BARRATT
DEVELOPMENTS PLC

6 September 2023

BARRATT DEVELOPMENTS PLC

Annual Results Announcement for the year ended 30 June 2023

Strong performance, well positioned for an uncertain trading backdrop in FY24

Commenting on the full year results David Thomas, Chief Executive of Barratt Developments PLC said:

"We have delivered a strong operational performance in a challenging operating environment. Customers continue to face cost of living and mortgage affordability challenges, and new developments are increasingly constrained by an ineffective planning system. Today's results reflect the hard work and dedication of our teams and the decisive actions we have taken as a business to respond to market conditions.

Whilst we expect that the backdrop will continue to be difficult over the coming months, we are a resilient business with a strong balance sheet and an experienced management team. We remain committed to building the communities that our customers want to live in – delivering high-quality, sustainable homes at competitive prices to help address the country's housing crisis and drive long term, sustainable growth for our business."

£m unless otherwise stated[1,2]	**Year ended 30 June 2023**	**Year ended 30 June 2022**	**Change**
Total completions (homes)[3]	17,206	17,908	(3.9%)
Revenue	5,321.4	5,267.9	1.0%
Alternative performance measures:[4]			
Adjusted gross profit	1,130.4	1,308.1	(13.6%)
Adjusted profit before tax	884.3	1,054.8	(16.2%)
Adjusted gross margin	21.2%	24.8%	(360 bps)
Adjusted operating margin	16.2%	20.0%	(380 bps)
Adjusted basic earnings per share (pence)	67.3	83.0	(18.9%)
Statutory basis:			
Gross profit	974.9	899.9	8.3%
Profit before tax	705.1	642.3	9.8%
Gross margin	18.3%	17.1%	120 bps
Operating margin	13.3%	12.3%	100 bps
Basic earnings per share (pence)	53.2	50.6	5.1%
ROCE	22.2%	30.0%	(780 bps)
Net cash	1,069.4	1,138.6	(69.2)
Total ordinary dividend per share (pence)	33.7	36.9	(8.7%)
Tangible net asset value per share (pence)	467	447	4.5%

Highlights

- Strong operational performance delivering 17,206[3] (FY22: 17,908) total home completions, a decline of 3.9% year on year reflecting the market slowdown experienced from September 2022.
- Industry leadership in build quality, customer service and sustainability maintained through:
  - 19th consecutive year of achieving more NHBC Pride in the Job Awards than any other housebuilder;
  - 14th consecutive year of receiving the maximum HBF 5 Star customer satisfaction rating; and
  - Awarded membership of CDP's Climate Change A List for Leadership, one of fewer than 300 companies globally.
- Adjusted gross profit of £1,130.4m (FY22: £1,308.1m) and adjusted gross margin at 21.2% (FY22: 24.8%), with reduced profitability reflecting the fall in customer demand, overall house price inflation running below build cost inflation and the operational gearing impact as the market has slowed down.
- Adjusted profit before tax of £884.3m (FY22: £1,054.8m) in line with market expectations[5].
- Adjusted items relating to costs associated with legacy properties of £179.2m (FY22: £412.5m), which resulted in reported profit before tax of £705.1m (FY22: £642.3m).
- Strong balance sheet with net cash at 30 June 2023 of £1,069.4m (30 June 2022: £1,138.6m), after dividend payments of £360m and completion of £200m share buyback.

- ROCE declines to 22.2% (FY22: 30.0%) reflecting the decline in profitability in the year.

- Final ordinary dividend per share of 23.5p (FY22: 25.7p) which, together with the interim dividend of 10.2p (FY22: 11.2p), results in total ordinary dividend for the financial year of 33.7p (FY22: 36.9p).

- In line with our stated dividend policy, ordinary dividend cover will be 1.75 times for FY24. Given current market uncertainty, the Board has decided to retain surplus capital to maintain the resilience of the Group's balance sheet.

- The focus for FY24 will be driving revenue through targeted use of incentives, sales to the private rental and social housing sectors, whilst continuing to manage build activity and controlling the cost base. This will be supported by a highly selective approach to land buying whilst continuing to lead the industry on sustainability.

Current trading

Whilst there remains a clear need for increased housebuilding in the UK, short-term demand has been impacted by mortgage affordability challenges.

We entered FY24 with a solid forward sales position and as at 27 August 2023 we were 49%[6] forward sold with respect to private wholly owned home completions for FY24 (28 August 2022 for FY23: 62%[7]).

The net private reservation rate per active outlet per average week from 1 July 2023 through to 27 August 2023 was 0.42, (FY23: 0.60), including a contribution of 0.02 (FY23: 0.05) from the private rental sector and additional sales to registered providers of social housing.

As outlined in our trading update of 13 July, based on current market conditions, we are targeting total home completions of between 13,250 and 14,250 in FY24.

1 Refer to Glossary for definition of key financial metrics.
2 Unless otherwise stated, all numbers quoted exclude JVs.
3 Including JVs in which the Group has an interest.
4 In addition to the Group using a variety of statutory performance measures, it also measures performance using alternative performance measures (APMs). Definitions of APMs and reconciliations to the equivalent statutory measures are detailed in the Glossary and Definitions. Net cash definition in Note 18.
5 Bloomberg consensus adjusted profit before tax was £882.0m at 5 September 2023.
6 Our forward sold position with respect to FY24 private home completions is based on the mid-point of wholly owned completions guidance at 13,100 (13,750 total completions less 650 JVs) and assumes c. 24% affordable home completion mix in FY24, broadly in line with FY23.
7 Our forward sold position with respect to FY23 is based on actual wholly owned private completions for the year (12,456 homes).

Note on forward looking statements:

Certain statements in this announcement may be forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Accordingly undue reliance should not be placed on forward looking statements. Unless otherwise required by applicable law, regulation or accounting standards, the Group does not undertake to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.

There will be a results meeting at the Chartered Accountants' Hall, 1 Moorgate Place, London, EC2R 6EA at 9.00am today.

A conference call and webcast will accompany the meeting starting at 9.00am. Details to register for the conference call are included below. We would advise calling in to the conference call at 8.45am to ensure you are registered ahead of the start of the meeting.

Please register using the link below for the conference call, you will receive an email with joining instructions and dialling in details:

https://brunswickgroup.zoom.us/webinar/register/WN_eNoWBK4iQJqHHoV8-pOPFA

The presentation along with Q&A will also be webcast live. Please register and access the webcast using the following link:

https://broadcaster-audience.mediaplatform.com/#/event/64ccee7b284de27bde92ca24

An archived version of the webcast will also be available on our website later this afternoon and further copies of this announcement can be downloaded from the Barratt Developments PLC corporate website at www.barrattdevelopments.co.uk or by request from the Company Secretary's office at: Barratt Developments PLC, Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

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The Group's next scheduled announcement of financial information is the AGM trading update on 18 October 2023.
Barratt Developments PLC LEI: 2138006R85VEOF5YNK2

Chair's statement

Committed to leading the future of housebuilding for our customers

I am pleased to present my first Annual Report as Chair, having taken over from John Allan on 30 June 2023. I joined the Group at the end of a financial year in which we delivered a strong operational and financial performance whilst maintaining our industry-leading quality, customer service and sustainability credentials, against a backdrop of both political and economic instability. Our balance sheet, with net cash of £1,069m, is robust and provides the financial strength and flexibility to ensure we can manage through this period of uncertainty and emerge well positioned for the future.

As part of my induction, I have met with our senior leadership team, employees and external stakeholders, which has helped me to gain a good understanding of the business and how it operates. It is evident that there is a strong internal culture of 'doing the right thing', as well as a desire throughout the organisation to ensure everyone has the opportunity to develop to their full potential within a diverse and inclusive workplace. I have been very impressed with the dedication and commitment of our senior leadership team, and with the passion and purpose of all our colleagues across the business.

Our focus on leading the industry in terms of customer service, quality and sustainability is evidenced through the achievement of the HBF 5 star rating for the 14th consecutive year, 96 NHBC Pride in the Job awards for our site managers and by the Group joining the CDP Climate Change A List for Leadership, one of fewer than 300 companies worldwide. The industry's impact on climate change makes it imperative that we continually scrutinise and challenge the ways in which we operate, as well as the environmental impact of our business. I am delighted to have joined a Group with both a successful history and a clear focus on its leading role in developing the sustainable homes of the future.

The Board recognises that we must manage the Group through what is likely to be a more challenging period of trading, but we will remain focused on managing these risks and challenges whilst ensuring the Group is in the best possible position to create long-term value for all our stakeholders.

Board changes

There have been several changes in the composition of the Board during FY23.

Jasi Halai joined the Board as an Independent Non-Executive Director on 1 January 2023 and, as announced later in January, I joined as a Non-Executive Director and Chair designate on 1 June 2023.

John Allan stepped down from the Board on 30 June 2023. John played a key role in the Group's development since joining the Board in August 2014 and taking up the role of Chair in November 2014. His experience and dedication were invaluable and the Board wishes John well for the future.

As announced in January this year, Dame Sharon White decided to step down early from her position as a Non-Executive Director on 30 June 2023, after more than five years of service on the Board, due to her other commitments. The Board would like to express thanks to Sharon for her dedication and service.

Finally, I am pleased that Nigel Webb has agreed to join the Board as a Non-Executive Director with effect from 1 October 2023. Nigel brings a wealth of property, construction and land experience to the Board, which complements the skills of the existing Board members.

We will continue to assess our composition and that of our committees, considering the recommendations of the FTSE Women Leaders Review, the Parker reviews, and the McGregor-Smith review.

Shareholder returns

The Board declared an interim dividend for FY23 of 10.2 pence per share (FY22: interim dividend 11.2 pence per share) and is pleased to recommend a final FY23 dividend of 23.5 pence per share (FY22: final dividend of 25.7 pence per share) in line with our dividend policy of maintaining cover at two times.

Subject to shareholder approval, the final dividend will be paid on 3 November 2023 to shareholders on the register at the close of business on 29 September 2023. Shareholders who elect for the Dividend Reinvestment Plan should do so by 13 October 2023.

The total proposed dividend for FY23, including the interim dividend paid in May, is 33.7 pence per share (FY22: 36.9 pence per share) lower than last year reflecting the reduction in adjusted earnings per share, offset by the reduction of dividend cover to two times. We also returned surplus capital during the financial year with a £200m share buyback programme.

The Board has reviewed our capital allocation policy in light of current market conditions. In principle, the Board continues to believe that excess capital should be returned to shareholders when it is appropriate to do so. Whilst the Company remains in a strong financial position, the UK housing market remains difficult and the outlook remains

uncertain. We have therefore agreed that whilst our reduction in dividend cover to 1.75 times will apply from FY24 as planned, there will be no further share buybacks at this stage. The Board will continue to review the capital allocation policy as market conditions develop.

The future

Looking ahead, we recognise that there are significant macro-economic headwinds, most notably the continuing inflationary pressures and the resulting interest rate environment which is impacting mortgage affordability and availability in the UK, as well as economic growth, employment and consumer confidence and spending.

We are in a strong position to deal with these challenges with a proven operational team, a prudent net cash balance and a solid forward sales position. The experienced senior management team are responding to market conditions by driving revenue through the efforts of our sales teams across the country with the focused use of incentives, as well as diversification to secure sales in the private rental sector.

The Board will continue to monitor changes in both the housing and land markets, as well as the wider economy, but our operating disciplines, forward order book and strong financial position provide us with resilience and flexibility to adjust to changes in the operating environment in the year ahead, and as the market evolves thereafter.

Finally, on behalf of the Board, I would like to express our thanks to our colleagues and our supply chain for their commitment to the Group, both over the last year, and as we look forward to the year ahead. On a personal note, I also look forward to meeting many more colleagues as I get around more of the Group's operations in the coming year.

Caroline Silver

5 September 2023

Chief Executive's review

Introduction

During what has been a year of economic and political uncertainty, we have delivered a strong operational and a good financial performance, given the market backdrop. I would like to thank our employees, sub-contractors and supply chain partners for their hard work and commitment which enabled us to manage our site-based construction activity effectively, delivering high-quality efficient homes and great service to our customers.

Our purpose remains clear: to lead the future of housebuilding by putting customers at the heart of everything we do.

Reflecting our position as Britain's largest and leading national sustainable housebuilder, we are committed to playing a key role in addressing the housing shortage and delivering the sustainable, high-quality and energy-efficient homes and developments needed across England, Scotland and Wales.

We will continue to operate the business in a flexible way, with a short land bank aimed at maximising our delivery of housing from our efficient and resilient balance sheet.

Performance overview

We delivered a strong performance against a challenging backdrop this year, while maintaining our focus on both build quality and customer service.

Our performance is a testament to the disciplines embedded by our operating framework as well as the commitment of our employees, sub-contractors and supply chain partners.

- Total home completions were 17,206 (FY22: 17,908).
- We achieved a 21.2% adjusted gross margin (FY22: 24.8%), with adjusted gross profit of £1,130.4m (FY22: £1,308.1m), with reduced profitability reflecting the fall in customer demand, overall house price inflation running below build cost inflation and the operational gearing impact as the market has slowed down.
- The impact of adjusting items, which reflected legacy property costs associated with building safety related remediation activities, resulted in reported gross profit of £974.9m (FY22: £899.9m) and a reported gross margin of 18.3% (FY22: 17.1%).
- We generated an adjusted profit before tax of £884.3m (FY22: £1,054.8m) in line with market expectations. Reported profit before tax, after deducting adjusting items, was £705.1m (FY22: £642.3m)
- Our balance sheet strength has been maintained with year-end net cash of £1,069.4m (FY22: £1,138.6m) after dividend payments of £360m and completion of the £200m share buyback.
- ROCE reduced by 780 bps to 22.2% (FY22: 30.0%), largely due to reduced profitability.

Our priorities for the year ahead

Against the backdrop of the current more challenging market, our strategy is centred on four key areas.

Driving revenue

Firstly, driving reservations and home completions. This centres on using our industry leading quality and customer service to attract our core private homebuyers and then helping them to access affordable mortgages, thereby enabling them to buy.

As evidenced in FY23, we are also focused on securing reservations from other channels, building on our strategic partnership with Citra Living, as well as our long-standing relationships with registered providers of social housing, public sector bodies and other investors, all of which will support our build activity and completions in FY24.

Controlling costs

We will manage build activity and build costs and control our indirect cost base to be as efficient as possible, whilst ensuring we have in place the operational capacity to deliver growth when market conditions improve. When the market slowdown accelerated following the mini budget in late September 2022, we implemented a recruitment freeze which has already reduced our headcount by 6% from 30 September 2022 through to 30 June 2023.

Maintaining land investment discipline

We will maintain our highly selective approach to land buying, particularly as prevailing land prices have not yet adjusted to the changed market conditions. We will continue to apply our long-standing hurdle requirements for land investment, which require a minimum gross margin of 23% and ROCE of 25%.

Leading sustainability

Finally, we will continue to lead the industry on sustainability, with a particular focus on reducing our environmental impact and increasing the future resilience of the business through our continued drive to reduce construction waste, our development of zero carbon homes and our targeted reduction of carbon emissions from our own operations. We have clear action plans and targets, as we look to the future to build the energy-efficient, sustainable homes the country needs.

Current trading and outlook

Long term housing market fundamentals reflect a continued and deteriorating imbalance between housing supply and demand. Despite this imbalance, the market is currently impacted by significant macro-economic headwinds, most notably persistent inflation and a higher interest rate environment. This backdrop has had a negative impact on UK economic growth, employment, mortgage affordability and consumer confidence and spending.

We entered FY24 with a solid forward sales position and at 27 August 2023 we are 49% forward sold with respect to private wholly owned home completions for FY24 (28 August 2022 for FY23: 62%) with 51% of the private order book exchanged (28 August 2022: 59%).

Forward order book	**27 August 2023**		**28 August 2022**		**Variance %**	
	£m	**Homes**	£m	Homes	£m	Homes
Private	1,527.6	4,440	2,421.5	6,467	(36.9%)	(31.3%)
Affordable	752.0	4,691	1,079.6	6,658	(30.3%)	(29.5%)
Wholly owned	**2,279.6**	**9,131**	**3,501.1**	**13,125**	(34.9%)	(30.4%)
JVs	157.7	477	307.8	933	(48.8%)	(48.9%)
Total	**2,437.3**	**9,608**	**3,808.9**	**14,058**	(36.0%)	(31.7%)

Since the start of the new financial year our net private reservation rate per active outlet per average week for the period to 27 August 2023 was 0.42 (FY23: 0.60). This reflects both traditional seasonality but also the continued affordability challenges faced by potential homebuyers. During the period there was minimal impact from sales to the private rental sector and registered providers of social housing, which contributed 0.02 (FY23: 0.05) to the reservation rate.

Based on current market conditions, we are targeting total home completions of between 13,250 and 14,250 in FY24, including c. 650 home completions from our JVs and c. 750 completions for the private rental sector, whilst ensuring we maintain our industry-leading standards of build quality and customer service. We currently estimate that around 45% of our completions will be delivered in the first half of the financial year.

Keeping people safe

Our fundamental priority is always to provide a safe environment for all our employees, sub-contractors and customers, and we are committed to achieving and maintaining the highest health and safety standards. We are continually developing our processes, challenging unsafe behaviours, and looking at ways we can further improve our procedures.

During FY23 we were disappointed that our Injury Incidence Rate (IIR) increased to 289 per 100,000 workers (FY22: 262), reflecting increased levels of slips and trips. Our SHE audit compliance was broadly maintained at 96% (FY22: 97%).

To drive improvement, we engaged with our employees, sub-contractors and our supply chain, seeking their views on how we can further enhance our safety, health and environmental performance. We continue to refine our

working practices in line with the latest guidance from Government, Public Health Authorities and the Construction Leadership Council.

Responsible development

Fire safety and external wall systems

On 13 March 2023 the Group signed the Self-Remediation Terms and Contract with the UK Government. This incorporated into contractual arrangements the commitments made by the Group under the Building Safety Pledge, signed in April 2022.

On 31 May 2023 the Group also signed the Scottish Safer Building Accord, an industry commitment supporting the remediation and / or mitigation of external wall cladding systems on buildings of 11 metres and above. We are working with Homes for Scotland and the Scottish Government to agree a legally binding, long-form contract to give effect to the principles of the Accord. There remains uncertainty around the extent of remediation which will be required in Scotland. Our existing provisions for Scottish buildings have been made on a consistent basis with England & Wales.

During the year, through the changes in inspection parameters and testing, we identified a further 55 buildings on 20 developments requiring potential remedial works. This change, in combination with an update to cost estimates across the portfolio, offset by an increase in the discount rate applied to the provision resulted in an additional charge of £117.7m (FY22: £377.7m), recognised as an adjusted item.

Reinforced concrete frames

Our remediation activities with respect to concrete frame design and construction continued during the year with the majority of developments proceeding in line with plan, but against a backdrop of inflationary build cost pressures. During the second half we also finalised remediation plans for the one remaining development from the Citiscape review, where work is required across five buildings. Finalisation of this remediation plan as well as ongoing remediation activities resulted in an additional charge of £51.5m, of which £21.3m related to JV legacy developments.

In addition, we identified two further developments where remediation work might be required. At the year end, £2.4m had been spent on one JV development and £7.6m has been provided in relation to future remediation costs. The sum provided is below the initial estimate, detailed in our July trading update, but remains subject to further detailed analysis, which is ongoing and is expected to conclude over the next six months.

Our dedicated Building Safety Unit is managing our overall ongoing building safety remediation programme, which we anticipate will be delivered over the next five years, with building safety considerations informing the prioritisation and scheduling of works.

Further details on our approach to building safety can be viewed on our website at:
https://www.barrattdevelopments.co.uk/about-us/our-approach-to-building-safety.

Competitions and Markets Authority (“CMA”)

The CMA announced on 16 August 2022 that, after more than three years of investigation, it had closed its investigation into the Group in relation to the sale of leasehold homes with no action being taken.

On 28 February 2023 the CMA launched a market study into housebuilding in England, Scotland and Wales. We welcome the study, which will provide an opportunity for the industry to explain in detail the current challenges it is facing. We have taken a proactive and constructive approach in engaging with the CMA to assist with their study. The CMA reported on 25 August 2023 that its review was continuing and we will continue to work constructively with the CMA through this process.

The Barratt Foundation

Now in its third year of operation, the Barratt Foundation is fulfilling our commitments to charitable giving and social responsibility. We believe it is important to bring together both our financial resources and the commitment and enthusiasm of our employees to support charitable causes locally and at a national level.

In FY23, we raised £6.3m (FY22 £5.1m) for charitable causes through the Barratt Foundation, including the Group donation of £4m. Notable grants during the year included: £900,000 in grants to five new national charity partners. The five charities receiving grants were: Whizz-Kidz (£350,000), Place2Be (£300,000), Refuge (£100,000), Bookmark (£100,000) and the Lighthouse Club (£50,000). Each of these charities was carefully selected by the

Barratt Foundation Trustees, reflecting their alignment with the Foundation's key priorities centred on promoting social inclusion, mental health and education.

Barratt and David Wilson Community Fund

The Barratt Foundation also continued to support the Barratt and David Wilson Community Fund throughout the year. This enables each of our divisions and Group offices to support local charities that really matter to them by donating £1,500 to a different local charity each month. Building on this, and reflecting the challenges faced by many over the Christmas period in 2022, the Barratt Foundation also provided an additional £5,000 to each of the Group's divisions and two Group offices with donations going to 48 small local charities such as hospices, foodbanks and homelessness charities.

Employee engagement in our charitable activities

To encourage our employees to raise funds for local causes, the Barratt Foundation matches funds up to £15,000 per division and up to £2,000 per employee for employee fundraising. The Group also partners with Payroll Giving in Action to enable employees to make regular, tax-free donations to their chosen charities.

In FY23, Barratt employees and divisions raised a record £1.3m (FY22: £0.7m) for charities and good causes, with an additional £0.8m (FY22: £0.3m) provided by the Barratt Foundation in matched funding, after doubling the available match funding for employee fundraising at the start of the year.

More details around the Barratt Foundation and its activities can be found at: www.barrattfoundation.org.uk

Operational review

Reservation activity

Our net private reservation rate in FY23 was 0.55 (FY22: 0.81). The decline across FY23 reflected a significant deterioration in trading following the fiscal event in September 2022, which continued to the end of the calendar year and was also impacted by the closure of the Help to Buy scheme, which closed to new reservations on 31 October 2022.

Relative political stability, a modest recovery in consumer confidence and an easing in mortgage interest rates helped improve the reservation rate from the start of January 2023 through to early May 2023, before it reduced again, reflecting growing uncertainty around inflation and mortgage interest rates for our potential customers.

Net private reservation rate	H1	H2	FY
FY23	0.44	0.65	0.55
FY22	0.79	0.84	0.81
FY23 vs FY22 (%)	(44.3%)	(22.6%)	(32.1%)

Reservation activity in the year also reflected the more challenging backdrop for first time buyers finding it harder to raise deposits following the end of the Help to Buy scheme in October 2022 and the sharp increase in mortgage interest rates and reduced availability of 95% mortgages following the fiscal event in September 2022. There was more resilient demand from existing homeowners who tend to have access to larger deposits, where limited numbers of homes for sale in the wider market, the energy efficiency of our new homes and the backdrop of significant rental cost growth helped to support demand.

Our reservation rate in FY23 was augmented by increased multi-unit sales into the private rented sector along with additional private unit sales to registered providers of social housing ("RPs"). This has partly mitigated sales risk during the period, supported our construction activity and ensured more of our homes will be made available for both the private rental and affordable homes market. The net private reservation rate into the private rented sector, along with additional private units to RPs contributed 0.10 (FY22: 0.03) in the year.

During the year, we operated from an average of 367 active sales outlets (FY22: 332) including 8 active JV sales outlets (FY22: 7). Growth in active outlets reflected two factors. Firstly, we made solid progress on new site openings, despite both ongoing planning delays and our step back from the land market, launching a total of 104 new sales outlets (including JVs) in the year (FY22: 118). Secondly, the significantly lower private reservation rate on existing sites extended the sales activity of several outlets.

At the end of the year we were operating from 389 active sales outlets (30 June 2022: 352), including 9 JV outlets (30 June 2022: 9).

In FY24, we expect to see average active sales outlets reduce by around 6% reflecting both reduced outlet openings given our step back from the land market and the impact of sites ending where sales activity was extended by lower reservation rates.

Construction activity adjusted to slower demand

Reductions in demand from late September 2022 required adjustments to construction activity across our operations. The result was an average 322 (FY22: 352) equivalent homes (including JVs) built per week in the year.

During FY24 our construction activity will reduce further as we align it with sales reservation activity and ensure efficient deployment of working capital across our sites.

Home completions

Total home completions reduced by 3.9% in FY23. The strength of our order book and demand in the first quarter of the year supported growth of 6.9% in total home completions in the first half. However, the significant change in reservation activity during the second quarter, the closure of the Help to Buy scheme to new reservations from 31 October 2022 and the slower rate of reservations from the start of the new calendar year, created a 12.8% decline in total home completions in the second half. As a result, the affordable housing share of wholly owned home completions increased to 23.9% (FY22: 22.3%) and the Help to Buy share of completions declined to 9% (FY22: 19%).

Completions (homes)	FY23	FY22	Change
Private	12,456	13,327	(6.5%)
Of which: PRS	*258*	*36*	*616.7%*
Affordable	3,922	3,835	2.3%
Wholly owned	**16,378**	**17,162**	**(4.6%)**
JV	828	746	11.0%
Total (including JVs)	**17,206**	**17,908**	**(3.9%)**

The average selling price (ASP) of wholly-owned completions increased by 6.5% to £319.6k (FY22: £300.2k). The private ASP increased by 7.9% to £367.6k (FY22: £340.8k), up 13.6% in the first half, benefitting from the strong private order book position carried into FY23, as well as steady pricing during the first quarter. Following the turbulence in mortgage markets, the private ASP in the second half only grew by 3.2% reflecting the softening in demand seen following the September fiscal event and increased sales incentives.

Within our private completions, we completed 258 homes (FY22: 36) for Citra Living. The ASP of these PRS completions was £280.9k (FY22: 172.3k) with the significant step up in the PRS ASP reflecting a more typical mix of the 2 and 3-bed homes being sought and acquired by Citra Living relative to the limited, and apartment dominated, completions in FY22.

Affordable ASP increased by 4.9% to £167.2k (FY22: £159.4k), reflecting site mix and an increased proportion of completions from our outer London operations. We anticipate that the affordable ASP in FY24 will be at a similar level to that reported in FY23.

Land and planning

As market conditions changed, we stepped back from the land market in September 2022. We have adopted a highly selective approach to buying land, particularly as prevailing land prices have not yet adjusted to the changed market conditions. As a result, gross site approvals increased by 31 new sites during the year, including two sites through planning amendments. These were offset by 33 previously approved sites which are no longer economically viable, resulting in a net decrease of two sites in the year (FY22: net approval of 102 sites). Given our current view of the market, land prices and our existing development pipeline, we do not expect our approach to land acquisition to change for the foreseeable future.

The approved sites along with planning amendments added 4,821 plots, at a cost of £345.2m, with 5,633 plots removed with respect to the sites no longer proceeding, at a previously agreed cost of £360.1m. The result was a net reduction of 812 plots in the year (FY22: net addition of 19,089 plots) and a net decrease in our land approval commitments of £14.9m (FY22: net increase of £1,396.1m).

We invested £822.8m (FY22: £1,036.0m) on land acquisitions and the settlement of land creditors during the year and we now expect to spend between £500m and £700m on land in FY24, largely settling existing commitments.

We continue to target a geographically balanced land portfolio in the medium term with a supply of owned land of c. 3.5 years and a further c. 1.0 year of controlled land. We are broadly in line with this target with the land bank comprising 3.6 years of owned land (30 June 2022: 3.9 years) and 0.7 years of controlled land at 30 June 2023 (30 June 2022: 0.8 years).

More than 81% (30 June 2022: 75%) of our owned and unconditional land bank plots have detailed planning consent, supporting our sales outlets position and future home completions.

Our land bank at 30 June comprised:

Our land bank	30 June 2023	30 June 2022
Plots with detailed planning consent	**48,270**	51,009
Plots with outline planning consent	**9,658**	15,957
Plots with resolution to grant and other	**1,320**	721
Owned and unconditional land bank (plots)	**59,248**	**67,687**
Conditionally contracted land bank (plots)	**11,142**	13,239
Total owned and controlled land bank (plots)	**70,390**	**80,926**
Number of years' supply	**4.3**	**4.7**
JVs owned and controlled land bank (plots)	**4,356**	4,548
Strategic land bank (acres)	**16,431**	15,537
Strategic land bank (plots)	**101,784**	91,440
Promotional land bank (plots)	**96,844**	93,696
Land bank carrying value (£m)	**3,139.9**	3,339.9

At 30 June 2023, the estimated ASP of plots in our owned land bank was £331k (30 June 2022: £322k) and the estimated gross margin in our land bank based on current estimated sales prices and build costs, is 19.7% (30 June 2022: 25.8%).

Strategic land activity

During the year, we delivered 3,938 (FY22: 4,530) or 24% (FY22: 26%) of our wholly owned home completions from strategically sourced land. We converted 777 plots (FY22: 1,663) of strategic land into our owned and controlled land bank during the year. Our strategic land teams placed increased focus on securing additional strategic land to support future growth and 21,802 plots across 70 strategic sites were approved during the year (FY22: 14,620 plots and 61 sites).

At 30 June 2023, around 23% (30 June 2022: around 25%) of our strategic land is allocated or included in draft local plans. We are also benefiting from the additional expertise brought by Gladman Developments' planning teams who, working with our strategic land teams, are identifying ways to accelerate delivery from our strategic land bank.

We continue to target around 30% of wholly owned completions from strategic and promotional land in the medium term. We believe this is both appropriate for our business model, and reflects the development and planning prospects held within our strategic land portfolio as well as, our targeted land bank length and focus on ROCE.

Notwithstanding that, along with the rest of the industry, we have experienced problems with the ineffective planning system over the past year, we are well positioned with all expected FY24 completions (FY23: all FY23 completions) having outline or detailed planning consent.

Land promotion activity

Through the acquisition of Gladman, we now hold a significant promotional land portfolio of 96,844 plots (30 June 2022: 93,696 plots), with Gladman continuing to operate as a standalone business within the Group.

During FY23, Gladman secured an estimated 9,453 plots, (5 months in FY22: 1,882 plots) through new promotional agreements with landowners. Following several planning successes, the business received planning consents on 2,437 plots during the year (5 months in FY22: 807 plots). Whilst wider market demand for land weakened from the end of the first quarter, continued demand for land with planning consent from smaller developers saw Gladman secure land sales equating to 1,813 plots (5 months in FY22: 1,332 plots).

Gladman generated revenue of £20.4m and an operating profit, before amortisation of intangible assets, of £3.8m during FY23 (5 months in FY22: sales of £23.3m and operating profit, before amortisation of intangible assets, of £12.4m). The reduction in revenue and profitability reflects the slowdown in the land market as many housebuilders reduced their land buying activity.

With access to the Group's financial resources, Gladman continues to engage with new and existing land promotion partners around alternative routes to unlocking value from their respective land positions. Reflecting the changing needs and aspirations of land promotion partners, Gladman offers the ability to convert promotional agreements

into option, hybrid or freehold sale arrangements for all, or part, of their land promotion partners' holdings.

Maintaining efficiency and controlling costs

Maintaining the efficiency of our operations and controlling costs remain key focus areas for the Group. Our supply chain is robust and carefully managed, with approximately 95% of our building materials sourced by our centralised procurement function, and around 90% of our building materials manufactured or assembled in the UK.

We remain committed to working with our supply chain partners to secure sustainable, competitive pricing, while maintaining security of supply to support our site-based operations and we have supply agreements in place for 73% of our material requirements to 31 December 2023 (FY23: 73% to 31 December 2022), and 14% of our requirements until 30 June 2024 (FY23: 12% to 30 June 2023).

We are starting to see some of the inflationary pressure on the cost of skilled labour abating, reflecting the slowdown in housebuilding activity across the country and the desire of sub-contractors and skilled trades to secure future workload. We are looking to drive further construction efficiency through standardisation in our house types and increased use of timber frame to reduce our labour requirements and waste.

During FY23, total build cost inflation (including infrastructure costs, materials and labour) was between 9% and 10%, with the rate of inflation moderating towards the end of the year. Reflecting the slowdown in the market, and assuming no further material changes in the costs of energy or key commodities, we expect total build cost inflation to abate through FY24, with average total build cost inflation at around 5%.

We are also pro-actively managing our overhead base. As the slowdown in the market became apparent in late September 2022, we began a headcount freeze which has reduced our number of employees by 6% since the end of the first quarter. We have continued to invest in priority areas including sustainability, building safety and in our IT infrastructure but are only hiring where additional skills are required by the business. We have also scaled back discretionary spend in other areas.

David Thomas

Chief Executive Officer
5 September 2023

Chief Financial Officer's review

Results to 30 June 2023

Income statement

Group revenue was £5,321.4m in FY23 (FY22: £5,267.9m) with Group wholly owned completions 4.6% lower at 16,378 (FY22: 17,162) reflecting weaker completions in the second half following the significant decline in reservation activity seen from September through December 2022 and the slower rate of reservations from the start of the new calendar year.

Our private average selling price increased by 7.9% to £367.6k (FY22: £340.8k) reflecting underlying house price inflation and minor changes in product and geographic mix, as well as the dilutive impact of PRS growth. The increase in the average selling price of our wholly owned completions was 6.5% to £319.6k (FY22: 300.2k). The lower increase reflected a greater proportion of affordable homes which accounted for 23.9% (FY22: 22.3%) of completions.

Adjusted gross profit reduced by 13.6% to £1,130.4m (FY22: £1,308.1m), with the adjusted gross margin reducing by 360 bps to 21.2% (FY22: 24.8%). The reduction in adjusted gross margin reflected the impact of build cost inflation during the financial year and the dilutive effect of completion volume decline, which reduced incremental fixed cost efficiency. In FY23 our contribution margin was c.32% (FY22: c. 34%) after land and direct build costs.

After operating adjusted items, totaling £155.5m (FY22: £408.2m) relating to legacy property costs, reported gross profit was £974.9m (FY22: £899.9m), and reported gross margin was 18.3% (FY22: 17.1%).

Administrative expenses in the year were £270.8m (FY22: £256.4m). This increase included:

- The impact of salary increases, as well as additional salary supplements of £2,000 for employees below senior management levels;
- Incremental costs reflecting expansion in the Group's Building Safety Unit;
- The full year impact of Gladman Developments' administrative expenses; and
- A further reduction of £4.5m in sundry income.

After deducting administrative expenses and a modest net gain of £3.3m on part exchange activities (FY22: £3.1m), the Group delivered an adjusted profit from operations of £862.9m (FY22: £1,054.8m), with an adjusted operating margin of 16.2% (FY22: 20.0%). The 380 bps decline in the adjusted operating margin reflected:

- **Completion volumes:** the decline in our wholly owned completion volumes, with the 4.6% or 784 home decrease, created a 30 bps negative impact (FY22: 10 bps positive impact).

- **Net inflation:** sales price inflation relative to higher underlying build cost inflation produced a 170 bps negative impact (FY22: 140 bps positive impact).

- **London:** a significant increase in the share of completions from our London operations, 8% in FY23 (FY22: 6%), where margins are lower than the regional business, resulted in a 20 bps negative margin impact.

- **Completed developments provision:** reflecting the increasingly extended time periods being experienced in relation to the adoption of roads and public space by local authorities on completed developments, an increase in this provision created at 60 bps negative margin impact.

- **Mix and other items:** changes in sales mix, increased selling costs, abortive costs in relation to land transactions no longer proceeding and other smaller items created a 70 bps negative impact (FY22: 40 bps positive impact).

- **Net administrative expenses:** as detailed above, offset by the small increase in part-exchange income, increased net administrative expenses deducted 30 bps (FY22: deducted 100 bps) from the adjusted operating margin. After deducting adjusted items, on a reported basis we delivered an increase in profit from operations to £707.4m (FY22: £646.6m) and a reported operating margin of 13.3% (FY22: 12.3%).

Net finance charges were £11.1m (FY22: £27.6m) reflecting increased interest income on cash balances held throughout FY23. The cash component of the finance charge was a credit of £13.4m (FY22: £8.3m cost) with non-cash charges of £24.5m (FY22: £19.3m). In FY24, finance costs are expected to increase to c. £20m reflecting a cash component credit of c. £20m and non-cash charges of c.£40m. The anticipated increase in non-cash finance charges reflects the impacts of the increase in legacy property provisions and the higher discount rate applied to these provisions arising from the increase in the gilt rate.

Our JVs delivered adjusted profit for the year of £32.5m (FY22: £27.6m). The JV results included adjusted charges for JV legacy properties of £23.7m (FY22: £4.3m) with JV reported profits being £8.8m (FY22: £23.3m) as a result.

Consequently, reported profit before tax for the year increased to £705.1m (FY22: £642.3m).

The Group's tax charge for the year increased to £174.8m (FY22: £127.1m), which included the final quarter impact of the 600 bps increase in the rate of corporation tax increasing from 19% to 25% from 1 April 2023. The tax charge comprised:

- A corporation tax charge on adjusted profit before tax of £188.1m (FY22: £200.8m);
- A full year impact of the Residential Property Developer Tax (RPDT) which equated to a FY23 charge of £26.0m (FY22: £8.8m); and
- Tax credits with respect to adjusted items, which totalled £39.3m in FY23 (FY22: £82.5m credit).

Adjusted earnings per share decreased by 18.9% to 67.3 pence per share (FY22: 83.0p). The decline in adjusted earnings per share consisted of a 16.2% decline in adjusted pre-tax profitability, a further 5.4% impact from increased taxation, which was only partially offset by a 2.2% benefit from the reduced average count, reflecting the initial FY23 impact of the buyback.

Basic earnings per share increased by 5.1% to 53.2 pence per share (FY22: 50.6p).

Reflecting the decline in adjusted profitability but disciplined management of capital employed throughout the year, our ROCE declined to 22.2% (FY22: 30.0%).

Adjusted items

Adjusted items recognised in the year related to costs associated with legacy properties and totalled £179.2m (FY22: £412.5m). Of this total charge £117.7m (FY22: £377.7m) related to future commitments in relation to fire safety and external wall systems with £51.5m (FY22: £34.8m) relating to remedial works arising from the review of reinforced concrete frames we announced in July 2020, following the issues we discovered at Citiscape. A further c. £10.0m was expensed in the second half of the year in relation to two other developments, where investigations are ongoing.

Fire safety and external wall systems

In relation to fire safety and external wall systems, the additional costs relate to:

- An increase in the number of buildings within scope, from 223 at 30 June 2022 and 228 at 1 January 2023, to 278 at year end, following the signing of the Self-Remediation Terms and Contract in March 2023; and
- An update to cost estimates across the portfolio, reflecting latest building material and labour cost information.

This resulted in an additional provision of £172.3m prior to discounting to present value. The enlarged provision, as well as the discount rate applied to the provision, reflecting the increase in the UK gilt rate applied at 30 June 2023, resulted in a credit of £51.9m and the recognised net charge of £117.7m.

In addition, we signed the Scottish Safer Buildings Accord on 31 May 2023. Industry negotiations over the legal agreement between the Scottish Government and Homes for Scotland are ongoing and there remains uncertainty around the extent of remediation required in Scotland. Existing provisions for Scotland have been made on a consistent basis with England & Wales.

Reinforced concrete frames

In relation to the Citiscape and associated review our remediation activities continued during the year with the majority of developments proceeding in line with plan. During the second half of the year we also finalised remediation plans for the one remaining development in that review, where work is required across five buildings. Finalisation of this remediation plan, as well as ongoing remediation activities, resulted in an additional charge of £51.5m of which £21.3m related to JV legacy developments.

In addition to this review, we identified two further developments where remediation work may be required. In FY23 £10.0m was charged to the Income Statement for remediation works at these developments, including a JV charge of £2.4m. Of the £10.0m charge, £2.4m was spent in the second half with £7.6m in the provision at 30 June 2023.

Whilst the charges in respect of legacy properties reflect our current best estimates of the extent and future costs of work required, as assessments and work progress, estimates may have to be updated in future periods.

Cash flow

Net cash decreased to £1,069.4m at 30 June 2023 (30 June 2022: £1,138.6m). The main components of the change in net cash position were:

- A £465.5m net cash inflow from operating activities (FY22: £417.6m cash inflow);
- A £55.4m net cash inflow from investing activities (FY22: outflow of £222.4m), with the reversal reflecting increased cash received from joint ventures and the cash outflow impact of the Gladman acquisition in FY22; and
- A net financing cash outflow of £590.6m (FY22: outflow of £378.4m), principally reflecting dividends paid of £360.0m (FY22: £337.0m), as well as the £201.3m outflow in respect of the £200m share buyback, including Stamp Duty and fees of £1.3m.

The major drivers of the £465.5m net cash inflow from operating activities in the year was our profit from operations, which increased to £707.4m (FY22: £646.6m), offset by a net cash outflow from working capital and provisions of £64.9m (FY22: £118.2m) and net interest and tax payments, which increased to £196.3m (FY22: £140.2m).

The net £64.9m outflow (FY22: £118.2m outflow) with respect to working capital and provisions was largely related to a significant decrease of £337.6m (FY22: £10.7m decrease) in payables, driven by the reduction in land creditor balances as we settled existing commitments, alongside a significant reduction in land acquisition and construction activity. This was offset by other net inflows in working capital including a £48.9m decrease in inventories (FY22: £543.4m increase) which also arose from reduced land activity and tighter control of work in progress, and a £163.4m net increase in provisions (FY22: £415.1m increase) which resulted from additional building safety charges during FY23. During FY23 £32.9m was spent on the remediation of legacy properties.

Balance sheet

The Group’s net assets at 30 June 2023 totaled £5,596.4m (30 June 2022: £5,631.3m) after the payment of dividends totaling £360.0m (30 June 2022: £337.0m) and the return of surplus capital through the buyback totaling £201.3m. The Group bought back 48m shares at an average share price of 415 pence during the year, with all shares being cancelled.

Net tangible assets were £4,548.6m (467 pence per share) at 30 June 2023 (30 June 2022: £4,573.0m; 447 pence per share). Land, net of land creditors, and work in progress totaled £4,540.3m (466 pence per share) at 30 June 2023 (30 June 2022: £4,444.1m; 435 pence per share).

Goodwill and intangible assets reduced to £1,047.8m (30 June 2022: £1,058.3m) reflecting amortisation charges in the year.

At 30 June 2023, the Group held net cash balances of £1,069.4m (30 June 2022: £1,138.6m). Whilst we continue to defer payment for some land purchases to optimise ROCE, the pause in land buying has seen land creditors reduce, whilst remaining within our operating framework range. At 30 June 2023, land creditors were £506.7m (30 June 2022: £733.6m) and equated to 16.1% (30 June 2022: 22.0%) of the owned land bank.

Our minimal year-end total net indebtedness target was achieved with a net surplus of £562.7m at 30 June 2023 (30 June 2022: £405.0m net surplus).

During FY24, £321.5m of land creditors will fall due for payment (30 June 2022, during FY23: £498.2m). Land creditors due beyond 30 June 2024 totalled £185.2m at 30 June 2023 (30 June 2022: £235.4m due beyond 30 June 2023).

Capital returns

The Board has reviewed our capital allocation policy in light of current market conditions. In principle, the Board continues to believe that excess capital should be returned to shareholders when it is appropriate to do so. Whilst the Company remains in a strong financial position, the UK housing market remains difficult and the outlook remains uncertain. We have therefore agreed that whilst our reduction in dividend cover to 1.75 times will apply from FY24 as planned, there will be no further share buybacks at this stage. The Board will continue to review the capital allocation policy as market conditions develop.

Operating framework and capital structure

Our operating framework and appropriate capital structure continue to serve us well. We continue to target an appropriate capital structure as part of our disciplined operating framework with shareholders’ funds and land

creditors funding the longer- term land requirements of our business, and term loans and bank debt funding the shorter-term requirements for working capital.

Our operating framework remains unchanged, and our performance against targets at 30 June 2023 and 2022 are summarised below:

	Operating framework	Position at 30 June 2023	Position at 30 June 2022
Land bank	c. 3.5 years owned and c. 1.0 year controlled	3.6 years owned and 0.7 years controlled.	3.9 year owned and 0.8 years controlled.
Land creditors	Maintain at 15 - 25% of the land bank over medium term	16.1%.	22.0%.
Net cash	Modest average net cash over the financial year	FY23: average net cash of £759.1m.	FY22: average net cash of £957.4m.
	Year-end net cash	£1,069.4m.	£1,138.6m.
Total indebtedness	Minimal year-end total indebtedness in the medium term	Total net surplus £562.7m.	Total net surplus of £405.0m.
Treasury	Appropriate financing facilities	£700m Revolving Credit Facility extended to November 2027 £200m US Private Placing Notes maturing August 2027	£700m Revolving Credit Facility extended to November 2025 £200m US Private Placing Notes maturing August 2027
Dividend policy	Dividend cover of 1.75x adjusted earnings per share in FY24	FY23: total ordinary dividend of 33.7p per share	FY22: total ordinary dividend of 36.9p

Treasury

The Board sets and approves the Treasury Policy and senior management control day-to-day operations. The Group's Treasury Policy seeks to maintain an appropriate capital structure and provide the right platform for the business to manage its operating risks.

Cash management and relationships with our banking partners are coordinated centrally by the Group Head of Treasury. During the year, we extended our £700m revolving credit facility to November 2027 with two further one-year extension periods through to November 2029, if agreed between the Group and its lenders.

Looking to the future and aligning our credit facilities with our Building Sustainably Framework, our revolving credit facility has also been amended to include three sustainability linked performance measures to be assessed and verified annually. The three performance measures are: (1) science-based target aligned scope 1 & 2 emissions reductions; (2) waste intensity reduction; and, (3) improving the sustainability of our homes.

Tax

The Group does not enter into business transactions that are for the sole purpose of reducing potential tax liabilities. The Group's tax strategy is to only utilise any available reliefs and exemptions, which have been set out in any current tax legislation, to minimise the Group's tax liabilities.

The rate of corporation tax for the year ended 30 June 2023 was 24.8% (FY22: 19.8%), which was marginally above the standard effective rate of tax of 24.5% (inclusive of RPDT) (FY22: 20.0%).

Looking ahead, the Group's tax charge and effective rate of tax is expected to increase, reflecting changes in the rate of corporation tax, which increased from 19% to 25% from 1 April 2023. With the full year impact of the increase in corporation tax, as well as the continuing impact of RPDT, the Group's effective tax rate is expected to increase to approximately 29.0% in FY24.

Pensions

Defined contribution pension arrangements are in place for current employees. Defined contribution scheme charges with respect to qualifying employees totaled £19.1m (FY22: £14.9m). Pension contributions are based upon a fixed percentage of each qualifying employee's pay and, once paid, the Group has no further obligations under these schemes.

Guidance for FY24

Looking to FY24, our guidance is summarised in the table below:

Completions	c. 13,250 - 14,250 total home completions including c. 750 PRS and c. 650 JV completions Affordable mix broadly in line with FY23
Average sales outlet movement (inc. JVs)	c. 6% decline
Build cost inflation	c. 5%
Administrative expenses	c. £290m - £300m (including amortisation of intangible asset charges of c. £10m)
Interest cost	c. £20m charge (c. £20m cash credit, c. £40m non-cash charge)
Land approvals	Maintain our highly selective approach to land buying
Land cash spend	c. £0.5bn - £0.7bn
Year-end net cash	c. £0.7bn - £0.8bn
Taxation	Effective tax rate of 29% reflecting current corporation tax rate at 25% and 4% RPDT
Ordinary dividend cover	1.75x ordinary dividend cover based on adjusted EPS

Well positioned for an uncertain outlook in FY24

Despite significant economic headwinds and persistent challenges to affordability for our customers, the Group is in a strong position. We entered FY24 with substantial net cash, a solid forward sales position and an excellent land bank. Our operating framework and our strong financial position create the platform to focus on delivering high quality, sustainable homes and developments throughout the country, as well as the flexibility to react to changing market conditions and opportunities as they evolve.

Mike Scott

Chief Financial Officer
5 September 2023

Consolidated Income Statement and Statement of Comprehensive Income

Year ended 30 June 2023

Continuing operations	Notes	2023 £m	2022 £m
Revenue	2	**5,321.4**	5,267.9
Cost of sales		**(4,346.5)**	(4,368.0)
Gross profit		**974.9**	899.9
Administrative expenses		**(270.8)**	(256.4)
Part-exchange income		**140.0**	84.4
Part-exchange expenses		**(136.7)**	(81.3)
Profit from operations	3	**707.4**	646.6
Finance income	5	**23.8**	2.5
Finance costs	5	**(34.9)**	(30.1)
Net finance costs	5	**(11.1)**	(27.6)
Share of post-tax profit from joint ventures		**8.8**	23.3
Profit before tax		**705.1**	642.3
Tax	6	**(174.8)**	(127.1)
Profit for the year being total comprehensive income recognised for the year		**530.3**	515.2
Profit and total comprehensive income for the year attributable to the owners of the Company		**530.3**	515.1
Profit and total comprehensive income for the year attributable to non-controlling interests	15	**–**	0.1
Earnings per share from continuing operations			
Basic	7	**53.2p**	50.6p
Diluted	7	**52.6p**	49.8p

There was no other comprehensive income in either year.

Adjusted items:

		Gross profit		Profit from operations		Share of post-tax profit from joint ventures		Profit before tax	
	Notes	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m	2023 £m	2022 £m
Reported profit		**974.9**	899.9	**707.4**	646.6	**8.8**	23.3	**705.1**	642.3
Cost associated with legacy properties	4	**158.2**	433.2	**158.2**	433.2	**23.7**	4.3	**181.9**	437.5
Legacy property recoveries	4	**(2.7)**	(25.0)	**(2.7)**	(25.0)	**–**	–	**(2.7)**	(25.0)
Adjusted profit		**1,130.4**	1,308.1	**862.9**	1,054.8	**32.5**	27.6	**884.3**	1,054.8

Statement of Changes in Shareholders' Equity

Group

	Share capital (note 13) £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Own shares (note 14) £m	Share-based payments £m	Group retained earnings due to shareholders of the Company £m	Total Group retained earnings due to shareholders of the Company £m	Non-controlling interests (note 15) £m	Total equity £m
At 1 July 2021	101.8	245.3	1,109.0	–	(4.7)	27.6	3,972.0	3,994.9	1.1	5,452.1
Profit for the year being total comprehensive income recognised for the year ended 30 June 2022	–	–	–	–	–	–	515.1	515.1	0.1	515.2
Dividend payments (note 8)	–	–	–	–	–	–	(337.0)	(337.0)	–	(337.0)
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(0.4)	(0.4)
Issue of shares	0.4	8.1	–	–	–	–	–	–	–	8.5
Share-based payments	–	–	–	–	–	24.2	–	24.2	–	24.2
Purchase of own shares by EBT	–	–	–	–	(28.5)	–	–	(28.5)	–	(28.5)
Transfers in respect of share options	–	–	–	–	6.2	(20.1)	12.0	(1.9)	–	(1.9)
Tax on share-based payments	–	–	–	–	–	(2.7)	1.8	(0.9)	–	(0.9)
At 30 June 2022	102.2	253.4	1,109.0	–	(27.0)	29.0	4,163.9	4,165.9	0.8	5,631.3
Profit for the year being total comprehensive income recognised for the year ended 30 June 2023	**–**	**–**	**–**	**–**	**–**	**–**	**530.3**	**530.3**	**–**	**530.3**
Dividend payments (note 8)	**–**	**–**	**–**	**–**	**–**	**–**	**(360.0)**	**(360.0)**	**–**	**(360.0)**
Distributions to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Issue of shares	**–**	**0.1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**
Buyback and cancellation of shares	**(4.8)**	**–**	**–**	**4.8**	**–**	**–**	**(201.3)**	**(201.3)**	**–**	**(201.3)**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**10.2**	**–**	**10.2**	**–**	**10.2**
Purchase of own shares by EBT	**–**	**–**	**–**	**–**	**(14.0)**	**–**	**–**	**(14.0)**	**–**	**(14.0)**
Transfers in respect of share options	**–**	**–**	**–**	**–**	**17.8**	**(18.3)**	**(0.7)**	**(1.2)**	**–**	**(1.2)**
Tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**(0.1)**	**1.4**	**1.3**	**–**	**1.3**
At 30 June 2023	**97.4**	**253.5**	**1,109.0**	**4.8**	**(23.2)**	**20.8**	**4,133.6**	**4,131.2**	**0.5**	**5,596.4**

Balance sheet

At 30 June 2023

		Group	
	Notes	**2023** **£m**	2022 £m
Assets			
Non-current assets			
Other intangible assets		**194.9**	205.4
Goodwill	9	**852.9**	852.9
Investments in jointly controlled entities		**129.8**	177.9
Property, plant and equipment		**58.1**	41.2
Right-of-use assets		**45.1**	35.6
Trade and other receivables		**2.9**	6.5
		1,283.7	1,319.5
Current assets			
Inventories	10	**5,238.0**	5,291.6
Trade and other receivables		**182.1**	237.0
Current tax assets		**31.1**	9.9
Cash and cash equivalents	11	**1,269.1**	1,352.7
		6,720.3	6,891.2
Total assets		**8,004.0**	8,210.7
Liabilities			
Non-current liabilities			
Loans and borrowings	11	**(200.0)**	(200.0)
Trade and other payables		**(188.7)**	(240.5)
Lease liabilities		**(33.1)**	(26.6)
Deferred tax liabilities		**(53.5)**	(45.1)
Provisions	12	**(477.9)**	(359.6)
		(953.2)	(871.8)
Current liabilities			
Loans and borrowings	11	**(3.4)**	(17.3)
Trade and other payables		**(1,127.4)**	(1,414.4)
Lease liabilities		**(13.1)**	(10.5)
Provisions	12	**(310.5)**	(265.4)
		(1,454.4)	(1,707.6)
Total liabilities		**(2,407.6)**	(2,579.4)
Net assets		**5,596.4**	5,631.3
Equity			
Share capital	13	**97.4**	102.2
Share premium		**253.5**	253.4
Merger reserve		**1,109.0**	1,109.0
Capital redemption reserve		**4.8**	–
Total retained earnings		**4,131.2**	4,165.9
Equity attributable to the owners of the Company		**5,595.9**	5,630.5
Non-controlling interests	15	**0.5**	0.8
Total equity		**5,596.4**	5,631.3

Cash Flow Statement

Year ended 30 June 2023

		Group	
	Notes	**2023** **£m**	2022 £m
Reconciliation of profit from operations to cash flow from operating activities			
Profit from operations		**707.4**	646.6
Depreciation of property, plant and equipment		**6.1**	6.2
Loss on disposal of property, plant and equipment		**–**	3.2
Depreciation of right-of-use assets		**12.3**	13.0
Amortisation of intangible assets		**10.5**	4.3
Impairment/(reversal of impairment) of inventories		**4.7**	(2.2)
Share-based payments expense		**10.2**	24.2
Imputed interest on long-term payables[1]	**5**	**(21.4)**	(14.4)
Imputed interest on lease arrangements		**(1.2)**	(0.9)
Amortisation of facility fees	**5**	**(1.9)**	(4.0)
Total non-cash items		**19.3**	29.4
Decrease/(increase) in inventories		**48.9**	(543.4)
Decrease/(increase) in receivables		**60.4**	20.8
(Decrease)/increase in payables		**(337.6)**	(10.7)
Increase in provisions		**163.4**	415.1
Total movements in working capital and provisions		**(64.9)**	(118.2)
Interest paid		**(10.4)**	(10.7)
Tax paid		**(185.9)**	(129.5)
Net cash inflow from operating activities		**465.5**	417.6
Investing activities:			
Purchase of property, plant and equipment		**(23.1)**	(29.9)
Proceeds from the disposal of property, plant and equipment		**0.1**	1.0
Consideration, net of cash acquired, paid on acquisition of subsidiary		**–**	(205.6)
Increase in amounts invested in jointly controlled entities		**(18.1)**	(17.9)
Repayment of amounts invested in jointly controlled entities		**40.2**	9.9
Dividends received from investments in jointly controlled entities		**34.8**	16.5
Proceeds from the disposal of other investments		**–**	1.4
Interest received		**21.5**	2.2
Net cash inflow/(outflow) from investing activities		**55.4**	(222.4)
Financing activities:			
Dividends paid to equity holders of the Company	**8**	**(360.0)**	(337.0)
Distribution made to non-controlling interest	**15**	**(0.3)**	(0.4)
Purchase of own shares for the EBT		**(14.0)**	(28.5)
Buyback and cancellation of shares		**(201.3)**	–
Proceeds from issue of share capital		**0.1**	8.5
Payment of dividend equivalents		**(1.2)**	(1.9)
Loans and borrowings repayments		**–**	(5.3)
Repayment of lease liabilities		**(13.9)**	(13.8)
Net cash outflow from financing activities		**(590.6)**	(378.4)
Net decrease in cash, cash equivalents and bank overdrafts		**(69.7)**	(183.2)
Cash, cash equivalents and bank overdrafts at the beginning of the year		**1,335.4**	1,518.6
Cash, cash equivalents and bank overdrafts at the end of the year	**11**	**1,265.7**	1,335.4

[1] The balance sheet movements in land payables include non-cash movements due to imputed interest. Imputed interest is included within non-cash items in the statement above.

1. Basis of preparation

Cautionary statement

The Chairman's Statement and Chief Executive's Statement commentary contained in this Annual Results Announcement, including the principal risks and uncertainties (note 20), have been prepared by the Directors in good faith, based on the information available to them up to the time of their approval of this report, solely for the Company's shareholders as a body, so as to assist them in assessing the Group's strategies and the potential for those strategies to succeed. Accordingly, they should not be relied on by any other party or for any other purpose and the Company hereby disclaims any liability to any such other party or for reliance on such information for any such other purpose.

This Annual Results Announcement has been prepared in respect of the Group as a whole and accordingly matters identified as being significant or material are so identified in the context of Barratt Developments PLC and its subsidiary undertakings in the consolidation taken as a whole.

Basis of preparation

Whilst the financial information included in this Annual Results Announcement has been prepared in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted IFRS, this announcement does not itself contain sufficient information to comply with those standards. Full Financial Statements that comply with those standards are included in the 2023 Annual Report and Accounts, which will be made available at www.barrattdevelopments.co.uk during September 2023.

The accounting policies adopted are consistent with those followed in the preparation of the Group's 2023 Annual Report and Accounts which have not changed from those adopted in the Group's 2022 Annual Report and Accounts except as disclosed below in the 'Application of accounting standards' section of this note.

This Annual Results Announcement has been prepared under the historical cost convention as modified by the revaluation of share-based payments.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of condensed consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, actual results may ultimately differ from those estimates. The Directors have made no individual critical accounting judgements that have a significant impact upon the Financial Statements, apart from those involving estimations.

The most significant estimates made by the Directors in these condensed consolidated financial statements which are the key sources of estimation uncertainty that may have a significant risk of causing a material difference to the carrying amounts of assets and liabilities within the next financial year, are:

Estimation of future income and costs to complete

Margin recognition - In order to determine the profit that the Group is able to recognise on its developments in a specific period, the Group allocates site- wide development costs between homes built in the current year and in future years. It also has to estimate costs to complete on such developments and make estimates relating to future sales price margins on those developments and homes. In making these assessments there is a degree of inherent uncertainty.

The Group's site valuation process determines the forecast profit margin for each site. The valuation process acts as a method of allocating land costs and construction work in progress costs of a development to each individual plot and drives the recognition of costs in the Income Statement as each plot is sold. Any changes in the forecast profit margin of a site from changes in sales prices or costs to complete are recognised across all homes sold in both the current period and future periods. This ensures that the forecast site margin achieved on each individual home is equal for all current year completions and future plots across the development.

Management has performed a sensitivity analysis to assess the impact of a change in estimated future costs or forecast selling prices for developments on which sales were recognised in the year. A 3% increase in the forecast costs to complete would increase site-cost allocation in cost of sales in 2023 by £38.5m, resulting in a reduction in gross margin of 70 bps. A 3% increase in forecast private sales prices would reduce site-cost allocation in cost of sales in 2023 by £44.4m, resulting in an improvement in gross margin of 80 bps.

Costs associated with legacy properties

External wall systems and associated review

On 13 March 2023, the Group signed the Self-Remediation Terms and Contract, codifying the commitments previously made under the Building Safety Pledge to undertake or fund remediation or mitigation works on external wall systems (EWS) on all buildings of 11 metres or above in England and Wales that it has developed or refurbished in the 30 years preceding the date of the Building Safety Pledge, and to reimburse the Government's Building Safety fund wherever they have contributed to such activities. The Group has provided for the cost of fulfilling this commitment, as well as assisting with remedial work identified at a limited number of other legacy properties where it has a legal liability to do so, where relevant build issues have been identified, or it is considered probable that such build issues exist.

The Group is undertaking a review of all of its current and legacy buildings where it has used EWS or cladding solutions and continues to assess the action required in line with the latest updates to Government guidance, as it applies, to multi-storey and multi-occupied residential buildings. All our buildings, including those incorporating EWS or cladding solutions, were signed off by approved inspectors as compliant with the relevant Building Regulations at the time of completion.

	June 2022	Identified for review	Review confirmed no remediation, or remediation completed	**June 2023**
Under review:				
Buildings above 18 metres	140	35	(7)	**168**
Buildings between 11 and 18 metres	83	30	(3)	**110**
Total buildings	223	65	(10)	**278**
Developments	69	22	(2)	**89**

This is a complex area requiring significant estimates with respect to both the individual remediation requirements of each building and the costs associated with that remediation (see also note 16). During the year, following the identification of further buildings requiring remediation and the receipt of more detailed cost estimates on buildings for which a full assessment of the work required has been completed, an additional £213.4m has been provided for the remediation of external wall systems. For buildings on which a detailed cost assessment has yet to be performed, this assumes an updated cost per plot of c. £23,000 (2022: c. £21,000), plus an estimate of future cost price inflation over the expected period until the remediation is completed. The new buildings came into scope during the year because buildings which held valid EWS1 certificates at 30 June 2022 were found to require remediation, or because of new contact from, or information supplied by, building owners. All building owners were contacted again following the signing of the Self-Remediation Terms on 13 March 2023, which led to an increase in contact from building owners during the year. An additional contingency was also allowed to reflect further buildings being identified as within the scope of the Pledge and for unforeseen remediation costs beyond management's current knowledge. Provisions of £41.1m (2022: £12.8m) were released in respect of buildings that were found to either require less remediation than expected or for which no remediation is required.

It has been assumed that the majority of the work will be completed over the next five years. This depends on a number of factors including timely engagement by building owners and remediation work being completed in line with our estimated timings. Accordingly, the provision has been discounted to its present value at the reporting date, resulting in a credit to cost of sales of £51.9m (2022: £nil) due to an increase in the discount rate in the period from 1.9% to 4.7% driven by higher gilt rates at the year end.

The investigation of the works required at many of the buildings is at an early stage and therefore it is possible that these estimates will change over time or if government legislation and regulation further evolves. In relation to the Scottish Safer Buildings Accord, signed on 31 May 2023, the external wall provision is recorded on the basis that the standard of remediation required in Scotland is consistent with England and Wales. This will be confirmed when the final contract with the Scottish government is signed.

The estimates are based on key assumptions that will be updated as work and time progresses. The sensitivity of the provision held at the balance sheet date to the following possible movements in other key assumptions is shown below, assuming that the contingency is not utilised:

	Increase/(decrease) in provisions at 30 June 2023 £m
Sensitivity	
10% increase in estimated cost per plot	26.2
10% increase in the number of buildings on which a detailed cost assessment is yet to be performed	21.8
100 bps increase in discount rate	(13.1)

Reinforced concrete frames

As announced in July 2020, we took the decision to pay for required remedial action on the reinforced concrete frame at the Citiscape development in Croydon and undertook an associated review of 27 other developments designed by the same engineering firm or its associated companies. This review is substantially complete and remediation work is ongoing. During the period, a net additional £37.2m was recognised in respect of increases in the estimated remediation costs on certain properties under this review, including £18.6m incurred on one development on which remediation plans have now been finalised. The estimates are based on key assumptions that will be updated as work and time progresses.

It is now anticipated that remediation on these buildings will extend beyond one year from the balance sheet date. Accordingly, the provision has been discounted to its present value using a rate of 4.7%, consistent with the EWS provision.

In addition to this review, structural issues have been separately found at two developments where reinforced concrete frames were designed for us by a different engineering firm to that employed at Citiscape. The full extent of the remediation work required is not yet known, however, £7.6m has been provided at the balance sheet date. The buildings affected are still being assessed and therefore this provision may need to be increased in future periods (see note 16).

Management have made estimates as to the future costs, extent of the remedial works required and the costs of providing alternative accommodation to any residents affected by the remedial works. The Financial Statements have been prepared based on currently available information, including known costs and quotations where possible. However, the extent, cost and timing of remedial work may change as work progresses.

Going concern

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue to meet its liabilities and other obligations for the foreseeable future.

The Group's business activities, together with factors that the Directors consider are likely to affect its development, financial performance and financial position, are set out in the Chief Executive's statement. The material financial and operational risks and uncertainties that may affect the Group's performance and their mitigation are outlined in note 20 to these condensed consolidated financial statements, and financial risks including liquidity, market, credit and capital risks are outlined in note 18.

At 30 June 2023, the Group held cash of £1,269.1m and total loans and borrowings of £203.4m, consisting of £3.4m of overdrafts repayable on demand and £200.0m Sterling USPP notes maturing in August 2027. These balances, set against pre-paid facility fees, comprise the Group's net cash of £1,069.4m, presented in note 11.

Should further funding be required, the Group has a committed £700.0m RCF, subject to compliance with certain financial covenants, that matures in November 2027, with two further one-year extension periods through to November 2029, if agreed between the Group and its lenders.

As such, in consideration of its net current assets of £5,265.9m, the Directors are satisfied that the Group has sufficient liquidity to meet its current liabilities and working capital requirements.

Whilst the underlying fundamentals of the housing market remain attractive, uncertainty in the current market has increased. This has arisen from the ongoing impact of interest rate rises on mortgage affordability, industry-specific challenges such as further building safety costs or greenhouse gas emissions legislation along with material cost inflation and supply chain disruption. These, and other economic disruptions, could result in flat or negative economic growth, reduced buyer confidence, reduced mortgage availability and affordability, falls in house prices or land values and cost increases associated with raw materials, suppliers, subcontractors and employees.

The Group's financial forecasts reflect the outcomes that the Directors consider most likely, based on the information available at the date of signing of these condensed consolidated financial statements.

To assess the Group's resilience to more adverse outcomes, its forecast performance was sensitised to reflect a series of scenarios based on the Group's principal risks and the downside prospects for the UK economy and housing market presented in the latest available external economic forecasts.

This exercise included a reasonable worst-case scenario in which the Group's principal risks manifest in aggregate to a severe but plausible level. This assumed that average selling prices fall by 10%, sales volumes fall by 25% and construction costs increase by 3% in addition to the base forecasts, in addition to the implementation of a building safety levy and the acceleration of regulatory changes to reduce indirect greenhouse gas emissions.

The effects were modelled over the 12-month period covered by the Directors' viability review, alongside reasonable mitigation that the Group would expect to undertake in such circumstances, primarily a reduction in investment in inventories in line with the fall in expected sales and a 50% reduction in uncommitted land spend. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities and meet its liabilities as they fall due.

Furthermore, reverse stress testing was performed to determine the market conditions in which the Group would cease to be able to operate under its current facilities within 12 months from the date of approval of these condensed consolidated financial statements. Based on past experience and current economic forecasts, the Directors consider the possibility of this outcome to be remote and have identified mitigation that would be adopted in such circumstances.

Accordingly, the Directors consider there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. They have formed a judgement that, at the time of approving the condensed consolidated financial statements, there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these condensed consolidated financial statements. For this reason, they continue to adopt the going concern basis in the preparation of these condensed consolidated financial statements.

Application of accounting standards

During the year ended 30 June 2023, the Group has applied accounting policies and methods of computation consistent with those applied in the prior year.

During the year, the Group has adopted the following new and revised standards and interpretations which have had no impact on the Financial Statements:

- Annual improvements 2018 — 2020: Amendments to IFRS 1 permitting a subsidiary as a first time adopter to apply cumulative translation differences; amendment to IFRS 9 clarifying fees to include when applying the 10% test in assessing derecognition of financial liabilities; amendment to IFRS 16 to resolve confusion over the treatment of leasehold incentives; and the amendment to IAS 41 regarding removing the requirement to exclude cash flows for taxation when measuring fair value;
- Amendment to IAS 37: Specifying which costs to include in calculating the liability, specifically those costs related to fulfilling a contract;
- Amendments to IFRS 3: Updating a reference to the Conceptual Framework for Financial Reporting; and
- Amendment to IAS 16: Prohibiting deduction of sales proceeds from the cost of property, plant and equipment.

2. Revenue

An analysis of the Group's continuing revenue is as follows:

	Residential completions[1]		Revenue	
	2023 number	2022 number	**2023 £m**	2022 £m
Revenue from private residential sales	**12,456**	13,327	**4,578.5**	4,541.3
Revenue from affordable residential sales	**3,922**	3,835	**655.8**	611.4
Revenue from commercial sales	**–**	–	**64.7**	87.6
Revenue from planning promotion agreements	**–**	–	**20.4**	23.3
Sundry revenue	**–**	–	**2.0**	4.3
	16,378	17,162	**5,321.4**	5,267.9

[1] Residential completions exclude JV completions of 828 homes (2022: 746) in which the Group has an interest.

3. Profit from operations

Profit from operations includes all of the revenue and costs derived from the Group's operating businesses. Profit from operations excludes finance costs, finance income, the Group's share of profits or losses from JVs and tax.

The Group's principal activity is housebuilding. None of the other business activities undertaken by the Group, individually or in aggregate, account for more than 10% of the Group's revenue, profit or total assets and do not meet the IFRS 8 thresholds for disclosure. The operating results of these activities are not presented separately to the Board. Therefore, no segmental information is presented in these condensed consolidated financial statements.

4. Adjusted items

	2023 £m	2022 £m
Costs incurred in respect of legacy properties	**158.2**	433.2
Amounts in respect of legacy properties recovered from third parties	**(2.7)**	(25.0)
Adjusted items in cost of sales	**155.5**	408.2
Costs incurred in respect of legacy properties by JVs	**23.7**	4.3
Total adjusted items	**179.2**	412.5

Cost associated with legacy properties:

The adjusted costs in the year, associated with Group legacy properties, comprise additions to provisions of £262.0m, provision releases of £44.9m, revaluation of £58.9m and reimbursements recognised directly in the income statement of £2.7m. In addition £23.7m of costs in respect of JV legacy properties were incurred in the year. Further details of provisions movements are provided in note 12.

5. Net finance costs

Recognised in the Consolidated Income Statement:

	2023 £m	2022 £m
Finance income		
Finance income on short-term bank deposits	**(22.0)**	(1.9)
Other interest receivable	**(1.8)**	(0.6)
	(23.8)	(2.5)
Finance costs		
Interest on loans and borrowings	**9.3**	9.5
Imputed interest on long-term payables	**21.4**	14.4
Finance charge on leased assets	**1.2**	0.9
Amortisation of facility fees	**1.9**	4.0
Other interest payable	**1.1**	1.3
	34.9	30.1
Net finance costs	**11.1**	27.6

The weighted average interest rates (excluding fees) paid in the year were as follows:

		Group
	2023 %	2022 %
USPP notes	**2.8**	2.8

6. Tax

All profits of the Group are subject to UK corporation tax.

The current year tax charge has been provided for, by the Group, at a standard effective rate, inclusive of RPDT, of 24.5% (2022: 20.0%) and by the Company at a standard effective rate of 20.5% (2022: 19.0%). The closing deferred tax assets and liabilities have been provided in these Financial Statements at a rate of 20.5% - 29.0% (2022: 19.0% - 29.0%) on the temporary differences giving rise to these assets and liabilities.

Tax recognised in the Income Statement

The tax expense represents the sum of the tax currently payable and deferred tax.

Analysis of the tax charge for the year

	2023 £m	2022 £m
Current tax:		
UK corporation tax on profits for the year	**147.2**	122.9
RPDT	**26.0**	6.3
Adjustment in respect of previous years	**(6.7)**	(8.2)
	166.5	121.0
Deferred tax:		
Origination and reversal of temporary differences	**1.8**	2.2
Impact of introduction of RPDT	**–**	2.5
Adjustment in respect of previous years	**7.2**	2.6
Impact of change in tax rates	**(0.7)**	(1.2)
	8.3	6.1
Tax charge for the year	**174.8**	127.1

Factors affecting the tax charge for the year

The tax rate assessed for the year is higher (2022: lower) than the standard effective rate of corporation tax in the UK, inclusive of RPDT, of 24.5% (2022: 20.0%). The differences are explained below:

	2023 £m	2022 £m
Profit before tax	**705.1**	642.3
Profit before tax multiplied by the standard rate of corporation tax, inclusive of RPDT, of 24.5% (2022: 20.0%)	**172.7**	128.5
Effects of:		
Other items including non-deductible expenses and non-taxable income	**4.5**	5.0
Additional tax relief for land remediation costs	**(2.2)**	(2.1)
Adjustment in respect of previous years	**0.5**	(5.6)
Impact of introduction of RPDT	**–**	2.5
Impact of change in tax rates	**(0.7)**	(1.2)
Tax charge for the year	**174.8**	127.1

Tax recognised in equity

In addition to the amount charged to the Consolidated Income Statement, a net current and deferred tax charge of £1.3m (2022: £0.9m) was recognised directly in equity.

7. Earnings per share

The earnings per share from continuing operations were as follows:

	2023 pence	2022 pence
Basic earnings per share	**53.2**	50.6
Diluted earnings per share	**52.6**	49.8
Adjusted basic earnings per share	**67.3**	83.0
Adjusted diluted earnings per share	**66.5**	81.7

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year, excluding those held by the EBT that do not attract dividend equivalents and which are treated as cancelled.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive share options from the start of the year.

During the year, the Company has bought back and cancelled 47,985,293 of its own shares (2022: nil). The impact of this has been to increase basic earnings per share by 1.1 pence and diluted earnings per share by 1.2 pence.

Adjusted basic and adjusted diluted earnings per share exclude the impact of adjusted items and any associated net tax amounts.

	2023	2022
Profit attributable to ordinary shareholders of the Company (£m)	**530.3**	515.1
Adjusted items (£m)	**179.2**	412.5
Tax on adjusted items (£m)	**(39.3)**	(82.5)
Adjusted profit attributable to ordinary shareholders of the Company (£m)	**670.2**	845.1
Weighted average number of shares in issue (million)	**1,000.1**	1,021.9
Weighted average number of shares in EBT (million)	**(3.8)**	(3.2)
Weighted average number of shares for basic earnings per share (million)	**996.3**	1,018.7
Weighted average number of shares in issue (million)	**1,000.1**	1,021.9
Adjustment to assume conversion of all potentially dilutive shares (million)	**8.4**	12.4
Weighted average number of shares for diluted earnings per share (million)	**1,008.5**	1,034.3

8. Dividends

	2023 £m	2022 £m
Amounts recognised as distributions to equity shareholders in the year:		
Final dividend for the year ended 30 June 2022 of 25.7p (2021: 21.9p) per share	**259.8**	223.0
Interim dividend for the year ended 30 June 2023 of 10.2p (2022: 11.2p) per share	**100.2**	114.0
Total dividends distributed to equity shareholders in the year	**360.0**	337.0

	2023 £m	2022 £m
Proposed final dividend for the year ended 30 June 2023 of 23.5p (2022: 25.7p) per share[1]	**227.9**	261.4

[1] The cost of the proposed dividend is calculated based upon the number of shares ranking for dividend at the balance sheet date.

9. Goodwill and other intangible assets

Goodwill

		Group
	2023 £m	2022 £m
Cost		
At 1 July	**877.4**	830.4
Arising on acquisition during the year	**–**	47.0
At 30 June	**877.4**	877.4
Accumulated impairment losses		
At 1 July and 30 June	**24.5**	24.5
Carrying amount		
At 30 June	**852.9**	852.9

The Group’s goodwill relating to the acquisition of Wilson Bowden Limited in 2007 has a carrying value of £792.2m and goodwill relating to the 2019 acquisition of Oregon Timber Frame Limited has a carrying value of £13.7m, both relating to the housebuilding business.

During the prior year, the Group acquired all of the share capital of Gladman Developments Limited. Goodwill of £47.0m arising on the acquisition was capitalised and allocated to the Group’s acquired land promotion business. No revision of the acquisition accounting for Gladman Developments Limited was necessary in the current year.

Other intangible assets

The Group has capitalised, as intangible assets, brands that have been acquired. Acquired brand values are calculated using discounted cash flows.

								Group
		Brands		Customer contract relationships	Customer contracts			Total
	2023 £m	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m	**2023 £m**	2022 £m
Cost								
At 1 July	**118.7**	107.9	**–**	1.4	**98.9**	–	**217.6**	109.3
Acquired in the year	**–**	10.8	**–**	–	**–**	98.9	**–**	109.7
Amounts written off	**–**	–	**–**	(1.4)	**–**	–	**–**	(1.4)
At 30 June	**118.7**	118.7	**–**	–	**98.9**	98.9	**217.6**	217.6
Amortisation								
At 1 July	**8.1**	7.9	**–**	1.4	**4.1**	–	**12.2**	9.3
Amortisation in the year	**0.6**	0.2	**–**	–	**9.9**	4.1	**10.5**	4.3
Amounts written off	**–**	–	**–**	(1.4)	**–**	–	**–**	(1.4)
At 30 June	**8.7**	8.1	**–**	–	**14.0**	4.1	**22.7**	12.2
Carrying amount								
At 30 June	**110.0**	110.6	**–**	–	**84.9**	94.8	**194.9**	205.4

The Group does not amortise the housebuilding brand acquired with Wilson Bowden, being David Wilson Homes, valued at £100.0m, as the Directors consider that this brand has an indefinite useful economic life due to the Group intending to hold and support the brand for an indefinite period, and there are no factors that would prevent it from doing so.

During the prior year, in its acquisition of Gladman Developments Limited, the Group acquired brands valued at £10.8m and customer contracts valued at £98.9m. The customer contracts are amortised on a straight-line basis over the expected life of the contracts; the brands acquired are amortised on a straight-line basis over a 20-year period.

Impairment of goodwill and indefinite life brand

The Group conducts an annual impairment review of goodwill and its indefinite life brand, David Wilson Homes.

Goodwill and indefinite life brand allocated to housebuilding

An impairment review was performed at 30 April 2023 by comparing the value in use of the housebuilding business to the carrying value of its tangible and intangible assets and allocated goodwill.

The value in use was determined by discounting the expected future cash flows of the housebuilding business. The cash flows until 30 June 2025 were determined using the Group's approved detailed business plan and the cash flows for FY26 to FY28 were based on high level management projections based upon expected volumes, selling prices and margins, taking into account available land purchases and work in progress levels. The cash flows for subsequent years were extrapolated in perpetuity using an estimated growth rate of 1%, based upon the historical long-term growth rate of the UK economy.

The key assumptions for the value in use calculation for the housebuilding business were:

- expected changes in selling prices for completed houses and the related impact on operating margin: these are determined on a site-by-site basis in the Group's approved business plan dependent upon local market conditions and product type. For subsequent years, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, considering external market forecasts;
- sales volumes: these are determined on a site-by-site basis in the Group's approved business plan dependent upon local market conditions, land availability and planning permissions. For subsequent years, these have been estimated at a Group level based on past experience and expectations of future changes in the market, taking into account external market forecasts;
- expected changes in site costs to complete: these are determined on a site-by-site basis in the Group's approved business plan dependent upon the expected costs of completing all aspects of each individual development. For subsequent years, these have been estimated at a Group level based on past experience and expectations of future changes in the market, taking into account external market forecasts; and
- discount rate: this is a pre-tax rate reflecting the Group's target capital structure, risks appropriate to the housebuilding business and current market assessments of the time value of money. A rate of 15.0% (2022: 14.9%) is considered by the Directors to be the appropriate pre-tax discount rate.

The result of the value in use exercise concluded that the recoverable value of goodwill and intangible assets allocated to the housebuilding business exceeded its carrying value by £1,176.0m (2022: £1,780.4m) and there has been no impairment.

Goodwill allocated to land promotion

An impairment review was performed at 30 June 2023 by comparing the value in use of the land promotion business to the carrying value of its tangible and intangible assets and allocated goodwill.

The value in use was determined by discounting the expected future cash flows of the land promotion business. This is the first full year after the land promotion business was acquired by the Group. The operating cycle for the land promotion business extends over a longer period than the housebuilding business, with land sales completing at the point in an economic cycle that generates the most profit. Inventories held at the current date may generate cash inflows in the medium-to-long term and as a result, management's forecasts extend up to ten years from the reporting date. It is therefore appropriate to consider projections over a longer period in the value in use calculation. Cash flows until 30 June 2032 were determined using the business's approved forecast, dependent upon expected site permissions and best estimates for targeted site sales, anticipated spend and overhead inflation. Due to the sensitivity of cash flows of the land promotion business to the economic cycle, the cash flows for years subsequent to 2032 were based on an average sales receipts from the final five years of the forecast, adjusted for expected increases in cost, extrapolated in perpetuity using an estimated growth rate of 1%, based upon the historical long-term growth rate of the UK economy. Value in use assessments going forward will be completed over equivalent periods.

The key assumptions for the value in use calculation were the expected sales values achieved under land promotion agreements, based on current market values for similar land, costs required to fulfil customer contracts, and the discount rate of 14.3% (2022: 15.0%), being a pre-tax rate reflecting the risks appropriate to the land promotion business and current market assessments of the time value of money.

The result of the value in use exercise concluded that the recoverable amount of goodwill allocated to the land promotion business exceeded its carrying value by £13.1m (2022: £9.6m) and there has been no impairment. An increase in the discount rate of 60 bps would reduce the headroom of the recoverable amount over the carrying value to nil.

10. Inventories

	Group	
	2023 **£m**	2022 £m
Land held for development	**3,139.9**	3,339.9
Construction work in progress	**1,907.1**	1,837.8
Promotion agreements work in progress	**97.7**	91.1
Part-exchange properties and other inventories	**93.3**	22.8
	5,238.0	5,291.6

Nature and carrying value of inventories

The Group's principal activities are housebuilding and commercial development. The majority of the development activity is not contracted prior to the development commencing. Accordingly, the Group has in its Balance Sheet at 30 June 2023 current assets that are not covered by a forward sale. The Group's internal controls are designed to identify any developments where the balance sheet value of land and work in progress is more than the projected lower of cost or net realisable value. During the year, the Group has conducted six-monthly reviews of the net realisable value of specific sites identified as at high risk of impairment, based upon a number of criteria including low site profit margins and sites with no forecast completions. Where the estimated net realisable value of a site was less than its current carrying value, the Group has impaired the land and work in progress value.

During the year, due to performance variations, changes in assumptions and changes to viability on individual sites, there were gross impairment charges of £16.7m (2022: £2.0m) and gross impairment reversals of £12.0m (2022: £4.2m), resulting in a net impairment charge of £4.7m (2022: £2.2m reversal) included within profit from operations.

The key estimates in these reviews are those used to estimate the realisable value of a site, which is determined by forecast sales rates, expected sales prices and estimated costs to complete.

The Directors consider all inventories to be essentially current in nature, although the Group's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventory will be realised, as this will be subject to a number of variables such as consumer demand and planning permission delays.

Inventories include £11.0m (2022: £nil) in respect of properties currently occupied under the refugee support scheme.

Expensed inventories

The value of inventories expensed in the year ended 30 June 2023 and included in cost of sales was £3,907.3m (2022: £3,761.9m).

11. Net cash

Net cash is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings and prepaid fees. Net cash at 30 June is shown below:

		Group
	2023 £m	2022 £m
Cash and cash equivalents	**1,269.1**	1,352.7
Drawn debt		
Borrowings:		
Sterling US private placement notes	**(200.0)**	(200.0)
Bank overdrafts	**(3.4)**	(17.3)
Total borrowings being total drawn debt	**(203.4)**	(217.3)
Prepaid fees	**3.7**	3.2
Net cash	**1,069.4**	1,138.6

Total borrowings at 30 June are analysed as:		
Non-current borrowings	**(200.0)**	(200.0)
Current borrowings	**(3.4)**	(17.3)
Total borrowings being total drawn debt	**(203.4)**	(217.3)

Movement in net cash is analysed as follows:

		Group
	2023 £m	2022 £m
Net decrease in cash and cash equivalents	**(83.6)**	(165.9)
(Drawdown)/repayment of borrowings:		
Loans and borrowings drawdowns	**(3.4)**	(17.3)
Loans and borrowings repayments	**17.3**	5.3
Other movements in borrowings:		
Movement in prepaid fees	**0.5**	(0.9)
Movement in net cash in the year	**(69.2)**	(178.8)
Opening net cash	**1,138.6**	1,317.4
Closing net cash	**1,069.4**	1,138.6

Cash and cash equivalents

Cash and cash equivalents are held at floating interest rates linked to the UK bank rate and money market rates as applicable. Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less from inception and are subject to an insignificant risk of changes in value.

Cash, cash equivalents and bank overdrafts, as presented in the Cash Flow Statement, is analysed as follows:

		Group
	2023 £m	2022 £m
Cash and cash equivalents	**1,269.1**	1,352.7
Bank overdrafts including loans and borrowings	**(3.4)**	(17.3)
Cash, cash equivalents and bank overdrafts	**1,265.7**	1,335.4

Borrowings and facilities

All debt facilities at 30 June 2023 are unsecured.

The principal features of the Group's committed debt facilities at 30 June 2023 and 30 June 2022 were as follows:

		Amount drawn		
	Facility	**30 June 2023**	30 June 2022	**Maturity**
Committed facilities:				
RCF	£700.0m	**–**	–	18 November 2027
Fixed rate Sterling USPP notes	£200.0m	**£200.0m**	£200.0m	22 August 2027

The Group also uses various bank overdrafts and uncommitted borrowing facilities that are subject to floating interest rates linked to SONIA and money market rates as applicable.

Weighted average interest rates are disclosed in note 5.

12. Provisions

	Group			
	Costs in relation to completed developments £m	**Legacy properties - EWS and associated review £m**	**Legacy properties – reinforced concrete frames £m**	**Total £m**
At 1 July 2022	145.5	434.6	44.9	625.0
Additions to provisions in the year	**75.4**	**213.4**	**48.6**	**337.4**
Sites reclassified to completed developments	**22.5**	**–**	–	**22.5**
Releases	**(17.3)**	**(41.1)**	**(3.8)**	**(62.2)**
Revaluation	**–**	**(51.9)**	**(7.0)**	**(58.9)**
Imputed interest	**–**	**7.5**	**–**	**7.5**
Utilisation in the year	**(50.0)**	**(26.6)**	**(6.3)**	**(82.9)**
At 30 June 2023	**176.1**	**535.9**	**76.4**	**788.4**

	Group	
	2023 £m	2022 £m
Current	**310.5**	265.4
Non-current	**477.9**	359.6
	788.4	625.0

Further information on the Group's provisions is provided in note 1.

13. Share capital

Ordinary share capital

Allotted and issued ordinary shares	**2023 £m**	2022 £m
10p each fully paid: 974,584,613 (2022: 1,022,562,819) ordinary shares	**97.4**	102.2

Options over the Company's shares granted during the year	**2023 Number**	2022 Number
LTPP	**4,028,187**	2,774,294
Sharesave	**6,637,568**	4,117,231
DBP	**920,887**	674,051
ELTIP	**1,792,966**	1,080,733
	13,379,608	8,646,309

Cancellation/allotment of shares during the year	**2023 Number**	2022 Number
At 1 July	**1,022,562,819**	1,018,331,741
Buyback and cancellation of shares in the year	**(47,985,293)**	–
Issued to the EBT to satisfy the vesting of awards	**–**	2,386,199
Issued to satisfy exercises Sharesave schemes	**7,087**	1,844,879
At 30 June	**974,584,613**	1,022,562,819

14. Own shares reserve

The own shares reserve represents the cost of shares in Barratt Developments PLC purchased in the market or issued by the Company and held by the EBT on behalf of the Company in order to satisfy options and awards that have been granted by the Company.

The EBT has agreed to waive all, or any future right to dividend payments on shares held within the EBT and these shares do not count in the calculation of the weighted average number of shares used to calculate EPS until such time as they are vested to the relevant employee.

	2023	2022
Ordinary shares in the Company held in the EBT (number)	**4,998,602**	5,320,168
Cost of shares held in the EBT (£m)	**23.2**	27.0
Market value of shares held in the EBT at 413.5p (2022: 457.4p) per share (£m)	**20.7**	24.3

During the year, the EBT purchased 2,951,352 (2022: 4,989,573) shares in the market and no (2022: 2,386,199) shares were issued to the EBT. The EBT disposed of 3,254,817 (2022: 3,355,729) shares which were used to satisfy the vesting of ELTIP, LTPP and DBP awards. A further 18,101 were used in the year in settlement of exercises under Sharesave plans (2022: none).

15. Non-controlling interests

		Group
Movement in non-controlling interest share of net assets recognised in the Consolidated Balance Sheet	**2023 £m**	2022 £m
At 1 July	**0.8**	1.1
Distribution of profits to non-controlling partner	**(0.3)**	(0.4)
Share of profit for the year recognised in the Consolidated Income Statement	**–**	0.1
At 30 June	**0.5**	0.8

16. Contingent liabilities

Contingent liabilities related to subsidiaries

Certain subsidiary undertakings have commitments for the purchase of trading stock entered into in the normal course of business.

In the normal course of business, the Group has given counter-indemnities in respect of performance bonds and financial guarantees. Management estimate that the bonds and guarantees amount to £412.7m (2022: £420.7m) and confirm that, at the date of these condensed consolidated financial statements, the possibility of cash outflow is considered minimal and no provision is required.

External wall systems and associated review

As disclosed in note 1, on 13 March 2023, the Group signed the Self-Remediation Terms and Contract, codifying the commitments previously made under the Building Safety Pledge. The Group is currently undertaking a review of all of its current and legacy buildings where it has used EWS or cladding solutions. Approved inspectors signed off all of our buildings, including the EWS or cladding used, as compliant with the relevant building regulations at the time of completion.

At 30 June 2023, the Group held provisions of £535.9m (2022: £434.6m) in relation to EWS and associated reviews, based on management's best estimate of the cost and timing of remediation of in-scope buildings. It is possible that as remediation work proceeds, additional remedial works are required which do not relate to EWS or cladding solutions. Such works may not have been identified from the reviews and physical inspections undertaken to date and may only be identified when detailed remediation work is in progress. Therefore, the nature, timing and extent of any such costs was unknown at the balance sheet date.

It is also possible that the number of buildings requiring remediation may increase. This could occur because buildings which hold valid EWS1 certificates are found to require remediation or because investigatory works identify remediation not previously identified.

In addition, we recognise that the retrospective review of building materials and fire-safety matters continues to evolve. These condensed consolidated financial statements have been prepared based on currently available information and regulatory guidance. However, these estimates may be updated if government legislation and regulation further evolves.

On 31 May 2023 the Group signed the Scottish Safer Buildings Accord, committing to resolve life critical fire safety defects in multi-occupancy residential domestic or part-domestic buildings, over 11 metres, built by us as a developer in the period of 30 years to 1 June 2022. This Accord is not legally binding, but we are committed to working in good faith with the Scottish Government to agree a legal form contract. The Group is already undertaking remedial work at all multi-occupancy buildings over 11 metres in Scotland at which fire safety defects have been identified and the Group's EWS provision at 30 June 2023 includes the estimated cost of this work. These estimates are based on the assumption that the standard of remediation required in Scotland is consistent with that in England and Wales and therefore depend on the final form of the contract agreed with the Scottish Government.

Reinforced concrete frames

As disclosed in note 1, following the issues identified at Citiscape, the Group is conducting a review of developments designed by the same engineering firm or its associated companies. These condensed consolidated financial statements have been prepared based on currently available information; however, the detailed review is ongoing and the extent and cost of any remedial work may change as this work progresses.

Separately, during the year structural issues have been found at two developments where reinforced concrete frames were designed for us by a particular engineering firm. Investigatory work is proceeding to identify the remediation works required and associated cost. It is possible that further costs or additional buildings are identified as part of this review, the nature, timing and extent of which were unknown at the balance sheet date.

Contingent liabilities related to JVs

The Group has given counter-indemnities in respect of performance bonds and financial guarantees to its JVs totalling £9.5m at 30 June 2023 (2022: £2.2m).

The Group has also given a number of performance guarantees in respect of the obligations of its JVs, requiring the Group to complete development agreement contractual obligations in the event that the JVs do not perform as required under the terms of the related contracts. At 30 June 2023, the probability of any loss to the Group resulting from these guarantees is considered to be remote.

Contingent liabilities related to legal claims

Provision is made for the Directors' best estimates of all known material legal claims and all legal actions in progress. The Group takes legal advice as to the likelihood of success of claims and actions and no provision is made (other than for legal costs) where the Directors consider, based on such advice, that claims or actions are unlikely to succeed, or a sufficiently reliable estimate of the potential obligations cannot be made.

17. Related party transactions

Directors of Barratt Developments PLC and remuneration of key personnel

The Board and certain members of senior management are related parties within the definition of IAS 24 (Revised): 'Related Party Disclosures' and the Board members are related parties within the definition of Chapter 11 of the UK Listing Rules. There is no difference between transactions with key personnel of the Company and transactions with key personnel of the Group.

Disclosures related to the remuneration of key personnel as defined in IAS 24 will be provided in note 5 of the 2023 Annual Report and Accounts.

There have been no related party transactions as defined in Listing Rule 11.1.5R for the year ended 30 June 2023.

Transactions between the Company and its subsidiaries and a former JV

The Company has entered into transactions with its subsidiary undertakings in respect of funding and Group services which include management accounting and audit, sales and marketing, IT, company secretarial, architects and purchasing. Recharges are made to the subsidiaries based on their utilisation of these services.

		Company
	2023 £m	2022 £m
Transactions between the Company and its subsidiaries and a former JV during the year:		
Charges in respect of management and other services provided to subsidiaries	**142.7**	146.5
Net interest paid by the Company on net loans from subsidiaries	**18.4**	24.5
Dividends received from subsidiary undertakings	**500.0**	517.4
Distribution received from a former JV of the Company[1]	**0.1**	-
Balances at 30 June:		
Amounts due by the Company to subsidiary undertakings	**354.2**	323.5
Amounts due to the Company from subsidiary undertakings	**79.0**	79.2

[1] The Company's only JV, Rose Shared Equity LLP, was wound up during the year. Prior to this, it made a final distribution to its members.

The Company and its subsidiaries have entered into counter-indemnities in the normal course of business in respect of performance bonds.

Transactions between the Group and its JVs

The Group has entered into transactions with its JVs as follows:

		Group
	2023 £m	2022 £m
Transactions between the Group and its JVs during the year:		
Charges in respect of development management and other services provided to JVs	**8.4**	9.2
Interest charges in respect of funding provided to JVs	**1.6**	0.5
Dividends received from JVs	**34.8**	16.5
Balances at 30 June:		
Funding loans and interest due from JVs net of impairment	**66.5**	94.0
Other amounts due from JVs	**37.1**	39.3
Loans and other amounts due to JVs	**(0.5)**	(1.3)

In addition, one of the Group's subsidiaries, BDW Trading Limited, contracts with a number of the Group's JVs to provide construction services.

The Group's contingent liabilities relating to its JVs are disclosed in note 16.

18. Financial risk management

The Group's approach to risk management and the principal operational risks of the business are detailed in note 20.

The Group's operations and financing arrangements expose it to a variety of financial risks, of which the most material are: liquidity risk, the availability of funding at reasonable margins, credit risk and interest rates. There is a regular, detailed system for the reporting and forecasting of cash flows from operations to senior management including Executive Directors to ensure that liquidity risks are promptly identified and appropriate mitigating actions are taken by

the Treasury department. These forecasts are further stress-tested at a Group level on a regular basis to ensure that adequate headroom within facilities and banking covenants is maintained. In addition, the Group has a risk management programme that seeks to limit the adverse effects of the other risks on its financial performance.

The Board approves treasury policies and certain day-to-day treasury activities have been delegated to a centralised Treasury Operating Committee, which in turn regularly reports to the Board. The Treasury department implements guidelines that are established by the Board and the Treasury Operating Committee.

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities as they fall due. The Group actively maintains a mixture of long-term and medium-term committed facilities that are designed to ensure that the Group has sufficient available funds for operations.

The Group's borrowings are typically cyclical throughout the financial year and peak in April to May, and October to November of each year, due to seasonal trends in income. Accordingly, the Group maintains sufficient facility headroom to cover these requirements. On a normal operating basis, the Group has a policy of maintaining a minimum headroom of £150.0m. The Group identifies and takes appropriate actions based on its regular, detailed system for the reporting and forecasting of cash flows from its operations. The Group's drawn debt, excluding fees, represented 22.6% (2022: 24.1%) of available committed facilities at 30 June 2023. In addition, the Group had £1,269.1m (2022: £1,352.7m) of cash and cash equivalents.

The Group was in compliance with its financial covenants at 30 June 2023. The Group's resilience to its principal risks has been modelled, together with possible mitigating actions, over a three-year period. At the date of approval of these condensed consolidated financial statements, the Group's internal forecasts indicate that it will be able to operate within its current facilities and remain in compliance with these covenants for the foreseeable future, being at least 12 months from the date of approval of these condensed consolidated financial statements.

One of the Group's objectives is to minimise refinancing risk. The Group has a policy that the average maturity of its committed bank facilities and private placement notes is a minimum of two years with a target of two to three years. At 30 June 2023, the average maturity of the Group's committed facilities was 4.4 years (2022: 3.8 years).

The Group maintains certain committed floating rate facilities with banks to ensure sufficient liquidity for its operations. The undrawn committed facilities available to the Group, in respect of which all conditions precedent had been met, were as follows:

	Group	
Expiry date	**2023 £m**	2022 £m
In more than two years but not more than five years	**700.0**	700.0

In addition, the Group had undrawn, uncommitted overdraft facilities available at 30 June 2023 of £37.0m (2022: £37.0m).

Market risk (price risk)

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Floating rate borrowings expose the Group to cash flow interest rate risk, and fixed rate borrowings expose the Group to fair value interest rate risk.

The Group has a conservative treasury risk management strategy and the Group's interest rates are set using fixed rate debt instruments.

Due to the level of the Group's interest cover ratio and in accordance with the Group's policy to hedge a proportion of the forecast RCF drawings based on the Group's three-year plan, no interest rate hedges are currently required.

The exposure of the Group's financial liabilities to interest rate risk is as follows:

Group	**Floating rate financial liabilities £m**	**Fixed rate financial liabilities £m**	**Non-interest bearing financial liabilities £m**	**Total £m**
2023				
Financial liability exposure to interest rate risk	-	**200.0**	**1,169.1**	**1,369.1**
2022				
Financial liability exposure to interest rate risk	-	200.0	1,442.3	1,642.3

The Group retained a strong cash position throughout the year and, therefore, the Group did not draw on its RCF during the year and the use of other facilities was minimal. No interest was paid on floating rate borrowings in 2023 or 2022.

Sterling USPP notes of £200.0m were issued on 22 August 2017 with a fixed coupon of 2.77% and a ten-year maturity. These fixed rate notes expose the Group to fair value interest rate risk.

Sensitivity analysis

In the year ended 30 June 2023, if UK interest rates had been 1.0% higher (considered to be a reasonably possible change based on forecast peak Bank of England interest rates) and all other variables were held constant, the Group's pre-tax profit would increase by £9.6m, the Group's post-tax profit would increase by £7.2m and, as such, the Group's equity would increase by £7.2m.

Credit risk

In the majority of cases, the Group receives cash on legal completion for private sales and receives advance stage payments from registered providers for affordable housing. The Group has £1,269.1m (2022: £1,352.7m) on deposit or in current accounts with 14 (2022: 14) financial institutions. Other than this, the Group has no significant concentration of credit risk, as its exposure is spread over a large number of counterparties and customers.

The Group manages credit risk through its credit policy. This limits its exposure to financial institutions with high credit ratings, as set by international credit rating agencies, and determines the maximum permissible exposure to any single counterparty.

The maximum exposure to any counterparty at 30 June 2023 was £181.3m (2022: £190.0m) of cash on deposit with a financial institution. The carrying amount of financial assets recorded in these condensed consolidated financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

Capital risk management (cash flow risk)

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and meet its liabilities as they fall due while maintaining an appropriate capital structure.

The Group manages its share capital as equity, as set out in the Statement of Changes in Shareholders' Equity, and its bank borrowings (being overdrafts and bank loans) and its private placement notes as other financial liabilities. The Group is subject to the prevailing conditions of the UK economy and the quantum of the Group's earnings is dependent upon the level of UK house prices. UK house prices are determined by the UK economy and economic conditions, employment levels, interest rates, consumer confidence, mortgage availability and competitor pricing. The Group's approach to the management of the principal operational risks of the business are detailed in note 20.

Other methods by which the Group can manage its short-term and long-term capital structure include: adjusting the level of dividend payments to shareholders (assuming the Company is paying a dividend); issuing new share capital; arranging debt to meet liability payments; and selling assets to reduce debt.

19. Statutory accounts

The condensed consolidated financial statements for the year ended 30 June 2023 have been approved by the Directors and prepared in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006 and UK adopted IFRS.

Barratt Developments PLC's 2023 Annual Report and Accounts will be made available to shareholders and published on its website www.barrattdevelopments.co.uk in September 2023. The financial information set out herein does not constitute the Company's statutory accounts for the year ended 30 June 2023 (as defined in Sections 434 and 436 of the Companies Act 2006) but is derived from the 2023 Annual Report and Accounts and the accounts contained therein. Statutory accounts for 2023 will be delivered to the Registrar of Companies prior to the Company's Annual General Meeting, which will be held on 18 October 2023. The auditor has reported on these accounts; their report was unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The comparative figures for the year ended 30 June 2022 are not the Company's statutory accounts for the financial year but are derived from those accounts which have been reported on by the Company's auditor and which were delivered to the Registrar of Companies. The 2022 report of the auditor is unqualified and does not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

Whilst the financial information included in this Annual Results Announcement has been prepared in accordance with UK adopted IFRS, this announcement does not itself contain sufficient information to comply with IFRS as adopted for use in the UK.

20. Risk management

In pursuing our strategic priorities to create value for stakeholders, we are exposed to risk. The Board is responsible for risk management and ensuring the Group maintains the appropriate level of risk exposure to achieve its objectives.

The risks which the Group face could have a material adverse effect on the implementation of the Group's strategy, business, financial performance, shareholder value and returns, and reputation. Changes in the economic or trading environment can affect the likelihood and potential impact of risks, and may create new and emerging risks.

Risk management controls are integrated into all levels of our business and across all operations, including at site, divisional, regional and Group level, and are monitored to ensure controls are in line with risks as they evolve.

As part of the Group's risk management framework all regions and key Group functions conducted risk workshops to review and identify their current risks and any potential emerging risks. These workshops presented a robust challenge to the principal risks identified at an executive level. During this process, management have reviewed the policies and methodologies behind our risk management framework to ensure that our procedures suitably allow key risks and the specific events that may cause them to materialise are identified, so that the Group can focus on mitigating these areas.

The Group continues to assess the potential impact of both the physical impact of climate change and the regulatory and social measures that may be adopted to mitigate against it. In line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD), the Group will disclose it TCFD response in its Annual Report and Accounts for the year ended 30 June 2023. Climate-related risk is one of several challenges arising from the environment in which the Group operates and the Board recognises the business' responsibility to be a sustainable partner and comply with environmental, social and governance (ESG) regulation. The Board has therefore broadened its principal climate risk to cover all ESG issues.

The Board no longer considers the availability of finance and working capital to be a principal risk. We continue to have a strong balance sheet, with minimum debt financing and a strong cash position, and have recently refinanced our Revolving Credit Facility to November 2027.

Reputational risk could potentially arise from a number of sources including external and internal influences relating to the housebuilding sector that, when combined or over a period of time, could create a new principal risk. The Group actively manages the impact of reputational risk by carefully assessing the potential impact of all the principal risks and implementing mitigation actions to minimise those risks. Reputational risk is therefore covered by the management of each of our individual risks and is not presented as a principal risk in its own right.

Overall assessment

The Board has completed its assessment of the Group's principal and emerging risks, including those that could threaten its business model, future performance, solvency or liquidity. The current risk profile is within our tolerance range as the Group is willing to accept a moderate level of operational risk to deliver financial returns.

Risk	**A** **Economic environment**	**B** **Land and planning**	**C** **Government regulation and political risk**	**D** **Construction quality and innovation**	**E** **Supply chain resilience**	**F** **Legacy properties**
Risk level Change from previous year	High risk No change	High risk Increase	High risk Increase	High risk No change	Medium risk No change	High risk Increase
Risk appetite Change from previous year	Medium risk No change	Medium risk No change	Low risk No change	Low risk No change	Low risk No change	Low risk No change
Link to strategic priorities	Customer first	Great places	Great places	Leading construction	Leading construction	Leading construction
Risk description	Changes in the UK macroeconomic environment may lead to falling demand, tightened mortgage	Lack of developable land due to delays in planning approval, failure of a clear and consistent	The housebuilding industry is subject to increasingly complex regulations, government intervention and policy changes, for	Failure to achieve excellence in construction, through an inability to develop and implement new and innovative construction	Not adequately responding to shortages or increased costs of materials and skilled labour, or the failure of a key supplier in the	In March 2023 we signed the Self Remediation Terms and Contract with the UK Government to support leaseholders by funding or remediating life-critical

	availability, or reduced purchaser liquidity especially in the first time buyer market. This could reduce the affordability of our homes, resulting in reduced sales volumes and our ability to provide profitable growth.	government policy or insufficient consented land and strategic land options at appropriate cost and quality could affect our ability to grow sales volumes and/or meet our margin and site ROCE hurdle rates.	example building regulation, legal, NHQC, CMA and environmental regulation. Deviation from regulations or failure to implement the changes effectively within our processes could lead to financial penalties, damage to the Group's reputation or increased costs due to inefficient processes.	methods or to be a market leader with changes in technology advancement in line with the Future Homes Standard, could increase costs, expose the Group to future remediation liabilities, and result in poor product quality and reputational damage.	current economic environment, may lead to increased costs and delays in construction.	fire safety works in buildings of over 11 metres which we have played a role in developing over the last 30 years. The amounts provided in these condensed consolidated financial statements reflect the best estimate of the extent and costs of work required; however, these will be updated as work progresses or as government legislation or regulations develop.
Responsibility	Executive Committee	Land Committee	Operations Committee	Operations Committee	Operations Committee	Operations Committee
Response/ mitigation	• Continual monitoring of the market at Board, Executive Committee, regional and operating divisional levels, leading to amendments in the Group's forecasts and planning as necessary. • Comprehensive sales policies, regular reviews of pricing in local markets and development of good relationships with mortgage lenders. • Disciplined operating framework with an appropriate capital structure and strong balance sheet.	• All land acquisitions are subject to formal appraisal and approval by the Land Committee. • Group, regional and divisional review of land currently owned, committed and identified against requirements. • Regular meetings with external stakeholders including land agents, promoters and land owners. • Review by Land Committee and management on strategic land and sites. • Robust review of land appeals before resubmission	• Robust and rigorous design standards for the homes and places we develop that exceed current and expected statutory requirements. • Policies and technical guidance for employees on regulatory compliance and the standards of business conduct expected. • Legal and compliance risks monitored by the Risk Committee. • Consultation with government agencies, membership of industry groups to help monitor, understand and plan for proposed regulation change.	• Continuous review of design and materials, which are evaluated by technical experts including the NHBC, to ensure compliance with all regulations. • Monitoring and improving the environmental and sustainability impact of construction methods and materials. • Implementation of modern methods of construction by design and technical teams. • Detailed build programmes supported by robust quality assurance. • Use of qualified engineers through an approved panel. • Group Construction and Group Technical reviews of local divisions in key risk areas.	• Centralised team procures most materials from within the UK, ensuring consistent quality and cost. • Development of long-term supplier and sub-contractor partnerships with all significant supply agreements fixed in advance, usually for 12 months. • Development of multiple supplier relationships for labour and material supplies, with contingency plans should any key supplier fail. • Control of build and material costs throughout build programmes. • Adherence to the Prompt Payment Code to support our partners.	• Dedicated Building Safety Unit (BSU) has been set up to manage the remediation work. • BSU undertakes independent reviews and investigations of historical buildings. • BSU Steering Committee meets fortnightly to review ongoing remedial work, investigations and current valuations. • Assumptions on the estimated financial costs have been tested and challenged robustly.
Key risk indicators	Internal: Gross and operating margins, PBT, ROCE, EPS,	Land approvals (plots), UK quantum of consented housing units per year, UK	Gross and operating margin, PBT, ROCE, EPS, TSR, total home completions.	Customer service, total home completions, gross margin, operating margin, PBT, ROCE, EPS,	Customer service, gross and operating margin, PBT, ROCE, EPS, TSR, total home completions.	Gross and operating margin, PBT, ROCE, EPS.

	TSR, total home completions. External: GDP growth, CPI inflation, mortgage affordability, new housebuilding site starts.	quantum of applications decided within statutory periods.		construction waste intensity and carbon intensity.		

Risk	**G** **Safety, health and environment**	**H** **Attracting and retaining high-calibre employees**	**I** **Information technology**	**J** **Environmental, social and governance**	**K** **Business resilience and continuity**
Risk level Change from previous year	Medium risk No change	Medium risk Decrease	Medium risk No change	Medium risk No change	Medium risk No change
Risk appetite Change from previous year	Low risk No change	Low risk Decrease	Low risk No change	Low risk No change	Medium risk No change
Link to strategic priorities	Investing in our people	Investing in our people	Underlying all priorities	Underpinning all priorities	Underpinning all priorities
Risk description	Health and safety or environmental incidents or compliance breaches can impact employees, sub-contractors and site visitors, and undermine the creation of a great place to work and visit.	Increasing competition for skills may mean we are unable to recruit and/or retain the best people. Having sufficient skilled employees is critical to delivery of the Group's strategy of volume growth whilst maintaining excellence in all of our other strategic priorities.	Failure of any of the Group's key systems, particularly those for financial and customer information, surveying and valuation, through a successful cyber attack or lack of investment leading to outdated systems, could restrict operations and disrupt progress in delivering strategic priorities.	In the short to medium term, if the Group does not further enhance its sustainable business practices to respond to loss of biodiversity, water usage reduction and climate change regulations, as well as meeting its social and governance responsibilities relating to modern slavery and human rights, this will result in a failure to meet customer and investor expectations.	Inability to continue the business due to a major unexpected incident or event out of our control, such as a natural disaster, global pandemic or UK epidemic, or disruption to national infrastructure, could cause significant disruption to the Group's business operations, employees, customers, supply chain, or other third party.
Responsibility	Safety, Health and Environment Operations Committee	Executive Committee	Technology Risk Sub-committee	Executive Committee	Executive Committee

Response/ Mitigation	• Dedicated internal health and safety team. • Regular health and safety monitoring, internal and external audits of all operational units, and regular senior management reviews of developments. • SHE management system that continually reinforces Group SHE policies and procedures. • Dedicated SHE Board and SHE Operations Committee that review key performance indicators and improvement plans. • Quarterly performance reviews by divisional management in all operating units. • Independent reviews of our SHE processes.	• Comprehensive HR programmes covering apprenticeships, graduate development, succession planning and training academies. • Personal development plans for all employees. • Development of a hybrid working model. • Monitoring of employee turnover, absence statistics and feedback from exit interviews. • Annual employee engagement survey to measure employee satisfaction. • Remuneration benchmarking against competitors. • Diversity and Inclusion Strategy and policy.	• Regular external reviews to reduce the risk of successful cyber attacks, including vulnerability and penetration tests by third parties. • Group-wide compliance and policies on passwords and transferring data to third parties. • Mandatory information security training programme for all new employees. • Adoption of the recognised NIST control framework. • Cyber security insurance policy. • Continued investment in IT infrastructure. • IT disaster recovery plan. • Development of critical process business continuity plans.	• Board Sustainability Committee to oversee the business' response to climate risks. • Committed to reduce the Group's carbon emissions, including those from its completed homes and supply chain. • Review of Future Homes Standard, effective in 2025, to adapt and plan for compliance. • Climate risk and opportunities continually being embedded within everyday business operations. • Progressed scenario analysis to determine the resilience of the Group's business model under different climate-related scenarios.	• Development of business continuity plans for critical business processes. • Stress-testing of the Group's available financing facilities to ensure resilience to a sudden economic shock. • Formation of the Business Resilience Steering Group.
Key risk indicators	Health and Safety (SHE) audit compliance	Employee engagement score.	Customer service, gross and operating margin, PBT, ROCE, EPS.	Carbon intensity, waste intensity, health and safety audits.	Total indebtedness / surplus, IT testing, KPS's.

Statement of Directors' Responsibilities

The responsibility statement set out below has been prepared in connection with (and will be set out in) the Annual Report and Accounts of the Company for the year ended 30 June 2023, which will be available to shareholders and published on its website www.barrattdevelopments.co.uk in September 2023.

Financial Statements and accounting records

The Directors are responsible for preparing the Annual Report and Accounts including the Directors' remuneration report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group Financial Statements in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006 and UK adopted IFRS. The Directors have also elected to prepare the Parent Company Financial Statements in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Company and the Group for that period.

IAS 1 requires that financial statements present fairly for each financial year the relevant entity's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the IASB's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable UK adopted IFRS. Directors are also required to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the Company's and the Group's (as the case may be) ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions on an individual and consolidated basis and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Fair, balanced and understandable

The Board considers, on the advice of the Audit Committee, that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's and the Group's position, performance, business model and strategy.

Directors' responsibility statement

The Directors confirm that, to the best of each person's knowledge:

a) the Group Financial Statements in the Annual Report and Accounts, which have been prepared in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006 and UK adopted IFRS, and those of the Parent Company, which have been prepared in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group taken as a whole; and

b) the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board

David Thomas

Chief Executive

5 September 2023

Definitions of alternative performance measures and reconciliation to IFRS (unaudited)

The Group uses a number of APMs which are not defined within IFRS. The Directors use these APMs, along with IFRS measures, to assess the operational performance of the Group as detailed in the Strategic report in the Annual Report and Accounts. These APMs may not be directly comparable with similarly titled measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. Definitions and reconciliations of the financial APMs used to IFRS measures are included below:

Gross margin is defined as gross profit divided by revenue:

	2023	2022
Revenue per Condensed Consolidated Income Statement (£m)	**5,321.4**	5,267.9
Gross profit per Condensed Consolidated Income Statement (£m)	**974.9**	899.9
Gross margin	**18.3%**	17.1%

Adjusted gross margin is defined as adjusted gross profit divided by revenue:

	2023	2022
Revenue per Condensed Consolidated Income Statement (£m)	**5,321.4**	5,267.9
Adjusted gross profit per Condensed Consolidated Income Statement (£m)	**1,130.4**	1,308.1
Adjusted gross margin	**21.2%**	24.8%

Operating margin is defined as profit from operations divided by revenue:

	2023	2022
Revenue per Condensed Consolidated Income Statement (£m)	**5,321.4**	5,267.9
Profit from operations per Condensed Consolidated Income Statement (£m)	**707.4**	646.6
Operating margin	**13.3%**	12.3%

Adjusted operating margin is defined as adjusted profit from operations divided by revenue:

	2023	2022
Revenue per Condensed Consolidated Income Statement (£m)	**5,321.4**	5,267.9
Adjusted profit from operations per Condensed Consolidated Income Statement (£m)	**862.9**	1,054.8
Adjusted operating margin	**16.2%**	20.0%

Adjusted earnings for **adjusted basic earnings per share** and **adjusted diluted earnings per share** are calculated by excluding adjusted items and any associated net tax amounts from profit attributable to ordinary shareholders of the Company:

	2023 **£m**	2022 £m
Profit attributable to ordinary shareholders of the Company	**530.3**	515.1
Net cost associated with legacy properties per note 4	**155.5**	408.2
Cost associated with JV legacy properties per note 4	**23.7**	4.3
Tax impact of adjusted items	**(39.3)**	(82.5)
Adjusted earnings	**670.2**	845.1

Net cash is defined in note 11.

ROCE is calculated as earnings before amortisation, interest, tax and operating adjusting items for the year, divided by average net assets adjusted for goodwill and intangibles, tax, net cash, derivative financial instruments and provisions in relation to legacy properties:

	2023	2022
	£m	£m
Profit from operations	**707.4**	646.6
Amortisation of intangible assets	**10.5**	4.3
Cost associated with legacy properties	**155.5**	408.2
Share of post-tax profit from JVs and associates	**8.8**	23.3
Adjusted cost related to JV legacy properties	**23.7**	4.3
Earnings before amortisation, interest, tax and adjusted items	**905.9**	1,086.7

	30 June 2023	31 December 2022	30 June 2022	31 December 2021	30 June 2021
	£m	£m	£m	£m	£m
Group net assets per Condensed Consolidated Balance Sheet	**5,596.4**	5,656.6	5,631.3	5,589.7	5,452.1
Less:					
Other intangible assets per Condensed Consolidated Balance Sheet	**(194.9)**	(200.1)	(205.4)	(100.0)	(100.0)
Goodwill per Condensed Consolidated Balance Sheet	**(852.9)**	(852.9)	(852.9)	(805.9)	(805.9)
Current tax (assets)/liabilities	**(31.1)**	(0.1)	(9.9)	(13.7)	1.0
Deferred tax liabilities	**53.5**	44.0	45.1	9.9	8.9
Cash and cash equivalents	**(1,269.1)**	(1,166.5)	(1,352.7)	(1,336.3)	(1,518.6)
Loans and borrowings	**203.4**	202.0	217.3	208.7	205.3
Provisions in relation to legacy properties	**612.3**	485.3	479.5	73.6	67.6
Prepaid fees	**(3.7)**	(4.6)	(3.2)	(4.1)	(4.1)
Capital employed	**4,113.9**	4,163.7	3,949.1	3,621.9	3,306.3
Three point average capital employed	**4,075.6**		3.625.8		

	2023	2022
Earnings before interest, tax, adjusted items and defined benefit scheme charges (from table above) (£m)	**905.9**	1,086.7
Three point average capital employed (from table above) (£m)	**4,075.6**	3,625.8
ROCE	**22.2%**	30.0%

Underlying ROCE is calculated as ROCE (above) with net assets also adjusted for land payables:

	30 June 2023	31 December 2022	30 June 2022	31 December 2021	30 June 2021
	£m	£m	£m	£m	£m
Capital employed (from ROCE table above)	**4,113.9**	4,163.7	3,949.1	3,621.9	3,306.3
Adjust for land payables	**506.7**	622.3	733.6	682.3	658.3
Capital employed adjusted for land payables	**4,620.6**	4,786.0	4,682.7	4,304.2	3,964.6
Three point average capital employed adjusted for land payables	**4,696.4**		4,317.2		

	2023	2022
Earnings before interest, tax, adjusted items and defined benefit scheme charges (from table above) (£m)	**905.9**	1,086.7
Three point average capital employed adjusted for land payables (from table above) (£m)	**4,696.4**	4,317.2
Underlying ROCE	**19.3%**	25.2%

For the purpose of determining the Executive Directors' annual bonus, capital employed is adjusted for land, land payables, trade payables and, for 2023, inventories currently occupied under the refugee support scheme:

	30 June 2023 £m	31 December 2022 £m	30 June 2022 £m	31 December 2021 £m	30 June 2021 £m
Capital employed (from ROCE table above)	**4,113.9**	4,163.7	3,949.1	3,621.9	3,306.3
Adjust for land	**(3,139.9)**	(3,253.7)	(3,339.9)	(3,046.1)	(2,946.3)
Adjust for land payables	**506.7**	622.3	733.6	682.3	658.3
Adjust for trade payables	**310.3**	220.4	324.0	238.9	289.6
Adjust for inventories currently occupied under the refugee support scheme	**(11.0)**	-	-	-	-
Capital employed adjusted for land, land payables, trade payables and inventories currently occupied under the refugee support scheme	**1,780.0**	1,752.7	1,666.8	1,497.0	1,307.9
Three point average capital employed adjusted for land, land payables, trade payables and inventories currently occupied under the refugee support scheme	**1,733.2**		1,490.6		

Total indebtedness is defined as net debt/(cash) and land payables:

	2023	2022
Net cash (£m)	**(1,069.4)**	(1,138.6)
Land payables (£m)	**506.7**	733.6
Total indebtedness	**(562.7)**	(405.0)

TSR is a measure of the performance of the Group's share price over a period of three financial years. It combines share price appreciation and dividends paid to show the total return to the shareholders expressed as a percentage.

Glossary

Active outlet	A site with at least one plot for sale
AGM	Annual General Meeting
APM	Alternative performance measure
ASP	Average selling price
Barratt	Barratt Developments PLC and its subsidiary undertakings
BNG	Biodiversity Net Gain
BREEAM	Building Research Establishment Environmental Assessment Methodology
Building for Life 12	This is the industry standard, endorsed by the Government, for well-designed homes and neighbourhoods that local communities, local authorities and developers are invited to use to stimulate conversations about creating good places to live
Building Regulations	The requirements relating to the erection and extension of buildings under UK Law
Capital Employed	Average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, prepaid fees, derivative financial instruments and provisions in relation to legacy properties
CDP	Charity that runs the global system for disclosure of environmental impacts for investors, companies, cities, states and regions
CMA	Competition and Markets Authority
DBP	Deferred Bonus Plan
EBT	Barratt Developments Employee Benefit Trust
ELTIP	Employee Long Term Incentive Plan
EMC	Ethnic Minority Communities
EPC	Energy Performance Certificate
EPS	Earnings per share
ESG	Environmental Social Governance
EWS	External Wall System
Foundation	The Barratt Developments PLC Charitable Foundation
FTSE	Financial Times Stock Exchange
FY	Refers to the financial year ended 30 June
Gross margin	Gross profit divided by total revenue
HBF	Home Builders Federation
HMRC	HM Revenue & Customs
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIR	Injury incidence rate
ISO	International Organisation for Standardisation
JVs	Joint ventures
KPI	Key performance indicator
LED	Light-emitting diode
LGBTQ+	Lesbian, gay, bisexual, transgender, queer and other gender expressions
LTPP	Long Term Performance Plan
LTV	Loan to Value
MMC	Modern methods of construction
Net cash	Net cash is defined as cash and cash equivalents, bank overdrafts, prepaid fees and interest bearing borrowings
Net tangible assets	Group net assets less other intangible assets and goodwill
NHBC	National House Building Council
OHSAS	Occupational Health and Safety Assessment Series

Operating margin	Profit from operations divided by revenue
Oregon	Oregon Timber Frame Limited, Oregon Timber Frame (England) Limited and Oregon Contract Management Limited
RCF	Revolving Credit Facility
RIs	Reportable items
ROCE	Return on capital employed ('ROCE') is calculated as earnings before amortisation, interest, tax and operating adjusting or exceptional items for the year, divided by average net assets adjusted for goodwill and intangibles, tax, net cash, derivative financial instruments and provisions in relation to legacy properties
RPDT	Residential Property Developer Tax
SAP	Standard Assessment Procedure -quantifies a dwelling's energy use per unit floor area
Sharesave	Savings-Related Share Option Scheme
SHE	Safety, Health and the Environment
Site ROCE	Site operating profit (site trading profit less allocated administrative overheads) divided by average investment in site land and work in progress
SONIA	Sterling Overnight Interest Average
TCFD	The Task Force for Climate-related Financial Disclosures
the Company	Barratt Developments PLC
the Group	Barratt Developments PLC and its subsidiary undertakings
Total completions	Unless otherwise stated, total completions quoted include JVs
Total indebtedness	Net (cash)/debt and land payables
TSR	Total shareholder return
Underlying ROCE	ROCE as defined above, with net assets also adjusted for land payables
USPP	US Private Placements