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Directors and Professional Advisers

Directors

C G Toner *†§ Chairman	D A Pretty Chief Executive		
P H Ashworth *†§	S J Boyes	C A Dearlove	P R Gieron
G K Hester	A E Kilburn *†§	M Pescod *†§	H Walker

* Non-executive † Member of the Remuneration Committee and Audit Committee § Member of the Nomination Committee

Mr C G Toner, 60, was appointed a non-executive director in May 2002. He was previously the Deputy Group Chief Executive of Abbey National plc and currently holds non-executive director positions with MSB International PLC and Ford Credit Europe (FCE) Bank Plc. Mr Toner is the senior independent non-executive director. He was appointed Group Vice-Chairman in June 2002 and Group Chairman in October 2002.

Mr D A Pretty, 57, initially joined the Group in 1976 and was formerly the managing director of Barratt Central London. He left the Group in 1987 to take up a position as managing director of St George PLC. He rejoined the Group and was appointed to the Main Board in 1990. In 1991 he became Chairman of the Barratt Homes Southern Region. He was appointed Group Managing Director in March 1998 and Group Chief Executive in October 2002.

Mr P H Ashworth, 64, was appointed a non-executive director in May 1997. He is the senior partner in the firm of solicitors, Field Cunningham & Co.

Mr S J Boyes, 41, joined the Group in 1978. Formerly the managing director of Barratt York, he was appointed to the Main Board in July 2001 and is Chairman of the Barratt Homes Northern Region.

Mr C A Dearlove, 50, joined the Group finance department in 1981. He was appointed to the Main Board as Group Finance Director in December 1992.

Mr P R Gieron, 48, joined the Group in 1980. Formerly the managing director of Barratt Bristol, he was appointed to the Main Board in July 1997 and is Chairman of the KingsOak Homes Region.

Mr G K Hester, 57, joined the Group in 1996 having formerly held positions as the Chief Executive of Westbury Homes Limited and as a director of the Britannia Group. He was appointed managing director of Barratt Bristol in 1996 and to the Main Board in November 1999. He is the Chairman of the Barratt Homes West Region.

Mr A E Kilburn OBE, 66, non-executive director, was appointed to the Board in April 1998. He has worked in housing for more than 40 years and has held senior positions in both local authority and housing association sectors. Formerly the Chief Executive of Home Housing Association from 1976 until his retirement in April 1998, he is currently involved in a number of charitable enterprises including the North East Civic Trust and the William Sutton Trust.

Mr M Pescod, 56, was appointed a non-executive director in October 2001. He is a partner in Gleacher & Co.

Mr H Walker, 56, joined the Group in 1977 and was managing director of Barratt Manchester from 1988 until his appointment to the Main Board in July 1996. He is Chairman of the Barratt Homes Central Region.

Secretary
Mr L Dent

Life President

Sir Lawrence Barratt founded the first Barratt company in 1958 and was knighted for his services to the industry in 1982. He retired as Non-Executive Chairman in November 1997 assuming the role of Life President.

Registrar
Capita IRG Plc
Bourne House
34 Beckenham Road
Beckenham
Kent
BR3 4TU



Registered Auditors
PricewaterhouseCoopers

Joint Brokers
Cazenove & Co. Ltd
ING Barings Limited

Solicitors
Slaughter and May

Merchant Bankers
UBS Warburg

Notice of Annual General Meeting

Notice is hereby given that the forty fourth annual general meeting of Barratt Developments PLC (the "Company") will be held at the Barber-Surgeons' Hall, Monkwell Square, Wood Street, London, EC2Y 5BL on 3rd December 2002 at 2.30pm for the following purposes:

1. To receive and adopt the reports of the auditors and directors and the accounts for the year ended 30th June 2002.
To re-elect directors:
 2. Mr P H Ashworth who retires by rotation.
 3. Mr D A Pretty who retires by rotation.
 4. Mr H Walker who retires by rotation.
 5. Mr C G Toner who retires at the first annual general meeting following his appointment by the Board.
6. To re-appoint PricewaterhouseCoopers as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and to authorise the directors to fix the auditors' remuneration.

To consider and, if thought fit, pass the following resolutions of which resolution 7 will be proposed as an ordinary resolution and resolutions 8 and 9 will be proposed as special resolutions.

7. That the Board be and it is generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80 of the Companies Act 1985) up to an aggregate nominal amount of £6,240,575 being 26.3% of the nominal value of the existing issued share capital as at 25th September 2002 provided that this authority shall expire on the date of the next annual general meeting after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Board may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.
8. That, subject to the passing of resolution 7 above, the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the said Act) for cash pursuant to the authority conferred by resolution 7 above as if sub-section (1) of Section 89 of the said Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them provided that the directors may make such arrangements in respect of overseas holders of shares and in respect of fractional entitlements as they consider necessary or convenient; and
 - (b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £1,187,971 being 5% of the nominal value of the existing issued share capital as at 25th September 2002 and shall expire on the date of the next annual general meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would, or might, require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.
9. That the Company be and it is hereby generally and unconditionally authorised to make one or more market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of its ordinary shares of 10p each ("Ordinary Shares") provided always that:
 - (a) this authority is limited to a maximum aggregate number of 23,759,425 Ordinary Shares;
 - (b) the maximum price which may be paid for an Ordinary Share is an amount equal to 105 per cent of the average of the closing middle market quotation for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased (exclusive of expenses); and
 - (c) the minimum price which may be paid for an Ordinary Share is 10p (exclusive of expenses).The authority hereby conferred shall, unless renewed prior to such time, expire on the earlier of the date falling eighteen months after the passing of this resolution and the conclusion of the Company's next annual general meeting, save that the Company may before such expiry enter into a new contract under which a purchase of Ordinary Shares may be completed or executed wholly or partly after such expiry and the Company may purchase Ordinary Shares in pursuance of such contract as if the authority conferred hereby had not expired.

Registered Office
Wingrove House
Ponteland Road
Newcastle upon Tyne NE5 3DP



By order of the Board
L. Dent
Secretary
21st October 2002

Notes:

- (i) 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 the member. A proxy need not be a member of the Company.
- (ii) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders registered at 2.30pm on 1st December 2002, (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting), will be entitled to attend and vote at the meeting in respect of the numbers of shares registered in their names at that time. Subsequent changes to the register will be disregarded in determining the rights of any person to attend and vote at the meeting.
- (iii) Copies of contracts of service of the directors with the Company and the register of the directors' interests will be available for inspection at the place of the meeting from 2.15pm until the conclusion of the meeting.

Directors' Report

The directors submit their report and the accounts for the year ended 30th June 2002.

ACTIVITIES OF THE GROUP

The Group's principal activity continues to be building and development.

A full review of the Group's performance and prospects can be found in the Chairman's Statement on pages 2 and 3, and in the Operational Review on pages 4 to 11.

RESULTS AND DIVIDENDS

The profit on ordinary activities after taxation for the year ended 30th June 2002 was £158.1m (2001 £126.7m). An interim dividend of 4.49p per share (2001 4.16p) was paid on 24th May 2002. Due to the tragic death of Mr F Eaton the Board decided to delay posting the 2002 report and accounts and, consequently, to postpone the Group's annual general meeting originally scheduled to be held on 14th November 2002. However, the Board has resolved to pay a second interim dividend of 9.89p per share (2001 nil p) in place of the previously proposed final dividend for the year ended 30th June 2002 of the same amount. The second interim dividend will be paid on 15th November 2002 to shareholders on the register at close of business on 4th October 2002 (the same timetable as that originally planned for the final dividend). In view of the payment of this second interim dividend, the Board will not be proposing a final dividend (2001 8.91p per share) for the year ended 30th June 2002 at the annual general meeting.

The dividends paid and proposed to be paid amount to £33.3m (2001 £30.2m).

ANNUAL GENERAL MEETING

The notice of the annual general meeting on page 13 contains three resolutions relating to the company's share capital.

Resolution number 7 requests shareholder approval to renew for one year the directors' authority to allot unissued shares in the capital of the company and Resolution number 8 requests shareholders to authorise the directors to allot shares for cash in the context of a rights issue and otherwise up to a limit equal to 5% of the issued share capital without initially offering such shares to existing shareholders. The directors consider that the company should maintain an adequate margin of unissued shares for use, for example, in connection with a future acquisition although they have no present intention of issuing any shares except to satisfy options under the company's share option schemes.

Under Resolution number 9, the company is seeking renewal for a further year of its authority to make purchases in the market of its own ordinary shares subject to specified limits. Purchases under this authority will only be made on the London Stock Exchange and will be funded from distributable profits. Any ordinary shares so purchased will be cancelled.

In seeking this authority, the Board is not indicating any commitment to buy back ordinary shares. The Board will only exercise the authority if it considers that the purchases of ordinary shares can be expected to result in an increase in earnings per share and would be in the best interests of shareholders generally.

DIRECTORS AND THEIR SHAREHOLDINGS

The current directors of the company are listed on page 12. Mr S J Boyes was appointed a director on 1st July 2001, Mr M Pescod was appointed a director on 1st October 2001 and Mr C G Toner was appointed a director on 15th May 2002. Mr B Bean, a director at 1st July 2001, retired on 15th November 2001. Mr F Eaton was a director at both 1st July 2001 and 30th June 2002 but sadly died on 7th October 2002. All other directors listed on page 12 held office throughout the financial year.

The beneficial interests of the directors and their families in the ordinary share capital of the company during the relevant year are shown below:

Ordinary shares of 10p each	30th June 2002		1st July 2001 or date of appointment if later	
	Fully paid	Executive share options	Fully paid	Executive share options
F Eaton	804,455	935,000	432,102	1,124,353
C G Toner	-	-	-	-
D A Pretty	69,678	400,000	56,928	535,000
P H Ashworth	5,700	-	5,700	-
S J Boyes	11,562	230,000	3,000	120,552
C A Dearlove	50,982	655,000	19,982	746,060
P R Gieron	83,335	400,000	56,335	520,000
G K Hester	28,000	290,000	10,000	250,000
A E Kilburn	4,000	-	4,000	-
M Pescod	10,000	-	-	-
H Walker	268,991	400,000	242,610	576,381

At 30th June 2002 the executive directors had a potential future interest in 2,650,000 ordinary shares which are held by the Barratt Developments PLC Employee Benefit Trust.

Details of movements in the directors' interests in executive share options are shown in the Remuneration Report on page 19.

No notification had been received of any change in the above interests during the period 30th June 2002 to 25th September 2002.

Under the provisions of Article 87 of the company's memorandum and articles of association, Mr D A Pretty, Mr P H Ashworth and Mr H Walker offer themselves for re-election. Mr C G Toner retires in accordance with the provisions of Article 86 and offers himself for re-election.

At no time during or at the end of the year did any director have a material interest in a contract of significance in relation to the business of the Group, other than the transactions detailed in note 25 to the accounts.

Directors' Report

CORPORATE GOVERNANCE

The company aspires to high standards of corporate governance in accordance with the principles of the Combined Code as appended to the UK Listing Rules, administered by the Financial Services Authority. The way in which the company applies them are as follows:-

Directors

The Board of directors, which during the year comprised seven executive and four non-executive directors, one third of whom retire by rotation each year, has overall responsibility for the maintenance and operation of Group internal controls. There are four non-executive directors, Mr C G Toner, Mr P H Ashworth, Mr A E Kilburn and Mr M Pescod. Mr C G Toner served as senior independent director and Group Vice Chairman. The Board believes that all the non-executive directors, with the exception of Mr P H Ashworth, are wholly independent in that they have no business or other relationship with the Group that might influence their independence of judgement. The non-executive directors do not participate in the company's performance related pay, pension or share option schemes. Mr F Eaton was both Group Chairman and Chief Executive. The Board considered, however, that a balance of power and authority at the head of the company was achieved by the senior independent director, Mr C G Toner, serving as Group Vice Chairman and Mr D A Pretty as Group Managing Director. This, coupled with the experience and expertise of the four non-executive directors ensured that there was a division of responsibility between the executive function and the running of the Board. On 18th October 2002 the roles of Group Chairman and Chief Executive were separated. Mr C G Toner was appointed Non-Executive Chairman on 18th October 2002 and Mr D A Pretty was appointed Chief Executive.

The Board meets eleven times each year and there is a formal schedule of matters specifically reserved to the Board for decision or approval. All directors have access to the advice and services of the company secretary, who is a practising solicitor, and, if necessary, to independent professional advisors at the company's expense. Training is available for both new and existing directors as, and when, required.

The Board has established three standing committees, the Audit Committee, the Remuneration Committee and the Nomination Committee, the functions of which are clearly specified within defined terms of reference.

- The Audit Committee is made up of the four non-executive directors and is chaired by Mr M Pescod. The committee is responsible to the Board for the appraisal of the Group's financial management and reporting systems and for assessing the integrity and effectiveness of its accounting procedures and internal controls. The Chairman of the Audit Committee reports all material issues arising from the internal audit programme to the Board on a monthly basis, including a forward action plan, progress against which is monitored by the Audit Committee and the Board in one and three monthly follow-up reports. The Committee also keeps under review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors.
- The Remuneration Committee is also made up of the four non-executive directors and is chaired by Mr A E Kilburn. The Committee meets at least once a year and its role is to make recommendations to the Board in relation to the terms of employment and remuneration of the executive directors.
- The Nomination Committee, chaired by Mr P H Ashworth, comprised the non-executive directors and Mr F Eaton. The primary function of the Committee is to make recommendations to the Board with regard to all new appointments and promotions to main Board positions. In discharging this function the Committee aims to ensure that all directors possess a balanced range of skills, experience and expertise in order to discharge their responsibilities effectively.

As group parent, Barratt Developments PLC, through its Board of directors, retains overall responsibility for the control and direction of the business and for the allocation of funding and resources. Housebuilding and development operations are delivered through a decentralised regional and divisional structure. There are currently four operating regions within Barratt Homes Limited covering England, Scotland and Wales. KingsOak Homes Limited, which has its own corporate identity and product branding, is also managed by the Group as an operating region. Each operating region including KingsOak is headed up by a Regional Chairman who also serves as an executive director at main Board level. Not only does this enable the main Board to remain close to, and focused on, the cutting edge of the business, it also means that the operating divisions remain in touch with the Group's centre and values.

The Managing Director of each operating division and the local management team make up the divisional Board, each of which is chaired by a Regional Chairman. Each divisional Board meets monthly to oversee local housebuilding operations and performance. Although each division is run and monitored as a free standing business, they operate within clearly defined central parameters in relation to overall strategic direction and financial control. This tried and tested structure enables the divisions to be responsive to local demand and market conditions, whilst at the same time benefiting from the financial strength and economies of scale of a large national group.

Directors' Remuneration

The policy and details of directors' remuneration are contained in the Remuneration Report on pages 18 and 19.

Directors' Responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the Group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30th June 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of directors is required to consider whether the company and the Group is a going concern. Accordingly the Board has made appropriate enquiries and is satisfied that the company and Group have adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis in preparing the financial statements.

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Directors' Report

Internal Control System

The directors are responsible for the Group's system of internal control which is designed to provide reasonable but not absolute assurance against mis-statement or loss. The key elements of the Group's established control framework are:-

- A clear organisational structure with defined levels of authority and responsibility for all senior management.
- A comprehensive system of budgeting, forecasting and planning with monthly reporting to the main Board and divisional Boards of results and forecasts of all Group operating units against budget.
- Operational procedures, control parameters and accounting policies are embodied in the Group Policy and Accounting Manuals which are issued to all divisions and are regularly reviewed and updated.
- All major land acquisitions and capital projects are subject to rigorous financial appraisal within established parameters and also to formal authorisation procedures by main Board directors, divisional Boards or senior management within authorities approved and reviewed by the Board.
- Key risk areas facing the business are identified and are reviewed quarterly by the Board. All key areas, including finance, land buying and the market are reported to the Board each month. Risk management systems are also being enhanced in relation to Group insurance and health and safety systems linked to closer monitoring of claims and incident reports.
- All systems are monitored by the internal audit function including financial, marketing and construction related matters.

The directors have reviewed the operation and effectiveness of the Group's system of internal control for the year ended 30th June 2002.

Shareholder Relations

The company maintains an open dialogue with institutional investors through meetings and visits to the company's local operations, meeting directors and divisional management. Shareholders are also appraised of the company's activities and prospects through the Annual and Interim Reports. The Annual General Meeting is used to enable private investors to discuss the company's operations and progress directly with the Board.

Compliance

The company had complied with the principles of the Combined Code throughout the year, with the exception of Code Provision A.3.1., in that the period between the appointment of Mr C G Toner and the retirement of Mr B Bean resulted in the non-executive directors temporarily comprising less than one third of the Board.

EMPLOYMENT POLICY

The Board recognises that employees need to understand and contribute to the broad objectives of the business and seeks to develop good relations with employees through regular communication and consultation. Selection for employment and promotion is based on the objective assessment of ability and experience and the Group is committed to ensuring that its workplaces are free from unlawful discrimination of any sort. The Group strives to ensure that its policies and practices provide equal opportunities for all irrespective of gender, race, ethnic origin, colour, religion, physical disability, mental health, marital status or age.

The Group is committed to staff training and development at all levels of the organisation and endeavours to contribute to the industry's future skills base by an extensive recruitment and training programme for apprentices. The Group currently employs over 400 apprentices recruited from communities close to its areas of operation and its policy is to ensure that the majority of housebuilding sites employ apprentices.

The Group works closely with the Construction Industry Training Board and the National House Building Council in training provision and a training plan is prepared annually linked to identified business priorities and objectives. Having regard to the nature of our business, particular focus is given in the training programme to construction management, trade skills, health and safety and customer care.

As a business our commitment to quality and continuous improvement is absolute. Our National Employee Award scheme forms an important part of our "Forward Through Quality" initiative which seeks to raise quality and performance standards through a process of internal monitoring and appraisal.

HEALTH AND SAFETY

The Board is committed to the continuous improvement of health and safety performance and during the year a revised health and safety management system linked to the CITB GE700 Construction Site Safety Notes was implemented across the Group. The new arrangements define more clearly key management responsibilities for health and safety and strengthen standards and guidelines in relation to the key risk stages of the construction process.

Health and safety training requirements are identified annually and incorporated into the Group's annual training programme. Progress of health and safety training is monitored on a regular basis at divisional Board meetings. During the year the focus for health and safety training has been the implementation of the new management system and a comprehensive training programme in the system began in March for all Group technical, construction and site supervisory staff. In total, some 1,500 staff have undergone the training and in addition the senior management teams in all 32 divisions will attend a health and safety awareness training programme for senior executives based on the Institute of Occupational Safety and Health (I.O.S.H.) syllabus.

- A health and safety code for subcontractors has been introduced with a view to developing the health and safety performance and competence of the Group's subcontractors. In addition subcontractor safety standards are being more closely monitored and all subcontractor operatives will be expected to hold a Barratt Group "Site Safety Passport" which confirms that they have been inducted in Group safety procedures.

Directors' Report

- In order to monitor and report on overall health and safety performance more effectively all Group sites are subject to three weekly safety inspections by either NHBC specialist safety inspectors or independent consultants. Site inspection reports are monitored both at division level and centrally by the Group's health and safety managers. Performance data obtained through the process is used as the basis of health and safety management reporting and will also drive a health and safety audit protocol to be developed in the coming year.

ENVIRONMENTAL POLICY

The Group recognises its responsibilities to assess and minimise the impact of its business on the environment and is working to improve the environmental performance of its products and wherever possible to restore and enhance the natural environment in which our developments are set. Our environmental policy is based on the following objectives:-

- Maximising the use of natural environmental features wherever possible in our developments.
- Minimising waste from our business operations.
- Care in the use and selection of materials and products having regard to their environmental performance.
- Ensuring our building designs set good standards in energy and water efficiency.
- Reducing the environmental risk of accidental pollution arising from our building operations.

These objectives are reflected in the planning and building of our developments. It is our policy and practice to address environmental issues in all land feasibility reports to ensure any concerns are highlighted at the earliest opportunity and so that appropriate measures can be built into the development programme, in line with best practice, to avoid or minimise any adverse environmental impact.

Site preparation and construction operations are closely monitored in conjunction with Local Authorities, the NHBC and the Environment Agency. We aim to work closely with construction teams and subcontractors to address any issues arising from on-site activities, minimising any disruptions to local communities and encouraging efficiency. During the year the Group has embarked on a pioneering initiative with a national waste and environmental management facilitator aimed at measuring and minimising waste in the construction process. As part of this initiative all waste materials on all Group development sites are segregated and measured and there is increased capacity to recycle waste materials for re-use. Progress to date is encouraging, not only in our increased recycling capacity, but also in our ability to measure and monitor the waste management performance of all 32 Group divisions against clear benchmarks.

Although these policies apply to all developments, they are even more positively pursued in relation to developments which have had a former use. Barratt has been and continues to be the industry leader in the recovery and revitalisation of this land, with the consequent benefits to both the environment and to local communities.

The Group builds over 75% of its homes on sites with a former use, well in excess of Government targets, and in doing so we reclaim around 800 acres of derelict land each year. The majority of this work is in the inner cities and the regeneration reduces the need for new infrastructure, helps re-form communities nearer their workplaces and improves the quality of life and the environment.

Each year the Group makes a major contribution to the environment, carrying out extensive landscaping works. These include the planting of over 15,000 trees and the retention of natural features such as mature trees, established hedgerows, ponds and streams wherever possible, thereby creating and preserving habitats for wildlife.

It is particularly pleasing that during the year 20 of our schemes received Green Leaf Housing Awards in recognition of various aspects of their positive environmental impact, demonstrating once again the attention to environmental detail which goes into the design, planning and construction of our developments.

STATUTORY INFORMATION

At 25th September 2002 notification had been received of the following interests which exceed a 3% interest in the issued share capital of the company.

	Date of notification	Ordinary shares of 10p each	% of issued share capital
F M R Corp	15.07.02	20,916,542	8.80%
Barclays Plc	13.08.02	9,394,810	3.95%

No political contributions were made during the year. No charitable donations were made during the year.

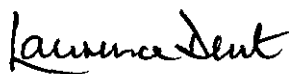
CREDITOR PAYMENTS

Each Group company is responsible for agreeing the detail of terms and conditions relating to transactions with its suppliers. It is Group policy to abide by the agreed terms of payment with suppliers where the goods and services have been supplied in accordance with the relevant terms and conditions of contract. Implementation of this policy resulted in a supplier payment period for the company of 47 days (2001 46 days) for its trade creditors at 30th June 2002.

AUDITORS

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

On behalf of the Board
L Dent
Secretary
Newcastle upon Tyne



21st October 2002

Remuneration Report

The members of the Remuneration Committee, throughout the year, were Mr A E Kilburn (Chairman), and Mr P H Ashworth. Mr M Pescod was appointed to the Committee on 11th October 2001 and Mr C G Toner on 13th June 2002.

The Committee has the responsibility to consider and make recommendations to the Board with regard to executive directors' remuneration. In doing so, the Committee has given full consideration to Section B of the Combined Code annexed to the Listing Rules of the Financial Services Authority.

The policy is to ensure that remuneration packages are sufficient to attract, motivate and retain executive directors of a high calibre. Consideration is given to the Group's performance compared with other companies in the construction sector and of total remuneration packages in those companies to ensure that total remuneration packages are comparable.

The basic salary for each executive director is reviewed annually taking into account the results achieved by the Group. Annual performance related payments are made, based upon Group pre-tax profit levels. The executive directors also participate in a deferred bonus scheme based upon the achievement of a challenging performance target, set by the Remuneration Committee, over a 5 year period ending 30th June 2003. In addition to the amounts shown below, the sum of £0.4m (2001 £0.3m) was charged to the profit and loss account in respect of further provisional amounts that may be awarded at the discretion of the Remuneration Committee at the end of that period.

The executive directors receive taxable benefits in kind covering the provision of a motor vehicle, private medical insurance and some telephone costs.

All executive directors have one year rolling contracts. There are no specific provisions for compensation on early termination. The non-executive directors' remuneration and terms of appointment are established by a committee consisting of the executive directors.

The executive directors proposed for re-election at the forthcoming annual general meeting are Mr D A Pretty and Mr H Walker, both of whom have service contracts requiring 12 months notice. Mr P H Ashworth and Mr C G Toner, the non-executive directors proposed for re-election at the forthcoming annual general meeting, have terms of appointment for one year expiring on the 17th November 2002 and on the 14th May 2003 respectively.

All executive directors are members of the Group's contributory defined benefit pension scheme which entitles them, with the exception of Mr G K Hester and Mr D A Pretty, to a pension on retirement of two thirds of final pensionable salary after 40 years membership. The executive directors are also eligible for dependants' pension and insured lump sums on death in service. The final pension is calculated from the highest yearly average pensionable salary over three consecutive years during the last ten years of service. The entitlements of Mr G K Hester and Mr D A Pretty are restricted by the earnings cap imposed under the Finance Act 1989. Performance related pay has always been and continues to be an integral part of pensionable salary to provide a competitive and appropriate remuneration package for directors. Benefits in kind are not pensionable.

The Group's original Executive Share Option Scheme expired on its 10th anniversary in December 1996. In November 1997 the company adopted an Executive Share Option Plan (the Plan). The Remuneration Committee approves the grant of share options to executive directors under the Plan, taking into account individual performance and the overall performance of the Group. Options are normally exercisable between 3 and 10 years from the date of grant. The exercise of the options granted under the Plan are subject to the achievement of an objective performance condition set by the Committee, namely that the growth in the earnings per share of the company over a period of three consecutive financial years should exceed the growth in the Retail Price Index by at least 6 per cent for those options granted in 1997 and 1998, increased to 9 per cent for those granted in 1999, 2000 and in 2001.

	DIRECTORS' EMOLUMENTS					DEFERRED BONUS		
	2002			2001	2002	2002	2001	
	Salary/ Fee £000	Performance Related £000	Benefits £000	Total £000	Total £000	Gain on Exercise of Share Options £000	Provisional Allocations £000	
F Eaton	335	295	14	644	557	1,119	73	60
C G Toner	4	-	-	4	-	-	-	-
D A Pretty	220	221	21	462	398	434	56	45
P H Ashworth	28	-	-	28	27	-	-	-
S J Boyes	130	221	12	363	-	32	56	-
C A Dearlove	208	221	17	446	386	421	56	45
P R Gieron	220	221	5	446	390	484	56	45
G K Hester	190	221	11	422	341	171	56	45
A E Kilburn	28	-	-	28	27	-	-	-
M Pescod	21	-	-	21	-	-	-	-
H Walker	220	221	12	453	394	700	56	45
B Bean	14	-	-	14	36	-	-	-
Total	1,618	1,621	92	3,331	2,556	3,361	409	285

DIRECTORS' PENSION BENEFITS

	Accrued Single Life Pension at 1st July 2001 £	Accrued Single Life Pension at 30th June 2002 £	Increase in Accrued Single Life Pension (excluding inflation) £	Transfer value of Increase in Accrued Pension less contributions £
F Eaton	139,230	162,470	21,700	119,522
D A Pretty	39,770	44,640	4,430	32,851
S J Boyes	40,010	57,430	16,980	60,299
C A Dearlove	86,430	102,290	14,900	78,151
P R Gieron	85,930	105,030	18,160	79,809
G K Hester	6,880	8,620	1,670	9,092
H Walker	108,070	124,500	15,240	117,554

Remuneration Report

DIRECTORS' PENSION BENEFITS (continued)

The pension entitlement shown is the amount that would be paid each year on retirement based on service at the end of the current year. The increase in accrued pension during the year excludes any increase for inflation. Members of the scheme have the option of paying Additional Voluntary Contributions but neither the contributions nor the resulting benefits are included in the table on page 18.

DIRECTORS' SHARE OPTIONS

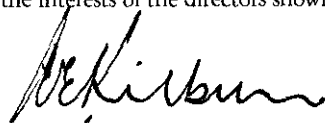
	During the year				Exercise Price p	Market Price at Date of Exercise p	Earliest Exercise	Latest Expiry
	At 30.06.01	Granted	Exercised	At 30.06.02				
F Eaton	211,060	-	211,060	-	180	479	-	-
	158,293	-	158,293	-	171	479	-	-
	65,000	-	-	* 65,000	271		26.04.99	25.04.06
	180,000	-	-	180,000	222		11.12.00	10.12.07
	110,000	-	-	110,000	205		15.10.01	14.10.08
	200,000	-	-	200,000	275		30.09.02	29.09.09
	200,000	-	-	200,000	273		27.10.03	26.10.10
	-	180,000	-	180,000	330		01.11.04	31.10.11
D A Pretty	65,000	-	65,000	-	271	400	-	-
	120,000	-	120,000	-	222	400	-	-
	70,000	-	70,000	-	205	400	-	-
	140,000	-	-	140,000	275		30.09.02	29.09.09
	140,000	-	-	140,000	273		27.10.03	26.10.10
	-	120,000	-	120,000	330		01.11.04	31.10.11
S J Boyes	10,552	-	10,552	-	171	476	-	-
	20,000	-	-	20,000	222		11.12.00	10.12.07
	30,000	-	-	30,000	205		15.10.01	14.10.08
	30,000	-	-	30,000	275		30.09.02	29.09.09
	30,000	-	-	30,000	273		27.10.03	26.10.10
	-	120,000	-	120,000	330		01.11.04	31.10.11
C A Dearlove	105,530	-	105,530	-	180	375	-	-
	105,530	-	105,530	-	171	375	-	-
	65,000	-	-	* 65,000	271		26.04.99	25.04.06
	120,000	-	-	120,000	222		11.12.00	10.12.07
	70,000	-	-	70,000	205		15.10.01	14.10.08
	140,000	-	-	140,000	275		30.09.02	29.09.09
	140,000	-	-	140,000	273		27.10.03	26.10.10
	-	120,000	-	120,000	330		01.11.04	31.10.11
P R Gieron	50,000	-	50,000	-	271	429	-	-
	120,000	-	120,000	-	222	429	-	-
	70,000	-	70,000	-	205	429	-	-
	140,000	-	-	140,000	275		30.09.02	29.09.09
	140,000	-	-	140,000	273		27.10.03	26.10.10
	-	120,000	-	120,000	330		01.11.04	31.10.11
G K Hester	50,000	-	50,000	-	222	429	-	-
	30,000	-	30,000	-	205	429	-	-
	30,000	-	-	30,000	275		30.09.02	29.09.09
	140,000	-	-	140,000	273		27.10.03	26.10.10
	-	120,000	-	120,000	330		01.11.04	31.10.11
H Walker	26,381	-	26,381	-	171	463	-	-
	80,000	-	80,000	-	271	463	-	-
	120,000	-	120,000	-	222	463	-	-
	70,000	-	70,000	-	205	463	-	-
	140,000	-	-	140,000	275		30.09.02	29.09.09
	140,000	-	-	140,000	273		27.10.03	26.10.10
	-	120,000	-	120,000	330		01.11.04	31.10.11

*Granted under the 1986 Executive Share Option Scheme.

The mid-market share price of the company was 359p on 1st July 2001 and 420p as at 30th June 2002. The mid-market high and low share prices of the company during the year were 509p and 272.25p respectively. No options of directors in office at 30th June 2002 lapsed unexercised during the year.

There were no changes in the interests of the directors shown above between 1st July 2001 and the date of this report.

On behalf of the Board
A E Kilburn
Chairman
Remuneration Committee



21st October 2002

GROUP PROFIT AND LOSS ACCOUNT for the year ended 30th June 2002

	Note	2002 £m	2001 £m
TURNOVER: Group and share of joint venture		1,799.4	1,515.0
LESS: Share of joint venture's turnover		-	(5.9)
GROUP TURNOVER		1,799.4	1,509.1
OPERATING PROFIT	1	227.9	186.2
SHARE OF OPERATING PROFITS OF JOINT VENTURE		-	0.9
PROFIT ON DISPOSAL OF INTEREST IN JOINT VENTURE		-	3.7
PROFIT BEFORE INTEREST AND TAXATION		227.9	190.8
NET INTEREST PAYABLE	4	(7.9)	(12.4)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	220.0	178.4
TAXATION	5	(61.9)	(51.7)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	6	158.1	126.7
DIVIDENDS	7	(33.3)	(30.2)
RETAINED PROFIT	19	124.8	96.5
EARNINGS PER SHARE - BASIC	9	68.6p	55.1p
EARNINGS PER SHARE - DILUTED	9	67.7p	54.7p

All activities of the Group are continuing.

There is no difference between profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30th June 2002

	2002 £m	2001 £m
Profit on ordinary activities after taxation	158.1	126.7
Currency translation differences on foreign currency net investments	(2.1)	1.9
Total gains and losses recognised since last annual report	156.0	128.6

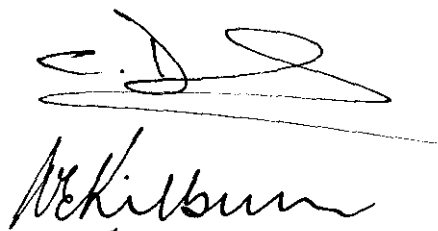
GROUP BALANCE SHEET at 30th June 2002

	Note	2002 £m	2001 £m
FIXED ASSETS			
Tangible assets	10	2.4	1.9
Other investments: interest in own shares	11	17.7	11.7
		20.1	13.6
CURRENT ASSETS			
Properties held for sale		6.1	4.9
Stocks	12	1,451.3	1,177.6
Debtors due within one year	13	26.4	28.3
Debtors due after more than one year	13	0.5	0.7
Bank and cash		131.8	86.6
		1,616.1	1,298.1
CURRENT LIABILITIES			
Creditors due within one year	14	(753.3)	(596.4)
		862.8	701.7
NET CURRENT ASSETS			
		882.9	715.3
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS DUE AFTER MORE THAN ONE YEAR	15	(123.4)	(84.2)
		759.5	631.1
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	18	23.8	23.5
Share premium	19	185.2	179.8
Profit retained	19	550.5	427.8
		759.5	631.1
EQUITY SHAREHOLDERS' FUNDS			
	20	759.5	631.1

Approved by the Board on 21st October 2002

C A Dearlove
A E Kilburn

} Directors



The image shows two handwritten signatures. The top signature is in dark ink and appears to be 'C.A. Dearlove'. The bottom signature is in a lighter ink and appears to be 'A.E. Kilburn'.

GROUP CASH FLOW STATEMENT for the year ended 30th June 2002

	Note	2002 £m	2001 £m
CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	21	144.2	132.3
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		1.4	0.6
Interest paid		(10.2)	(10.6)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(8.8)	(10.0)
TAXATION		(59.7)	(48.2)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(1.1)	(0.6)
Sale of tangible fixed assets		-	0.7
Purchase of investments: interest in own shares		(6.0)	(1.0)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(7.1)	(0.9)
ACQUISITIONS AND DISPOSALS			
Sale of investment in joint venture		3.7	4.8
NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS		3.7	4.8
EQUITY DIVIDENDS PAID		(30.8)	(28.0)
CASH INFLOW BEFORE FINANCING		41.5	50.0
FINANCING			
Issue of ordinary share capital		5.6	2.8
Decrease in loan to joint venture due within one year		-	1.7
Increase in debt due after more than one year		-	1.9
NET CASH INFLOW FROM FINANCING		5.6	6.4
INCREASE IN CASH IN THE YEAR		47.1	56.4
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
		2002 £m	2001 £m
Increase in cash in the year		47.1	56.4
Cash flow from increase in debt		-	(3.6)
Change in net funds resulting from cash flows		47.1	52.8
Exchange movements		2.6	(2.6)
Movement in net funds in the year		49.7	50.2
Net funds/(debt) at beginning of year		44.9	(5.3)
Net funds at end of year	22	94.6	44.9

Accounting Policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently, with the exception of the adoption of FRS 19 'Deferred Taxation' which has no impact on these accounts, are:

(a) Basis of accounting

The Group prepares its accounts on an historical cost basis.

(b) Consolidation

The Group accounts include the results of the holding company and all its subsidiary undertakings made up to 30th June 2002. They also include the Group's share of the results of the joint venture. Prior to the introduction of Financial Reporting Standard Number 10, "Goodwill and intangible assets", goodwill arising on consolidation as a result of the acquisition of subsidiary undertakings was written off against reserves in the year of acquisition. This goodwill has not been reinstated in the balance sheet. Any goodwill written off against reserves will be charged to the profit and loss account in the event of the disposal of the related business.

(c) Turnover

Turnover comprises the total proceeds of building and development on legal completion and the value of work executed on long-term contracts during the year excluding inter-company transactions and value added tax. The sale proceeds of part exchange houses are not included in turnover.

(d) Properties held for sale

Properties held for sale, comprising properties previously held for investment, are stated at the lower of cost and net realisable value.

(e) Stocks

Stocks and work in progress, excluding long term contracting work in progress, are valued at the lower of cost and net realisable value.

Profit on contracting is taken on short term contracts when completed, and for long term contracts attributable profit is taken when the final outcome can be foreseen with reasonable certainty; provision is made for any anticipated losses. Amounts by which turnover in respect of long term contracts exceed payments on account are held in debtors as amounts recoverable on contracts. Amounts received in respect of long term contracts, in excess of amounts reflected in turnover, are held in creditors as payments on account.

(f) Depreciation

Freehold properties are depreciated on a straight line basis over twenty five years. Plant is depreciated on a straight line basis over its expected useful life which ranges from one to seven years.

(g) Leased assets

Operating lease rentals are charged to the profit and loss account in equal instalments over the life of the lease.

(h) Exchange translations

Foreign currency assets and liabilities are translated into sterling at rates of exchange ruling at the year end. Trading results are translated at the average rate prevailing during the relevant period. Differences arising on the re-translation of the net investment in, and the results for the year of, the foreign subsidiary undertaking are taken directly to reserves together with the differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against Group equity investments in foreign subsidiary undertakings. All other foreign exchange differences are taken to the profit and loss account in the year in which they arise.

(i) Deferred taxation

Following the adoption of FRS 19 deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

(j) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' services. The effects of variations from regular cost arising from actuarial valuations of the pension scheme are spread over the expected average remaining service lives of the members of the scheme. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

(k) Fixed asset investments

Fixed asset investments are recorded at historic cost less any provision for diminution in value.

Notes to the Accounts

1. OPERATING PROFIT

	2002 £m	2001 £m
Group turnover	1,799.4	1,509.1
Cost of sales	(1,516.1)	(1,280.4)
Gross profit	283.3	228.7
Administrative expenses	(55.4)	(42.5)
	227.9	186.2

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002 £m	2001 £m
After charging/(crediting):		
Profit on sale of fixed assets	–	(0.4)
Depreciation – tangible owned fixed assets	0.6	0.6
Operating lease charges – hire of plant, machinery and vehicles	14.2	12.7
– other	2.3	2.3
Auditors' remuneration – audit services (company: £3,500 – (2001 £2,500))	0.2	0.2

Auditors' remuneration for non-audit services in the year amounted to £52,000 (company: £52,000), (2001 £33,000 (company: £31,000)).

The profit on ordinary activities before taxation is stated after charging the directors' emoluments disclosed in the Remuneration Report on page 18.

3. ANALYSIS BY GEOGRAPHICAL AREA

	United Kingdom		USA		Total	
	2002	2001	2002	2001	2002	2001
	£m	£m	£m	£m	£m	£m
Group turnover by origin	1,675.6	1,401.3	123.8	107.8	1,799.4	1,509.1
Profit before interest and tax	220.9	184.8	7.0	6.0	227.9	190.8
Net assets	727.8	602.2	31.7	28.9	759.5	631.1

There is no material difference between turnover by origin and turnover by destination. In the opinion of the directors the activities of the Group fall into one class of business, that of building and development.

4. NET INTEREST PAYABLE

	2002 £m	2001 £m
Payable: On bank loans, bills and overdrafts	9.4	13.0
Less: Receivable	(1.5)	(0.6)
	7.9	12.4

Notes to the Accounts

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002 £m	2001 £m
ANALYSIS OF CHARGE IN YEAR		
Current tax:		
UK corporation tax on profits of the period	63.6	51.5
Share of corporation tax of joint venture	-	0.2
Adjustment in respect of previous periods	(0.2)	-
	63.4	51.7
Deferred tax:		
Origination and reversal of timing differences	(1.5)	-
	61.9	51.7

FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%).

The differences are explained below:

	2002 £m	2001 £m
Profit on ordinary activities for the year	220.0	178.4
Profit on ordinary activities before tax at a rate of 30%	66.0	53.5
Expenses not deductible for tax purposes	0.2	0.2
Additional tax relief for land remediation costs	(0.2)	-
Benefit of tax losses	(2.4)	(2.0)
Adjustments to tax charge in respect of previous periods	(0.2)	-
Current tax charge for the year	63.4	51.7

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Group has not recognised deferred tax assets amounting to £18.3m arising from timing differences and losses brought forward in the US as it is more likely than not that these amounts will not be recovered in the short term. Other than the potential availability of these unprovided tax losses and other timing differences, there are no factors that are expected to significantly affect the taxation charges for future years.

6. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

Of the profit attributable to shareholders, £63.2m (2001 £49.4m) is dealt with in the accounts of the company. In accordance with the provisions of Section 230 of the Companies Act 1985 a separate profit and loss account for the company is not presented.

7. DIVIDENDS

	2002 £m	2001 £m
Interim 4.49p per share paid (2001 4.16p)	10.4	9.6
Second interim 9.89p per share proposed (2001 nil p)	22.9	-
Final nil p per share proposed (2001 8.91p)	-	20.6
	33.3	30.2

8. EMPLOYEES

	2002 £m	2001 £m
The average number of persons employed by the Group in building and development, excluding sub-contractors, was 3,978 (2001 3,555).		
Employee costs (including directors) comprise:		
Wages and salaries	101.5	84.7
Social security	8.8	7.3
Pension costs	4.2	3.9
	114.5	95.9

Notes to the Accounts

8. EMPLOYEES continued

The Group operates throughout the UK a defined benefit final salary pension scheme, the assets of which are held in a separate trustee administered fund.

The pension cost has been assessed in accordance with the advice of a qualified actuary using the projected unit method in a review of the scheme as at 1st December 1999. The actuarial assumptions are that the investment return will be 2% per annum above annual salary growth. The market value of the assets of the scheme on 1st December 1999 was £77.0m. Their actuarial value, using the new assumptions, represented 104% of the value of benefits for service to the date of the review allowing for future salary increases.

In deriving a pension cost, the surplus in the scheme is being spread as fixed amounts over the future working lifetime of the existing members. For the purpose of funding the scheme, the surplus is spread over a shorter period as a level percentage of members' salaries.

The total UK employer contribution in respect of the year ended 30th June 2002 amounted to £4.0m (2001 £2.9m), while the amount charged to the profit and loss account was £4.2m (2001 £3.9m). This increased the balance sheet accrual of £3.1m at the year ended 30th June 2001 to £3.3m at 30th June 2002.

Having regard to the recommendation of the scheme Actuary as set out in the last valuation, company contributions were increased from 5% to 9% of pensionable salary with effect from 1st December 2000 and employee contributions increased from 5% to 6% of pensionable salary from 1st December 2001.

The defined benefit final salary section of the pension scheme closed to new members on 1st July 2001 and was replaced by a defined contribution section of the scheme for new employees. Under the projected unit method of valuation the current service cost will increase as members approach retirement.

9. EARNINGS PER SHARE

Basic earnings per ordinary share is based on the profit after taxation of £158,100,000 (2001 £126,705,000) and the weighted average number of ordinary shares in issue and ranking for dividend during the year of 230,518,421 (2001 229,877,640). For diluted earnings per share, the weighted average number of shares in issue and ranking for dividend is adjusted to assume the conversion of all dilutive potential shares. The effect of the dilutive potential shares is 3,008,294 (2001 1,794,208), this gives a diluted weighted average number of shares of 233,526,715 (2001 231,671,848).

10. TANGIBLE FIXED ASSETS

	Group		
	Freehold property £m	Plant £m	Total £m
Cost			
At 1st July 2001	1.0	4.2	5.2
Additions	0.2	0.9	1.1
At 30th June 2002	1.2	5.1	6.3
Accumulated depreciation			
At 1st July 2001	–	3.3	3.3
Provision for the year	–	0.6	0.6
At 30th June 2002	–	3.9	3.9
Net book value at 30th June 2002	1.2	1.2	2.4
Net book value at 30th June 2001	1.0	0.9	1.9

Notes to the Accounts

11. FIXED ASSET INVESTMENTS

a) Investment in own shares

Group and Company	£m
Cost and net book value	
At 1st July 2001	11.7
Additions	6.0
At 30th June 2002	17.7

The interest in own shares comprises 6,183,640 ordinary shares in Barratt Developments PLC purchased by the Barratt Developments Employee Benefit Trust to satisfy awards made under the company's employee and executive share option plans. On 30th June 2002 the cost of these shares was 285.8 pence per share and the market value was 420 pence per share. The dividends on the shares have been waived. Details of the employee and executive share option plans are included in note 18 to the accounts on page 29.

b) Investment in subsidiary undertakings

The company has shareholdings at a cost of £60.7m (2001 £60.7m).

The principal subsidiary undertakings are set out on pages 36-37.

12. STOCKS

Group	2002 £m	2001 £m
Work in progress	1,321.5	1,089.7
Showhouse complexes and houses awaiting legal completion	129.8	87.9
	1,451.3	1,177.6

13. DEBTORS

	Group		Company	
	2002 £m	2001 £m	2002 £m	2001 £m
Due within one year				
Secured loans	0.1	2.6	-	-
Trade debtors	5.4	4.9	-	-
Amounts recoverable on contracts	4.4	3.6	-	-
Other debtors	13.5	14.8	0.1	0.4
Prepayments	3.0	2.4	0.2	0.2
	26.4	28.3	0.3	0.6
Due after more than one year				
Secured loans	0.1	0.1	-	-
Other debtors	0.4	0.6	-	-
	0.5	0.7	-	-
	26.9	29.0	0.3	0.6

Other debtors includes a deferred tax asset of £3.0m (2001 £1.5m), the analysis of which is disclosed in note 17.

Notes to the Accounts

14. CREDITORS DUE WITHIN ONE YEAR

	Group		Company	
	2002 £m	2001 £m	2002 £m	2001 £m
Bank loans and overdrafts	10.9	13.3	2.9	4.8
Trade creditors including deferred land payments	474.7	388.1	0.3	0.8
Payments on account	10.4	2.3	-	-
Corporation tax	40.5	34.8	3.3	2.8
Other taxation including social security	4.1	3.5	-	0.1
Dividend	22.9	20.6	22.9	20.6
Other creditors	22.2	25.2	3.3	3.0
Accruals and deferred income	167.6	108.6	5.6	6.8
	753.3	596.4	38.3	38.9

15. CREDITORS DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2002 £m	2001 £m	2002 £m	2001 £m
Bank loans and overdrafts	26.3	28.4	-	-
Trade creditors including deferred land payments	97.1	55.8	-	-
	123.4	84.2	-	-

Total creditors include £64.4m (2001 £25.0m) secured by legal charges on certain assets of the Group.

16. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise borrowings, cash and various items such as trade debtors, trade creditors, etc. that arise directly from its operations, the main purpose of which is to raise finance for the Group's operations. The Board reviews and agrees policies for treasury management, which have remained unchanged throughout the year. It is not Group policy to trade in financial instruments.

The Group finances its operations through a mixture of shareholders' funds and borrowings. To ensure flexibility, the majority of the borrowings are made under pre-arranged revolving credit facilities. The Group has one significant overseas subsidiary undertaking, Barratt American Inc., which operates in the USA and whose revenues and expenses are denominated exclusively in US dollars. In order to protect the Group's sterling balances from the movements in the US dollar/sterling exchange rate, the Group finances its net investment in this subsidiary undertaking by means of US dollar borrowings.

All short-term debtors and creditors have been, as permitted, excluded from the disclosure requirements of Financial Reporting Standard Number 13. The bank loans and overdrafts due after more than one year are repayable between two and five years.

The interest rate profile of the financial liabilities is: £4.0m (2001 nil) sterling, floating rate linked to the UK bank base rate; £33.2m (2001 £41.7m) US dollars, floating rate linked to either the US prime rate or Libor, decided by the Group prior to any drawdown of the facilities; £97.1m (2001 £55.8m) sterling, non-interest bearing.

Sterling cash deposits of £120.1m (2001 £60.0m) comprise deposits placed on money markets at call at floating rates of interest.

The undrawn committed borrowing facilities are: £312.8m (2001 £85.2m) expiring in one year or less, £9.5m (2001 £194.1m) expiring in more than one year but not more than two years, £31.8m (2001 £28.5m) expiring in more than two years.

There is no material difference between book value and the fair value of the Group's financial assets and financial liabilities as at 30th June 2002.

17. DEFERRED TAXATION

	Group	
	2002 £m	2001 £m
DEFERRED TAX ASSET		
Deferred tax assets comprise:		
Accelerated capital allowances	0.1	0.1
Short term timing differences	1.0	1.4
Losses	1.9	-
Deferred tax asset	3.0	1.5
Balance at 1st July 2001	1.5	
Prior year adjustment on adoption of FRS 19	-	
Amount credited to profit and loss account	1.5	
Balance at 30th June 2002	3.0	

A deferred tax asset of £1.5m has been recognised as at 30th June 2002 (2001 nil).

This asset, relating to past trading losses incurred by the US subsidiary undertaking, has been recognised on the basis of recently prepared budgets for the operation.

Notes to the Accounts

18. CALLED UP SHARE CAPITAL

	2002 £m	2001 £m
Authorised 300,000,000 ordinary shares of 10p each	30.0	30.0
Allotted and issued ordinary shares of 10p each		
Fully paid – 237,592,250 ordinary shares (2001 234,909,800)	23.8	23.5

The issued share capital of the company was increased during the year to 237,592,250 ordinary shares of 10p each by the issue of 2,682,450 ordinary shares of 10p each for a cash consideration of £5,583,093 in satisfaction of options duly exercised in accordance with the rules of the share option scheme and the share option plans.

As at 30th June 2002 the following options issued in accordance with the rules of the executive share option scheme, executive share option plan and the employee share option plan were outstanding:

Date of grant	Option price	Directors	Senior executives	Other employees	Not exercisable after
a) Executive share option scheme					
27.09.94	171p	–	73,866	–	26.09.04
26.04.96	271p	130,000	–	–	25.04.06
b) Executive share option plan					
11.12.97	222p	320,000	245,000	–	10.12.07
15.10.98	205p	210,000	294,000	–	14.10.08
30.09.99	275p	820,000	752,000	–	29.09.09
27.10.00	273p	930,000	951,500	–	26.10.10
01.11.01	330p	900,000	852,000	–	31.10.11
c) Employee share option plan					
10.04.00	240p	–	–	744,000	09.04.10
29.03.01	315p	–	–	1,026,500	28.03.11
25.04.02	470p	–	–	1,474,000	24.04.12

In November 1999 the company adopted an employee share option plan. The Board approves the grant of share options to employees under the plan which are normally exercisable between 3 and 10 years from the date of grant. The exercise of the options granted under the plan are subject to the achievement of an objective performance condition set by the Board, namely that the growth in the earnings per share of the company over a period of three consecutive financial years should exceed the growth in the Retail Price Index by at least 9 per cent.

Those who have participated in the executive share option plan do not participate in the employee share option plan.

19. RESERVES

	Share premium £m	Profit retained £m	Total £m
Group			
At 1st July 2001	179.8	427.8	607.6
Premium on issue of ordinary equity shares under share options	5.4	–	5.4
Retained profit	–	124.8	124.8
Exchange adjustments	–	(2.1)	(2.1)
At 30th June 2002	185.2	550.5	735.7
Company			
At 1st July 2001	179.8	134.7	314.5
Premium on issue of ordinary equity shares under share options	5.4	–	5.4
Retained profit	–	29.9	29.9
Exchange adjustments	–	(0.2)	(0.2)
At 30th June 2002	185.2	164.4	349.6

The cumulative amount of goodwill written off to reserves is nil (2001 nil).

Notes to the Accounts

20. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2002 £m	2001 £m
Profit on ordinary activities after taxation	158.1	126.7
Dividends	(33.3)	(30.2)
	124.8	96.5
Reinstatement of goodwill previously eliminated against reserves	-	1.2
Other recognised gains and losses relating to the year	(2.1)	1.9
New share capital subscribed (including premium)	5.7	2.8
Net addition to equity shareholders' funds	128.4	102.4
Opening equity shareholders' funds	631.1	528.7
Closing equity shareholders' funds	759.5	631.1

21. CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES

	2002 £m	2001 £m
Operating profit	227.9	186.2
Profit on sale of fixed assets	-	(0.4)
Depreciation charges	0.6	0.6
Increase in properties held for sale	(1.2)	(0.7)
Increase in stocks	(280.9)	(190.4)
Increase in debtors	(1.7)	(6.4)
Increase in creditors	199.5	143.4
	144.2	132.3

22. ANALYSIS OF NET FUNDS/(DEBT)

	2002 £m	Cash flow £m	Exchange movement £m	2001 £m	Cash flow £m	Exchange movement £m	2000 £m
Cash at bank and in hand	131.8	45.5	(0.3)	86.6	39.3	0.4	46.9
Overdrafts	(10.9)	1.6	0.8	(13.3)	17.1	(3.0)	(27.4)
	120.9	47.1	0.5	73.3	56.4	(2.6)	19.5
Debt due after more than one year	(26.3)	-	2.1	(28.4)	(1.9)	-	(26.5)
Debt due within one year	-	-	-	-	-	-	-
Loan to joint venture due within one year	-	-	-	-	(1.7)	-	1.7
	(26.3)	-	2.1	(28.4)	(3.6)	-	(24.8)
Total	94.6	47.1	2.6	44.9	52.8	(2.6)	(5.3)

23. OPERATING LEASE OBLIGATIONS

	Group			
	2002			2001
	Land and buildings £m	Other £m	Land and buildings £m	Other £m
Annual commitments under non-cancellable operating leases which expire:				
Within one year	0.4	1.4	0.1	1.1
Between two and five years	1.3	4.4	0.6	3.8
In five years or more	0.7	0.1	0.6	0.2
	2.4	5.9	1.3	5.1

Notes to the Accounts

24. CONTINGENT LIABILITIES

The company has guaranteed certain bank borrowings of its subsidiary undertakings, amounting to £37.8m at the year end (2001 £35.4m).

25. RELATED PARTY TRANSACTIONS

A number of partners of the firm of solicitors Field Cunningham & Co, one of whom is Mr P H Ashworth, perform development related legal work for four of the thirty-two operating divisions of the Group. The firm also performs some general legal work for divisions and deals with certain specific Group legal matters. All transactions with the firm have been on normal commercial terms. The amount invoiced during the year ended 30th June 2002 was £625,595 (2001 £528,126) of which £96,285 (2001 £95,875) was outstanding at the year end.

In accordance with the provisions of Financial Reporting Standard Number 8, Related Party Disclosures, details of transactions with subsidiary undertakings are not disclosed.

26. RETIREMENT BENEFITS

a) DEFINED CONTRIBUTION SCHEME

The Group operates a defined contribution scheme for new employees. The service cost of this scheme for the period was £0.2m (2001 nil). At the balance sheet date there were no outstanding contributions due to this arrangement.

b) DEFINED BENEFIT SCHEME

The Group operates a defined benefit scheme in the UK. A full actuarial valuation was carried out at 1st December 1999 and updated to 30th June 2002 by a qualified independent actuary. The defined benefit scheme is closed to new entrants. The projected unit method has been used to calculate the current service cost. This will rise over time (as a percentage of payroll) as the members of the scheme approach retirement.

The method and major assumptions used by the actuary were (in nominal terms):

Valuation method	30th June 2002 Projected unit	30th June 2001 Projected unit
Inflation rate	2.70%	2.50%
Salary increase	4.70%	4.50%
Rate of increase: for pensions in payment	2.70%	2.50%
for deferred pensions	2.70%	2.50%
Discount rate	5.80%	6.25%

SCHEME ASSETS	Long term rate of return at 30th June 2002	Value at 30th June 2002	Long term rate of return at 30th June 2001	Value at 30th June 2001
Equities	7.70%	60.2	7.75%	64.4
Bonds	5.80%	11.1	6.25%	12.2
Other	5.00%	2.2	5.25%	2.5
Market value of assets		73.5		79.1
Present value of liabilities		(112.4)		(88.7)
Deficit		(38.9)		(9.6)
Deferred tax asset		11.7		2.9
Net pension deficit		(27.2)		(6.7)

GROUP NET ASSETS	2002 Group £m	2001 Group £m
Net assets excluding pension deficit and SSAP24 adjustment	762.8	634.2
Pension deficit	(27.2)	(6.7)
Net assets including pension deficit	735.6	627.5

GROUP PROFIT AND LOSS RESERVES	2002 Group £m	2001 Group £m
Net profit and loss reserve excluding pension deficit and SSAP24 adjustment	553.8	430.9
Pension deficit	(27.2)	(6.7)
Profit and loss reserve including pension deficit	526.6	424.2

Notes to the Accounts

26. RETIREMENT BENEFITS (continued)

AMOUNT CHARGEABLE TO OPERATING PROFIT IN RESPECT OF DEFINED BENEFIT SCHEME

	Year to 30th June 2002 £m
Current service cost	4.2
Past service cost	-
	4.2

NET RETURN ON PENSION SCHEME

	Year to 30th June 2002 £m
Expected return on pension scheme assets	6.0
Interest on pension liabilities	(5.7)
Net return	0.3

AMOUNT RECOGNISED IN STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)

	Year to 30th June 2002 £m
Actual return less expected return on assets	(15.7)
Experience gains and losses on liabilities	0.4
Changes in assumptions	(13.7)
Actuarial loss recognised in STRGL	(29.0)
Adjustment due to surplus cap	-
Net loss recognised	(29.0)

MOVEMENT IN DEFICIT DURING THE YEAR

	Year to 30th June 2002 £m
Deficit in scheme at beginning of year	(9.6)
Movement in year:	
Current service cost	(4.2)
Contributions	3.6
Past service costs	-
Net return on assets	0.3
Actuarial loss	(29.0)
Deficit in scheme at end of year	(38.9)

HISTORY OF EXPERIENCE GAINS AND LOSSES

	2002 £m
Difference between expected and actual return on scheme assets:	
amount (£m)	(15.7)
percentage of scheme assets	21%
Experience gains and losses on scheme liabilities:	
amount (£m)	0.4
percentage of scheme assets	1%
Total amount recognised in statement of total recognised gains and losses:	
amount (£m)	(29.0)
percentage of scheme assets	26%

COMPANY BALANCE SHEET at 30th June 2002

	Note	2002 £m	2001 £m
FIXED ASSETS			
Investment in subsidiary undertakings	11	60.7	60.7
Other investments: interest in own shares	11	17.7	11.7
		78.4	72.4
CURRENT ASSETS			
Due from subsidiary undertakings within one year		215.4	240.3
Due from subsidiary undertakings after more than one year		61.6	61.6
Debtors due within one year	13	0.3	0.6
Bank and cash		122.0	61.8
		399.3	364.3
CURRENT LIABILITIES			
Due to subsidiary undertakings within one year		(66.0)	(59.8)
Creditors due within one year	14	(38.3)	(38.9)
		295.0	265.6
NET CURRENT ASSETS			
		373.4	338.0
NET ASSETS			
CAPITAL AND RESERVES			
Called up share capital	18	23.8	23.5
Share premium	19	185.2	179.8
Profit retained	19	164.4	134.7
		373.4	338.0
EQUITY SHAREHOLDERS' FUNDS			

Approved by the Board on 21st October 2002

C A Dearlove
A E Kilburn

} Directors



Five Year Record and Financial Calendar

FIVE YEAR RECORD

Year	2002	2001	2000	1999	1998
Group turnover £m	1,799.4	1,509.1	1,250.0	1,008.8	890.5
Profit before tax £m	220.0	178.4	143.9	112.0	93.3
Share capital and reserves £m	759.5	631.1	528.7	454.3	399.4
Per ordinary share:					
Earnings (basic) pence	68.6	55.1	43.3	33.1	27.1
Dividend pence	14.38	13.07	11.88	10.80	10.00
Net assets pence	320	269	226	195	171
Dividend cover	4.8	4.2	3.6	3.1	2.7

FINANCIAL CALENDAR

Announcement of results:		Dividends:	
Half year	27th March 2002	Interim paid	24th May 2002
Full year	25th September 2002	Second interim proposed	15th November 2002
Annual Report posted to shareholders	4th November 2002		
Annual General Meeting	3rd December 2002		

Independent Auditors' Report

Independent auditors' report to the members of Barratt Developments PLC

We have audited the financial statements which comprise the group profit and loss account, the group and company balance sheets, the group cash flow statement, the group statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report, the chairman's statement, the operational review, the corporate governance statement and the remuneration report.

We review whether the corporate governance statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion of the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the Group at 30th June 2002 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

21st October 2002
