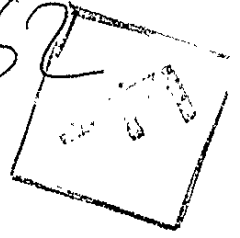
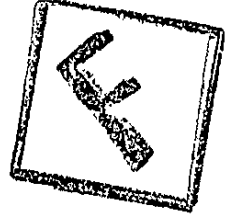


60457.4/162



Annual Report 1976



Barratt

Developments Limited

Group activities

Barratt

Developments Limited
and subsidiary companies



St. Albans, Hertfordshire
H. C. Janes (Homes) Limited



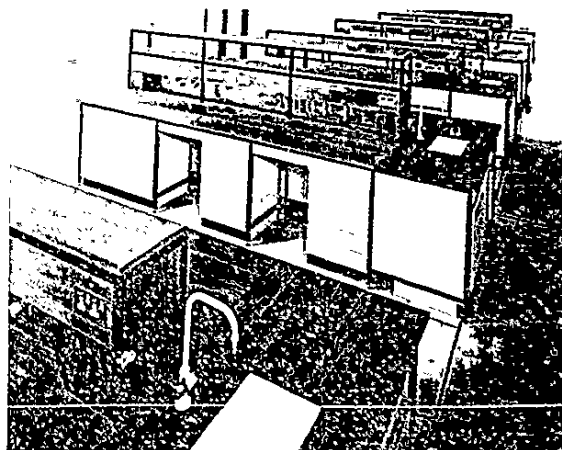
Bradford Grammar School, Yorkshire
Alfred Robinson (Bradford) Limited



Barratts exhibit at the Ideal Homes Exhibition,
Olympia, London 1976 featuring a Norwegian
house manufactured by Moelven Brug



Haxby, York
Barratt Developments (York) Limited



Laboratory furnishing at Leicester University
Barratt (Joinery) Limited



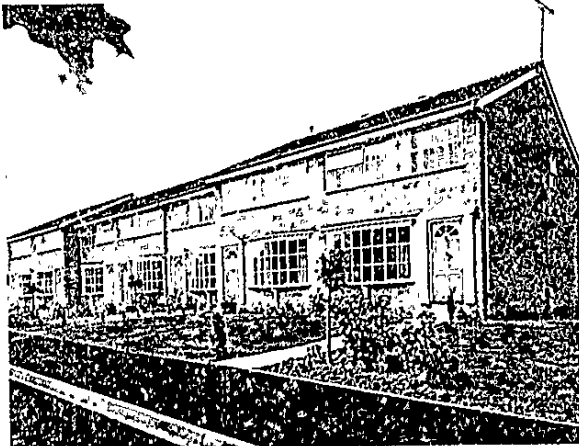
Cassio College of Further Education, Watford
H. C. Janes (Contracting) Limited

◀ Laboratory extension for B.P. at Dyce, Aberdeen
Barratt Developments (Aberdeen) Limited



Barratt

Developments Limited
and subsidiary companies



Leeds
Barratt Developments (Leeds) Limited



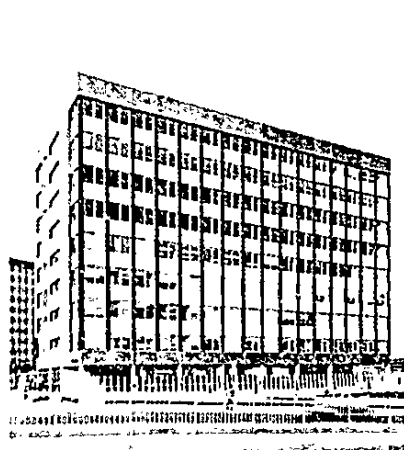
Edinburgh
Barratt Developments (Scotland) Limited



Norwegian Houses at Aboyne, Aberdeenshire
Barratt Developments (Aberdeen) Limited



Public House for Bass Charrington, Lincoln
Pat Pateman & Son Limited



Tynesgate Office Precinct Tyne and Wear.
Owned by
Barratt Developments (Properties) Limited



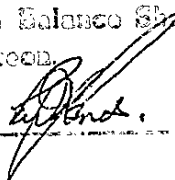
Whitefield, Manchester
Barratt Developments (North West) Limited

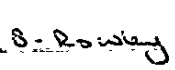


Contents

	Pages
Group operating companies	3
Notice of annual general meeting	4
Chairman's statement	5
Directors' report	7
Auditors' report	10
Consolidated profit & loss account	11
Consolidated balance sheet	12
Balance sheet	13
Statement of source & application of funds	14
Notes to the accounts	15
Valuer's report	23
Analysis of ordinary shareholdings	23
Five year record	24

We hereby certify this to be a true copy of every Balance Sheet laid before the Company in General Meeting during the period to which this Return relates (including every document required by law to be annexed to the Balance Sheet) together with the Directors and Auditors' Reports thereon.

Signed  Director

Signed  Secretary



Barratt

Developments Limited

Directors

L. A. BARRATT, F.C.I.S. (Chairman and Managing Director)
J. CASSIDY, F.C.A. (Deputy Chairman)
W. H. BRUCE
R. V. THOMPSON, B.Sc., C.Eng., M.I.Mun.E.
J. W. SHAW
A. F. RAWSON
R. BOLTON

Secretary and Registered Office

R. W. R. JAMES, F.C.A., A.T.I.I.
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

HADAWAY & HADAWAY
Newcastle upon Tyne
SLAUGHTER AND MAY
London

Auditors

DELOITTE & CO.
Newcastle upon Tyne



Group operating companies

Barratt Developments (Aberdeen) Limited,
Golf Road, Ellon, Aberdeenshire AB4 9AT.
Telephone: 0358 20765.

Barratt Developments (Scotland) Limited,
2 Melville Street, Falkirk, Stirlingshire FK1 1HZ.
Telephone: 0324 20011.

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

Barratt Developments (Carlisle) Limited,
27 English Street, Carlisle CA3 8JR.
Telephone: 0228 34411.

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

Barratt Developments (Hull) Limited,
General Buildings, 165/173 Beverley Road,
Hull HU3 1TY.
Telephone: 0482 28645.

Barratt Developments (Armley) Limited,
Yorkshire Bank Chambers, 213 Town Street,
Bramley, Leeds LS13 3JL.
Telephone: 0532 567611.

Barratt Developments (Leeds) Limited,
32 Arndale Centre, Otley Road, Leeds LS6 2JT.
Telephone: 0532 783434.

Barratt Developments (North West) Limited,
Worrall House, 683 Chester Road,
Manchester M16 0QS.
Telephone: 061 872 1402.

Barratt Developments (Chester) Limited,
27 Newgate Street, Chester CH1 1DE.
Telephone: 0244 317966.

Barratt Developments (Midlands) Limited,
Clifton House, 126 Nottingham Road,
Long Eaton, Nottingham NG10 2BZ.
Telephone: 06076 68661.

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

Barratt (Shopfitters) Limited,
Arundel Works, Worsley Street, Hulme,
Manchester M15 4LE.
Telephone: 061 833 0821.

Barratt (Painters) Limited,
Worrall House, 683 Chester Road,
Manchester M16 0QS.
Telephone: 061 872 1402.

Barratt (Joinery) Limited,
King Street, Middlewich, Cheshire CW10 9LG.
Telephone: 060684 3221.

Presenic Stone Company Limited,
P.O. Box 17, Longside Airfield,
Aberdeenshire AB4 6HZ.
Telephone: 077983 318.
and at
Kelliebank, Alloa, Clackmannanshire.
Telephone: 025 92 4084.

H. C. Janes Limited,
P.O. Box No. 5, Jansel House, Stopsley,
Luton, Bedfordshire LU2 7XJ.
Telephone: 0582 31181.

H. C. Janes (Homes) Limited,
P.O. Box No. 5, Jansel House, Stopsley,
Luton, Bedfordshire LU2 7XJ.
Telephone: 0582 31181.
and at

Victoria Cottage, Thetford, Norfolk IP24 3BZ.
Telephone: 0842 5618.

1 Shirley Road, Rushden,
Northamptonshire NN10 9BY.
Telephone: 093 34 59325.

1165 Melton Road, Syston,
Leicestershire LE7 8TR.
Telephone: 053 723 5490.

46 New Park Street, Devizes,
Wiltshire SN10 1DT.
Telephone: 0380 3045.

H. C. Janes (Contracting) Limited,
Barton Industrial Estate, Faldo Road, Barton,
Bedfordshire MK45 4RL.
Telephone: 0582 881414.

Jansel Properties Limited,
P.O. Box No. 5, Jansel House, Stopsley,
Luton, Bedfordshire LU2 7XJ.
Telephone: 0582 31181.

Pat Pateman & Son Limited,
High Street, Waddington, Lincolnshire LN5 9RH.
Telephone: 0522 720591.

Alfred Robinson (Bradford) Limited,
Woodbine Works, Idle, Bradford,
Yorkshire BD10 8TD.
Telephone: 0274 612611.



Barratt

Developments Limited

Notice of annual general meeting

NOTICE IS HEREBY GIVEN that the eighteenth Annual General Meeting of the company will be held at the North British Hotel, Princes Street, Edinburgh, on Wednesday, 24th November 1976 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 1976.
- 2 To declare a dividend.
- 3 To re-elect directors: Mr. R. V. Thompson who retires by rotation and Mr. R. Bolton who has been appointed since the last Annual General Meeting.
- 4 To authorise the directors to fix the remuneration of the auditors.
- 5 To transact any ordinary business of the company.

By order of the board
R. W. R. James
Secretary

Wingrove House
Ponteland Road
Newcastle upon Tyne NE5 3DP
29th October 1976

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



Chairman's statement

The growth of the Barratt Group has continued unabated during the year ended 30th June 1976. Yet again we have adapted to overcome the inherent problems prevailing during the continued depression in the building industry. We have made major progress within the private housing sector by further penetration of our existing market areas and by operations in new geographical areas as a consequence of the acquisitions made during the year. The Barratt Group is now operating nationwide and is the market leader in this sector of the industry. We are operating today on over 250 developments throughout Britain—more than any other housebuilder. Our contracting activities, manufacturing of materials and property investment activities made significant progress. This was achieved during another year of high inflation with consequent pressure on profit margins, amidst a shortage of work generally in contracting activities and with the private housing sector beset with the damaging effects of the Community Land Act and the imminence of Development Land Tax. Your management rose to the challenge yet again to achieve a substantial increase in both turnover and profit.

Group Results

The Group turnover for the year amounted to £81.8m against £44.6m last year and our profits before tax amounted to £9.8m against £6.1m. This substantial increase in both turnover and profit was fairly evenly accounted for by the inclusion of twelve months results from H. C. Janes Limited and by our successful marketing in a static private housing sector when during the year your Group built and sold 30% more houses than the previous year exclusive of the Janes acquisition. During the year the cost of labour and materials escalated much faster than house selling prices with a consequent reduction of margins but our substantially increased house sales produced this excellent profit growth. Whilst the private housing sector has been in a state of malaise for a period of three years the number of houses built and sold, exclusive of acquisitions, has increased more than 30% on each succeeding year.

We have had to contend during the year with the devastating consequences preceding the advent of the Community Land Act and Development Land Tax. With the introduction of this legislation we were faced with acute problems in the short term with the acquisition of land which is our basic raw material without which houses cannot be built. It was therefore necessary to adapt ourselves to these changed conditions to secure the future of your Company and the contribution which we make to the British housing industry. We are co-operating closely with Local Authorities and New Town Authorities with whom we have established a number of mutually beneficial schemes for the development of houses for both the private and public sectors. We invested heavily in the acquisition of land to the extent that our land stocks increased by over 60% during the year. This action carried with it a heavy interest burden but it is even more necessary today that we maintain a three year land bank to cope with the inordinate planning delays and the further delays in the provision of essential services by the public utilities which are so frequently inflicted upon us.

Each year we increase our involvement in varied contracting activities and these now range from the South of England to the North of Scotland and indeed we are currently building within the oil related areas of the Western Isles and the Shetland Isles. These activities cover schools, telecommunication structures, Local Authority housing, offices, factories, shopping centres, public houses, swimming baths and churches. Our specialist contracting activities continue to thrive and now involve shopfitting, laboratory furniture, industrial painting, electrical and plumbing and the manufacture of building material supplies.

Our property investment activities have continued selectively and currently we have two office developments under construction, both of which are fully let with prime covenants at Edinburgh and Lerwick, Shetland, which, when completed, will have a value in excess of £3m.

Finance

The planned expansion which has taken place throughout the year, the acquisition of H. C. Janes Limited and the major increase in our land stocks, are reflected in an increase of £12.8m in our bank borrowings at the end of the year. Approximately one half of



Barratt

Developments Limited

this increase is attributable to having incorporated the bank borrowings and cost of acquisition of the new Janes subsidiaries. The remainder is accounted for by the cost of the substantial increase in our land bank. Our banking facilities, all confined to the major clearing banks, have been increased as a consequence and we still have over £10m of unused facilities to assist our future working capital requirements.

Dividends

Your Board are proposing a final dividend of 4.73p per share which, together with the interim dividend of 1.83p already paid, makes a total for the year of 6.56p per share, being 10% higher than last year, which is the maximum permitted increase under present legislation. A full years dividend has been provided on the shares issued in connection with the Janes acquisition.

Investment Properties

In view of the increasing extent of our investment properties both developed by the Group in recent years and on acquisition of subsidiary companies, it was deemed desirable to have our commercial and industrial properties revalued. This was recently effected by Messrs. Jones, Lang, Wootton, Chartered Surveyors, and has produced an increase of £3.1m on book values. The quality of your Group's investment properties should ensure continued growth in the future. In addition, we hold substantial residential investments, mainly developed by H. C. Janes Limited, which are in the process of being rationalised and sales effected. Your Board are of the opinion that a substantial increase over book value will be realised after this has taken place.

Acquisitions and New Subsidiary Companies

In February last year we effected the acquisition of H. C. Janes Limited who have operated in various sectors of the building industry within the Midlands and Southern England for many years. The cost of the acquisition in equity and cash was £10.8m and whilst this has resulted in dilution of earnings per share in the current year your Board are confident that great potential exists and when this operating subsidiary has been integrated into the Barratt Group this will effectively generate expansion and increase profitability. We also acquired an existing building company in Hull to consolidate further our position in Humberside.

In pursuit of your Group's policy of national coverage with operating subsidiaries, each having strong management operating at local level, your Board intend establishing further new subsidiaries in areas of major population. Very shortly a new subsidiary will be established in South London to cover the South East of England.

Management

The continued expansion of your Group and the profit margins generated clearly demonstrate the dedication and quality of your Group's management and the entrepreneurial skills of our subsidiary Managing Directors who now number 22. My grateful thanks go to my colleagues throughout the Group for their supreme efforts in the success achieved through a difficult year. Their loyalty and dedication to the Group is unsurpassed in the industry.

Your Board was recently further strengthened with the appointment of Mr. R. Bolton representing our five Yorkshire based companies. Mr. Bolton has been Managing Director of Barratt Developments (Leeds) Limited for many years and his depth of experience within the industry will be a great asset to us.

Future

One should not underestimate the problems prevailing in industry today or more specifically in our own industry. Nevertheless I believe there is a permanent demand for all types of new buildings and we shall continue to strive to increase our share of this major industry each year. I am confident that your Company has the depth of management and expertise to take an increasingly greater proportion of the private and public housing sectors in the future. We shall continue to analyse the most profitable forms of contracting



opportunities and to take an increasing share. Our property investment programme will continue selectively. We have the financial stability and financial strength to achieve these aims. We face the current year with yet again record advance house sales and a record contracting order book.

We are indeed fortunate to be so materially assisted in our aims and expansion by all the major clearing banks and building societies.

29th October 1976

Chairman and Managing Director

Directors' report

The directors have pleasure in submitting their report and the audited accounts for the year ended 30th June 1976.

Activities of the company and its subsidiary companies

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

During the year the whole of the issued share capital of H. C. Janes Limited was acquired for a consideration including acquisition expenses of £11.15 million satisfied by the issue of 7,882,997 10p ordinary shares and £1.18 million cash. H. C. Janes Limited has operated in various sectors of the building industry within the Midlands and Southern England for many years. The directors consider the acquisition of H. C. Janes Limited to be a logical step enabling the group to cover a greatly increased area of the country with enhanced opportunities for expansion. Marfleet Construction Company Limited was acquired by Barratt Developments (Hull) Limited, for a cash consideration of £170,000, in order to consolidate further the group's position in Humberside.

Turnover and profit

	Turnover £'000	Profit £'000
Housebuilding	67,739	7,835
Contracting and manufacturing	11,481	505
Land sales	498	240
Property investment income	1,059	648
Residential investment property sales	994	379
Exchange rate surplus	—	158
	<u>81,771</u>	<u>9,765</u>

Dividends

The directors recommend the payment of a final dividend of 4.7285497p per share. This together with the interim dividend of 1.8297p per share would make a total for the year of 6.5582497p which, after taking account of the imputed tax credit will amount to 10.0896158p per share and compares with 9.172378p per share paid last year.

The dividends paid and proposed amount to £1,763,000 and the balance of retained profit of £1,066,000 is carried forward to reserves.

If approved by the shareholders the final dividend will be paid on 25th November 1976 to shareholders on the register at the close of business on 29th October 1976.



Barratt

Developments Limited

Share capital

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

	£'000
Issued share capital at 1st July 1975	1,905
Issued on conversion of £26,607 6½% convertible unsecured loan stock	1
Calls on partly paid shares now fully paid	1
Issued in connection with the acquisition of H. C. Janes Limited	788
	<u>2,695</u>

Directors and their shareholdings

The directors who held office throughout the year were:

L. A. Barratt
J. Cassidy
W. H. Bruce
R. V. Thompson
J. W. Shaw
A. F. Rawson

Mr. R. Bolton was appointed to the board on 1st July 1976.

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

	30th June 1976 ordinary shares of 10p each			1st July 1976 ordinary shares of 10p each		
	fully paid	1p paid	executive share incentive scheme with restricted rights fully paid	fully paid	1p paid	executive share incentive scheme with restricted rights fully paid
L. A. Barratt	1,487,553	—	—	1,982,593	—	—
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
R. V. Thompson	13,426	25,000	12,500	15,426	25,000	12,500
J. W. Shaw	1,350	10,000	5,000	1,850	10,000	5,000
A. F. Rawson	2,701	1,500	750	2,201	—	—

In addition Mr. J. Cassidy held £4,875 of 6½% Convertible Unsecured Loan Stock 1992/1997 throughout the year and Mr. A. F. Rawson held £2,750 6½% Convertible Unsecured Loan Stock 1992/1997 at 1st July 1975.

No notification has been received of any change in the above interests during the period from 30th June 1976 to the date of this report. At the date of this report Mr. R. Bolton has no interest in the share capital or loan stock of the company.

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.

Fixed assets and investment properties

The movements of fixed assets and investment properties during the year are set out in notes 14 and 15 respectively.

The industrial and commercial investment properties of the group and those properties owned and occupied by the group were valued as at 30th June 1976 by Jones, Lang, Wootton, chartered surveyors and a certificate of value is shown on page 23.

Residential investment properties were not valued during the year but in the opinion of the directors the market value of these properties is substantially in excess of book value.

Inflation accounting

Pending the issue of definitive recommendations following the Sandilands Report 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 3,602 and their aggregate remuneration amounted to £12,785,000. In addition a substantial number of persons were employed on group sites through sub-contractors.

Exports

There were no exports during the year.

Political and charitable donations

There were no political donations during the year. An amount of £396 was donated to charities.

Taxation

The company does not fall within the close company provisions of the Income and Corporation Taxes Act 1970.

Auditors

The auditors, Deloitte & Co., are willing to continue in office and will be re-appointed under the provisions of S159(2) Companies Act 1948.

By order of the board
R. W. R. James
Secretary

Newcastle upon Tyne
29th October 1976



Barratt

Developments Limited
and subsidiary companies

Auditors' report

We have examined the accounts set out on pages 11 to 22, which have been prepared on the historical cost basis of accounting including the revaluation of certain fixed assets.

In our opinion, based on our examination and on the report of the auditors of a major subsidiary audited by another firm, the accounts give, on the basis stated above, a true and fair view of the state of affairs of the company at 30th June 1976 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.

Newcastle upon Tyne
29th October 1976

Deloitte & Co.
Chartered Accountants



Consolidated profit and loss account
for the year ended 30th June 1976

	Note	1976 £'000	1975 £'000
Turnover	1	81,771	44,593
Profit before taxation	2	9,765	6,059
Taxation on profit for the year	3	5,090	3,205
		<u>4,675</u>	<u>2,854</u>
Transfer to deferred taxation to take account of stock appreciation relief in respect of previous years		—	557
		<u>4,675</u>	<u>2,297</u>
Extraordinary item	4	25	291
Profit after taxation and extraordinary item		<u>4,700</u>	<u>2,588</u>
Pre-acquisition profit of H. C. Janes Limited		76	—
		<u>4,624</u>	<u>2,588</u>
Dividends	5	1,763	1,075
		<u>2,861</u>	<u>1,513</u>
Goodwill written off	6	5,066	—
Transfer from capital reserve		<u>3,291</u>	—
		<u>1,775</u>	—
Retained profit		<u>1,086</u>	<u>1,513</u>
Dividend cover		2.6	2.4
Earnings per share	8		
Basic earnings per ordinary share of 10p		17.1p	14.3p
Fully diluted earnings per ordinary share of 10p		16.9p	14.1p

Note:

The effect of stock appreciation relief for the years to 30th June 1975 was first included in the accounts for that year. For comparison purposes the earnings per share after relating such relief to the appropriate years would be:

Basic earnings per ordinary share of 10p	17.1p	17.8p
Fully diluted earnings per ordinary share of 10p	16.9p	17.4p

The notes on pages 15 to 22 form part of these accounts



Barratt

Developments Limited
and subsidiary companies

Consolidated balance sheet at 30th June 1976

	Note	1976		1975	
		£'000	£'000	£'000	£'000
Capital employed:					
Share capital	9		2,695		1,905
Reserves	10		27,574		17,858
			<u>30,269</u>		<u>19,763</u>
Goodwill			6,721		7,406
			<u>23,548</u>		<u>12,357</u>
Loan stock	11		868		895
Mortgages and loans	12		2,062		94
Deferred taxation	13		14,118		7,242
			<u>40,596</u>		<u>20,588</u>
Employment of capital:					
Fixed assets	14		3,981		1,538
Investment properties	15		10,787		3,172
Ground rents			1,281		1,052
Subsidiary company not consolidated	17		—		195
Current assets					
Undeveloped land		21,575		13,804	
Stock and work in progress		28,108		14,174	
Debtors		14,665		8,343	
		<u>64,348</u>		<u>36,321</u>	
Current liabilities					
Bank overdrafts (secured)		17,893		6,686	
Creditors	18	18,392		10,668	
Current taxation	19	2,245		3,439	
Dividend	5	1,271		897	
		<u>39,801</u>		<u>21,690</u>	
Net current assets			<u>24,547</u>		<u>14,631</u>
			<u>40,596</u>		<u>20,588</u>

The notes on pages 15 to 22 form part of these accounts

L. A. Barratt }
J. Cassidy } Directors



Balance sheet at 30th June 1976

	Note	1976		1975	
		£'000	£'000	£'000	£'000
Capital employed:					
Share capital	9		2,695		1,905
Reserves	10		21,107		13,610
			<u>23,802</u>		<u>15,515</u>
Loan stock	11		868		895
Loan	12		<u>1,550</u>		<u>—</u>
			<u>26,220</u>		<u>16,410</u>
Employment of capital:					
Fixed assets	14		19		23
Deferred assets			1,142		483
Investment in subsidiary companies	20		25,273		16,572
Current assets					
Debtors		59		20	
Dividends receivable from subsidiary companies		<u>2,611</u>		<u>1,075</u>	
		<u>2,670</u>		<u>1,095</u>	
Current liabilities					
Bank overdraft (secured)		348		246	
Creditors		<u>296</u>		<u>65</u>	
Current taxation	19	969		555	
Dividend	5	<u>1,271</u>		<u>897</u>	
		<u>2,884</u>		<u>1,763</u>	
Net current liabilities			(214)		(668)
			<u>26,220</u>		<u>16,410</u>

The notes on pages 15 to 22 form part of these accounts

L. A. Barratt }
J. Cassidy } Directors



Barratt

Developments Limited
and subsidiary companies

Statement of source and application of funds for the year ended 30th June 1976

	1976		1975	
	£'000	£'000	£'000	£'000
Source of funds				
Profit before taxation		9,765		6,059
Adjustment for items not involving the movement of funds:				
Depreciation		653		382
Increase in ground rents		(229)		(177)
Profit on sale of residential property		(379)		—
Pre-acquisition profit of H. C. Janes Limited		(76)		—
Total generated from operations		<u>9,734</u>		<u>6,264</u>
Funds from other sources				
Rights and other share issues		7		2,822
Taxation in subsidiaries at date of acquisition*		2,724		37
Sale of fixed assets and investment property		1,186		67
Shares issued in part consideration of the acquisition of subsidiary*		9,719		—
Loans and mortgages*		1,968		(4)
Subsidiary now consolidated		195		(195)
		<u>25,533</u>		<u>8,991</u>
Application of funds				
Purchase of fixed assets and investment property*	(8,457)		(2,528)	
Tax paid	(2,092)		(488)	
Dividends paid	(1,389)		(363)	
Purchase of loan stock	(2)		(127)	
Purchase of goodwill on acquisition of subsidiaries*	(4,381)		—	
Share issue expenses	(116)		—	
		<u>(16,437)</u>		<u>(3,506)</u>
		9,096		5,485
Increase in working capital				
Increase in undeveloped land*	7,771		1,438	
Increase in stock and work in progress	13,934		1,531	
Increase in debtors*	6,322		2,224	
Increase in creditors*	(7,724)		(4,595)	
Movement in net liquid funds:				
(Increase) Decrease in bank overdraft*	(11,207)		4,887	
		<u>9,096</u>		<u>5,485</u>

*The effects of the acquisition and consolidation of new subsidiaries are summarised in note 23.



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. The results of H. C. Janes Limited and its subsidiary companies, which companies were acquired during the year, are included from 1st July 1975. The results of Barratt (Joinery) Limited are included for the fifteen months ended 30th June 1976. 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 the acquisition.
- (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, property management fees receivable 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 ready for occupation and a contract for sale is in existence.
 - (ii) Profit on general contracting is taken for short term contracts only when contracts are 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.
 - (iii) Profit on manufacturing is taken on sales invoicing.
- (e) **Deferred taxation**
Deferred taxation represents the deferred liability for corporation tax at:
 - (i) a rate of 52% on the excess of net book value of assets on which capital allowances are claimed over their corresponding tax written down values.
 - (ii) a rate of 52% on the relief for stock appreciation under the provisions of the Finance Acts 1975 and 1976.
 - (iii) rates of 40% and 52% on the surplus arising on the revaluations of undeveloped land. The revaluations apply to land held by certain unlisted companies on acquisition by Barratt Developments Limited at various dates after June 1972.
 - (iv) a rate of 30% on the chargeable gains 'rolled over' against the cost of replacement assets.
Less
Unabsorbed tax losses at a rate of 52% available to set against future profits of subsidiary companies' trade.

No provision is made for deferred taxation on the surplus arising on valuation of properties. This represents a change in accounting policy and the effect is shown in note 13. The directors have no present intention of selling the industrial and commercial properties.
- (f) **Investment properties**
Commercial and industrial investment properties are included at valuation undertaken at 30th June 1976. (See note 16). Residential investment properties are included at cost.
- (g) **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 asset in the business.
No depreciation is provided in respect of freehold properties or leasehold properties held on long lease.
- (h) **Deferred assets**
Deferred assets represent advance corporation tax recoverable against future corporation tax liabilities.



Barratt

Developments Limited
and subsidiary companies

Notes to the accounts (continued)

1 Accounting policies (continued)

- (i) Ground rents
Ground rents are valued on a basis of up to nine years purchase.
- (j) Undeveloped land
Undeveloped land is valued at the lower of cost, except in the case of certain unlisted companies acquired after 30th June 1972 where undeveloped land is included at directors' valuation at the date of acquisition on an open market basis as between a willing buyer and a willing seller, or net realisable value. Cost includes legal costs of purchase only and excludes finance charges.
- (k) Stock and work in progress
Stock is valued at the lower of cost on a first in, first out basis, or net realisable value. Work in progress is valued at the lower of cost with no addition for overheads, or net realisable value.
- (l) Goodwill
Goodwill represents the excess of the cost of shares over the book value of net assets in subsidiary companies at the date of acquisition less amounts written off. In the case of unlisted companies acquired after 30th June 1972 net assets include undeveloped land at directors' valuation on an open market basis as between a willing buyer and a willing seller less provision for corporation tax on the excess over book value. All goodwill arising on acquisitions since 1st July 1974 is written off in the year of acquisition.

	1976 £'000	1975 £'000
2 Profit before taxation		
After crediting:		
Profit on land sales	240	492
Net rent receivable	648	264
Interest	153	52
Profit on sale of residential investment property	379	—
Exchange rate surplus	158	—
After charging:		
Directors' management remuneration	173	179
Interest on 6½% unsecured loan stock	56	58
Interest on long term loans	55	7
Interest on bank overdrafts and other short term loans	1,611	1,232
Depreciation	653	382
Hire of plant and machinery	1,162	773
Auditors' remuneration	64	34
3 Taxation		
Corporation tax based on the profit for the year at a rate of 52%	(120)	3,321
Transfer to deferred taxation — plant	202	119
— stock appreciation relief	5,394	132
Deferred taxation on revaluation of undeveloped land released on realisation	(379)	(367)
Tax credit on dividends received	3	—
Overprovision of taxation for prior years	(10)	—
	<u>5,090</u>	<u>3,205</u>
Transfer to deferred taxation in respect of stock appreciation relief to increase the provision to the current corporation tax rate of 52%	—	557
4 Extraordinary item		
Surplus arising on purchase and cancellation of 6½% convertible unsecured loan stock	<u>25</u>	<u>291</u>



Notes to the accounts (continued)

5	Dividends	1976 £'000	1975 £'000
	Interim paid 28th May 1976 of 1.8297p per share (1975 1.27145p)	492	178
	Proposed final of 4.7285497p per share (1975 4.7285497p)	1,271	897
		<u>1,763</u>	<u>1,075</u>

6	Goodwill written off		
	Arising on acquisitions during the year	4,381	—
	As a result of group reorganisation	685	—
		<u>5,066</u>	<u>—</u>

7 Particulars of directors' and employees' emoluments

Emoluments of directors excluding pension contributions were:

	1976		1975	
	Emoluments £40,232	Net after tax* £12,842	Emoluments £33,535	Net after tax* £11,469
Chairman				
Other directors		Net after tax*	1976 Number	1975 Number
£ 0 — £ 2,500		2,005	—	2
£12,501 — £15,000		8,010	—	2
£17,501 — £20,000		9,314	1	1
£20,001 — £22,500		9,826	1	2
£22,501 — £25,000		10,251	—	1
£27,501 — £30,000		11,101	1	1
£30,001 — £32,500		11,526	1	—
£32,501 — £35,000		11,956	1	—

*The 'net after tax' figures have been calculated by reference to the higher end of each band (in the case of the Chairman by reference to the actual emoluments shown) and after deducting income tax at the appropriate graduated rates on the assumption that the recipient is a married man without children and with no other source of income.

Emoluments of senior employees excluding pension contributions whose emoluments were in excess of £10,000 per annum as follows:

	1976 Number	1975 Number
£15,001 — £17,500	1	—

8 Earnings per share

The basic earnings per share is calculated on earnings of £4,675,000 (1975 £2,297,000) less £76,000 in 1976, being the proportion of the profit attributable to the cash element of the consideration for the acquisition of the H. C. Janes Limited group for the period 1st July 1975 to 4th February 1976, the acceptance date of the offer, together with the number of shares which ranked for dividends during the year, 26,882,676 (1975 weighted average 16,059,670).

The fully diluted earnings per share is based on earnings of £4,627,000 (1975 £2,325,000) and on 27,339,792 ordinary shares which include 457,116 shares being the maximum into which the 6½% convertible unsecured loan stock 1992/1997 becomes convertible (1975 16,530,505).

In the note on page 11 the adjusted earnings per share for 1975 is calculated on earnings of £2,854,000 and the fully diluted earnings per share on earnings of £2,882,000.



Barratt

Developments Limited
and subsidiary companies

Notes to the accounts (continued)

	1976 £'000	1975 £'000
9 Share capital		
Authorised 35,000,000 ordinary shares of 10p each	3,500	2,500
Issued		
Ordinary shares of 10p each		
Fully paid – 26,938,676 ordinary shares	2,694	1,904
Partly paid – 112,000 ordinary shares 1p paid	1	1
	<u>2,695</u>	<u>1,905</u>

The authorised share capital of the company was increased to £3,500,000 on 14th January 1976 by the creation of 10,000,000 new ordinary shares of 10p each.

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
10 Reserves		
Share premium		
At 1st July 1975	9,181	9,181
Arising on calls on partly paid shares	5	5
Arising on the acquisition of issued share capital of H. C. Janes Limited	8,931	8,931
	<u>18,117</u>	<u>18,117</u>
Expenses relating to issue of shares	116	116
	<u>18,001</u>	<u>18,001</u>
Capital reserve		
At 1st July 1975	190	—
Surplus on valuation of fixed assets	820	—
Surplus on valuation of investment properties	2,235	—
Deferred taxation on previous valuation now no longer required	40	—
Depreciation written back on valuation	6	—
Transfer to profit and loss account	(3,291)	—
	<u>—</u>	<u>—</u>
Revenue reserve		
At 1st July 1975	8,487	4,429
Profit (loss) for year	1,086	(989)
Internal deficit on transfer of a subsidiary company from another group company	—	(334)
	<u>9,573</u>	<u>3,106</u>
Total reserves	<u>27,574</u>	<u>21,107</u>

The balance on capital reserve transferred to profit and loss account represents net revaluation surpluses now to be written off against goodwill.

The surplus arising on valuation of properties has not been reduced by deferred taxation of £1,019,000 which would be payable in the event of these assets being realised at the valued amount.

11 Loan stock

This represents 6½% convertible unsecured loan stock 1992/1997. The holders of this loan stock 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.



Notes to the accounts (continued)

	1976 £'000	1975 £'000
12 Mortgages and loans		
The group		
Bank loan	<u>1,550</u>	<u>—</u>
This loan bears interest at 2% above the London interbank market rate and is repayable by two payments of £775,000 on 17th February 1980 and 17th February 1981.		
Mortgage secured on leasehold property: At 7½% per annum repayable in 1987	<u>94</u>	<u>94</u>
Mortgages secured on freehold properties of H. C. Janes Limited:		
At 7% per annum repayable by equal instalments to 1985	113	—
At 6¼% per annum repayable by sinking fund and endowment policies over 20 years	150	—
With building societies for 20 year terms at interest rates currently ruling	245	—
Less: Sinking fund and endowment premiums paid (surrender value £94,440)	<u>(90)</u>	<u>—</u>
	<u>418</u>	<u>—</u>
	<u>2,062</u>	<u>94</u>
The company		
Bank loan	<u>1,550</u>	<u>—</u>
Details as above		
13 Deferred taxation		
The group		
Plant	696	368
Stock appreciation relief	13,772	6,267
Undeveloped land revaluation	786	1,055
Chargeable gains 'rolled over'	6	6
Property valuation	—	32
	<u>15,260</u>	<u>7,728</u>
Less: deferred assets representing advance corporation tax recoverable against future corporation tax liabilities	<u>1,142</u>	<u>486</u>
	<u>14,118</u>	<u>7,242</u>
The deferred taxation movement for the year is as follows:		
At 1st July 1975	7,728	
On acquisition of H. C. Janes Limited	1,000	
Transfer from current taxation in respect of stock appreciation relief for the year ended 30th June 1975	1,343	
Underprovision in respect of prior years	12	
Deferred taxation on previous valuations now no longer provided	(40)	
	<u>10,043</u>	
Charge for the year	<u>5,217</u>	
At 30th June 1976	<u>15,260</u>	
No provision has been made for deferred taxation against the surplus arising on the valuation of certain freehold and leasehold properties. The deferred liability to corporation tax at rates of 30% and 52% would amount to £1,019,000.		
At the balance sheet date a further provision of £171,000 (1975 £258,000) in respect of deferred taxation on undeveloped land would be required to make full provision at the current corporation tax rate of 52%.		
Deferred taxation on plant and stock appreciation relief are stated after utilising unabsorbed tax losses, which have reduced those provisions by amounts of £110,500 and £1,565,000 respectively.		



Barratt

Developments Limited
and subsidiary companies

Notes to the accounts (continued)

14 Fixed assets	Freehold property £'000	Short leasehold property £'000	Plant and equipment £'000	Total £'000
The group				
Cost and valuation	528	3	2,035	2,566
At 1st July 1975	174	2	1,256	1,432
Additions	579	11	1,032	1,622
On acquisition of new subsidiary companies	793	27	—	820
Surplus on valuation	(5)	(5)	(431)	(441)
Disposals	2,069	38	3,892	5,999
At 30th June 1976	22	1	3,892	3,915
Comprising — cost	2,047	37	—	2,084
— valuation	2,069	38	3,892	5,999
Accumulated depreciation	—	1	2,017	2,018
Net book value at 30th June 1976	2,069	37	1,875	3,981
Net book value at 30th June 1975	528	1	1,009	1,538
The company				
Cost			29	29
At 1st July 1975			11	11
Additions			(13)	(13)
Disposals			27	27
At 30th June 1976			8	8
Accumulated depreciation			19	19
Net book value at 30th June 1976			23	23
Net book value at 30th June 1975			23	23
15 Investment properties	Commercial and industrial £'000	Residential £'000	Properties in the course of development £'000	Total £'000
The group				
Cost and valuation	2,743	429	—	3,172
At 1st July 1975	208	124	841	1,173
Additions	1,201	3,753	—	4,954
On acquisition of new subsidiary companies	1,382	—	853	2,235
Surplus on valuation	(1)	(614)	—	(615)
Disposals	5,533	3,692	1,694	10,919
Comprises — freehold	2,939	3,692	573	7,204
— long leasehold	2,594	—	1,121	3,715
	5,533	3,692	1,694	10,919
Comprises — cost	—	3,692	—	3,692
— valuation	5,533	—	1,694	7,227
	5,533	3,692	1,694	10,919
Accumulated depreciation	—	132	—	132
Net book value at 30th June 1976	5,533	3,560	1,694	10,787
Net book value at 30th June 1975	2,742	430	—	3,172

The depreciation charge on residential properties is in respect of furnishings included in the cost of these properties. The valuation has been adjusted by £66,000 to take account of the interest of a third party.



Notes to the accounts (continued)

16 Valuation

The industrial and commercial investment properties of the group and those properties owned and occupied by the group were valued as at 30th June 1976 by Jones, Lang, Wootton, chartered surveyors and a certificate of value is shown on page 23. In the case of those properties which are held for investment purposes, the basis of valuation is open market value and in the case of those properties owned and occupied by group companies open market value on the basis of existing use with vacant possession.

The valuation included two commercial properties in the course of construction both of which are fully pre-let giving rise to a surplus of £853,000.

The valuation, including the two properties referred to above, has been incorporated into the accounts giving rise to a surplus over book value of £3,101,000. The surplus arising on valuation has been applied in total towards the write down of the goodwill of H. C. Janes Limited and certain other subsidiary companies.

17 Subsidiary company not consolidated

The accounts of Barratt (Joinery) Limited were not consolidated in 1975 as the company was then recently acquired and the finalisation of its accounts would have delayed the preparation of the group accounts.

18 Creditors

Creditors include an amount of £3,149,000 relating to secured creditors in respect of land purchases.

19 Current taxation

	1976 £'000	1975 £'000
The group		
Corporation tax payable on or before 1st March 1978	306	3,106
Corporation tax payable on or before 1st March 1977	1,491	166
Advance corporation tax payable on dividends paid or proposed	949	535
	<u>2,746</u>	<u>3,807</u>
Less: corporation tax recoverable	501	368
	<u>2,245</u>	<u>3,439</u>
The company		
Corporation tax payable on or before 1st January 1978	—	20
Corporation tax payable on or before 1st January 1977	20	—
Advance corporation tax payable on dividends paid or proposed	949	535
	<u>969</u>	<u>555</u>

20 Investment in subsidiary companies

Ordinary and preference shares at cost less amounts written off	20,890	12,340
Amount owed by subsidiary companies	4,383	4,232
	<u>25,273</u>	<u>16,572</u>

An amount of £2,700,000 has been written off the cost of the investment in H. C. Janes Limited representing the excess of cost over net assets of that company at 30th June 1976.

The principal subsidiary companies, all of which are wholly owned and registered in England (except for Barratt Developments (Aberdeen) Limited, Barratt Developments (Scotland) Limited and Presenic Stone Company Limited which are registered in Scotland), are set out on page 3. All companies operate principally in their country of registration.



Barratt

Developments Limited
and subsidiary companies

Notes to the accounts (continued)

21 Contingent liabilities

There are contingent liabilities as follows:

- (a) A letter of credit for £560,000 given in respect of mortgages granted to purchasers of property from an overseas subsidiary company.
- (b) Guarantees given to secure the overdraft facilities of certain subsidiary companies.

In the opinion of the directors no loss will arise as a result of these contingent liabilities.

22 Capital commitments

	1976 £'000	1975 £'000
Authorised and contracted for	945	—
Authorised but not contracted for	168	—
	<u>1,113</u>	<u>—</u>

Capital commitments include amounts totalling £890,000 in respect of commercial properties in the course of construction.

23 Summary of the effects of the acquisition and consolidation of

H. C. Janes Limited
Marfleet Construction Company Limited
Barratt (Joinery) Limited

	1976 £'000
Net assets acquired:	
Fixed assets and investment property	5,852
Loans and mortgages	(493)
Goodwill	4,381
Undeveloped land	2,393
Stock and work in progress	6,341
Debtors	1,564
Taxation	(2,724)
Creditors	(2,619)
Bank overdraft	(3,177)
	<u>11,518</u>
Discharged by:	
Cash	1,799
Shares issued	9,719
	<u>11,518</u>



Certificate of value

To the directors of Barratt Developments Limited

In accordance with your instructions, we have considered the value of 55 shop, office and industrial properties of freehold, feuhold and leasehold tenure owned by your company or its subsidiaries which are detailed in our report and valuation to you dated 24th September 1976.

Subject to the contents of that report, we are of the opinion that the aggregate open market value of these properties as at 30th June, 1976 was £9,376,450.

In the case of those properties which are held for investment purposes, the basis of our valuation was our opinion of the open market value and in the case of those properties owned and occupied by companies within the group, open market value on the basis of existing use with vacant possession.

The office properties in the course of development at Commercial Road, Lerwick and Traquair Park, Edinburgh are both fully pre-let on long leases and subject to upward rent reviews at five yearly intervals and are due for completion in May 1977 and January 1977 respectively. Rent is due to commence at Lerwick on 11th August, 1977 and at Edinburgh on 1st December, 1976. We have valued these properties on the basis of open market value as at 30th June, 1976 in their existing state.

Jones, Lang, Wootton
Chartered Surveyors

103 Mount Street
London W1Y 6AS
20th October 1976

Analysis of ordinary shareholdings

CATEGORY	Number of accounts		Number of shares	
	Number	% of total	Number	% of total
Insurance companies	24	0.44	1,903,948	7.08
Banks	32	0.58	763,031	2.84
Pension Funds	28	0.51	1,451,991	5.40
Nominee holdings	225	4.08	7,381,093	27.46
Other corporate bodies	266	4.83	5,192,744	19.31
Individuals	4,934	89.56	10,189,869	37.91
Total	5,509	100.00	26,882,676	100.00
HOLDINGS				
1 to 500	2,278	41.35	612,384	2.27
501 to 2,500	2,479	45.00	2,821,966	10.50
2,501 to 10,000	501	9.09	2,265,095	8.43
10,001 to 25,000	81	1.47	1,380,945	5.14
25,001 to 50,000	56	1.02	2,077,363	7.73
50,001 to 100,000	53	0.96	4,035,050	15.01
100,001 and over	61	1.11	13,689,873	50.92
Total	5,509	100.00	26,882,676	100.00

This table excludes 56,000 restricted ordinary shares issued under the executive share incentive scheme.



Barratt

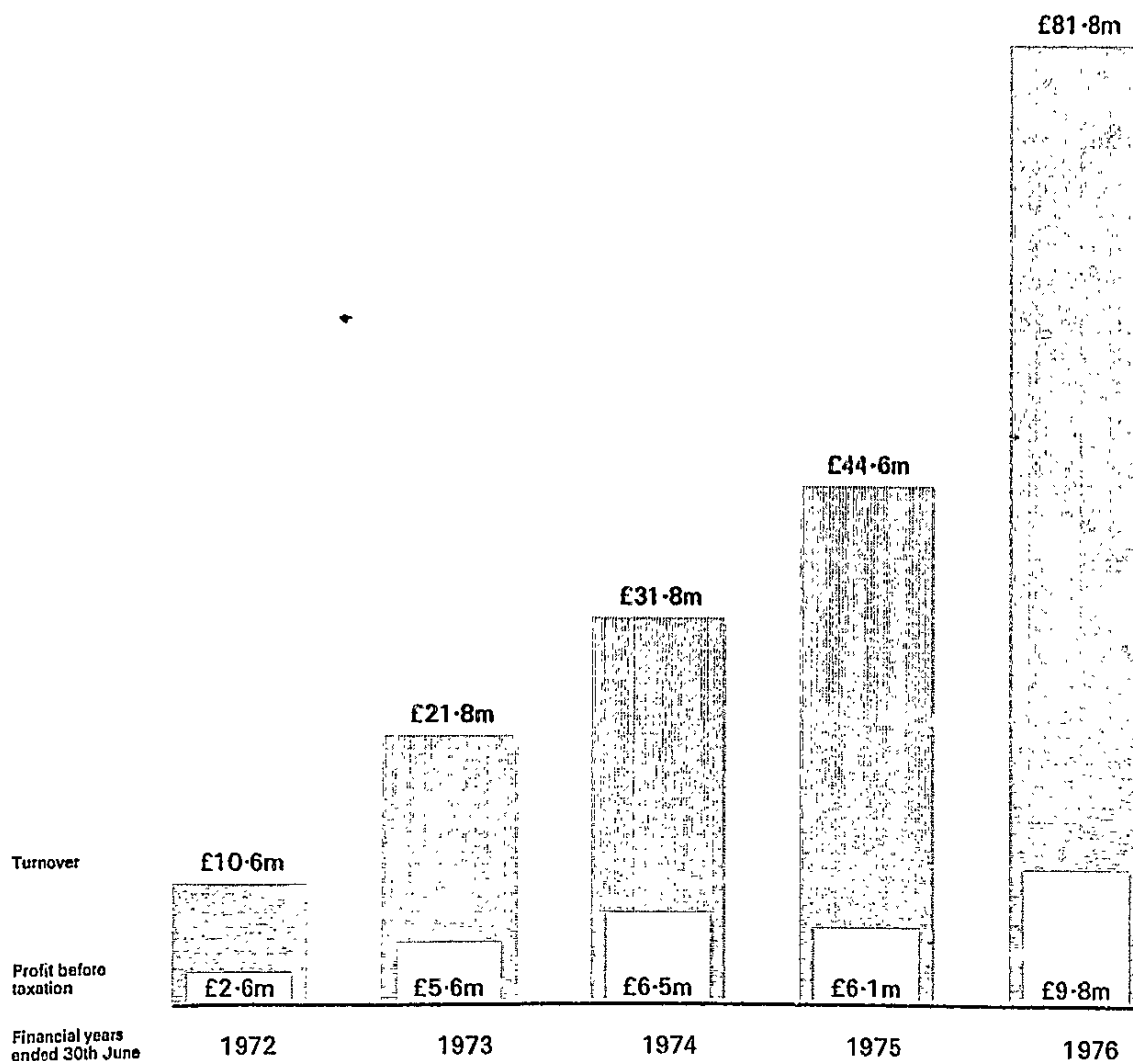
Developments Limited
and subsidiary companies

Five year record

Year ended 30th June	Turnover £'000	Profit before taxation £'000	Corporation tax rate %	Per share		Dividend cover
				Earnings p	Gross Dividends p	
1972	10,565	2,609	40	13.2	5.3	3.0
1973	21,801	5,633	42.5	22.3	5.6	6.1
1974	31,844	6,525	52	20.1	5.9	5.7
1975	44,593	6,059	52	14.3*	9.2	2.4
1976	81,771	9,765	52	17.1	10.1	2.6

*see note on the Profit and Loss account on page 11.

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

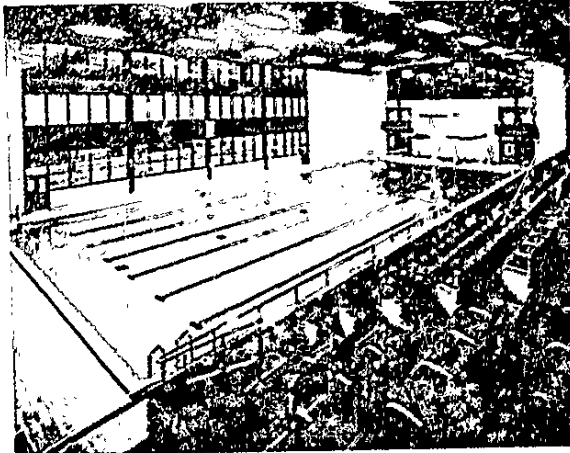


Barratt

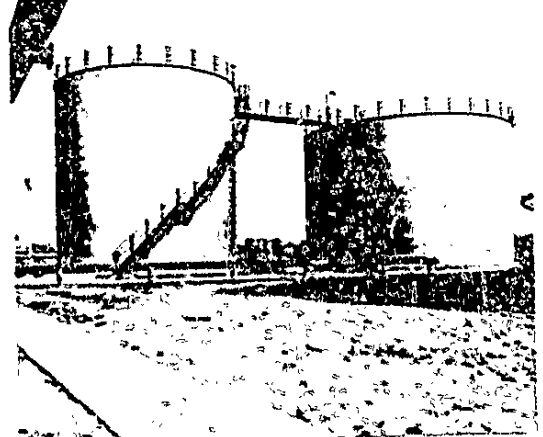
Developments Limited
and subsidiary companies



Group activities



Luton Swimming Baths, Bedfordshire
H. C. Jones (Contracting) Limited



Industrial painting contract for Texaco,
Blosser, Port, Cheshire
Barratt (Painters) Limited



Moreton, Cheshire
Barratt Developments (Cheshire) Limited



Shopping centre at St. Albans, Hertfordshire
Barratt (Shopping) Limited



Northampton, Bedfordshire
Barratt Developments (Northampton) Limited

