

Annual Report  
1973



**Barratt**  
Developments Limited



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 Balance Sheet (including the Statement required by law to be annexed to the Balance Sheet) together with the Directors and Auditors' Reports thereon.

Signed \_\_\_\_\_ *J. Horn* \_\_\_\_\_ Director

Signed \_\_\_\_\_ *W. J. P. M.* \_\_\_\_\_ Secretary





**Directors**

L. A. BARRATT, F.C.I.S. (Chairman and Managing Director)  
H. F. THORNTON, LL.B., A.C.A. (Deputy Chairman)  
R. WHITFIELD  
R. V. THOMPSON, B.Sc., C.Eng., M.I.Mun.E.  
M. HEWITT  
P. WARDLE, B.Sc. (Tech.)  
A. N. P. BROWN, F.C.A.

**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 Sussex BN12 6DA

**Bankers**

LLOYDS BANK LIMITED  
MIDLAND BANK LIMITED  
NATIONAL WESTMINSTER BANK LIMITED  
WILLIAMS & GLYN'S BANK LIMITED

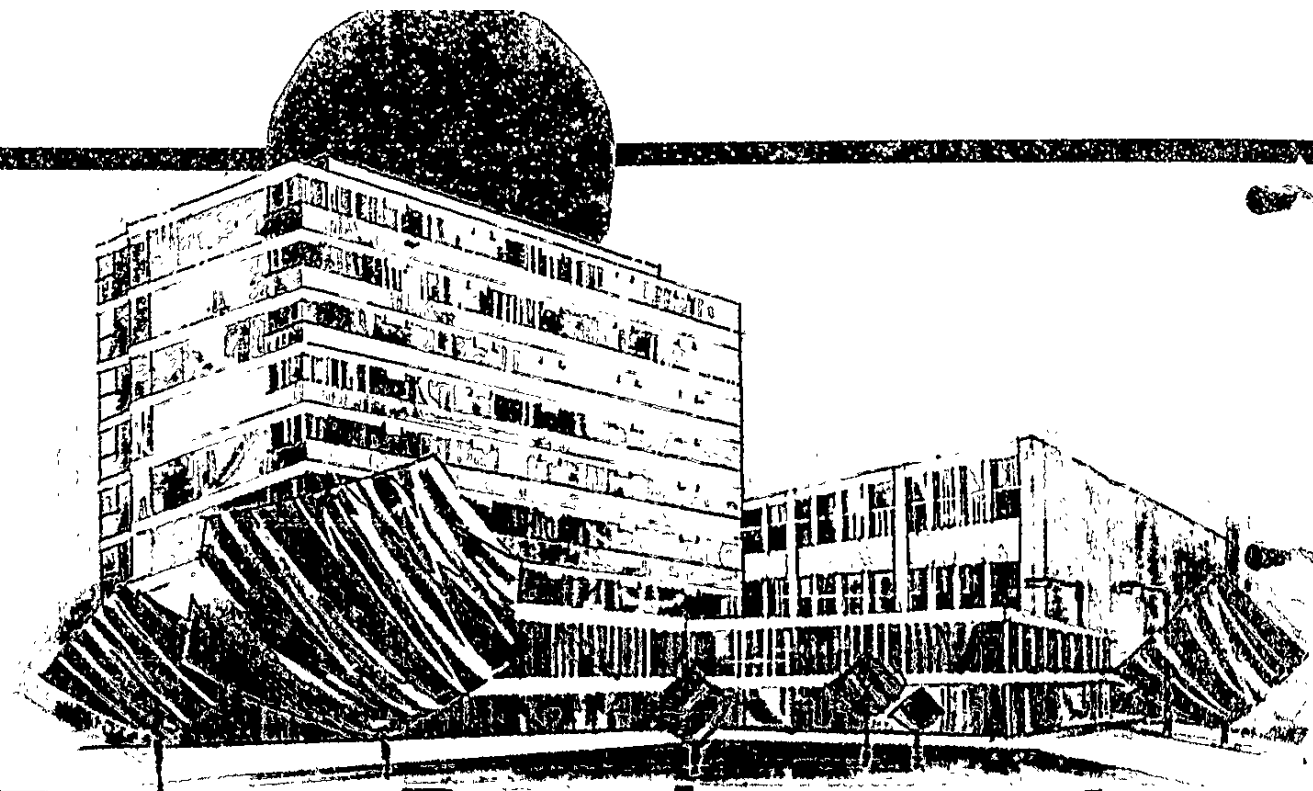
**Solicitors**

HADAWAY & HADAWAY  
Newcastle upon Tyne  
SLAUGHTER AND MAY  
London

**Auditors**

HARMOOD BANNER & CO.  
Ridley House Regent Centre  
Gosforth  
Newcastle upon Tyne NE3 3LY





# Barratt Developments Group







# notice of meeting

NOTICE IS HEREBY GIVEN that the fifteenth Annual General Meeting of the company will be held at the Royal Station Hotel, Neville Street, Newcastle upon Tyne, on Wednesday, 28th November 1973 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 accounts of the company for the year ended 30th June 1973 and the auditors' report thereon.
- 2 To declare a dividend.
- 3 To re-elect directors: Mr. H. F. Thornton and Mr. R. Whitfield who retire by rotation and Mr. A. N. P. Brown 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  
D. J. Callum  
Secretary

Wingrove House  
Ponteland Road  
Newcastle upon Tyne NE5 3DP

2nd November 1973

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 the date of the Annual General Meeting 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 each director and of his family interests in the equity share capital of the company for the past year.
- 2 Copies of contracts of service with the company of any director.





# chairman's statement

During the year ended 30th June 1973 profits were again increased substantially and as a result of our continued penetration of the private housing sector your company is now among the leaders in the building industry.

## Profits

The group profits for the year amounted to £5,633,585 against £2,608,640 last year, an increase of 115%. These profits compare with minimum profits of £5m for the full year which I forecast with our interim results in March last. This growth in profits was almost entirely attributable to a substantial increase in the number of houses built during the year. Only marginal benefit was obtained from increased selling prices of houses sold during the year due to your company's policy of effecting sales nine months ahead of production. Further, virtually no land dealing profits were realised as it is not your company's policy to pursue or indeed be dependent on land dealing profits. Thus your company has demonstrated its ability to generate real growth by increasing the volume of production and its ability to penetrate further its market serving all main centres of population throughout Northern England and Scotland. A further benefit to group profits has resulted from the improved profit margins achieved by the acquisitions made by your company last year — principally the Bracken group of companies operating throughout Yorkshire and the Wardle Group operating throughout Lancashire, Cheshire and Derbyshire. The profit margins of these companies are now approaching the high standards which have always prevailed in your company through the introduction of production, sales and development expertise. Rental income from property investment further increased during the year in accordance with your board's policy of expanding rental income from commercial developments each year.

## Dividends

Your board are proposing a final dividend of 33.37% which with the interim dividend already paid of 5.83% makes a total for the year of 39.2%. This compares with the equivalent of 37.33% paid last year after allowing for the scrip issue of 1 for 2 made in December 1972. I



regret that the equivalent dividend of 56% which I stated in my last report it would be the intention of your board to pay this year cannot now be paid due to government restraint. Your board are, however, pleased to propose a scheme whereby shareholders are now to be offered a choice of receiving new ordinary shares in lieu of cash dividend providing inherent benefit to all those shareholders who so choose. This scheme will also 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. The necessary resolution to implement this proposal will be proposed at the forthcoming Extraordinary General Meeting.

## Land Stocks

It has been the policy of your company to maintain a land bank for residential and commercial development sufficient to maintain production, after allowing for future expansion, for a period of three years. Notwithstanding the government's recent legislation to impose a land hoarding charge this policy will continue as I feel no levy would be attracted on your company's activities due to developments commencing immediately planning approval is received.





#### Acquisitions

In January 1973 your company acquired Tom Galloway Ltd. which operates residential developments in the East Riding of Yorkshire. Since the year end your company has acquired the Sawdon and Simpson companies operating residential and commercial developments and holding excellent land stocks within Yorkshire. These two acquisitions will ensure greater penetration of development throughout Yorkshire.

Also since the year end your company has acquired William Bruce & Sons (Builders) Ltd. of Ellon, Aberdeenshire, who operate building, contracting and private residential development in North East Scotland. This acquisition will extend our representation and activities in Scotland and will strengthen further our Scottish subsidiary company formed last year which is now successfully operating on a number of sites within Central Scotland.

It is my intention that the successful growth of the company shall be maintained both by continued expansion within the various companies of the group and by new acquisitions to increase our national coverage when suitable opportunities present themselves.

#### Change of name

As announced recently your company's name has been changed. This change was made due to the fact your company now comprises a group of over twenty companies operating on a common basis throughout the country with each company formerly trading under its own name which, in the majority of cases, was known only in its own area of operation and not readily identified with the group. Your board considered that it was to the benefit of the group to carry on its activities under a common name with a unified corporate identity so that customers, suppliers and others who deal with the various companies within the group may appreciate that there is available to the local management of those companies the resources and expertise of the group to help maintain the same high standard of service and quality in all areas of the group's activities. Each development company in the group is about to trade under the name "Barratt" including in each case a reference to the geographical area of the particular company's operations. I feel our current national advertising campaign will make the name "Barratt" generally known to the public and associate it with the activities of the group.

#### Management

Since our year end I was pleased to welcome to our main board Mr. A. N. P. Brown who as chairman of our Yorkshire and Scotland groups of companies has been of great assistance to us in the development of our activities. I am also pleased to welcome Mr. T. Galloway as managing director of our new subsidiary, Tom Galloway Ltd. and Mr. W. H. Bruce as managing

director of our new Scottish subsidiary, William Bruce & Sons (Builders) Ltd. Our operating activities in North East England, where the company was founded, are now being controlled by a separate subsidiary company and Mr. R. V. Thompson, a main board director, has been appointed managing director. Mr. Thompson is well qualified and experienced to deal with this increased responsibility successfully.

Our growth and profits record is a clear indication of the very high quality of your company's management and I should like to express my sincere appreciation to all group directors and staff for their loyalty and dedication in achieving such excellent profits.

#### Prospects

The first quarter's trading in the current year shows continued growth in the group. Your company's policy of effecting sales nine months ahead of production, which has been successfully implemented on the vast majority of our sites, coupled with our excellent mortgage allocations from a number of building societies and our strong financial resources, should ensure this growth. Our total share nationally of the private housing sector, in volume terms, is a small percentage and I believe national trends in this sector will have little significance on your company's continued growth. Furthermore, the price range of our new houses is strongly geared towards the low cost market and in particular meeting the needs of first time buyers. In our contracting activities our forward sales position is excellent and profitably based. Since the year end a number of commercial developments have been commenced which will increase future investment income. I am fully confident that we shall achieve a further satisfactory increase in profits in the current year.

2nd November 1973

L. A. Barratt  
Chairman



# group activities



Lancashire—Cams Lane, Radcliffe.



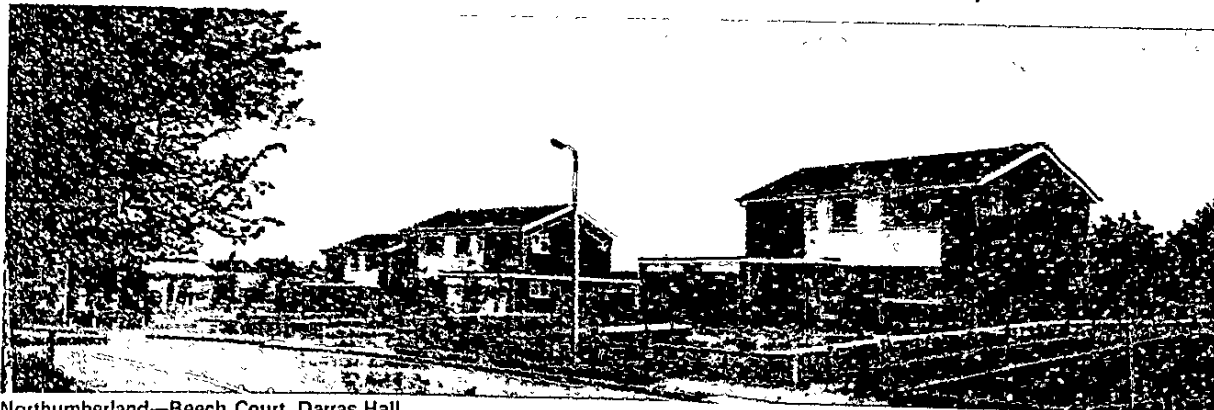
Teesside—High Grange, Wolviston.



Derbyshire—Cromwell Farm, Chapel-en-le-Frith.



West Yorkshire—Ingleton Park, Morley



Northumberland—Beech Court, Darras Hall.



# Barratt

Developments Limited  
and subsidiary companies



North Yorkshire—Keld Head, Pickering.



Newcastle upon Tyne—West Denton Park.



East Yorkshire—Hutton Cranswick.



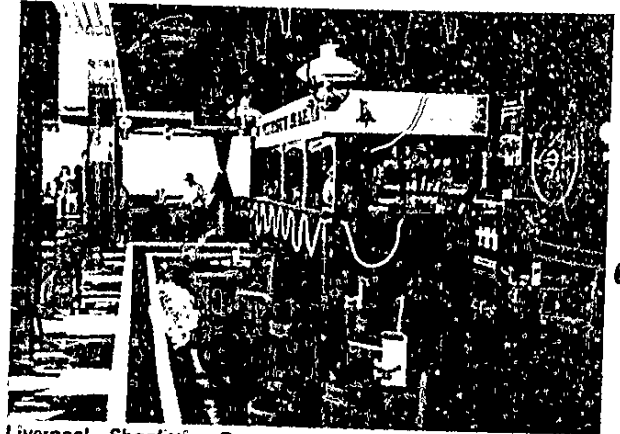
Cheshire—Marple Hall Drive.



Durham—Alderdene, Lanchester.



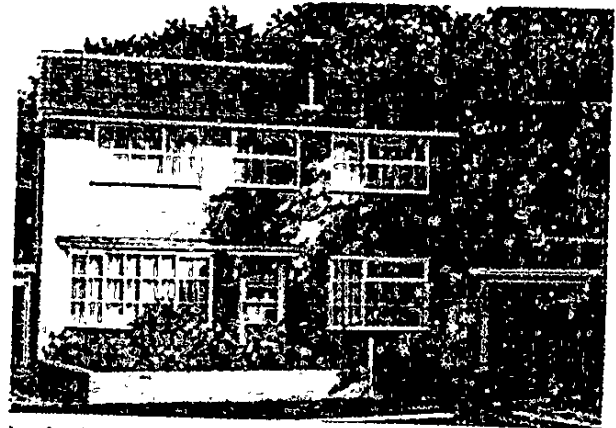
# group activities



Liverpool—Shoplifting Contract.



York—Holly Tree Meadows.



Leeds—Red Hall Lane

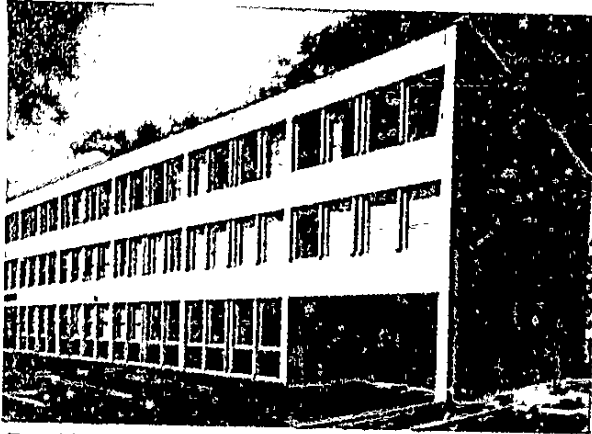


Durham—Fewster Square, Felling.



# Barratt

Developments Limited  
and subsidiary companies



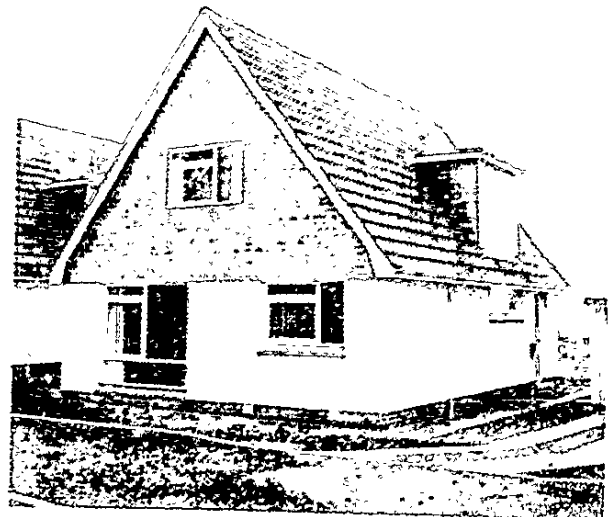
Teesside—Keld House, Thornaby New Town.



Cumberland—Keld Park, Carlisle.



Manchester—Painting Contract.



Scotland—Wilton Park, Carlisle



# directors' report

The directors have pleasure in submitting their report and the audited accounts for the year ended 30th June 1973.

## Change of name

At an Extraordinary General Meeting held on 25th October 1973 the company changed its name to Barratt Developments Limited. The names of the company's principal operating subsidiary companies have also been changed to the name "Barratt" including in each case a reference to the geographical area of the particular company's operations. The group now trades under the name "Barratt" in all its areas of operations.

## Activities of the company and its subsidiary companies

The group's activities are building, development and property investment. During the year the whole of the issued share capital of Tom Galloway Limited was acquired. Galloway is engaged in the building and development of residential estates in the East Riding of Yorkshire. The group profit and loss account includes the results of Galloway for nine months ended 30th June 1973.

Since the year end 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 are 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, contracting and development of residential estates in the north east of Scotland. The group accounts do not include any contribution from these companies.

Turnover and profits	Turnover £	Profits £
Building and development	21,623,687	5,478,947
Property investment	177,152	154,638
	<u>£21,800,839</u>	<u>£5,633,585</u>

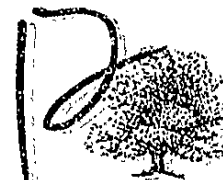
## Dividends

The directors recommend the payment of a final dividend of 3.337p per share. This together with the interim dividend of 0.583p per share paid on 17th July 1973 makes a total for the year of 3.92p per share which, after taking account of the 30% tax credit imputed to shareholders, is equivalent to 5.6p per share and compares with 5.333p per share paid last year after adjusting for the scrip issue of 1 for 2.

If approved, the final dividend will be paid on 14th December 1973 to shareholders on the register at close of business on 1st November 1973.

Mr. L. A. Barratt and his wife waived their rights to that part of the interim dividend in excess of 1% per share in respect of the shares held by them.





The directors also recommend that shareholders should be offered the choice of receiving the final dividend in the form of shares instead of cash. However, in order to acquire trustee status for the company's shares under the Trustee Investments Act 1961 it will be necessary to pay a cash dividend on all shares. 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 plus 2.73p in cash (equivalent to 0.07p per share) for every 39 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 335,058 (representing an increase of 2.56% in the issued share capital of the company) and the minimum amount of cash will be £9,147 leaving £426,906 to be added to the company's share capital and reserves.

## Share Capital

At the Annual General Meeting held on 29th November 1972 the authorised share capital of the company was increased to £2,500,000 by the creation of 15,000,000 ordinary shares of 10p each.

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

	£
Issued share capital at 1st July 1972	858,463
Scrp issue 1 for 2	434,542
Issued in part consideration of the acquisition of the issued share capital of Tom Galloway Limited	20,798
	<u>£1,313,803</u>

## Directors and their shareholdings

All the directors listed on page 1 held office throughout the year with the exception of Mr. A. N. P. Brown who was appointed on 6th July 1973. In accordance with the Articles of Association he retires and, being eligible, offers himself for re-election.

Mr. H. F. Thornton and Mr. R. Whitfield retire by rotation and, being eligible, offer themselves for re-election.

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

	30th June 1973			1st July 1972		
	ordinary shares of 10p each fully paid	tp paid	6 1/2% convertible unsecured loan stock 1992/1997	ordinary shares of 10p each fully paid	tp paid	6 1/2% convertible unsecured loan stock 1992/1997
L. A. Barratt	3,000,359	—	—	2,016,906	—	—
H. F. Thornton	75,500	25,000	—	42,000	25,000	—
R. Whitfield	29,375	25,000	—	11,250	25,000	—
R. V. Thompson	55,750	25,000	—	30,500	25,000	—
M. Hewitt	15,375	6,000	—	1,500	6,000	—
P. Wardle	118,957	—	£59,425	79,234	—	£59,425

Mr. P. Wardle is interested under a trust as discretionary beneficiary in 394,411 ordinary shares and £207,054 of 6 1/2% convertible unsecured loan stock 1992/1997.

No notification has been received of any change in the above interests during the period from 30th June 1973 to the date of this report. At the date of this report Mr. A. N. P. Brown is beneficially interested in 17,499 fully paid ordinary shares of 10p each.



Fixed assets

The movement on fixed assets during the year is set out in note 13 on page 20.

Employees

The average number of persons employed by the group in each week during the year was 1,844 and their aggregate remuneration amounted to £3,953,618.

Exports

There were no exports in 1972 or 1973.

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., are willing to continue in office and will be re-appointed under the provisions of S.159 (2) Companies Act 1948.

By order of the board  
D. J. Callum  
Secretary

2nd November 1973





# auditors' report

In our opinion, the accounts set out on pages 14 to 22 give, so far as concerns members of the holding company, a true and fair view of the state of affairs at 30th June 1973 and of the profits for the year ended on that date and comply with the Companies Acts 1948 and 1967.

The accounts of certain subsidiary companies have been audited by another firm.

**Harwood Banner & Co.**  
**Chartered Accountants**

Newcastle upon Tyne  
2nd November 1973





Consolidated profit and loss account  
for the year ended 30th June 1973

	Note	1973 £	1972 £
Turnover	1	<u>£21,800,839</u>	<u>£10,565,557</u>
Trading profits for the year		5,718,768	2,821,973
Interest on 6½% convertible unsecured loan stock 1992/1997		<u>85,183</u>	<u>13,333</u>
Profits for the year before taxation	2	<u>5,633,585</u>	<u>2,608,640</u>
Taxation	3	<u>2,423,570</u>	<u>1,034,827</u>
Profits for the year after taxation		<u>3,210,015</u>	<u>1,574,013</u>
Minority interest		<u>—</u>	<u>4,621</u>
Profits attributable to the group		<u>3,210,015</u>	<u>1,569,392</u>
Dividends	4	<u>500,528</u>	<u>506,211</u>
Profits for the year retained		<u>2,709,487</u>	<u>1,063,181</u>
Profits retained brought forward		<u>1,864,420</u>	<u>801,239</u>
		<u>4,573,907</u>	<u>1,864,420</u>
Extraordinary items	5	<u>99,211</u>	<u>—</u>
Total profits retained		<u>£4,673,118</u>	<u>£1,864,420</u>
Attributable to: Parent company		2,916,032	1,409,665
Subsidiary companies		<u>1,757,086</u>	<u>454,755</u>
		<u>£4,673,118</u>	<u>£1,864,420</u>
Basic earnings per ordinary share of 10p	7	24·7p	14·6p
Fully diluted earnings per ordinary share of 10p	7	23·7p	14·4p
Dividend cover		6·1	3·0

The attached notes form an integral part of these accounts



# Barratt

Developments Limited  
and subsidiary companies



## Consolidated balance sheet at 30th June 1973

	Note	1973		1972	
		£	£	£	£
<b>Capital employed</b>					
Share capital	8		1,313,803		858,463
Reserves					
Share premium	9	5,995,511		6,150,826	
Revenue		4,673,118	10,668,629	1,864,420	8,015,246
			11,982,432		8,873,709
Loan stock	10		1,313,550		1,313,550
Mortgages	11		102,860		117,692
Deferred taxation	12		225,313		132,781
			<u>£13,624,155</u>		<u>£10,437,632</u>
<b>Employment of capital</b>					
Fixed assets	13		2,232,398		1,900,602
Deferred assets	14		318,972		—
Current assets					
Undeveloped land	15	7,865,527		3,851,065	
Stock and work in progress	16	6,986,655		2,746,005	
Ground rents	17	555,365		341,585	
Debtors and prepayments		4,620,636		2,105,732	
		<u>£20,028,183</u>		<u>£9,044,387</u>	
Current liabilities					
Bank overdrafts	18	5,958,768		2,346,206	
Creditors and accruals		4,888,312		2,131,940	
Current taxation	19	3,798,967		1,588,930	
Dividends	20	722,445		448,492	
Minority interest		—		9,621	
		<u>£15,368,492</u>		<u>£6,525,189</u>	
Net current assets			4,659,691		2,519,198
			7,211,031		4,419,800
Goodwill	21		6,413,094		6,017,832
			<u>£13,624,155</u>		<u>£10,437,632</u>

The attached notes form an integral part of these accounts

L. A. Barratt  
H. F. Thornton

Directors





# Barratt

Developments Limited

## Balance Sheet at 30th June 1973

	Note	1973	1972
		£	£
<b>Capital employed</b>			
Share capital	8	1,313,803	858,463
Reserves			
Share premium	9	5,995,511	6,150,826
Revenue		2,916,032	1,409,665
		<u>10,225,346</u>	<u>8,418,954</u>
Loan stock	10	1,313,550	1,313,550
Deferred taxation	12	130,000	49,750
		<u>£11,668,896</u>	<u>£9,782,254</u>
<b>Employment of capital</b>			
Fixed assets	13	315,113	363,808
Deferred assets	14	318,972	—
Investment in subsidiary companies	22	8,787,395	8,178,722
<b>Current assets</b>			
Undeveloped land	15	3,240,885	2,134,360
Stock and work in progress	16	4,097,585	1,532,100
Ground rents	17	417,435	195,000
Debtors and prepayments		2,688,584	1,397,766
		<u>£10,444,489</u>	<u>£5,259,226</u>
<b>Current liabilities</b>			
Bank overdraft (secured)		2,260,138	1,179,151
Creditors and accruals		2,787,081	1,372,341
Current taxation	19	2,427,409	1,019,518
Dividends	20	722,445	448,492
		<u>£8,197,073</u>	<u>£4,019,502</u>
<b>Net current assets</b>		<u>2,247,416</u>	<u>1,239,724</u>
		<u>£11,668,896</u>	<u>£9,782,254</u>

The attached notes form an integral part of these accounts

L. A. Barratt  
H. F. Thornton

Directors



## Notes to the accounts

### 1 Turnover

Turnover represents sale of completed properties and amounts invoiced for work done for third parties during the year and rents and property management fees receivable excluding inter-company items.

	1973		1972	
	£	£	£	£
2 Profits for the year before taxation				
After crediting :				
Net rents receivable		147,774		109,760
Interest		6,202		5,330
After charging :				
Directors management remuneration		126,576		64,485
Interest on long term loans		8,409		7,908
Interest on bank overdrafts and other short term loans		420,233		49,963
Depreciation		139,949		58,160
Hire of plant and machinery		230,463		120,404
Auditors remuneration		10,005		5,360

### 3 Taxation

Corporation tax based on the profits for the year at a composite rate of 42½% (1972 40%)

Transfer to deferred taxation

Less transfer from deferred taxation created on revaluation of undeveloped land on the acquisition of subsidiary companies in respect of realisations during the year

	2,325,788		975,278
126,874		67,050	
29,092	97,782	7,701	59,349
	<u>£2,423,570</u>		<u>£1,034,627</u>

### 4 Dividends

Interim paid 17th July 1973 of 0.583p per share, gross equivalent 8.33% (1972 8.33%)

Less waived

92,107		78,125	
27,632	64,475	20,406	57,719

Second interim for 1972 13.33%

Less waived

		171,456	
	—	39,150	132,306

Proposed final of 3.337p per share, gross equivalent 47.67% (1972 31.67%)

Less waived

436,053		285,046	
—	436,053	63,716	221,330

Advance corporation tax payable on final dividend for 1972

			411,355
	—		94,856
	<u>£500,528</u>		<u>£506,211</u>



19

# Notes to the accounts (continued)

	1973	1972
	£	£
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	—
	<u>104,208</u>	<u>—</u>
Less:		
Under provision of dividends payable 3rd July 1973	587	—
Goodwill written off in subsidiary companies	<u>4,410</u>	<u>—</u>
	<u>£99,211</u>	<u>£ —</u>
6 Particulars of directors' emoluments		
Chairman	£23,662	£15,662
Other directors	Number of directors	
£0-£2,500	—	1
£2,501-£5,000	—	1
£12,501-£15,000	—	3
£17,501-£20,000	1	—
£20,001-£22,500	4	—
7 Earnings per share		
Earnings per share has been adjusted to allow for the 1 for 2 scrip issue made in December 1972. The basic earnings per share is calculated on earnings of £3,210,015 (1972 £1,551,778) and on the weighted average of 13,015,232 ordinary shares during the year (1972 10,631,653). The fully diluted earnings per share is based on earnings of £3,252,607 (1972 £1,577,392) and on 13,706,674 ordinary shares which include the maximum number of shares 691,342 into which the 6½% convertible unsecured loan stock 1992/1997 becomes convertible (1972 10,917,324).		
	1973	1972
	£	£
8 Share capital		
Authorised		
25,000,000 ordinary shares of 10p each	<u>£2,500,000</u>	<u>£1,000,000</u>
Issued		
Ordinary shares of 10p each		
Fully paid		
13,126,228 ordinary shares	1,312,623	857,283
Partly paid		
118,000 ordinary shares 1p paid	1,180	1,180
	<u>£1,313,803</u>	<u>£858,463</u>

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





Notes to the accounts (continued)

	1973		1972	
	£	£	£	£
<b>9 Share Premium</b>				
At 1st July 1972		6,150,826		739,324
Arising on the acquisition of the issued share capitals of subsidiary companies		309,202		5,646,777
		<u>6,460,028</u>		<u>6,386,101</u>
Scrip issue 1 for 2 (1972 1 for 4)	434,542		125,000	
Expenses relating to scrip issue and acquisition of subsidiary companies	<u>29,975</u>	<u>464,517</u>	<u>110,275</u>	<u>235,275</u>
		<u>£5,995,511</u>		<u>£6,150,826</u>
<b>10 Loan stock</b>				
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.				
<b>11 Mortgages</b>				
At 7½% per annum repayable in 1987		94,000		94,000
At 8½% per annum repayable by instalments until 1983		8,860		23,592
		<u>£102,860</u>		<u>£117,592</u>
<b>12 Deferred taxation</b>				
The group				
Taxation equalisation reserve		199,100		77,476
Taxation reserve created on valuation of undeveloped land of subsidiary companies	55,305		63,006	
Less: transferred in respect of realisations during the year	<u>29,092</u>	<u>26,213</u>	<u>7,701</u>	<u>55,305</u>
		<u>£225,313</u>		<u>£132,781</u>
The company				
Taxation equalisation reserve		<u>£130,000</u>		<u>£49,750</u>

The taxation equalisation reserve represents provision for corporation tax at a rate of 50% (1972 40%) on the excess of net book value of assets on which capital allowances are claimed over their corresponding tax written down value.



Notes to the accounts (continued)

13 Fixed assets

	Freehold Property £	Leasehold Property £	Plant machinery vehicles and equipment £	Total £
<b>The Group</b>				
Cost or valuation				
At 1st July 1972	225,214	1,435,423	407,519	2,068,156
Additions	242,370	118,362	362,631	723,363
On acquisition of new subsidiary companies	10,822	7,100	47,622	65,544
	478,406	1,560,885	817,772	2,857,063
Disposals	88,326	174,530	59,749	322,605
At 30th June 1973	390,080	1,386,355	758,023	2,534,458
Accumulated depreciation	—	1,665	300,395	302,060
Net book value at 30th June 1973	£390,080	£1,384,690	£457,628	£2,232,398
Net book value at 30th June 1972	£225,214	£1,435,423	£239,965	£1,900,602
<b>The Company</b>				
Cost or valuation				
At 1st July 1972	81,134	119,462	250,741	451,337
Additions	—	—	250,612	250,612
	81,134	119,462	501,353	701,949
Disposals	81,134	115,962	20,798	217,894
At 30th June 1973	—	3,500	480,555	484,055
Accumulated depreciation	—	700	168,242	168,942
Net book value at 30th June 1973	£ —	£2,800	£312,313	£315,113
Net book value at 30th June 1972	£81,134	£119,462	£163,212	£363,808

The net book value at 30th June 1973 of

(a) the group includes freehold property of £14,250 (1972 £14,250) and leasehold property of £350,000 (1972 £355,334) and

(b) the company includes leasehold property of £2,800 (1972 £3,500) at professional valuation undertaken in 1968.

The leasehold properties are all held on long leases with the exception of one property net book value £2,800 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 £73,212 (1972 £38,679) in order to write off book value on a straight line basis over the expected useful lives of the assets in the business.





Notes to the accounts (continued)

- 14 Deferred assets  
Deferred assets represent advance corporation tax recoverable against future corporation tax liabilities.
- 15 Undeveloped land  
Undeveloped land is valued at the lower of cost or net realisable market value.
- 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 head office overheads or net realisable market value. In the case of commercial developments cost includes a proportion of head 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 9 years purchase.
- 18 Bank overdrafts  
Bank overdrafts of the group amounting to £5,392,678 were secured.

	1973 £	1972 £
19 Current taxation		
The group		
Corporation tax payable on or before 1st January 1975	2,331,004	979,866
Corporation tax payable on or before 1st January 1974	1,145,536	609,064
Advance corporation tax payable on proposed dividends	309,620	—
Schedule F income tax payable	12,807	—
	<u>£3,798,967</u>	<u>£1,588,930</u>
The company		
Corporation tax payable on or before 1st January 1975	1,331,000	748,250
Corporation tax payable on or before 1st January 1974	773,982	271,268
Advance corporation tax payable on proposed dividends	309,620	—
Schedule F income tax payable	12,807	—
	<u>£2,427,409</u>	<u>£1,019,518</u>
20 Dividends		
Second interim paid 8th December 1972	—	132,306
Final paid 3rd July 1973	221,917	221,330
Advance corporation tax payable on final paid 3rd July 1973	—	94,856
Interim paid 17th July 1973	64,475	—
Final proposed payable 14th December 1973	436,053	—
	<u>£722,445</u>	<u>£448,492</u>



Notes to the accounts (continued)

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.

	1973 £	1972 £
22 Investment in subsidiary companies		
Ordinary and preference shares at cost	7,441,685	7,441,685
Amount owed by subsidiary companies	1,393,283	784,610
	<hr/>	<hr/>
	8,834,968	8,226,295
Amount owed to subsidiary companies	47,573	47,573
	<hr/>	<hr/>
	£8,787,395	£8,178,722

At 30th June 1973 the following were wholly owned subsidiary companies incorporated in England except where otherwise stated:

Barratt Developments (Armley) Limited  
 Barratt Developments (Hull) Limited  
 Barratt Developments (Leeds) Limited  
 Barratt Developments (Manchester) Limited  
 Barratt Developments (North West) 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  
 Northern Counties Properties Limited  
 Rumotrack Limited

Certain dormant subsidiary companies have not been shown.

23 Acquisitions

Since 30th June 1973 the whole of the issued share capitals of William Bruce & Sons (Builders) Limited and the Sawdon and Simpson companies set out in the directors' report have been acquired for a total consideration of £4,029,000.

24 Contingent liabilities

No provision has been made in these accounts:

(a) for any liability to corporation tax on capital gains arising from a revaluation of the group's freehold and leasehold properties in 1968. Based on this revaluation it is estimated that the liability would amount to £42,000.

(b) 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



## Five year record

Year ended 30th June	Turnover	Profits before taxation	Per share		Dividend cover
			Earnings	Gross Dividends	
	£	£	p	p	
1969	1,324,359	380,691	2.2	1.3	1.7
1970	1,678,053	401,654	2.6	1.6	1.7
1971	2,953,330	722,710	4.8	2.1	2.2
1972	10,565,557	2,608,640	14.6	5.3	3.0
1973	21,800,839	5,633,585	24.7	5.6	6.1

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.

