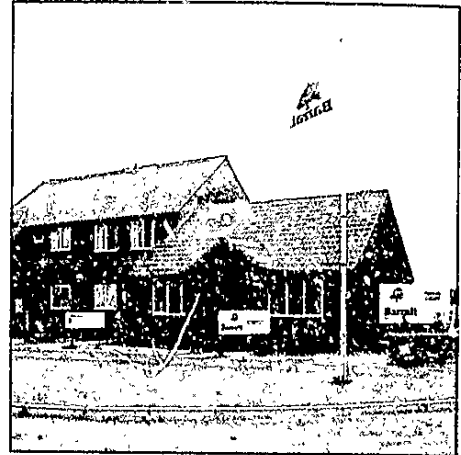


Seen here at Worthing on the sea front is a block of luxury flats currently being developed for sale by Barratt Developments (Investments).

Midlands



Part of the second private development carried out by Barratt Developments (Midlands) at Redditch New Town near Birmingham.



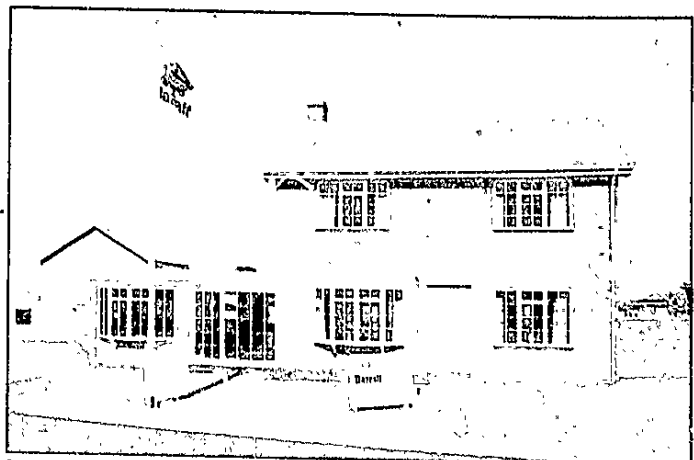
Unusual elevations and interesting combinations of houses make this development at Leicester by Barratt Developments (Eastern) particularly attractive.



Barratt Contracting recently completed a £665,000 contract for this Community Home at Oxenden for Bedfordshire County Council.



Barratt Developments (Luton) are currently developing here in Bedford where 150 houses are being built



Barratt Developments (Eastern) are making a major contribution to Lincoln's house requirements with this 731 house development within the City boundaries.

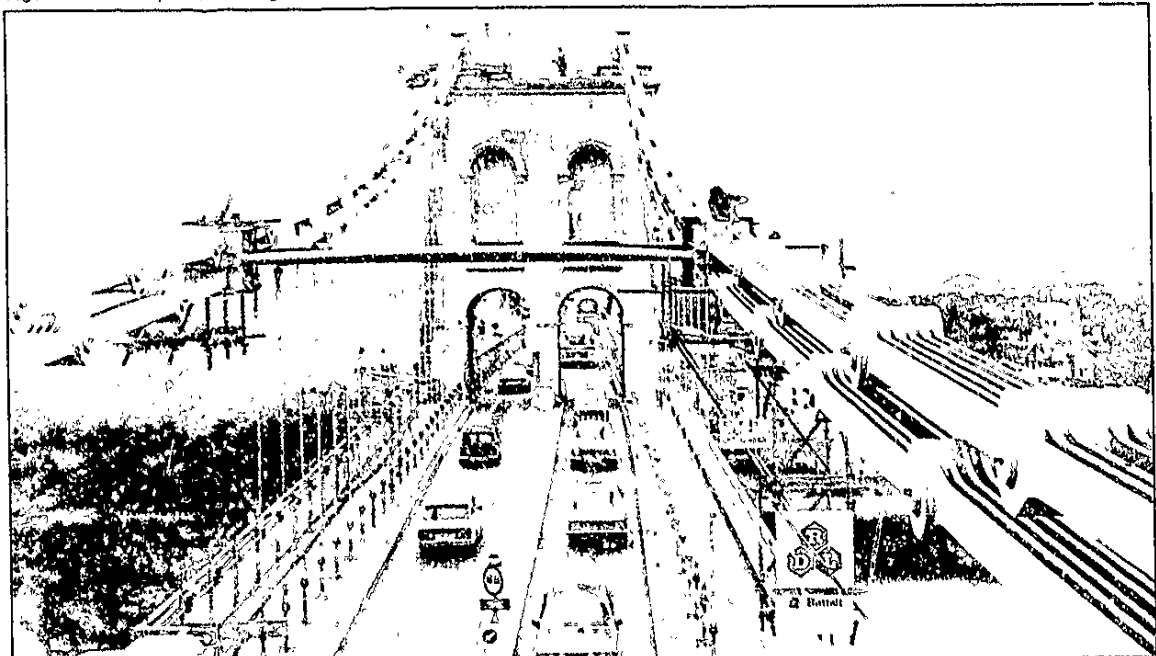
Northern England



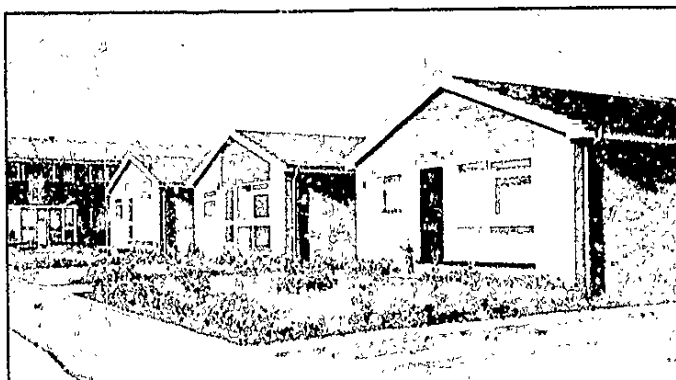
Barratt Developments (Chester) demonstrates in Liverpool the Group's major contribution to inner city regeneration in the private housing sector.



The "Mayfair", the much acclaimed one-bedroom house, seen here, built by Barratt Developments (Bradford) at Skipton, Yorkshire.



Barratt Painters are currently carrying out a £130,000 contract re-painting the renowned Menai Bridge which links Anglesey with mainland Wales.



In Newcastle upon Tyne Barratt Developments (Northern) are in the process of building this 320 house development.



Mature trees are a major feature of this 32 house development in by Barratt Developments (Bradford).

Directors and Advisers

Directors

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.
A. SMITH

Secretary and Registered Office

S. ROWLEY, A.C.I.S.
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 LIMITED
CLYDESDALE BANK LIMITED
LLOYDS BANK LIMITED
MIDLAND BANK LIMITED
NATIONAL WESTMINSTER BANK LIMITED
WILLIAMS & GLYN'S BANK LIMITED

Solicitors

SLAUGHTER & MAY
London
HADAWAY & HADAWAY
Newcastle upon Tyne

Auditors

DELOITTE HASKINS & SELLS
Newcastle upon Tyne

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Notice of Annual General Meeting

Notice is hereby given that the twentieth Annual General Meeting of the company will be held at the Savoy Hotel, Strand, London WC2 on Wednesday, 22nd November 1978 at 12.00 noon for the following purposes:

1. To receive and adopt the directors' report and the audited accounts for the year ended 30th June, 1978.
2. To declare a dividend.
3. To re-elect directors: Mr. J. Cassidy and Mr. A. F. Rawson who retire by rotation.
4. To re-appoint Deloitte Haskins & Sells the retiring auditors and to authorise the directors to fix their remuneration.

By order of the board,
S. Rowley,
Secretary.

Wingrove House
Ponteland Road
Newcastle upon Tyne NE5 3DP
27th October 1978

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 11.45 a.m. until the conclusion of the meeting:

1. Copies of contracts of service of the directors with the company and its subsidiaries.
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

I am pleased to report that the Group has achieved record profits, record turnover and a record number of houses built and sold. We have continued to increase and consolidate our national coverage and expand the major contribution the Group makes to providing new houses to satisfy the national needs with over 50% of our houses sold to first time buyers.

The results have been achieved in the face of the biggest depression seen in the industry since the last war. Government action on mortgage and land supply, which unfortunately often produces the opposite effect to that intended, has led to substantially increased land prices, a fluctuating mortgage supply and record unemployment in the industry.

However, your company has become resilient to these problems, and we have again successfully adapted throughout the year to produce both record turnover and profits. We have demonstrated that our management structure of thirty autonomous subsidiaries, strategically located throughout the country and with a spread through the whole of the industry, enables us not only to weather these storms, but to expand steadily each year.

As Britain's major private housebuilder operating on 300 developments throughout Britain, we increase our market share each year by anticipating and adapting to the changing needs of the house buying public.

We have brought new marketing concepts into the industry as demonstrated through the whole of the media. It is interesting to report that the British Business Growth League of 1978, published by Management Today, showed your company to be number ten in Britain on overall performance, and in sales growth over the ten year period we were placed first in the whole of British industry with a sales growth of 7,401%.

Group Results

Group turnover amounted to £122m against £100m last year and our profits before tax to £11.2m against £7.4m. Our earnings per share increased from 25p to 37p per share.

Profit margins in the private housebuilding sector had declined in each of the past four years. However, as I forecast in the Rights Issue document issued last November, we have reversed this decline with improved profit margins benefiting the second half of our year. I believe that profit margins are still inadequate to stimulate growth in the industry generally and to produce the much needed houses and we shall continue to give a lead to the industry in striving to produce improved margins in the future. In July last year I forecast that house prices would and must increase 18% in the following twelve months and statistical evidence produced shows that this increase did in fact take place.

We maintained our involvement in general contracting on a similar scale to last year and kept our work force in this sector fully employed although with depleted margins pending a return to more buoyant conditions.

The growth in our property investment activities continued through the year with an increase in our investment income of over 50%. The rationalisation of our property investment portfolio continued with a consequent decline in residential rental income and a substantial increase in income from our new commercial and industrial developments.

Finance

At the year end we had increased our investment in land and work in progress from £56m to £72m. Notwithstanding this substantial expansion, our bank overdrafts, all from the major Clearing Banks, were reduced from £19m to £17m leaving substantial available resources. We were materially assisted in our cash requirements for this expansion by the Rights Issue made in November last which produced £4.4m. At the time of the Rights Issue I stated these funds would be utilised in penetrating the house building sector in the Midlands and the South of England and I am glad to say that this cash has now been fully invested in these areas. This will greatly assist our future.

Chairman's Statement continued

Dividends

Your Board are proposing a final dividend of 5.5p per share which, together with the interim dividend of 2.7p already paid, makes a total for the year of 8.2p, being 10% higher than last year, which is the maximum permitted increase under present legislation.

Acquisitions and New Subsidiaries

We made excellent progress during the year on both fronts. In March last we acquired the whole of the capital of James Harrison Holdings Limited, a public company based in Edinburgh. Harrison's principal assets were in property investments located in Edinburgh and let to the Government with substantial reversions pending. The company also owned small but extremely well located and useful land stocks and, with its cash resources, formed an extremely valuable acquisition for your company. Harrison had previously been engaged in general contracting and this is now in the process of being revived in Central Scotland.

Since I last reported to you we have formed new private housing subsidiaries in Edinburgh, Cardiff and a second subsidiary in South East England. Of these, only Edinburgh has contributed to the year under review but the more recent subsidiaries will certainly assist us in increasing our market share of the private housing sector further each year. We have also formed a new property investment subsidiary in Scotland.

Earlier this month we announced that we had purchased the share capital of Ash Homes Limited together with certain associated interests for £2.5 million. The consideration was settled by the issue of 2,483,234 fully paid ordinary shares of 10p each which rank *pari passu* with the existing ordinary shares save that they will not rank for the final dividend in respect of the year ended 30th June, 1978. This long established Birmingham based company controls a first class land bank of some 2,000 plots and, with its existing management, will enable the Group to accelerate the already significant progress being made in the West Midlands.

Management

Our considerable growth achieved during the year is predominantly due to the very high quality of management existing in our thirty subsidiaries. All have worked extremely hard and efficiently to produce these results and it reflects great credit on their resilience to have not only weathered the difficult conditions but to have achieved an expansion in trade so successfully during the year. My grateful thanks go to my colleagues for their outstanding efforts.

Future

The Barratt Group will continue to play an increasing part each year in the future of the building industry. We have both the management and financial resources to ensure that this can be achieved. It is worth pointing out that whilst the greatest part of our activities is in the private housing sector we have only about a 7% share of the total national market. In some parts of the country we have a 20% share of the market and it will be the aim of your company to increase each year our market share in the other parts of the country where it is still extremely small and where the scope is so enormous. We will maintain our holding of high quality developable land at three years supply without becoming involved in purchasing land at unrealistic prices. Contrary to Government statistics, there is still an enormous housing shortage in this country and the level of home ownership will most assuredly increase substantially beyond the present level of 53%.

There are still five million people living in substandard accommodation in this country. The public sector continues to be in decline and is unable to make a proper contribution to the housing needs of this country. It falls on the private sector to make good this shortfall. We cater for the total market from £8,000 to £70,000 houses and from Southampton to the Shetland Islands. Recently we have embarked on flat conversions and refurbishments in the South of England to assist in meeting the enormous pent-up demand for accommodation. We continue to receive excellent support from all the major Building Societies although Building Society mortgages are not so readily available as we would like. I am confident we shall increase our contribution to the private housing sector for many years to come.

We have made sound progress in continuing to build up our property investment portfolio and shall shortly be commencing three further office developments which will have a value of £10m. The commercial and industrial developments under construction at the present time will become income producing during this financial year.

I am confident your company is well placed to achieve further expansion in the current year.



Chairman and Managing Director.
27th October 1978

Analysis of Ordinary Shareholdings

	Number of accounts		Number of shares	
CATEGORY	Number	% of total	Number	% of total
Insurance companies	27	0.35	2,807,941	7.98
Banks	34	0.44	1,311,671	3.73
Pension Funds	20	0.26	1,251,454	3.58
Nominee holdings	329	4.24	12,106,360	34.40
Other corporate bodies	348	4.48	6,670,229	18.95
Individuals	7,005	90.23	11,043,596	31.38
Total	7,763	100.00	35,191,251	100.00

HOLDINGS					
		2,841	36.60	774,001	2.20
1 to 500		3,909	50.36	4,631,240	13.16
501 to 2,500		723	9.31	3,194,808	9.08
2,501 to 10,000		104	1.34	1,687,709	4.79
10,001 to 25,000		64	0.82	2,339,740	6.65
25,001 to 50,000		51	0.66	3,933,355	11.18
50,001 to 100,000		71	0.91	18,630,398	52.94
100,001 and over					
Total		7,763	100.00	35,191,251	100.00

Directors' Report

The directors have pleasure in submitting their report and the audited accounts for the year ended 30th June 1978.

Activities of the group

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

During the year the group acquired for a consideration of £3,066,000 James Harrison Holdings Limited which had been engaged in similar activities for many years in Scotland.

Turnover and Profit

	Turnover	Profit
	£'000	£'000
Housebuilding	106,075	8,603
Contracting and manufacturing	11,231	(67)
Land sales	775	265
Property investment income	1,338	1,025
Residential investment property sales	2,791	1,348
	<u>122,210</u>	<u>11,174</u>

Dividends

The directors recommend the payment of a final dividend of 5.53p per share. This together with the interim dividend of 2.64p per share would make a total for the year of 8.17p which, after taking account of the imputed tax credit will amount to 12.20p per share and compares with 11.09p per share paid last year.

The dividends paid and proposed amount to £2,879,000 and the retained profit is £9,670,000.

If approved by the shareholders the final dividend will be paid on 23rd November 1978 to shareholders on the register at close of business on 23rd October 1978.

Share capital

The authorised share capital of the company was increased on 3rd March 1978 to £4,500,000 by the creation of 10,000,000 new ordinary shares of 10p each.

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

- (i) Rights issue of 5,481,233 ordinary shares of 10p each at 83p.
- (ii) Issue of 2,786,181 ordinary shares of 10p each in respect of the acquisition of the share capital of James Harrison Holdings Limited.
- (iii) Issue of 32,400 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.
- (iv) Conversion of 6½% convertible unsecured loan stock 1992/1997 into 4,124 fully paid 10p ordinary shares.

Directors and their shareholdings

The directors who held office throughout the year were:

L. A. Barratt	A. F. Rawson
J. Cassidy	R. W. R. James
W. H. Bruce	A. Smith

Mr. R. Bolton resigned from the board on 24th April 1978. Mr. R. V. Thompson, who resigned from the board on 31st May 1978, continues as the managing director of an operating subsidiary.

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

	30th June 1978			1st July 1977		
	ordinary shares of 10p each	executive share incentive scheme with restricted rights	fully paid	ordinary shares of 10p each	executive share incentive scheme with restricted rights	fully paid
L. A. Barratt	1,437,593	—	—	1,487,593	—	—
J. Cassidy	5,492	10,000	5,000	5,492	10,000	5,000
W. H. Bruce	110,882	10,000	5,000	110,882	10,000	5,000
A. F. Rawson	3,241	7,500	3,750	2,701	7,500	3,750
R. W. R. James	1,201	2,900	1,450	1,000	2,000	1,000
A. Smith	—	1,900	950	—	—	—

No notification has been received of any change in the above interests during the period from 30th June 1978 to 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

The directors are not aware that any person or corporation holds or, with the exception of Mr. L. A. Barratt, held at any time during the year 5% or more of the issued share capital.

Fixed assets and investment properties

The movements of fixed assets and investment properties during the year are set out in notes 11 and 12 respectively.

Inflation accounting

Pending the issue of definitive recommendations the directors have decided not to publish any inflation adjusted figures this year.

Employees

The average number of persons employed by the group under contracts of service during the year was 4,106 and their aggregate remuneration amounted to £18,052,000. 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

Our auditors Deloitte Haskins & Sells changed their name from Deloitte & Co. on 1st May 1978 and they have therefore signed their audit report under their new name. In accordance with Section 14 of the Companies Act 1976 a resolution proposing the re-appointment of Deloitte Haskins & Sells (previously Deloitte & Co.) as auditors to the company will be put to the annual general meeting.

On behalf of the board

S. Rowley *S. Rowley*
Secretary

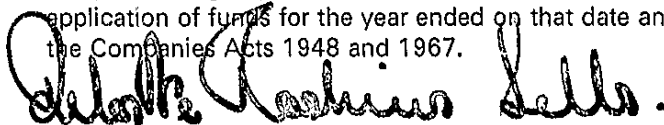
Newcastle upon Tyne
27th October 1978

Auditors' Report

To the members of Barratt Developments Limited

We have examined the accounts set out on pages 13 to 23 which have been prepared on the basis of the accounting policies set out on page 17.

In our opinion, the accounts give a true and fair view of the state of affairs of the company and, so far as concerns members of the holding company, the group at 30th June 1978 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.



Deloitte Haskins & Sells

Chartered Accountants

Newcastle upon Tyne
27th October 1978

Consolidated Profit and Loss Account

for the year ended 30th June 1978	Note	1978 £'000	1977 £'000
Turnover	1	<u>122,210</u>	<u>99,317</u>
Profit before taxation	2	11,174	7,407
Taxation	3	<u>(1,375)</u>	<u>720</u>
Profit after taxation		12,549	6,687
Dividends	4	<u>2,879</u>	<u>1,969</u>
Retained profit		<u>9,670</u>	<u>4,718</u>
Dividend cover		4.4	3.4
Earnings per ordinary share of 10p	6	37.4p	24.9p



Consolidated Balance Sheet

at 30th June 1978	Note	1978 £'000	1977 £'000
Capital employed:			
Share capital	7	3,524	2,695
Reserves	8	52,344	35,737
		<u>55,868</u>	<u>38,432</u>
Loans	9	2,425	2,648
Deferred taxation	10	816	3,622
		<u>59,109</u>	<u>44,702</u>
Employment of capital:			
Fixed assets	11	3,917	4,099
Investment properties	12	13,319	10,875
Ground rents		1,712	1,478
		<u>18,948</u>	<u>16,452</u>
Current assets			
Undeveloped land		32,689	26,120
Stock and work in progress	13	39,165	30,192
Quoted investments	14	798	
Debtors		19,576	15,586
		<u>92,228</u>	<u>71,898</u>
Current liabilities			
Bank overdrafts (secured)		17,090	19,201
Creditors	15	30,841	21,874
Current taxation	16	2,186	1,249
Dividend	4	1,950	1,324
		<u>52,067</u>	<u>43,648</u>
Net current assets		40,161	28,250
		<u>59,109</u>	<u>44,702</u>


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

Balance Sheet

at 30th June 1978	Note	1978 £'000	1977 £'000
Capital employed:			
Share capital	7	3,524	2,605
Reserves	8	26,637	21,465
		<u>30,161</u>	<u>24,160</u>
Loans	9	2,018	2,225
		<u>32,179</u>	<u>26,385</u>
Employment of capital:			
Fixed assets	11	343	226
Deferred asset	10	1,416	1,556
Investment in subsidiary companies	17	30,125	26,083
		<u>31,884</u>	<u>27,844</u>
Current assets			
Quoted investments	14	798	-
Debtors		90	88
Dividends receivable from subsidiary companies		650	1,022
Bank balance		2,520	71
		<u>4,058</u>	<u>1,181</u>
Current liabilities			
Creditors		365	258
Current taxation	16	1,448	1,060
Dividend	4	1,950	1,324
		<u>3,763</u>	<u>2,642</u>
Net current assets/(liabilities)		295	(1,461)
		<u>32,179</u>	<u>26,383</u>

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

Statement of Source and Application of Funds

for the year ended 30th June 1978	1978		1977	
	£'000	£'000	£'000	£'000
Source of funds				
Profit before taxation		11,174		7,407
Adjustment for items not involving the movement of funds:				
Depreciation		884		815
increase in ground rents		(234)		(197)
Profit on sale of fixed assets and investment properties		(1,530)		(1,340)
Profit on redemption of loan stock		(65)		(104)
Total generated from operations		<u>10,229</u>		<u>6,581</u>
Funds from other sources				
Taxation in subsidiaries at date of acquisition*		1,094		6
Sale of fixed assets and investment properties		3,099		2,982
Shares issued*		7,335		—
Capital reserve arising on acquisition*		424		—
		<u>22,181</u>		<u>9,569</u>
Application of funds				
Purchase of fixed assets and investment properties*	(4,715)		(2,663)	
Taxation paid	(1,588)		(2,052)	
Dividends paid	(2,253)		(1,916)	
Loan repayments	(151)		(178)	
		<u>(8,707)</u>		<u>(6,809)</u>
Increase in working capital*				
Increase in undeveloped land	6,569		4,545	
Increase in stock and work in progress	8,973		2,084	
Increase in quoted investments	798		—	
Increase in debtors	3,990		921	
Increase in creditors	(8,967)		(3,482)	
Movement in net liquid funds:				
Decrease(Increase) in bank overdraft	<u>2,111</u>	<u>13,474</u>	<u>(1,308)</u>	<u>2,760</u>

*The effects of the acquisition are summarised in note 20.

Notes to the Accounts

1 Accounting policies

- (a) **Basis of accounting**
The company prepares its annual accounts on the historical cost basis of accounting including the revaluation of certain assets.
- (b) **Basis of consolidation**
The consolidated profit and loss account and balance sheet include the accounts of the holding company and all of its subsidiary companies. 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.
- (c) **Turnover**
Turnover represents sale of completed properties, amounts invoiced for work done, including in the case of long term contracts an element of attributable profit, rents and proceeds from the sale of land and residential investment properties, excluding inter-company transactions.
- (d) **Basis of taking profit**
(i) Profit is taken on houses when they are physically complete and contracts for sale exchanged.
(ii) Profit on contracting and manufacturing is taken for short term contracts only when complete, and for long term contracts attributable profit is taken when there is reasonable certainty that a contract is profitable: provision is made for any anticipated losses on contracts.
- (e) **Deferred taxation**
Provision is made for deferred taxation, at the current tax rate, except where there is a reasonable probability that no such liability will arise in the foreseeable future.
- (f) **Depreciation**
Plant and equipment are depreciated, after taking account of regional development grants, in order to write off book value on a straight line basis over the expected useful lives of the assets in the business.
No depreciation is provided in respect of freehold properties or long leasehold properties. This does not comply with International Accounting Standard No. 4, which requires that all buildings should be depreciated.
- (g) **Ground rents**
Ground rents are valued on a basis of up to nine years purchase.
- (h) **Undeveloped land**
Undeveloped land is valued at the lower of cost and net realisable value. Cost includes legal costs of purchase only and excludes finance charges.
- (i) **Stock and work in progress**
Stock is valued at the lower of cost and net realisable value. 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.
- (j) **Goodwill**
Goodwill is written off in the year of acquisition.

2 Profit before taxation

	1978 £'000	1977 £'000
After crediting:		
Net rent receivable	1,025	664
Interest	312	82
Profit on redemption of loan stock	65	104
Income from quoted investments	3	
Profit on sale of fixed assets and commercial and industrial properties	182	134

Notes to the Accounts continued

	1978 £'000	1977 £'000
2 Profit before taxation continued		
After charging:		
Directors' management remuneration	284	241
Compensation to director for loss of office	—	13
Interest on 6½% unsecured loan stock	36	45
Interest on long term loans	41	50
Interest on bank overdrafts and short term loans	2,119	3,104
Depreciation	884	815
Hire of plant and machinery	2,052	1,536
Auditors' remuneration	120	90
	1978	1977
	£'000	£'000
3 Taxation		
Corporation tax based on the taxable profit for the year at a rate of 52%	240	934
Transfer to (from) deferred taxation—property revaluation	90	—
—stock appreciation relief	(3,075)	258
—undeveloped land revaluation	(241)	(408)
Advance corporation tax written off	1,568	—
Underprovision (1977—overprovision) of corporation tax for prior years	33	(278)
Underprovision of deferred taxation for prior years	10	214
	(1,375)	720

Taxation for the year gives rise to a credit as a result of the application of the accounting policy on deferred taxation. The credit reflects the company's view of future trading levels and the cost of replacing land and work in progress.

	1978 £'000	1977 £'000
4 Dividends		
Interim paid 31st May 1978 of 2.64p per share (1977 2.4p)	929	645
Proposed final of 5.5396494p per share (1977 4.9250599p)	1,950	1,324
	2,879	1,969

5 Directors' and employees' remuneration

Remuneration of directors excluding pension contributions was:

	1978 £42,836 Number	1977 £40,216 Number
Chairman		
Other directors		
£7,501—£10,000	—	1
£17,501—£20,000	1	—
£20,001—£22,500	—	2
£22,501—£25,000	—	1
£30,001—£32,500	3	2
£32,501—£35,000	—	2
£35,001—£37,500	1	—
£37,501—£40,000	2	—
Number of senior employees whose remuneration excluding pension contributions was in excess of £10,000:		
£15,001—£17,500	1	—

6 Earnings per share

The calculations are based on earnings of £12,549,000 (1977 £6,687,000) and 33,554,717 (1977 26,867,313) ordinary shares which is the weighted average of issued shares during the year.

	1978 £'000	1977 £'000
7 Share capital		
Authorised 45,000,000 (1977—35,000,000) ordinary shares of 10p each	<u>4,500</u>	<u>3,500</u>
Issued		
Ordinary shares of 10p each		
Fully paid —35,191,251 ordinary shares 44,200 restricted ordinary shares	<u>3,523</u>	<u>2,694</u>
Partly paid—88,400 ordinary shares 1p paid	<u>1</u>	<u>1</u>
	<u>3,524</u>	<u>2,695</u>

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

	The Group £'000	The Company £'000
8 Reserves		
Share premium		
At 1st July 1977	18,001	18,001
Movements during the year:		
Rights issue	4,002	4,002
Acquisition of James Harrison Holdings Limited	2,705	2,705
Conversion of loan stock	7	7
Conversion of executive incentive shares	20	20
Expenses of share issues	(221)	(221)
	<u>24,514</u>	<u>24,514</u>
Capital reserve		
Arising on the acquisition of James Harrison Holdings Limited	<u>424</u>	<u>—</u>
Revenue reserve		
At 1st July 1977	17,736	3,464
Retained profit (loss)	<u>9,670</u>	<u>(1,341)</u>
	<u>27,406</u>	<u>2,123</u>
Total reserves	<u>52,344</u>	<u>26,637</u>

Notes to the Accounts continued

9 Loans	1978	1977
Group	£'000	£'000
6½% Convertible Unsecured Loan Stock 1992/1997	468	673
Mortgages not repayable within five years	407	425
Secured bank loan repayable within five years	1,550	1,550
	<u>2,425</u>	<u>2,648</u>
Company		
6½% Convertible Unsecured Loan Stock 1992/1997	468	673
Secured bank loan repayable within five years	1,550	1,550
	<u>2,018</u>	<u>2,223</u>

The holders of the 6½% Convertible Unsecured Loan Stock 1992/1997 have the right to convert their holdings in whole or in part into fully paid ordinary shares of 10p each in any of the years 1975 to 1979 inclusive on the basis of 190p nominal of loan stock for each ordinary share.

The mortgages bear interest at rates between 6½% per annum and the current building society rates.

The bank loan bears interest at 2% above the London inter-bank market rate and is repayable by equal instalments in 1980 and 1981.

10 Deferred taxation	1978	1977
	£'000	£'000
Stock appreciation relief	1,835	4,610
Undeveloped land revaluation	307	546
Property revaluation	90	—
	<u>2,232</u>	<u>5,156</u>
Less: deferred asset representing advance corporation tax recoverable against future corporation tax liabilities	1,416	1,536
	<u>816</u>	<u>3,620</u>

Deferred taxation on stock appreciation relief is stated after setting off unabsorbed tax losses which have reduced this provision by an amount of £1,519,000.

11 Fixed assets	Freehold property	Short leasehold property	Plant and equipment	Total
Group	£'000	£'000	£'000	£'000
Cost and valuation				
At 1st July 1977	2,248	37	4,171	6,456
Additions	89	65	1,850	2,004
On acquisition	41	—	215	256
Transfer to investment properties	(1,032)	—	—	(1,032)
Disposals	(52)	—	(1,103)	(1,155)
	<u>1,294</u>	<u>102</u>	<u>5,133</u>	<u>6,529</u>
At 30th June 1978				
Comprising—cost	374	65	5,133	5,572
—valuation	920	37	—	957
	<u>1,294</u>	<u>102</u>	<u>5,133</u>	<u>6,529</u>
Accumulated depreciation	—	5	2,607	2,612
Net book value at 30th June 1978	<u>1,294</u>	<u>97</u>	<u>2,526</u>	<u>3,917</u>
Net book value at 30th June 1977	<u>2,248</u>	<u>35</u>	<u>1,316</u>	<u>4,099</u>

11 Fixed assets continued

	Plant and equipment £'000	Total £'000
Company		
Cost		
At 1st July 1977	243	243
Additions	200	200
Disposals	(58)	(58)
At 30th June 1978	385	385
Accumulated depreciation	42	42
Net book value at 30th June 1978	343	343
Net book value at 30th June 1977	225	225

Fixed assets shown at independent professional valuation were valued in 1976 on an open market basis.

12 Investment properties

Group	Commercial and industrial £'000	Residential £'000	Properties in the course of development £'000	Total £'000
Cost and valuation				
At 1st July 1977	8,735	2,253	—	10,988
Additions	213	45	120	378
On acquisition	2,227	—	14	2,241
Transfer from fixed assets	984	2	46	1,032
Disposals	(55)	(1,213)	—	(1,268)
At 30th June 1978	12,104	1,087	180	13,371
Comprising—freehold	7,916	1,079	23	9,018
—long leasehold	4,183	8	157	4,353
	12,104	1,087	180	13,371
Comprising—cost	1,685	1,087	180	2,952
—valuation	10,419	—	—	10,419
	12,104	1,087	180	13,371
Accumulated depreciation	—	52	—	52
Net book value at 30th June 1978	12,104	1,035	180	13,319
Net book value at 30th June 1977	8,735	2,140	—	10,875

Investment properties include properties valued in 1976 at £8,204,000 and in addition properties valued in May 1977 at £2,215,000 were acquired during the year. The depreciation charge on residential properties is in respect of furnishings included in the cost of these properties.

Notes to the Accounts continued

	1978 £'000	1977 £'000
13 Stock and work in progress		
Long term contracting work in progress	7,941	4,846
Less: progress payments	7,596	4,300
	<u>345</u>	<u>646</u>
Housebuilding	37,748	28,256
Contracting and manufacturing	1,072	1,290
	<u>39,165</u>	<u>30,192</u>

14 Quoted investments

The quoted investments are listed on The Stock Exchange and at 30th June 1978 had a market value of £799,000.

15 Creditors

Creditors of the group include an amount of £3,107,000 (1977 £3,284,000) relating to secured creditors in respect of land purchases.

	1978 £'000	1977 £'000
16 Current taxation		
Group		
Corporation tax payable on or before 1st March 1980	209	315
Corporation tax payable on or before 1st March 1979	591	47
Advance corporation tax payable on dividends paid and proposed	1,402	1,014
	<u>2,202</u>	<u>1,376</u>
Less: corporation tax recoverable	16	127
	<u>2,186</u>	<u>1,249</u>
Company		
Corporation tax payable on or before 1st January 1980	—	46
Corporation tax payable on or before 1st January 1979	46	—
Advance corporation tax payable on dividends paid and proposed	1,402	1,014
	<u>1,448</u>	<u>1,060</u>

	1978 £'000	1977 £'000
17 Investment in subsidiary companies		
Ordinary and preference shares at cost less amounts written off	24,060	20,994
Amount owed by subsidiary companies	6,065	5,089
	<u>30,125</u>	<u>26,083</u>

The principal subsidiary companies are set out on page 25.

18 Contingent liabilities

- (i) There is a contingent liability for deferred taxation calculated at the current rates of taxation based on present legislation as follows:

	1978 £'000	1977 £'000
Group		
Stock appreciation relief	21,237	12,654
Revaluation of fixed assets	1,483	1,022
Plant	1,079	790
	<u>23,799</u>	<u>14,466</u>
Less: Advance corporation tax written off	1,563	—
	<u>22,231</u>	<u>14,466</u>
Company		
Plant	—	79

- (ii) Guarantees given by the company to secure the overdraft facilities of certain subsidiary companies.

	1978 £'000	1977 £'000
19 Capital commitments		
Group		
Authorised and contracted for	471	133
Authorised but not contracted for	534	155
	<u>1,005</u>	<u>288</u>

20 Summary of the effects of acquisition

	1978 £'000	1977 £'000
Net assets acquired:		
Fixed assets	93	116
Investment properties	2,241	—
Undeveloped land	713	—
Stock and work in progress	611	32
Debtors	416	14
Current taxation	(804)	(6)
Deferred taxation	(290)	—
Creditors	(708)	(28)
Bank balance	1,218	34
Capital reserve	(424)	—
	<u>3,066</u>	<u>162</u>
Discharged by:		
Cash	83	162
Shares issued	2,983	—
	<u>3,066</u>	<u>162</u>

The results of subsidiary companies which have been acquired for shares and rank for a full year's dividend are included for the full year.
The profit before taxation attributable to the acquisition during the year amounted to £563,000.

Five Year Record

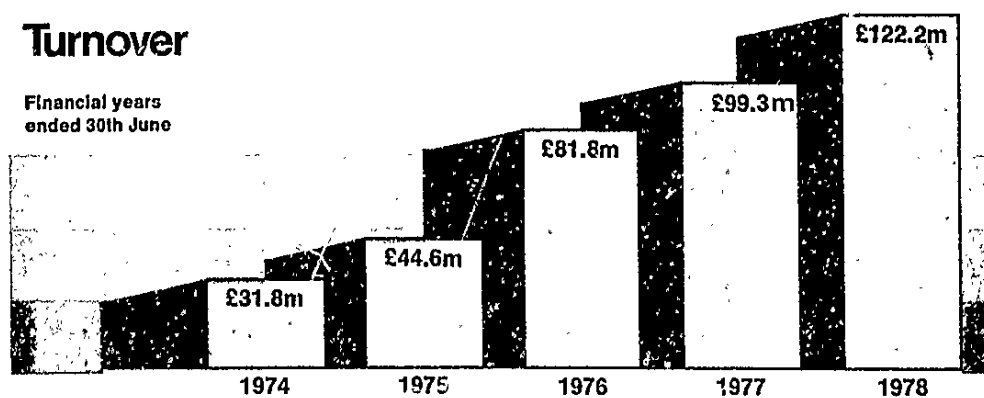
Year ended 30th June	Turnover £'000	Profit before Taxation £'000	Per Share		Dividend Cover
			Earnings p	Gross Dividends p	
1974	31,844	6,525	19.4	5.7	5.7
1975	44,593	6,059	13.8	8.9	2.4
1976	81,771	9,714	30.3	9.7	4.8
1977	99,317	7,407	24.0	10.7	3.4
1978	122,210	11,174	37.4	12.2	4.4

Earnings and dividends per share have been adjusted to take account of rights and scrip issues.

Earnings and dividends per share and dividend cover for 1976, 1977 and 1978 are based on the current policy relating to deferred taxation.

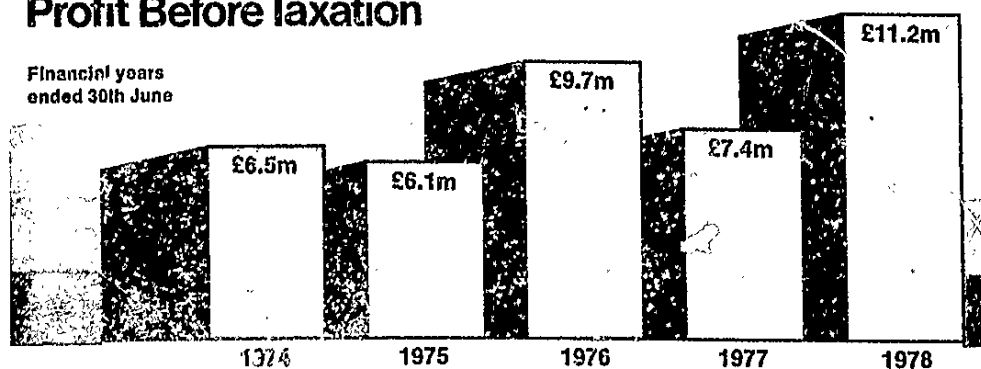
Turnover

Financial years
ended 30th June



Profit Before Taxation

Financial years
ended 30th June



Group Operating Companies

Private Housing

1. NORTH EAST SCOTLAND

*Barratt Developments (Aberdeen) Ltd.,
Marischal House, 30 Upperkirkgate, Aberdeen AB1 1AU.
Tel: 0224 673202.

Regional Office
Culloden House Farm, Culloden, Inverness.
Tel: Inverness 791801.

2. CENTRAL SCOTLAND

*Barratt Developments (Falkirk) Ltd.,
Mayfield House, 7 Maggie Woods Loan, Falkirk, Stirlingshire FK1 5SJ.
Tel: 0324 20011.

*Barratt Developments (Edinburgh) Ltd.,
Breachhead Mans, 603 Queensferry Road, Bannock, Edinburgh EH4 6EA.
Tel: 031 336 7094.

3. NORTH EAST ENGLAND

Barratt Developments (Northern) Ltd.,
Wingrove House, Ponteland Road, Newcastle upon Tyne NE5 3DP.
Tel: 0632 869866.

4. YORKSHIRE

Barratt Developments (Leeds) Ltd.,
Yorkshire Bank Chambers, 213 Town Street, Bramley, Leeds LS13 3JL.
Tel: 0532 567811.

Barratt Developments (Hull) Ltd.,
General Buildings, 165-173 Beverley Road, Hull HU3 1TY.
Tel: 0482 28845.

Barratt Developments (York) Ltd.,
Richmond House, Millfield Lane, Poppleton, York YO2 6PH.
Tel: 0904 793222.

Barratt Developments (Bradford) Ltd.,
Idle, Bradford, Yorks BD10 8TD. Tel: 0274 617611.

5. NORTH WEST ENGLAND

Barratt Developments (North West) Ltd.,
Worral House, 683 Chester Road, Manchester M16 0QS. Tel: 061 8721402.

Barratt Developments (Chester) Ltd.,
27 Newgate Street, Chester CH1 1DL. Tel: 0244 17886.

6. MIDLANDS

Barratt Developments (Midlands) Ltd.,
Clifton House, 126 Nottingham Road, Long Eaton, Nottingham NG10 2BZ.
Tel: 06070 68861.

7. EASTERN ENGLAND

Barratt Developments (Eastern) Ltd.,
Charnwood House, Barkby Thorpe Lane, Thurmaston, Leicester LE4 8GP.
Tel: 0533 6967377.

8. SOUTHERN ENGLAND

Barratt Developments (Luton) Ltd.,
P.O. Box No 5, Jansel House, Stopsley, Luton LU2 7XJ. Tel: 0502 31181.

Barratt Developments (Anglia) Ltd.,
Victoria Cottage, Mill Lane, Thelthorpe, Norfolk IP24 3BZ. Tel: 0842 86810.

Barratt Developments (Bristol) Ltd.,
7 Hill Street, Bristol, Avon BS1 5RL. Tel: 0272 211356.

9. SOUTH EAST ENGLAND

Barratt Developments (London) Ltd.,
30 Stafford Road, Wallington, Surrey SM6 0NT. Tel: 01647 0836.

Contracting and Manufacturing

*Barratt Construction Ltd.,
Golf Road, Eilon, Ayrshire AB4 9AT. Tel: 0358 20705.

*Barratt Precast Ltd.,
Golf Road, Eilon, Ayrshire AB4 9AT. Tel: 0358 21863.

*James Harrison (Contractors) Ltd.,
Pardovan, Philipstown, West Lothian. Tel: 050 683 336 & 050 683 701.

Barratt Shopfitters Ltd.,
Arundel Works, Worsley Street, Hulme, Manchester M16 4LE.
Tel: 061 833 0621.

Barratt (Painters) Ltd.,
Worral House, 683 Chester Road, Manchester M16 0QS. Tel: 061 872 1402.

Barratt Developments (Contracting) Ltd.,
Barton Industrial Estate, Faldon Rd, Barton, Beds MK45 4RL. Tel: 0582 861414.

Barratt (Concrete Products) Ltd.,
Barton Industrial Estate, Faldon Rd, Barton, Beds MK45 4RL. Tel: 0582 861414.

Property Investment

*Barratt Scottish Properties Ltd.,
Breachhead Mans, 603 Queensferry Road, Bannock, Edinburgh EH4 6EA.
Tel: 031 336 7094.

Barratt Developments (Properties) Ltd.,
Wingrove House, Ponteland Road, Newcastle upon Tyne NE5 3DP.
Tel: 0632 869866.

Barratt Developments (Investments) Ltd.,
P.O. Box No 5, Jansel House, Stopsley, Luton, Beds LU2 7XJ.
Tel: 0502 31181.

All the above companies are registered in England except those marked with an asterisk which are registered in Scotland.



Barratt
Developments Limited

Wingrove House, Ponteland Rd.,
Newcastle upon Tyne NE5 3DP
Tel: Newcastle 869866

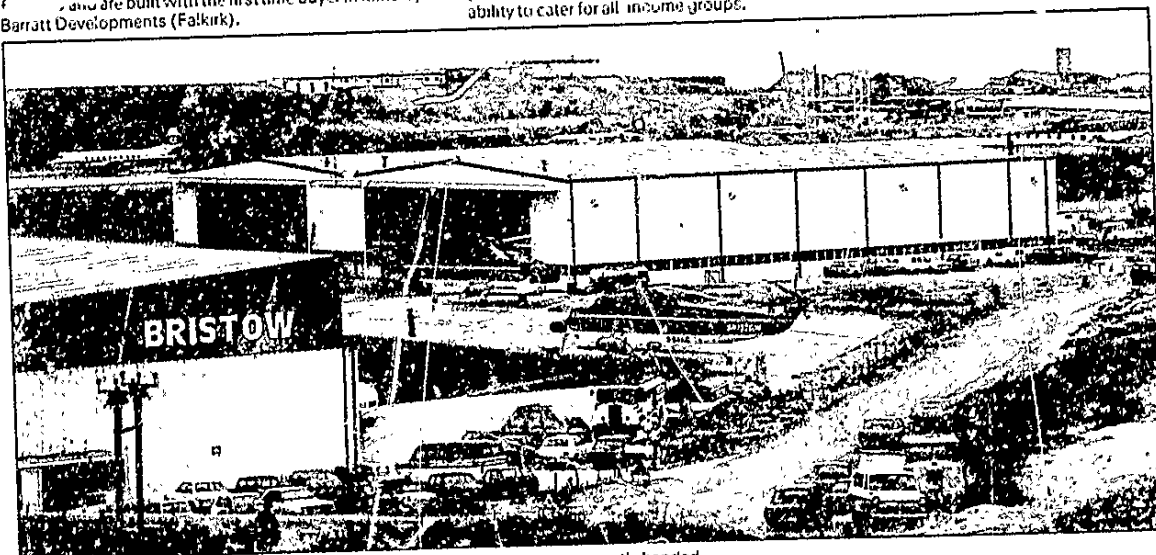
Scotland



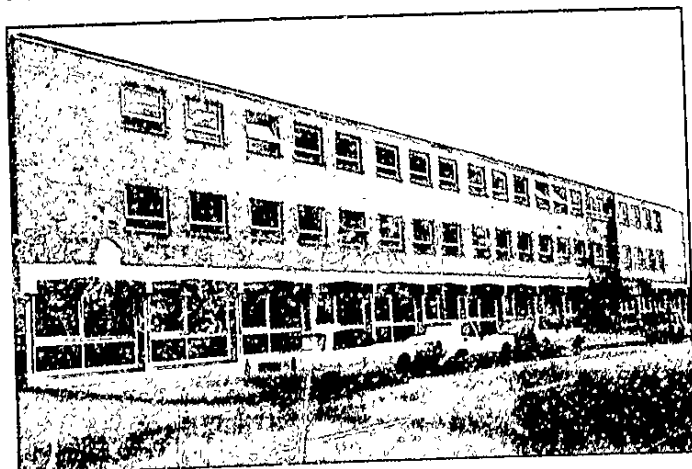
These St. Kilda one-bedroom flats at Glasgow sell at £45,000 and are built with the first time buyer in mind by Barratt Developments (Falkirk).



Executive housing in Edinburgh by Barratt Developments (Edinburgh) selling at £45,000 demonstrates the Group's ability to cater for all income groups.



Following a similar contract for Bristows helicopters, Barratt Construction recently handed over a second helicopter hangar worth £600,000 at Sumburgh, Shetland, to British Airways.

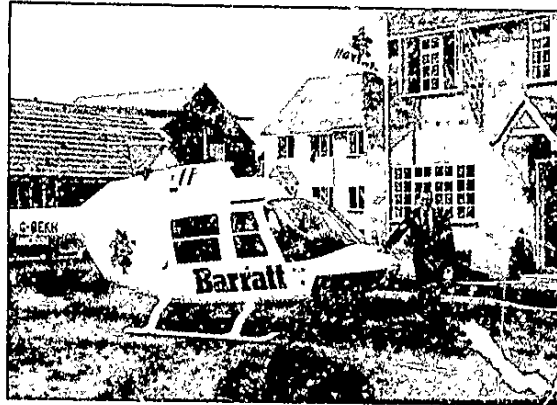
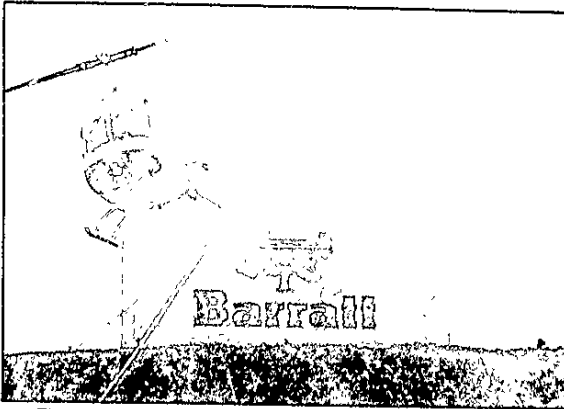


Ladywell House in Edinburgh is a 140,000 sq ft office development for the Department of the Environment. This £3,000,000 office development was part of the James Hamson acquisition.



Apart from its activities on the mainland and in the Shetlands, Barratt Construction is very active in the Western Isles - shown here is the local office at Stornoway.

Marketing



These two shots are taken from the Group's latest television commercial which is broadcast throughout Britain featuring actor Patrick Allen.

The Group's National coverage has been built up with the aid of an innovative marketing strategy incorporating extensive use of television advertising. Barratt is regularly approached by the media when an informed and authoritative opinion on housing matters is required. Senior executives of the Group regularly participate by providing expert commentary in News and documentary programmes.



L. A. Barratt being interviewed on a B.B.C. news programme on the failure of the Community Land Act.



A. F. Rawson, Chairman of Barratt Southern Group, pictured in front of the first Mayfair at Cambridge during the Anglia Television programme Newscue.



W. H. Bruce, Chairman of Barratt Scottish Group, being interviewed by Grampian Television on Grampian Today about planning problems in Scotland.



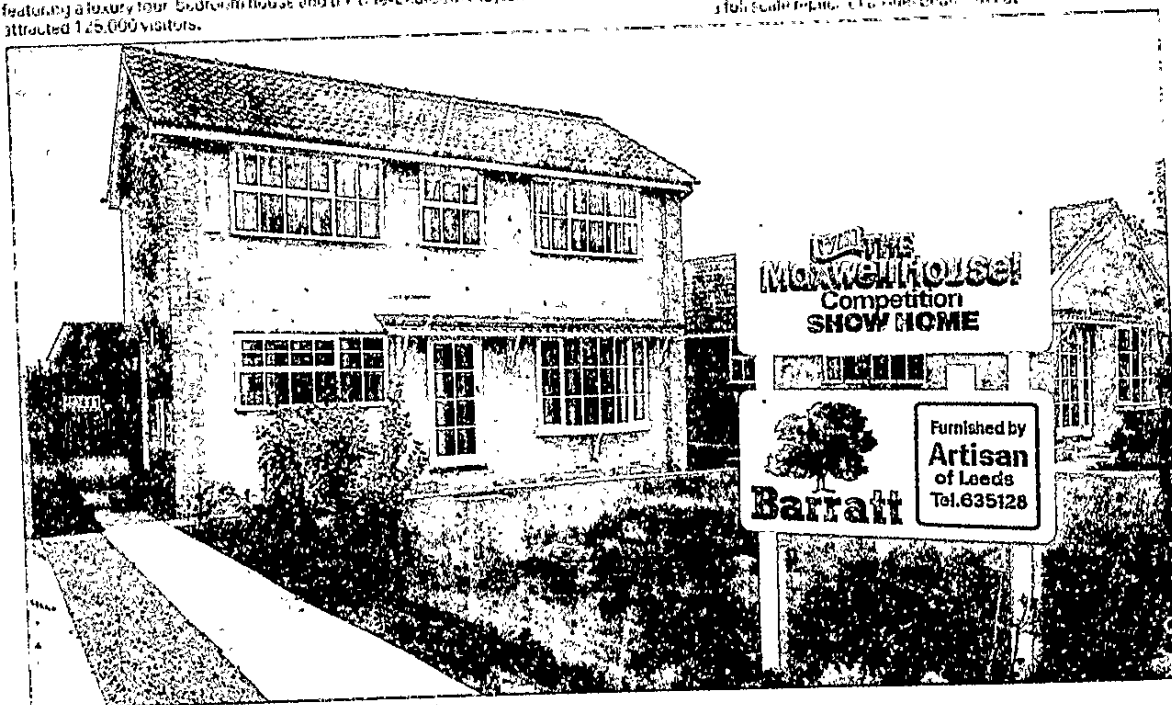
Anglia Television devoted the whole of their Enterprise programme to an appraisal of the Barratt Group.



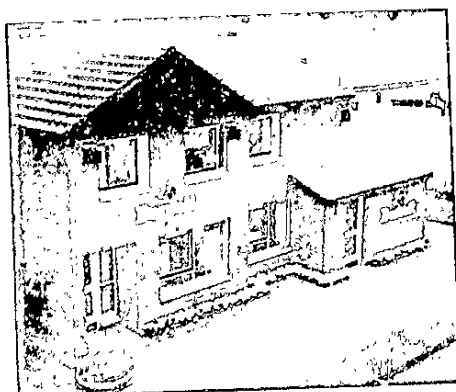
Barrett's contribution to this year's London Ideal Homes Exhibition, featuring a luxury four bedroom house and the architect's of Mayfair attracted 125,000 visitors.



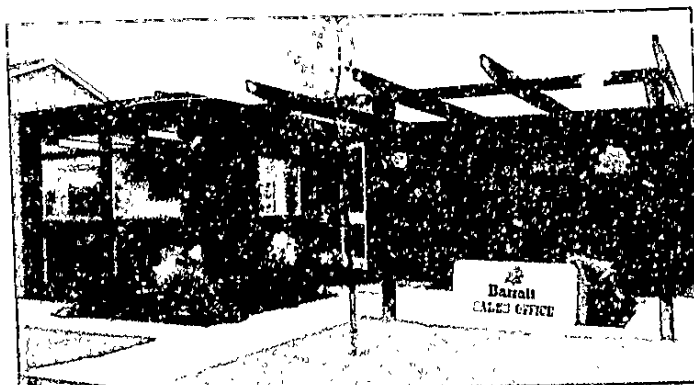
Garrett Developments (holders were represented) at this year's meeting of the City of Seattle's Board of Public Works. The Board of Public Works is the highest level of the city government.



Maxwell House chose the Barratt Group in order to achieve national coverage on this joint promotion.



This year's British Made in the West Exhibition at Riverside College, Glasgow, featured these "so-called" exhibits featuring indigenous visitors.



Attractive models of these are featured in the book's chapters. This is a guide to the best of the best, and a must-read for anyone.