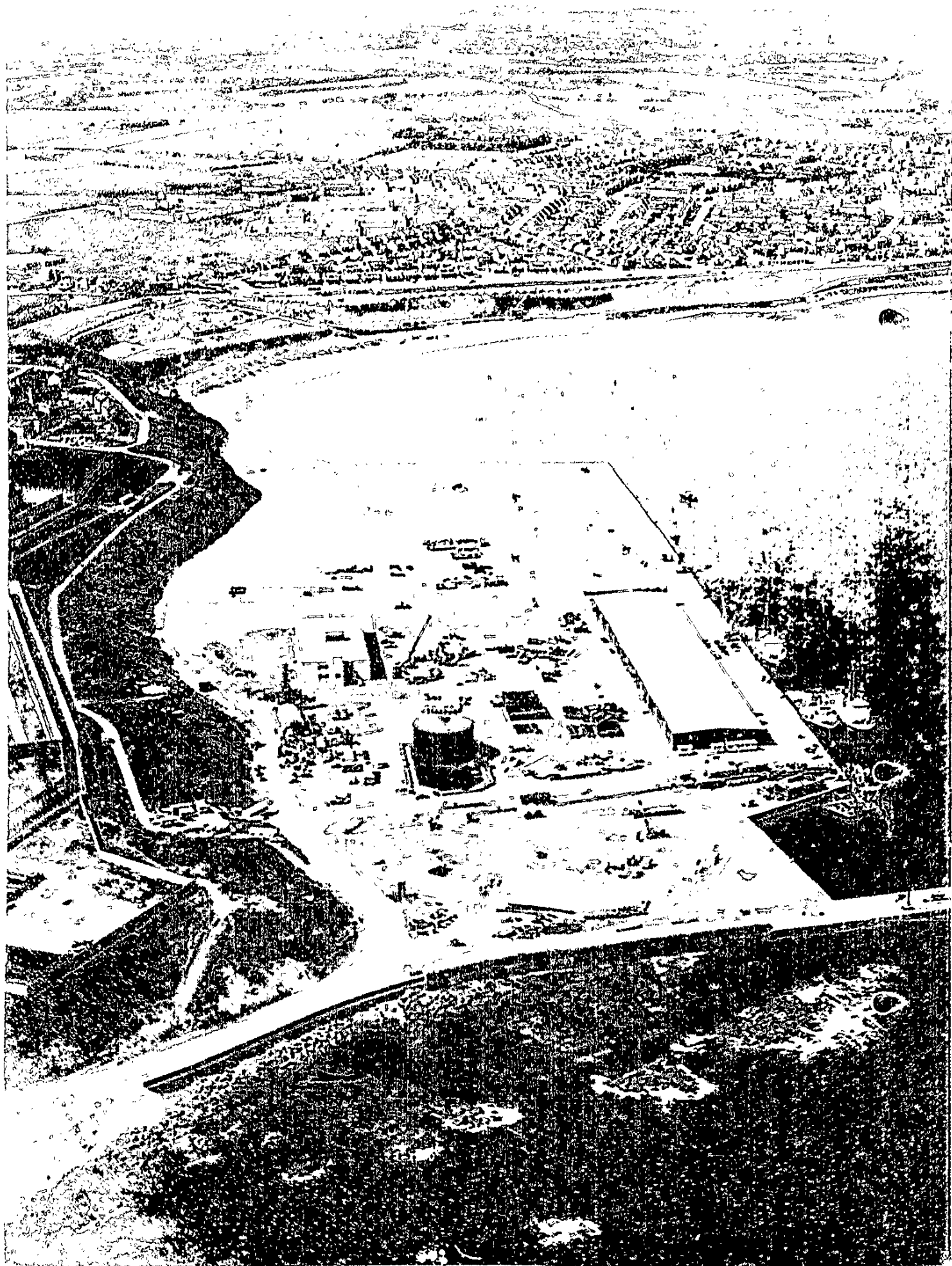


Annual Report 1974



Barratt
Developments Limited



Group activities

Barratt

Developments Limited
and subsidiary companies



▲
Morton
Toxtside
Cleveland
Barratt Developments
(Northern) Limited



▼
Penrith
Cumbria
Barratt Developments
(Carlisle) Limited



▲
Malton
Yorkshire
Barratt Developments
(York) Limited



▲
Morpeth
Yorkshire
Barratt Developments
(Armley) Limited

▲
Industrial contract
on reclaimed land
Peterhead Harbour
Aberdeenshire



Barratt

Developments Limited
and subsidiary companies



▲ Durham City
Co. Durham
Barratt Developments
(Northern) Limited

▼ Aboyne
Aberdeenshire
Barratt Developments
(Aberdeen) Limited



▲ Tiff Country
Clackmannanshire
Barratt Developments
(Scotland) Limited



▲ Leeds
Yorkshire
Barratt Developments
(Leeds) Limited





Directors

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

Secretary and Registered Office

D. J. CALLUM, A.C.I.S.
Wingrove House Ponteland Road
Newcastle upon Tyne NE5 3DP

Registrar

LLOYDS BANK LIMITED
Registrar's Department
The Causeway Goring-by-Sea
Worthing West Sussex BN12 6DA

Bankers

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.
Ridley House Regent Centre
Gosforth
Newcastle upon Tyne NE3 3LY



Barratt

Developments Limited

Notice of meeting

NOTICE IS HEREBY GIVEN that the sixteenth Annual General Meeting of the company will be held at the Royal Station Hotel, Neville Street, Newcastle upon Tyne, on Wednesday, 27th November 1974 at 12.00 noon, or so soon thereafter as the Extraordinary General Meeting convened for the same day and place shall have been concluded or adjourned, for the following purposes:

- 1 To receive and adopt the directors' report and the audited accounts of the company for the year ended 30th June 1974.
- 2 To declare a dividend.
- 3 To re-elect directors: Mr. R. V. Thompson who retires by rotation and Mr. J. Cassidy, Mr. W. H. Bruce and Mr. J. W. Shaw who have 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
D. J. Callum
Secretary

Wingrove House
Ponteland Road
Newcastle upon Tyne NE5 3DP
1st November 1974

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of him. A proxy need not be a member of the company. The following documents will be available for inspection at the registered office during business hours from the date of this notice until the date of the Annual General Meeting and on that day they will be available for inspection at the place of the meeting from 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 any director.

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



Chairman's statement

I am delighted to report that your group built more houses, completed more contracts, commenced more commercial developments and made higher profits than in the previous year. The year ended 30th June 1974 has been one of the worst years since the war for the building industry. Your company has had to contend with rampant inflation, substantial increases in cost of production, record levels of interest rates, scarcity of building society mortgages, material shortages and delays arising from the three day week. Notwithstanding all these difficulties your company's record of uninterrupted profit growth since formation in 1958 has continued.

Management

In my view management is the most important facet of business. Therefore I make it the first item in my report to shareholders. I believe our management is second to none in the building industry in this country. My belief is based on our continued growth and increased profits in the year under review compared with the fundamental problems, reduced profits and even losses currently being reported by many of our competitors in the industry. I have an outstanding team of 40 directors within the group and my sincere thanks go to them and their loyal staffs at our offices and building sites throughout England and Scotland.

Since I last reported to you, our main board has been strengthened by the appointment of Mr. W. H. Bruce who, as managing director of Barratt Developments (Aberdeen) Limited, has been responsible for dramatic expansion of our activities in North East Scotland during the year and by the appointment of Mr. J. W. Shaw who is managing director of our new subsidiary company, Barratt Developments (Midlands) Limited. I am confident that Mr. Shaw, who has a proven record of success in the industry, will rapidly expand our activities throughout the Midlands. I am also pleased to welcome Mr. J. Cassidy to our main board. He has already made a significant contribution to the group in the past and will represent the Manchester based subsidiary companies in place of Mr. P. Wardle who has resigned. The transfer of the company's development activities to an operating subsidiary company was completed last month and Mr. R. Whitfield and Mr. M. Hewitt then resigned to become full-time directors of the new subsidiary company, Barratt Developments (Northern) Limited. I am pleased to welcome into the management team as managing directors of further new subsidiary companies, Mr. R. S. Robson, Barratt Developments (Carlisle) Limited and Mr. T. van Ree, Barratt Developments (Chester) Limited, and their wide experience in the building industry should assure these subsidiary companies of early success.

Profits

When announcing our interim results in March last I forecast our results for the full year would show a satisfactory increase over the previous year, barring any further deterioration in present economic and trading conditions. I am pleased to report that the group profits for the year amounted to £6.526m against £5.634m last year; an increase of almost £900,000. These increased profits were achieved in the face of the very difficult conditions I have already referred to and which continued to the end of our financial year. During the year your company completed and sold well over 3,000 houses for the first time and is now the second largest private house builder in Britain. This expansion was substantially assisted by our geographical spread of activities which range from the Snetland Islands throughout all main centres of population in Scotland, Northern England and now in the Midlands. The offices of our subsidiary companies are located to provide an efficient local service to each area of our operations. We increased our involvement in contracting and our activities in that field now range from bar fitting to building schools. In addition our commercial development programme continued to make progress with three new office developments started during the year of which two have been fully pre-let.

Dividends

Your board are proposing a final dividend of 31.606% which, together with the interim dividend already paid of 7.79%, makes a total dividend of 39.396% for the year. This represents an increase of 5% being the maximum permitted due to government restraint. Your board again propose to offer shareholders a choice of receiving new ordinary shares in lieu of cash dividend. This scheme will continue to benefit your company by increasing the amount of capital employed to the extent that the cash that would otherwise be distributed as dividend is retained in the company.



Barratt

Developments Limited

Land stocks

Your company continues to maintain a land bank for residential and commercial development sufficient to maintain production, after allowing for anticipated future expansion, for a period of three years. This is essential to make possible the planned expansion of our group. I do not consider that the government's proposed legislation, on the basis as now outlined, will have any adverse effect on our land stocks.

In the light of publicity recently given to a number of competitors who have found themselves in considerable difficulties necessitating the write-down in the value of their land stocks, I should advise you that it is my firm opinion that our land stocks have been well bought and the value of these land stocks is substantially in excess of cost. We do not, as you may recall, practice the principle of rolling up interest on the book value of our land. The whole of our interest charges are written off each year as incurred. Neither do we pursue land dealing profits.

Acquisitions and new subsidiary companies

When I reported to you last year we had just completed two acquisitions. William Bruce & Sons (Builders) Limited of Aberdeenshire, who carry on building and development and contracting in North East Scotland, joined the group in September 1973 and have recently changed their name to Barratt Developments (Aberdeen) Limited. This company has taken full advantage of the opportunities currently available in North East Scotland and should make a considerable contribution to the overall expansion of your group. Not only has it expanded its contracting activities but it has also successfully penetrated the private housing sector in North East Scotland and further, as I recently announced, has been successful in negotiating substantial housing package deals in Aberdeenshire.

In September 1973 we also acquired the Sawdon and Simpson York based companies which have been successfully integrated into our management team at Barratt Developments (York) Limited. The development of their large land stocks in good locations has greatly assisted our penetration of the Yorkshire private housing market to the point where we are now the largest developer in Yorkshire.

In pursuit of your board's declared policy of achieving national coverage, three new subsidiary companies have been formed during the year to penetrate further geographical areas. In December 1973 Barratt Developments (Carlisle) Limited was formed, with offices in Carlisle, to serve the area from Dumfries to Lancaster. In July 1974 Barratt Developments (Chester) Limited was formed, with offices in Chester, to serve the areas of Merseyside, the Wirral and North Wales. In August 1974 Barratt Developments (Midlands) Limited was formed, with offices in Nottingham, to serve the Midlands.

Prospects

In the private housing sector we are continuing our policy of endeavouring to effect sales nine months ahead of production. We are greatly assisted by excellent mortgage allocations from a number of national building societies. We are now 'building houses to make homes in' on over 100 developments throughout England and Scotland and we shall strive to attain an increasing share of the national private housing sector throughout our areas of operations by greater provision of low cost houses to meet the needs of first time buyers. In addition we are expanding our contracting and public sector housing activities.

Finally, shareholders will be reassured to know that in these difficult conditions prevailing all your group's facilities for working capital are provided by major clearing banks and the excellent arrangements we have with our bankers should permit us to continue on our path of planned expansion.

1st November 1974

L. A. Barratt, Chairman



Directors' report

The directors have pleasure in submitting their report and the audited accounts for the year ended 30th June 1974.

Activities of the company and its subsidiary companies

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

During the year the whole of the issued share capitals of Sawdon and Simpson Limited, Sawdon Simpson (Land) Limited, Sawdon Simpson (Plant) Limited, Nidderdale Properties Limited, Sawdon Simpson (Estate Developments) Limited and William Bruce & Sons (Builders) Limited have been acquired. Details of these acquisitions were contained in the circular to shareholders dated 29th August 1973. The Sawdon and Simpson companies are centred in York and are engaged in building and development of residential estates and commercial properties in Yorkshire. Bruce is centred in Ellon, Aberdeenshire, and is engaged in building and development of residential estates and contracting in the North East of Scotland. The profit and loss account includes the results of the Sawdon and Simpson companies for fifteen months and of Bruce for fourteen months ended 30th June 1974. In the period 1st April 1973 to 30th June 1973 the net contribution to profits from the Sawdon and Simpson companies and Bruce was £34,000.

The name of Sawdon and Simpson Limited was changed to Barratt Developments (Haxby) Limited on 6th December 1973 and that of William Bruce & Sons (Builders) Limited to Barratt Developments (Aberdeen) Limited on 1st May 1974.

Reorganisation

The transfer of the development activities of the company to Barratt Developments (Northern) Limited in exchange for shares in that company, which was referred to in the chairman's letter dated 2nd November 1973 and in connection with which a special resolution altering the company's Memorandum of Association was passed at an Extraordinary General Meeting held on 28th November 1973, has been completed.

Turnover and profits

	Turnover £	Profits £
Building and development and contracting	31,622,154	6,357,391
Property investment	222,471	168,307
	<u>£31,844,625</u>	<u>£6,525,698</u>

Dividends

The directors recommend the payment of a final dividend of 3-1006p per share. This together with the interim dividend of 0-779p per share paid on 31st May 1974 makes a total for the year of 3-9396p per share which, after taking account of the 33% tax credit imputed to shareholders, is equivalent to 5-88p per share and compares with 5-6p per share paid last year.

If approved the final dividend will be paid on 3rd January 1975 to shareholders on the register at close of business on 31st October 1974.

The directors also recommend that shareholders should again be offered the choice of receiving the final dividend in the form of shares instead of cash. Therefore, as an alternative to a dividend payable wholly in cash, shareholders may elect to receive 1 new ordinary share of 10p each credited as fully paid for every 14-2378 fully paid shares in respect of which a shareholder so chooses. In the event that all shareholders elect to receive shares the maximum number of new fully paid shares to be issued will be 956,954 representing an increase of approximately 7% in the issued share capital of the company and the company would retain £430,629 which would otherwise have been paid by way of dividend and would delay paying £212,101 in tax equivalent to advance corporation tax.



Barratt

Developments Limited

Share capital

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

Issued share capital at 1st July 1973	£ 1,313,803
Scrip dividend December 1973	12,291
Issued in part consideration of the acquisition of the issued share capital of William Bruce & Sons (Builders) Limited	43,478
	<u>£1,369,572</u>

Directors and their shareholdings

The directors who held office throughout the year were:

- L. A. Barratt
- H. F. Thornton
- R. V. Thompson
- R. Whitfield
- M. Hewitt
- P. Wardle

Mr. A. N. P. Brown was appointed on 6th July 1973. Mr. J. Cassidy who was appointed on 10th July 1974. Mr. W. H. Bruce and Mr. J. W. Shaw who were appointed on 11th October 1974 retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

Mr. R. V. Thompson retires by rotation and, being eligible, offers himself for re-election.

Mr. P. Wardle resigned on 12th July 1974. Following completion of the transfer of the development activities of the company to Barratt Developments (Northern) Limited Mr. R. Whitfield and Mr. M. Hewitt both resigned on 11th October 1974 but continue as directors of the latter company.

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

	30th June 1974			1st July 1973 or subsequent date of appointment		
	ordinary shares of 10p each			ordinary shares of 10p each		
	fully paid	fully paid	executive share incentive scheme	fully paid	fully paid	executive share incentive scheme
L. A. Barratt	2,985,897	—	—	3,000,359	—	—
H. F. Thornton	64,615	25,000	12,500	63,000	25,000	12,500
R. Whitfield	16,875	25,000	12,500	16,875	25,000	12,500
R. V. Thompson	39,250	25,000	12,500	43,250	25,000	12,500
M. Hewitt	13,179	6,000	3,000	13,375	6,000	3,000
P. Wardle	128,851	—	—	118,851	—	—
A. N. P. Brown	17,883	—	—	17,499	—	—

Mr. L. A. Barratt's shareholding at 1st July 1973 included 89,109 ordinary shares in respect of a son who is now over eighteen years old.

Mr. P. Wardle held £59,425 of 6½% convertible unsecured loan stock 1992/1997 throughout the year and was interested under a trust as discretionary beneficiary in 394,411 ordinary shares and £207,054 of 6½% convertible unsecured loan stock 1992/1997. No other director had any interest in the 6½% convertible unsecured loan stock 1992/1997.



9

No notification has been received of any change in the above interests during the period from 30th June 1974 to the date of this report. At the date of this report Mr. J. Cassidy is beneficially interested in 3,250 fully paid ordinary shares of 10p each and £4,876 of 6½% convertible unsecured loan stock 1992/1997 and Mr. W. H. Bruce is beneficially interested in 109,294 fully paid ordinary shares of 10p each. Mr. J. W. Shaw had no interest in any ordinary shares and neither he nor Mr. W. H. Bruce had any interest in the 6½% convertible unsecured loan stock 1992/1997.

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

So far as the board is aware no person, other than Mr. L. A. Barratt, is interested in 10% or more of the issued share capital of the company.

Fixed assets

The movement on fixed assets during the year is set out in note 13 on page 15.

Employees

The average number of persons employed by the group in each week during the year was 2,608 and their aggregate remuneration amounted to £6,286,932.

Exports

There were no exports during the year.

Taxation

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

Auditors

The auditors, Harwood Banner & Co. having merged their practice with that of Deloitte & Co. are willing to continue in office in the latter name and will be re-appointed under the provisions of S.159 (2) Companies Act 1948.

By order of the board
D. J. Callum
Secretary

Newcastle upon Tyne
1st November 1974



Barratt

Developments Limited
and subsidiary companies

Auditors' report

In our opinion based on our examination and on the reports of the auditors of certain subsidiary companies not audited by us, the accounts set out on pages 9 to 17 give, so far as concerns the members of Barratt Developments Limited, a true and fair view of the state of affairs at 30th June 1974 and of the profits for the year ended on that date and comply with the Companies Acts 1948 and 1967.

Deloitte & Co.
Chartered Accountants

Newcastle upon Tyne
1st November 1974

**Consolidated profit and loss account
for the year ended 30th June 1974**

	Note	1974 £	1973 £
Turnover	1	<u>£31,844,625</u>	<u>£21,800,839</u>
Trading profits for the year		6,611,079	5,718,768
Interest on 6½% convertible unsecured loan stock 1992/1997		<u>85,381</u>	<u>85,183</u>
Profits for the year before taxation	2	<u>6,525,698</u>	<u>5,633,585</u>
Taxation	3	<u>3,487,184</u>	<u>2,423,570</u>
Profits for the year after taxation		3,038,514	3,210,015
Dividends	4	<u>536,768</u>	<u>500,528</u>
Profits for the year retained		2,501,746	2,709,487
Profits retained brought forward		<u>4,673,118</u>	<u>1,864,420</u>
		7,174,864	4,573,907
Extraordinary items	5	<u>—</u>	<u>99,211</u>
Total profits retained		<u>£7,174,864</u>	<u>£4,673,118</u>
Attributable to: Parent company		3,769,912	2,916,032
Subsidiary companies		<u>3,404,952</u>	<u>1,757,086</u>
		<u>£7,174,864</u>	<u>£4,673,118</u>
Basic earnings per ordinary share of 10p	7	22-3p	24-7p
Fully diluted earnings per ordinary share of 10p	7	21-5p	23-7p
Dividend cover		5-7	6-1

The attached notes form an integral part of these accounts



Barratt

Developments Limited
and subsidiary companies

Consolidated balance sheet at 30th June 1974

	Note	1974		1973	
		£	£	£	£
Capital employed					
Share capital	8		1,369,572		1,313,803
Reserves					
Share premium	9	6,647,512		5,995,511	
Revenue		<u>7,174,864</u>	<u>13,822,376</u>	<u>4,673,118</u>	<u>10,668,829</u>
			15,191,948		11,982,432
Loan stock	10		1,313,550		1,313,550
Mortgages	11		99,126		102,860
Deferred taxation	12		<u>1,671,685</u>		<u>225,313</u>
			<u>£18,276,309</u>		<u>£13,624,155</u>
Employment of capital					
Fixed assets	13		2,641,349		2,232,398
Deferred assets	14		212,101		318,972
Current assets					
Undeveloped land	15	12,366,398		7,865,527	
Stock and work in progress	16	12,642,969		6,986,655	
Ground rents	17	875,050		555,365	
Debtors		<u>6,118,693</u>		<u>4,620,636</u>	
		<u>£32,003,110</u>		<u>£20,028,183</u>	
Current liabilities					
Bank overdrafts	18	11,573,392		5,958,768	
Creditors		6,072,417		4,888,312	
Current taxation	19	5,910,016		3,798,967	
Dividends	20	<u>430,629</u>		<u>722,445</u>	
		<u>£23,986,454</u>		<u>£15,368,492</u>	
Net current assets			8,016,656		4,659,691
			10,870,106		7,211,061
Goodwill	21		7,406,203		6,413,094
			<u>£18,276,309</u>		<u>£13,624,155</u>

The attached notes form an integral part of these accounts

L. A. Barratt }
H. F. Thornton } Directors



Balance sheet at 30th June 1974

13

	Note	1974		1973	
		£	£	£	£
Capital employed					
Share capital	8		1,369,572		1,313,803
Reserves					
Share premium	9	6,647,612		5,995,511	
Revenue		<u>3,769,912</u>	<u>10,417,424</u>	<u>2,916,032</u>	<u>8,911,543</u>
			11,786,996		10,226,346
Loan stock	10		1,313,550		1,313,550
Deferred taxation	12		<u>100,000</u>		<u>130,000</u>
			<u>£13,200,546</u>		<u>£11,668,896</u>
Employment of capital					
Fixed assets	13		243,100		315,113
Deferred assets	14		212,101		318,972
Investment in subsidiary companies	22		9,765,803		8,787,395
Current assets					
Undeveloped land	15	2,570,703		3,240,885	
Stock and work in progress	16	5,632,842		4,097,585	
Ground rents	17	600,270		417,435	
Debtors		1,709,136		2,688,584	
Dividends receivable		<u>437,170</u>		—	
		<u>£10,950,121</u>		<u>£10,444,489</u>	
Current liabilities					
Bank overdraft (secured)		3,690,258		2,260,138	
Creditors		1,442,641		2,787,081	
Current taxation	19	2,407,051		2,427,409	
Dividends	20	<u>430,629</u>		<u>722,445</u>	
		<u>£7,970,579</u>		<u>£8,197,073</u>	
Net current assets			<u>2,979,542</u>		<u>2,247,416</u>
			<u>£13,200,546</u>		<u>£11,668,896</u>

The attached notes form an integral part of these accounts

L. A. Barratt }
H. F. Thornton } Directors



Barratt

Developments Limited
and subsidiary companies

Notes to the accounts

The accounting policies adopted are disclosed in the appropriate notes below.

1 Turnover

Turnover represents sale of completed properties, amounts invoiced for work done, rents and property management fees receivable excluding inter-company transactions.

	1974		1973	
	£	£	£	£
2 Profits for the year before taxation				
After crediting:				
Net rents receivable		169,159		147,774
Interest		32,286		6,202
After charging:				
Directors management remuneration		143,432		126,576
Interest on long term loans		7,601		8,409
Interest on bank overdrafts and other short term loans		1,416,485		420,233
Depreciation		267,192		139,949
Hire of plant and machinery		486,916		230,463
Auditors remuneration		18,912		10,005
3 Taxation				
Corporation tax based on the profits for the year at a rate of 52% (1973 42½%)		3,568,010		2,325,788
Transfer to deferred taxation		15,480		126,874
		<u>3,683,490</u>		<u>2,452,662</u>
Transfer from deferred taxation created on revaluation of undeveloped land on the acquisition of subsidiary companies in respect of realisations during the year		196,306		29,092
		<u>£3,487,184</u>		<u>£2,423,570</u>
4 Dividends				
Interim paid 31st May 1974 of 0-779p per share (1973 0-583p)	106,139		76,182	
Less waived	<u>—</u>	106,139	<u>11,707</u>	64,475
Proposed final of 3-1606p per share (1973 3-337p)		430,629		436,053
		<u>£536,768</u>		<u>£500,528</u>

Barratt

Developments Limited
and subsidiary companies



Notes to the accounts (continued)

	1974 £	1973 £
5 Extraordinary items		
Advance corporation tax recoverable in respect of dividends paid 8th December 1972	—	9,352
Advance corporation tax recoverable in respect of dividends paid on 3rd July 1973	—	94,856
	—	104,208
Less:		
Underprovision of dividends payable 3rd July 1973	—	587
Goodwill written off in subsidiary companies	—	4,997
	£ —	£99,211
6 Particulars of directors' emoluments		
Chairman	1974 £23,820	1973 £23,662
Highest paid director	£28,280	—
Other directors	Number of directors	
£15,001-£17,500	3	—
£17,501-£20,000	—	1
£20,001-£22,500	2	4
7 Earnings per share		
The basic earnings per share is calculated on earnings of £3,038,514 (1973 £3,210,015) and on the weighted average of 13,624,922 ordinary shares during the year (1973 13,015,232). The fully diluted earnings per share is based on earnings of £3,079,497 (1973 £3,252,607) and on 14,316,264 ordinary shares which include the maximum number of shares 691,342 into which the 6½% convertible unsecured loan stock 1992/1997 becomes convertible (1973 13,706,674).		
8 Share capital	1974 £	1973 £
Authorised 25,000,000 ordinary shares of 10p each	£2,500,000	£2,500,000
Issued		
Ordinary shares of 10p each:		
Fully paid		
13,683,922 ordinary shares	1,368,392	1,312,623
Partly paid		
118,000 ordinary shares 1p paid	1,180	1,180
	£1,369,572	£1,313,803

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



Barratt

Developments Limited
and subsidiary companies

Notes to the accounts (continued)

	1974		1973	
	£	£	£	£
9 Share premium				
At 1st July 1973		5,995,511		6,150,826
Arising on the acquisition of the issued share capitals of subsidiary companies		556,522		309,202
Scrip dividend December 1973		144,313		—
		<u>6,696,346</u>		<u>6,460,028</u>
Scrip issue 1 for 2	—		434,542	
Expenses relating to scrip issue and acquisition of subsidiary companies	48,834	48,834	29,975	464,517
	<u>48,834</u>	<u>£6,647,512</u>	<u>434,542</u>	<u>£5,995,511</u>

10 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.

	1974		1973	
	£	£	£	£
11 Mortgages				
At 7½% per annum repayable in 1987		94,000		94,000
At 8½% per annum repayable by instalments until 1983		5,126		8,860
		<u>£99,126</u>		<u>£102,860</u>

12 Deferred taxation

The group				
Taxation equalisation reserve		250,459		199,100
Taxation reserve created on revaluation of undeveloped land of subsidiary companies	1,617,532		55,305	
Less: transferred in respect of realisations during the year	<u>196,306</u>	<u>1,421,226</u>	<u>29,092</u>	<u>26,213</u>
		<u>£1,671,685</u>		<u>£225,313</u>
The company				
Taxation equalisation reserve		<u>£100,000</u>		<u>£130,000</u>

The taxation equalisation reserve represents provision for corporation tax at a rate of 52% (1973 50%) on the excess of net book value of assets on which capital allowances are claimed over their corresponding tax written down value. Taxation reserve created on revaluation of undeveloped land represents provision for corporation tax at rates applicable at the dates of revaluation. At the balance sheet date a further provision of £339,000 would be required to make full provision at the current corporation tax rate of 52%.



Notes to the accounts (continued)

13 Fixed assets

	Freehold property £	Leasehold property £	Plant machinery vehicles and equipment £	Total £
The group				
Cost or valuation				
At 1st July 1973	390,080	1,386,355	758,023	2,534,458
Additions	113,983	70,782	376,202	559,967
On acquisition of new subsidiary companies	93,692	—	240,184	333,876
	597,755	1,457,137	1,373,409	3,428,301
Disposals	33,933	2,607	88,995	125,535
	563,822	1,454,530	1,284,414	3,302,766
At 30th June 1974	—	2,649	658,768	661,417
Accumulated depreciation				
Net book value at 30th June 1974	£563,822	£1,451,881	£625,646	£2,641,349
Net book value at 30th June 1973	£390,080	£1,384,690	£457,628	£2,232,398
The company				
Cost or valuation				
At 1st July 1973	—	3,500	480,555	484,055
Additions	—	—	85,291	85,291
	—	3,500	565,846	569,346
Disposals	—	—	44,210	44,210
	—	3,500	521,636	525,136
At 30th June 1974	—	1,400	280,636	282,036
Accumulated depreciation				
Net book value at 30th June 1974	£ —	£2,100	£241,000	£243,100
Net book value at 30th June 1973	£ —	£2,800	£312,313	£315,113

The net book value at 30th June 1974 of

(a) the group includes freehold property of £14,250 (1973 £14,250) and leasehold property of £350,000 (1973 £350,000) and

(b) the company includes leasehold property of £2,100 (1973 £2,800)

at professional valuation undertaken in 1968.

The leasehold properties are all held on long leases with the exception of one property net book value £2,100 held on a short lease.

No depreciation has been provided in respect of freehold properties and leasehold properties held on long leases.

Plant machinery vehicles and equipment are depreciated after taking account of regional development grants amounting to £97,141 (1973 £73,212) in order to write off book value on a straight line basis over the expected useful lives of the assets in the business.

14 Deferred assets

Deferred assets represent advance corporation tax recoverable against future corporation tax liabilities.



Barraff

Developments Limited
and subsidiary companies

Notes to the accounts (continued)

15 Undeveloped land

Undeveloped land is valued at the lower of cost or net realisable market value except in the case of 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. Cost includes legal costs on purchase only excluding financing charges.

16 Stock and work in progress

Stock is valued at the lower of cost on a first in first out basis or net realisable market value. Work in progress is valued at the lower of cost with no addition for office overheads or net realisable market value. In the case of commercial developments cost includes a proportion of office overheads and, provided that a contract for sale is in existence and a major proportion of the construction work has been completed, a proportion of estimated total profit deemed to have been earned to date.

17 Ground rents

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

18 Bank overdrafts

Bank overdrafts of the group amounting to £10,839,090 were secured.

19 Current taxation

The group

Corporation tax payable on or before 1st January 1976
Corporation tax payable on or before 1st January 1975
Advance corporation tax payable on dividends paid or proposed
Schedule F income tax payable

1974	1973
£	£
3,186,875	2,331,004
2,445,439	1,145,533
264,375	309,620
13,324	12,807
<u>£5,910,016</u>	<u>£3,798,967</u>

The company

Corporation tax payable on or before 1st January 1976
Corporation tax payable on or before 1st January 1975
Advance corporation tax payable on dividends paid or proposed
Schedule F income tax payable

1974	1973
£	£
768,219	1,331,000
1,361,130	773,982
264,378	309,620
13,324	12,807
<u>£2,407,051</u>	<u>£2,427,409</u>

20 Dividends

Final paid 3rd July 1973
Interim paid 17th July 1973
Final proposed payable 3rd January 1975

1974	1973
£	£
—	221,917
—	64,475
430,629	436,053
<u>£430,629</u>	<u>£722,445</u>

21 Goodwill

This represents the excess of the cost of shares over the book value of the net assets in subsidiary companies at the date of acquisition, except in the case of companies acquired after 30th June 1972 where 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.

Barratt

Developments Limited
and subsidiary companies



Notes to the accounts (continued)

	1974 £	1973 £
22 Investment in subsidiary companies		
Ordinary and preference shares at cost	7,441,765	7,441,685
Amount owed by subsidiary companies	2,371,611	1,393,283
	<u>9,813,376</u>	<u>8,834,968</u>
Amount owed to subsidiary companies	47,573	47,573
	<u>£9,765,803</u>	<u>£8,787,395</u>

At 30th June 1974 the following were wholly owned subsidiary companies incorporated in England except where otherwise stated:

Barratt Developments (Aberdeen) Limited (Incorporated in Scotland)
Barratt Developments (Armley) Limited
Barratt Developments (Carlisle) Limited
Barratt Developments (Haxby) Limited
Barratt Developments (Hull) Limited
Barratt Developments (Leeds) Limited
Barratt Developments (Manchester) Limited
Barratt Developments (Northern) Limited
Barratt Developments (North West) Limited
Barratt Developments (Properties) Limited
Barratt Developments (Scotland) Limited (Incorporated in Scotland)
Barratt Developments (York) Limited
Arlington Joinery Limited
Armley Builders Supplies Limited
Arthur Wardle (Painters) Limited
Atkinson & James Limited
Birkdale Homes Limited (Incorporated in Bahama Islands)
Charter Bishop Estates Limited
S. Cookson & Son Limited
Manor Estates (York) Limited
Marple Development Company Limited

Certain dormant subsidiary companies have not been shown.

23 Contingent liabilities

No provision has been made in these accounts for 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 guarantees.



Barratt

Developments Limited
and subsidiary companies

Group Operating Companies

Barratt Developments (Aberdeen) Ltd.

Golf Road, Ellon, Aberdeenshire AB4 9AT.
Telephone: Ellon 765.

Barratt Developments (Scotland) Ltd.

2 Melville Street, Falkirk, Stirlingshire FK1 1HZ.
Telephone: Falkirk 28436.

Barratt Developments (Northern) Ltd.

Wingrove House, Ponteland Road,
Newcastle upon Tyne NE5 3DP.
Telephone: Newcastle 869866.

Barratt Developments (Carlisle) Ltd.

27 English Street, Carlisle CA3 8JR.
Telephone: Carlisle 34411.

Barratt Developments (Haxby) Ltd.

Richmond House, Millfield Lane, Poppleton,
York YO2 6PH. Telephone: York 793222.

Barratt Developments (York) Ltd.

Richmond House, Millfield Lane, Poppleton,
York YO2 6PH. Telephone: York 793222.

Barratt Developments (Hull) Ltd.

15 High Street, Market Weighton, North Humberside.
YO4 3AQ. Telephone: Market Weighton 2536.

Barratt Developments (Armley) Ltd.

32 Arndale Centre, Otley Road, Leeds LS6 2TT.
Telephone: Leeds 783434.

Barratt Developments (Leeds) Ltd.

32 Arndale Centre, Otley Road, Leeds LS6 2TT.
Telephone: Leeds 783434.

Barratt Developments (North West) Ltd.

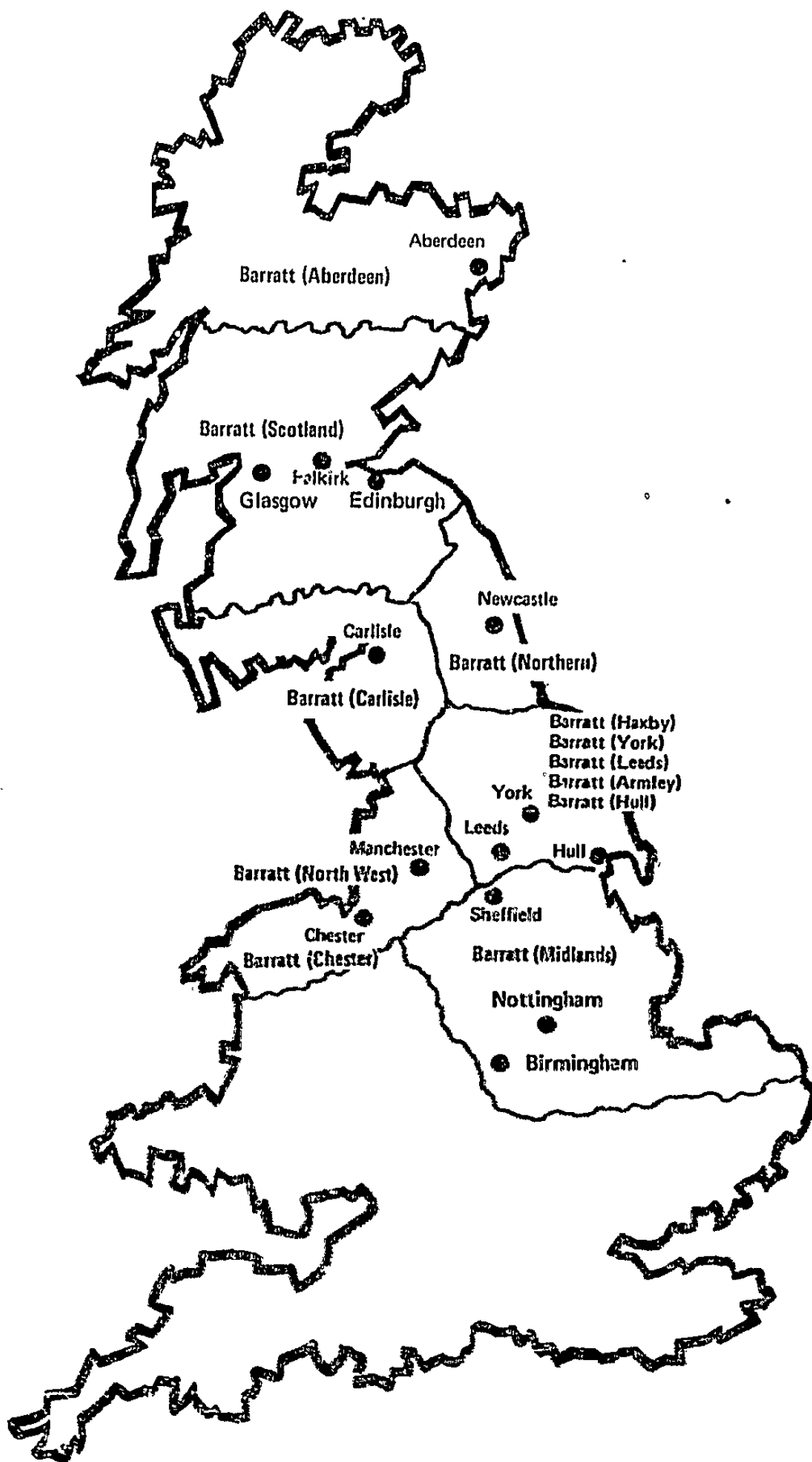
Worrall House, 683 Chester Road,
Manchester M16 0QS. Tel: Manchester 872 1402.

Barratt Developments (Chester) Ltd.

27 Newgate Street, Chester, CH1 1DE.
Telephone: Chester 317337.

Barratt Developments (Midlands) Ltd.

Clifton House, 126 Nottingham Road, Long Eaton.
Nottingham NG10 2BZ
Telephone: Long Eaton 68661.





Barratt

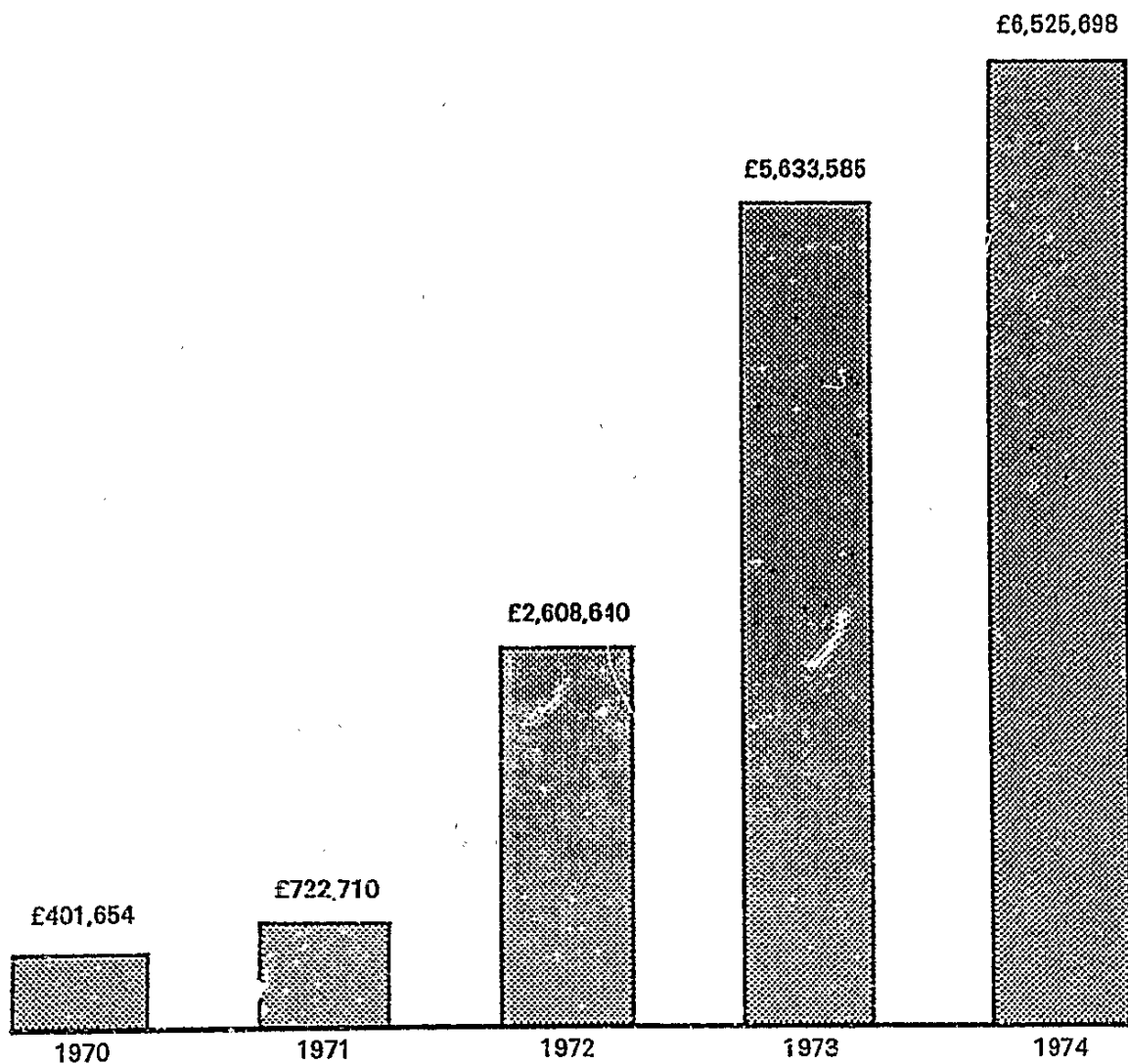
Developments Limited
and subsidiary companies

Five year record

Year ended 30th June	Turnover £	Profits before taxation £	Corporation tax rate %	Per share		Dividend cover
				Earnings p	Gross Dividends p	
1970	1,678,053	401,654	41.9	2.6	1.6	1.7
1971	2,953,330	722,710	40	4.8	2.1	2.2
1972	10,565,557	2,608,640	40	14.6	5.3	3.0
1973	21,800,839	5,633,585	42.5	24.7	5.6	6.1
1974	31,844,625	6,525,698	52	22.3	5.9	5.7

Earnings per share has been adjusted in accordance with note 7 to the accounts.

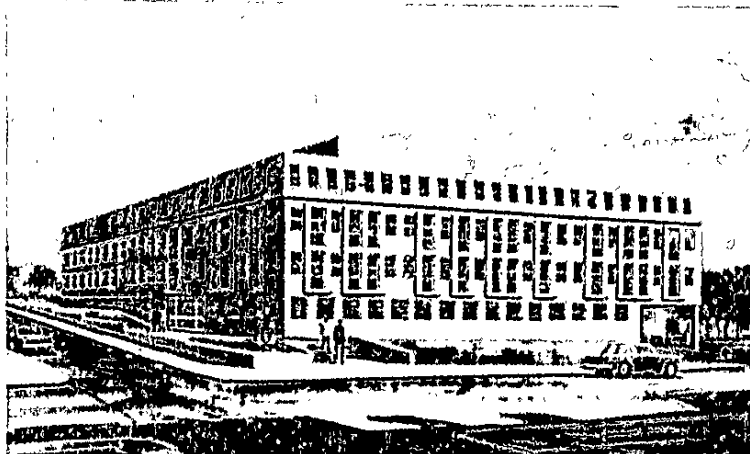
Earnings and dividends per share have been adjusted to allow for the 1 for 4 scrip issue made in November 1971 and the 1 for 2 scrip issue made in December 1972.



Group activities

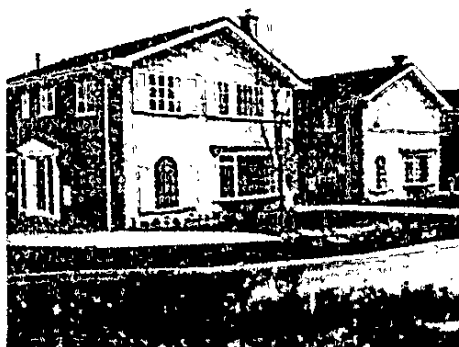
Barratt

Developments Limited
and subsidiary companies



▲ Office Development
Pudsey
Yorkshire
Barratt Developments
(Properties) Limited

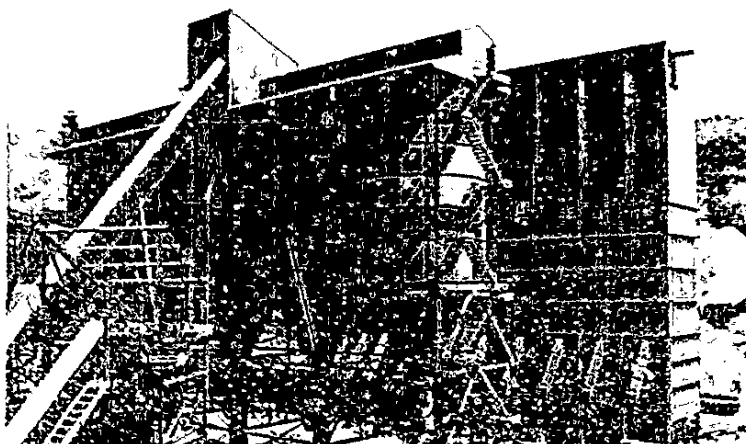
▼ Whitefield
Manchester
Lancashire
Barratt Developments
(North West) Limited



▲ Wetherby
Yorkshire
Barratt Developments
(Haxby) Limited



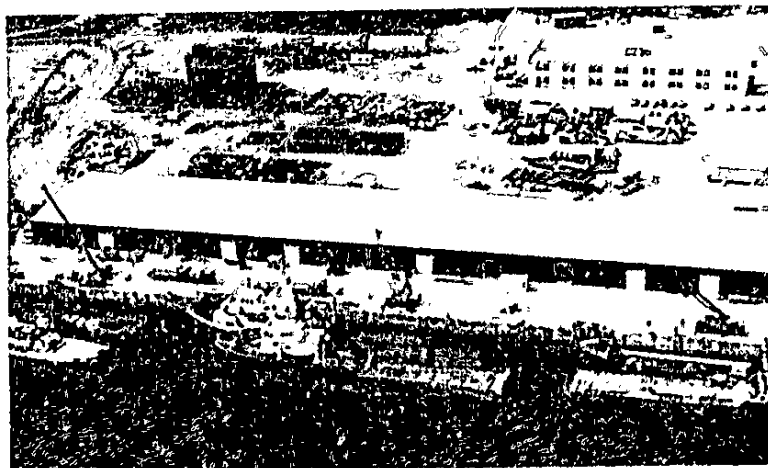
▶ Batts Combe, Quarry
Somerset
Arthur Wardle
(Painters) Limited





Barratt

Developments Limited
and subsidiary companies



Industrial Contract
Peterhead Harbour
Aberdeenshire
Barratt Developments
(Aberdeen) Limited



Bar Fitting Contract
Tamworth
Staffordshire
Atkinson &
James Limited

▲ Driffield
Yorkshire
Barratt Developments
(Hull) Limited



▼ Poynton
Cheshire
Barratt Developments
(Chester) Limited

▶ School contract for
Zetland County Council
Lerwick
Shetland Island

