BARRATT
DEVELOPMENTS PLC

Annual Report and Accounts 2008

Core foundations

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Front cover
Main image: Stunning waterside homes at Nautiqua, Cowes, Isle of Wight. **Top right:** On site at the Great West Quarter, Brentford. **Middle right:** Barratt sales negotiator Gill Harmon at Willow Grange, Watford. **Bottom right:** Barratt purchasers, Mai-anh and Hoang Dien, with sons Vinh and Quan.

Notice regarding limitations on Director liability under English Law
Under the Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in and omissions from the Report of the Directors contained on pages 2 to 45. Under English Law the Directors would be liable to the Company (but not to any third party) if the Report of the Directors contains errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

Report of the Directors
Pages 2 to 45 inclusive consist of a Report of the Directors that has been drawn up and presented in accordance with and in reliance upon English company law and liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Cautionary statement regarding forward-looking statements
The Group's reports including this document and written information released, or oral statements made, to the public in future by or on behalf of the Group, may contain forward-looking statements. Although the Group believes that its expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

Welcome to Barratt Developments

Barratt Developments is one of the nation's largest housebuilders with over 5,200 direct employees and 26 divisions throughout Great Britain. In 2008 we sold over 18,500 homes and 676,000 square feet of commercial property. We operate across all sectors of the market: from apartments to family homes, urban regeneration schemes to retail shopping centres.

Our aim

Our aim is to maximise value for shareholders by creating outstanding places to live and work that serve the long-term needs of our customers and their communities.

Our brands

Barratt Homes is the best known housebuilding brand in Great Britain, focussing on traditional housing, apartments and urban regeneration. David Wilson Homes has a reputation for producing larger family homes. We also have a strong regional brand, Ward Homes, operating in Kent and the South East. Commercial and mixed-use developments are delivered by Wilson Bowden Developments.

Our awards

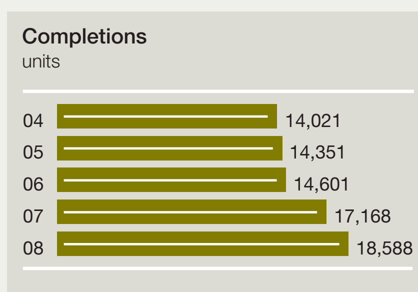
During the year we won a series of national awards for design, service and the quality of our operations. We were named 'Homebuilder of the Year' at the Mail on Sunday British Home Awards and our construction teams won a record breaking 73 'Pride in the Job' quality awards from the National House-Building Council. We also became the first housebuilder to win both of the industry's most prestigious awards for quality workmanship, the National House-Building Council Supreme Awards, in the large builder and multi-storey categories.

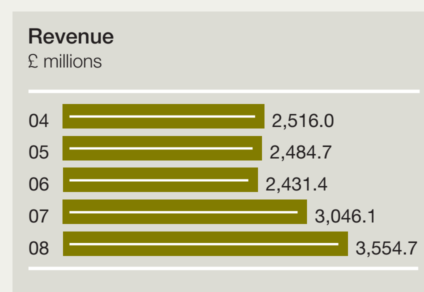
Summary of Group performance

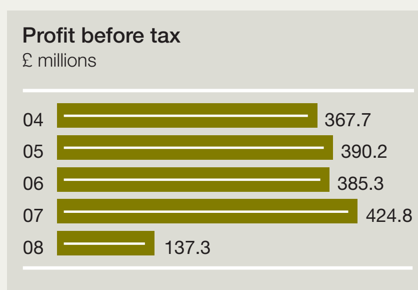
In the context of a rapidly declining UK housing market we achieved satisfactory results for the year. We delivered 18,588 completions (2007: 17,168) with a revenue of £3,554.7m (2007: £3,046.1m) and a profit from operations before exceptional costs[1] of £550.2m (2007: £513.3m (restated[2])). As a result of inventory write-downs and other exceptional costs[1] of £255.0m, the Group's profit from operations was £295.2m (2007: £487.1m (restated[2])).

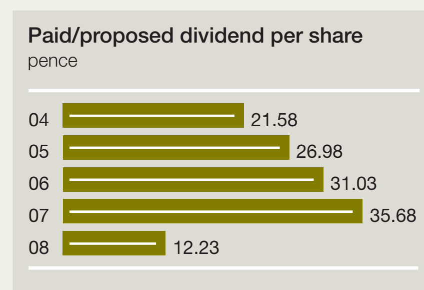
Performance highlights

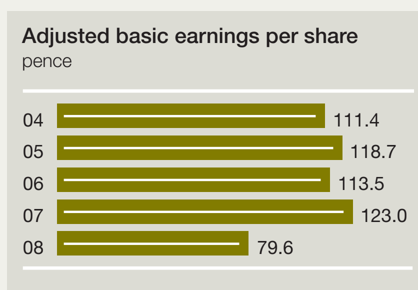
- Completions for the year were 18,588 (2007: 17,168), up 8.3%
- As a result, Group revenue rose by 16.7% to £3,554.7m (2007: £3,046.1m)
- Profit before tax was £137.3m (2007: £424.8m (restated[2]))
- No final dividend for 2007/8 will be paid. The total dividend for the year is the interim dividend, paid in May, of 12.23 pence per share
- Adjusted basic earnings per share before exceptional costs[1] was 79.6 pence (2007: 123.0 pence (restated[2])). Basic earnings per share was 25.0 pence (2007: 115.4 pence (restated[2]))
- Owned and controlled plots of land totalled 78,700, 4.2 years' supply at current completion rates

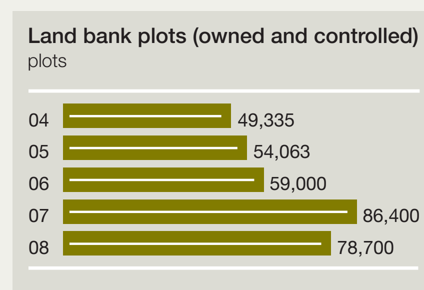












1 Exceptional costs comprise inventory impairments of £208.4m, goodwill impairment of £24.5m, intangible assets impairment of £6.2m, restructuring costs of £15.9m and related tax of £66.8m (2007: restructuring costs of £26.2m and related tax of £6.5m).

2 The results for the year ended 30 June 2007 have been restated as explained in note 1 to the financial statements.

"Barratt Developments, in its expanded format with David Wilson Homes, is an outstanding business with the breadth of skills and products to meet the needs of the UK housing market."

Chairman's statement

This is my first report to you as Chairman and whilst these are extremely testing times for the whole sector, it is already clear to me that this is a well run business with skilled employees delivering homes of the highest standard.

The year under review began with promise – a clear plan to complete the integration of Wilson Bowden and to satisfy the burgeoning demand for our homes. Aligned to these objectives was the opportunity to apply the best from both organisations to increase efficiency, improve the use of IT across the Group and enhance sales, particularly in the new area of web based marketing.

The Executive Team made substantial progress in meeting these objectives, delivering synergies and improving operational performance. However, as the year progressed and trading conditions softened, it became clear that it was essential to change our priorities and reconfigure the business in response to the sharp deterioration in the market.

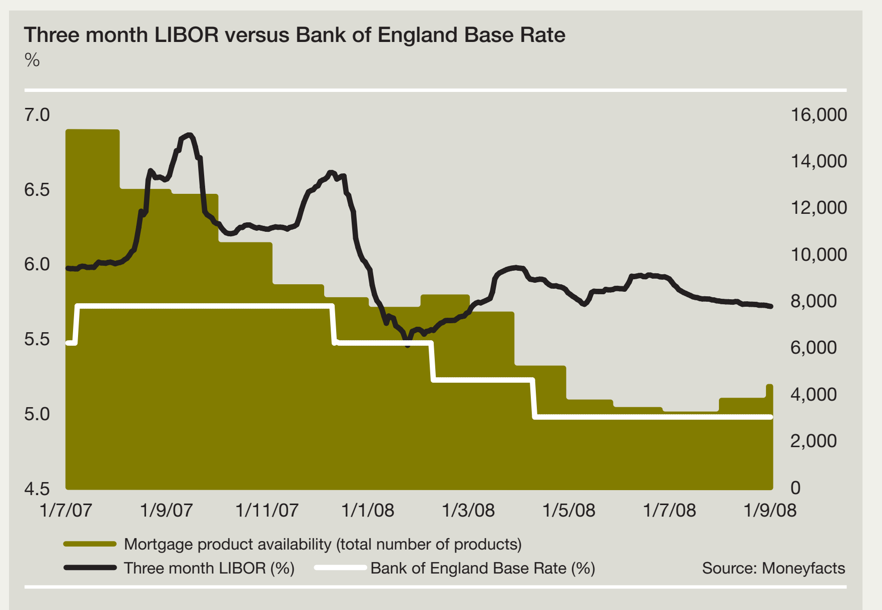
The market

After a sustained period of growth in terms of volume and price, the residential property market has now entered a period of rapid decline. This is being reflected in terms of the number of transactions, the period of time taken to sell a property and the prices that are being achieved. UK mortgage approvals for house purchases have fallen by 68% during the year with the rate of decline intensifying through the final quarter.

The reasons have been widely reported and analysed. The main cause is the sharp reduction in the availability of mortgage finance as major lenders have looked to repair their own balance sheets by limiting lending. The number of mortgage products available to the market has fallen from 15,599 at 30 June 2007 to 3,405 at 30 June 2008, a fall of 78%. This has particularly affected the plight of first time buyers who now face greater difficulty getting mortgages and are having to raise substantially higher deposits. The position is vividly illustrated by the fact that whilst private sales in our second half fell by 42.9%, visitors to our sites, looking to buy, only fell by 14.8% compared to the same period last year.

We believe it is likely that this situation will continue for the foreseeable future. Whilst the initial package of measures to support home buyers is welcome, if the Government wishes to stabilise the market further action will be required to ensure buyers can secure finance for the homes they wish to purchase.

[1] Exceptional costs comprise £208.4m of inventory write-downs, £24.5m of goodwill impairment, intangible assets impairment of £6.2m and restructuring costs of £15.9m.



Performance

Against the backdrop of these market conditions, our performance has been satisfactory with profit from operations before exceptional costs[1] of £550.2m representing a like-for-like[2] decline of 21.5% on the previous year (restated[3]). Falling like-for-like[2] sales revenues have been partially offset by a good performance on reducing costs.

As conditions became progressively more difficult, we felt it prudent to create sufficient additional headroom to enable the Group to trade through the declining market. We therefore started discussions with our lenders about rescheduling debt and amending covenants. It is a great tribute to the management of the Group that they were able to complete these complex and difficult negotiations at a time of very significant distress in the financial markets.

The strengthening of our funding position has enabled the organisation to focus on a clear set of priorities – pursuing sales as effectively as possible, reducing our costs with renewed vigour and managing our working capital aggressively. At the same time we must do everything we can to protect the fundamental infrastructure of the business.

Initial observations

I joined the Company on 1 June 2008 and have spent as much of my time as possible visiting divisions and our operating sites. I have been impressed with the quality of our finished product and the process to create it. This combined with our exceptional sales and presentational skills enable us to serve the market in a sector leading manner. Where planning conditions allow, the Group has the skills and experience to design, build and sell homes by creating an environment in which people want to live. The Group has the capability in depth to tackle successfully all forms of residential construction, from complex urban brownfield sites to greenfield developments in every region of the country, from luxury homes to first time buyer products.

I have great confidence in our people to manage through these challenging conditions and ensure that we are positioned as the leader as conditions improve. In tough times, it is not only shareholders that suffer but also the staff. I wish to record the Board's appreciation and thanks for their professionalism, commitment and all-pervasive enthusiasm.

Board

The current Board has a great breadth of experience and a rounded approach to issues. I take no credit for this – Charles Toner chaired the Company for six years and created the current Board. He retired at the end of the financial year and whilst he leaves the industry during a period of significant challenges, his legacy is an effective Board that will take the right decisions. We wish him a long, healthy and fulfilling retirement.

On 1 May 2008, Mark Rolfe joined the Board and in August took over the Chairmanship of the Audit Committee from Michael Pescod. Mark brings a tremendous breadth of financial experience to the Board and I know that the Audit Committee will continue to be in good hands.

Dividend

Given the steep decline in market conditions, which was not foreseen at the half year, the Board has decided that the requirement to conserve cash is paramount. We have therefore reluctantly decided not to pay a final dividend so the dividend for the year is 12.23p, a decline of 65.7%. Going forward, the Board will take due consideration of market conditions, the Group's trading performance and cash resources in determining future dividend policy. Our objective is to pay a dividend at the earliest appropriate opportunity.

Priorities

We have a strong Executive Team and I am confident that they have set the right priorities and are executing them with energy and precision. Barratt Developments, in its expanded format with David Wilson Homes, is an outstanding business with the breadth of skills and products to meet the needs of the UK housing market. I believe that upon the market's recovery, your Company will be the market leader and recognised for excellence in product and financial returns. In the meantime there will continue to be a ruthless focus on operational performance.

Bob Lawson
Chairman
9 September 2008

[2] 'Like-for-like' basis assumes that the acquisition of Wilson Bowden was completed on the first day of the comparative period. Wilson Bowden achieved 6,052 completions, revenue of £1,422.1m, operating profit of £219.2m, and a profit before tax of £191.7m in the twelve months ended 30 June 2007. Prior to acquisition, Wilson Bowden achieved 4,401 completions, revenue of £1,042.5m, operating profit of £165.3m (including £22.7m of exceptional costs) and profit before tax of £141.2m.
[3] The results for the year ended 30 June 2007 have been restated as explained in note 1 to the financial statements.

Group Chief Executive's statement

We have achieved satisfactory results for the year against the backdrop of a rapidly deteriorating UK housing market. With the successful renegotiation of our debt covenants, we have now strengthened our financial structure and have refocussed the business on clear priorities: sales delivery, cost efficiency and cash management to reduce debt.

Our operational performance

After a relatively stable start to the financial year, we saw a sharp decline in the UK housing market following the well-publicised financial difficulties of Northern Rock. Whilst there was some recovery in our sales following Christmas, the fourth quarter was particularly challenging for the Group. Sales became extremely difficult in the traditionally strong spring selling season, with cancellation rates rising to 37.4% during the second half as a result of the severe rationing of mortgage finance.

Total completions for the year, whilst up on a statutory basis, decreased on a like-for-like[2] basis by 13.8% to 18,588. However, the difficult trading conditions, particularly in the fourth quarter, have led to a more significant reduction in forward sales and we consequently expect lower completion volumes in 2008/9. At the year-end forward sales totalled £697.6m of which £538.7m was contracted.

The overall average selling prices of the properties sold increased by 6.0% as a result of continued changes in our product mix. However, we saw an underlying reduction of around 5%, mainly in the last quarter of the year, as a result of pressure on prices and increased sales incentives.

Declining volumes and prices were partially offset by underlying improvements in the efficiency of the Group. Wilson Bowden synergies of £33m were delivered against the target of £30m set for 2007/8 with a series of additional cost reduction programmes, put in place 18 months ago, delivering an additional £20m of cost savings. Whilst these improvements have reduced the impact of lower volume and selling prices, overall Group profit from operations before exceptional costs[1], on a like-for-like[2] basis, fell by 21.5% with an operating margin before exceptional costs[1] of 15.5%.

Tight control of land spend helped to reduce our net debt to £1.65bn at the end of the second half. However, as a prudent response to future market conditions, we have agreed with our banks and private placement note holders to amend our covenant package. In addition, we have recently signed a new three-year £400m facility and have reached

[1] Exceptional costs comprise £208.4m of inventory write-downs, £24.5m goodwill impairment, intangible assets impairment of £6.2m and restructuring costs of £15.9m.

Main image: The 'Beaudesert' at Henley Point, Henley-in-Arden. **Top right:** Street scene at Eden Village, Sittingbourne. **Bottom right:** Fantastic natural stone elevations of the 'Dumont' at Fieldways, Paulton.

agreement to extend £350m of our existing £400m revolving credit facility. These debt facilities do not mature until 2011.

Competing in today's market

With the successful refinancing of the business, a good deal of the uncertainty about our future has been removed. However, there is little prospect of an immediate housing market recovery as mortgage finance remains highly constrained. We have therefore put in place detailed plans to drive improved operational performance in the key areas of sales, costs and cash.

Improved sales delivery

In current market conditions the effectiveness of the Group's marketing and sales capability will have a significant impact on our business performance in terms of maximising revenue. We have put additional investment into sales training and site marketing. Both our major brands, David Wilson Homes and Barratt Homes, have been refreshed and there has been significant investment in our 'online' media activity. 'New media' marketing campaigns are currently driving circa 70% of sales leads and we expect this low-cost channel to continue to grow.

New products aimed at helping our customers overcome the current barriers in the housing market have also been introduced. Shared-equity products such as Dream Start and Head Start have proved particularly successful and we will continue to innovate in these areas.

Part-exchange is an important sales channel in the current market. Our ability to sell second-hand products is a key determinant of the extent to which we can use this offering and last year we sold over 1,900 second-hand properties through our Oakleaf network.

Reducing costs

Although we have made good progress on cost reduction, there is still considerable scope to improve the efficiency of the Group. Cost reduction programmes across the business are well established and are continuing to reduce construction and supply costs. We expect these programmes to deliver £40m of savings in 2008/9.

We have introduced additional cost saving measures to take account of the further deterioration in the market. During July we announced that we would further rationalise our divisional structure, and together with savings in other divisions this has resulted in the loss of approximately 1,200 jobs. The vast majority of these people have now left the organisation. This rationalisation will bring the total number of divisions down from 44, at the time of the Wilson Bowden acquisition, to 26. These initiatives are likely to result in further savings of around £40m per annum, the majority of which will be delivered in 2008/9 at a cost of £15m. The structure, whilst much leaner, still provides us with nationwide coverage and the sound foundations for growth when the market picks up.

We also remain on track to deliver approximately £60m of annualised savings arising from the integration of Wilson Bowden during 2008/9.

Managing cash

Cash control will continue to be central to our objectives. Land spend in 2008/9 is likely to reduce to around £568m, almost all of which relates to contractual commitments – a reduction of £400m on 2007/8. Work in progress is being tightly controlled and we will continue to carefully match construction rates to projected sales rates. We will only start on new sites or new phases where we are confident of sales rates; so the number of sites will fall to an average of around 500 for 2008/9.

[2] 'Like-for-like' basis assumes that the acquisition of Wilson Bowden was completed on the first day of the comparative period. Wilson Bowden achieved 6,052 completions, revenue of £1,422.1m, operating profit of £219.2m, and a profit before tax of £191.7m in the twelve months ended 30 June 2007. Prior to acquisition, Wilson Bowden achieved 4,401 completions, revenue of £1,042.5m, operating profit of £165.3m (including £22.7m of exceptional costs) and profit before tax of £141.2m.

Whilst we have a minimal exposure to large, owned tranches of strategic land and high rise flatted developments, we have incurred pre-tax write-downs to the value of land and work in progress of £208.4m of which £51.2m related to commercial developments. It is anticipated that a portion of these write-downs will enable the Group to release cash from work in progress more quickly.

We are progressing with the process to divest the assets from the Wilson Bowden Developments portfolio which have a potential cash value of around £200m. We hope to be able to move the majority of these through to completion over the next six to twelve months.

Long-term value

At the same time as focussing on current market conditions, as far as possible we will seek to protect the longer-term value creating qualities of the organisation. This means continuing to invest in our people, improving the quality of construction, safety standards, customer service and ensuring that we develop our products to meet customers' preferences and changing regulatory requirements.

The importance of our continued emphasis on safety and quality was underlined by the tragic death of a resident at the Azure development, Bedfont, caused, it appears, by carbon monoxide poisoning. Our sympathies lie very much with the families of those involved at this time. We are working with the relevant authorities to understand the full cause of the incident.

Investing in people

At the heart of our capability is a high quality and dedicated work force. Their skill and expertise has once again been demonstrated by winning 73 National House-Building Council ('NHBC') 'Pride in the Job' quality awards for the quality of our construction teams. This is the highest number of awards ever made to a single business in the 26 year history of the scheme. It follows the unprecedented achievement of winning both of the NHBC Supreme Awards – the very highest construction awards for major housebuilders.

Driving up quality

We have continued to focus on driving up the quality of everything we do and improving customer satisfaction. Customer service must remain a high priority for the Group and against a background of considerable organisational change. The number of our customers that would 'recommend us to

> Reducing costs

Group-wide programmes continue to reduce construction and supply costs and are expected to deliver £40m of savings in 2008/9.

> Managing cash

We are tightly controlling land and work in progress spend and will only start on new sites where we are confident of sales rates.

a friend' has remained at 88% (2007: 88% on a like-for-like[2] basis).

We have seen significant improvement in the health and safety performance of the Group. The reportable injury incidence rate was 656 per 100,000 people employed – a reduction of 23.5% on the previous year.

Product innovation

We continually review our product range to ensure that it meets customer and regulatory requirements. For example, our specialist regeneration skills have enabled us to continue to win large, high value development opportunities with limited cash outlay. Whilst it is inevitable that much needed regeneration of many areas will now be significantly slower as a result of market conditions, we continue to be well placed to compete when opportunities arise.

Part of our success in this area is due to the increasingly strong social and environmental credentials of the Group. These were further reinforced by the construction of the country's first zero carbon code level six house by a major housebuilder and by winning the first English Partnerships Carbon Challenge. This will lead to the construction of the nation's first zero carbon community at Hanham Hall, near Bristol.

Current trading and outlook

There remains considerable uncertainty about the near-term prospects for the sector with market recovery dependent on an improvement in the availability of mortgage finance and customer confidence. Whilst market conditions during the first two months of the new financial year have been broadly stable, they remain extremely challenging. In the last four weeks net private sales rates have been down around 30% on prior year. Pricing continues to be under pressure with higher incentive levels being required. Whilst we will deliver further cost savings during the year, we expect to see downward pressure on margins.

We will continue to focus on sales effectiveness, cost reduction and cash generation. When confidence returns, the enhanced capability and lower cost structure of our organisation will ensure that we are in a strong position to compete in the market and capitalise on available opportunities.

Mark Clare
Group Chief Executive
9 September 2008

> Improved sales delivery

Sales effectiveness using both our internet sites and traditional methods, such as the sales launch at Great West Quarter above, will help maximise our revenue.

> Driving up quality

Customer satisfaction is a high priority. The Healey family were so impressed by Lavender Grove that they persuaded twelve family and friends to move to our homes in Oakley Vale, Corby.

Business review

This has been a very challenging year for the Group. Although the year started with relatively normal seasonal trends, the impact of interest rate rises and the liquidity squeeze affecting the availability and cost of mortgage finance led to a more difficult market place from September onwards.

The market worsened further from the beginning of April with selling prices coming under increased pressure and sales rates per site falling. In the context of this intensely difficult market, the Group has delivered a satisfactory performance with 18,588 completions (2007: 17,168) and profit from operations before exceptional costs[1] of £550.2m (2007: £513.3m (restated[3])). As a result of inventory write-downs of £208.4m and other exceptional costs[1] of £46.6m, the Group's profit from operations was £295.2m (2007: £487.1m (restated[3])).

Housebuilding

We completed 18,588 properties in the year, up from 17,168 in the prior year. These completions delivered housebuilding total revenue of £3,414.2m (2007: £3,001.4m) and a housebuilding profit from operations

We build first time buyer homes, family homes and luxury apartments.

Main image: 'White Sand' at Camber by Ward Homes.
Right: 'The Crescent' at Torre Marine, Torquay.

[1] Exceptional costs, comprising impairment of inventories, goodwill, intangible assets and restructuring costs were £255.0m of which £173.1m related to the housebuilding business and £81.9m to the commercial developments business (2007: £26.2m, of which £25.6m related to the housebuilding business and £0.6m to the commercial developments business).

before exceptional costs[1] of £530.0m (2007: £506.8m (restated[3])). Of our total completions, 14,803 were private sales (2007: 14,335), up 3.3%. Sales of social housing units increased by 33.6% to 3,785 sales (2007: 2,833).

On a like-for-like[2] basis, total completions decreased by 13.8%. Private completions were 18.4% lower whilst social completions were 10.1% higher. Social housing sales represented 20.4% of the Group's sales in the current year, versus 15.9% in the prior year on a like-for-like[2] basis.

The average sales price for the year was £183,100, which was up by 6.0% on the prior year and by 1.3% on a like-for-like[2] basis. The small increase on a like-for-like[2] basis reflects a 3.9% increase, from £197,600 to £205,400, in the average selling price of our private sales; a 3.9% increase in the price of our social units, to £95,900; offset by an increase in the proportion of social sales from 15.9% in the prior year to 20.4% this year. The increase of 3.9% in the average selling price of private homes benefits from a change in our mix of sales, since despite a fall of approximately 5% in the underlying sales prices and a 1.2% fall in the average size of unit sold, our overall average sales price has benefited from a number of high value sales in premium London locations.

The decrease in completions on a like-for-like[2] basis illustrates the challenging markets that the sector is facing. Over the course of the financial year, market conditions have progressively deteriorated. The year started with relatively normal seasonal trends in July and August, despite the well publicised issues impacting upon the US housing and sub-prime markets. From September onwards the market was affected by the collapse of Northern Rock, the impact of five interest rate rises and the 'credit crunch' on the availability and cost of mortgages. In the third quarter we experienced an uplift in visitor numbers and sales rates compared to the first half. However, this improvement proved to be short-lived with a significant deterioration in the market from the beginning of April.

Housebuilding profit from operations before exceptional costs[1] was £530.0m (2007: £506.8m (restated[3])) giving a margin of 15.5% (2007: 16.9% (restated[3])). The decrease in operating margin can be explained by a number of factors. Firstly, our underlying average selling prices have decreased by

Above: Twelve unrivalled residences on Bishops Avenue, London.

Key performance indicator	2008	2007	Movement	
Operational				
Residential completion numbers	**18,588**	17,168	8.3%	Discussed in the section entitled 'Housebuilding' on pages 8 to 11.
Average sales price Residential turnover divided by the number of completions	**£183,100**	£172,800	6.0%	Discussed in the section entitled 'Housebuilding' on pages 8 to 11.
Land bank plots Number of residential plots owned and controlled	**78,700**	86,400	(8.9%)	Discussed in the section entitled 'Land' on page 11.
Customer recommendation levels The percentage of customers who would 'recommend us to a friend'	**88%**	88% on a like-for-like[2] basis	–	Discussed in the section entitled 'Quality and service' on page 12.
Percentage of our workforce that are fully CSCS carded and qualified	**90%**	62%	28%	Discussed in the section entitled 'Our people and expertise' on page 12.
Percentage of developments built on brownfield land	**71%**	78% of Barratt Homes developments	(7%)	Discussed in the section entitled 'Environment' on pages 13 to 14.
Reportable injury incidence rate Rate per 100,000 people employed	**656**	857 restated to include all Wilson Bowden reportable accidents	(23.5%)	Discussed in the section entitled 'Health and safety' on pages 14 to 15.
Financial				
Revenue	**£3,554.7m**	£3,046.1m	16.7%	Discussed in the Group Finance Director's review on pages 16 to 19.
Profit from operations[3]	**£295.2m**	£487.1m	(39.4%)	
Profit before tax[3]	**£137.3m**	£424.8m	(67.7%)	
Earnings per share[3] Profit after tax divided by the weighted average number of ordinary shares in issue	**25.0p**	115.4p	(78.3%)	

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Core strength

Geographic and product diversity

Our wide product range caters for first time buyers to families under the Barratt Homes, David Wilson Homes and Ward Homes brands.

'The Chelworth' at Swan's Reach, Daresbury, Cheshire (above top) is a four bedroom David Wilson family home featuring a well equipped kitchen/breakfast room, dining room for entertaining and a study.

Barratt Homes carefully renovated and converted a derelict former nurses' home at Bloomsbury Terrace, London (bottom left) and created 54 superb apartments including 20 for key workers and first time buyers.

Eton Court at Fareham, Hampshire (bottom right) is a gated development of 24 one and two bedroom apartments.

around 5%, which has reduced margins by 4%, reflecting the pressure upon sales prices particularly during the last quarter. In addition, increased selling costs further reduced margins by 0.6%. We have already referred to our cost-reduction programme and this along with mix changes has benefited the margin by 2.7%. Land sales and other income also added 0.5% to the margin.

The Group is implementing the following further measures to reduce its costs.

We have in place a programme to reduce build costs by: changing specifications and improving build processes, renegotiating subcontractor rates, and reducing the cost of most major materials. These measures are expected to deliver £40m of annual cost savings in 2008/9, of which £20m was achieved in the current financial year.

In addition, the operational integration of the Wilson Bowden acquisition has been completed with £33m of cost savings being achieved in the current financial year. The Group remains on track to deliver approximately £60m of annualised cost savings in 2008/9 compared to the costs of the two organisations prior to acquisition.

During the year ended 30 June 2008, the Group has incurred £15.9m of restructuring and reorganisation costs. These include redundancies made during the year, divisional office closures, reorganisations, and contract termination costs.

At the beginning of July we announced that we would be closing two divisions and merging a further eight divisions into four. This has reduced the number of operating divisions within the business to 26, down from 35 at the end of last year and 44 at the time of the acquisition of Wilson Bowden and has resulted in the loss of approximately 1,200 jobs. This reorganisation along with other cost savings across the business is expected to deliver annualised savings of £40m. We expect to deliver the majority of these cost savings in 2008/9. The cost of these changes is anticipated to be £15m, of which most will be incurred in the first half of 2008/9.

"We have in place a programme to reduce build costs... renegotiating subcontractor rates, and reducing the cost of most major materials."

Commercial developments

Commercial developments delivered a revenue of £140.5m (2007: £44.7m) and a profit from operations before exceptional costs[1] of £20.2m (2007: £6.5m). Exceptional costs in the commercial developments segment were £81.9m, consisting of full impairment of the goodwill and intangible assets created upon acquisition of £30.7m and impairment of inventories of £51.2m. The operating loss of the commercial developments segment was £61.7m. This performance reflected the increasingly difficult market conditions and the pressure upon yields in the commercial property market.

During the year ended 30 June 2008, we completed our 194,600 square feet Riverside Exchange office development in Sheffield, which was pre-let to the Home Office. We continue to make excellent progress on our forward-sold 102,000 square feet office development in the centre of Manchester, which we expect to complete in the autumn.

With regard to our industrial portfolio, we completed the sale of a 48,000 square feet unit let to Parcel Force at our Cambuslang site in Glasgow, and we also completed the sales of a 56,000 square feet unit to Takeuchi and a 27,500 square feet unit to Vindon Scientific at our prestigious development in Rochdale.

On the retail side, we are on target to complete our redevelopment of Wrexham town centre during 2008/9, delivering 382,000 square feet of prime retail space. Here, we have 90% of lettings either secured or under offer. In addition, as preferred developer, we continue to push forward with our town centre retail and office regeneration schemes in readiness to proceed when the market returns.

We are progressing with the process to divest the assets from the Wilson Bowden Developments portfolio which have a potential cash value of around £200m. We hope to be able to move the majority of these through to completion over the next six to twelve months.

Land

The Group land bank consists of both owned and controlled plots, and plots where offers have been accepted.

	2008 Plots	2007 Plots
Owned and controlled	**78,700**	86,400
Offers accepted	**13,700**	23,300
Total	**92,400**	109,700

Land additions during the year were £922m (2007: £1,013m). The Group has an extensive owned and controlled land bank, which is sufficient to meet our requirements at current completion rates for 4.2 years (2007: 4.0 years) and therefore almost all of the cash expenditure in 2008/9 on land will relate to contractual commitments already entered into.

During the year, the Group has impaired its inventories by £208.4m, further details of which are provided in the Group Finance Director's review on pages 16 and 17. After this impairment, our land bank has a carrying value of £3,117.5m (2007: £3,266.9m (restated[3])).

At 30 June 2008, 98% of our supply for the next financial year had detailed planning permission. In addition we have 10,900 acres of strategic land which we carry at its current realisable value until the Group obtains all necessary planning consents, so as to minimise the Group's exposure to risk from this portfolio.

Core strengths

Our core strengths of geographic and product diversity, quality and service, and people and expertise remain robust.

Geographic and product diversity

The Group offers a wide product range, from first time buyer to luxury apartments and family homes with prices ranging from under £68,000 to £11 million, and an average selling price of £183,100. The Group trades using the Barratt Homes, David Wilson Homes and Ward Homes brands. Barratt Homes is focussed upon urban regeneration, apartments and traditional houses whilst David Wilson Homes predominantly focusses upon family homes. Ward Homes is a regional brand based in Kent.

We operate throughout Great Britain and at 30 June 2008 we were selling from 585 sites (2007: 590 sites) spread over 32 (2007: 35) divisions. The post year-end announcement regarding divisional closures and mergers will reduce our number of operating divisions to 26, but will not reduce either our product range or our geographical reach.

The provision of affordable homes continues to be a key component of our activities with the Group completing 3,785 homes for housing association partners during the year at an average selling price of £95,900. We are one of the leading providers in the industry of affordable homes for rent, shared ownership or low cost homes for sale. We believe that our strength in this area provides opportunities for the Group's further growth especially in light of Government policy.

We continue to be committed to delivering affordable homes for first time buyers. We have continued to invest in our range of popular and pioneering iPad homes and during the year have legally completed 312 homes (2007: 120) and at 30 June 2008 had planning permission for over 700 homes not yet under construction. We are building iPads on developments in locations including Edinburgh, Leeds, Cardiff and Swansea, enabling as many people as possible to benefit from these innovative and affordable homes. We have also supported 1,459 buyers throughout the country with our own shared-equity products where we retain a proportion of the home interest-free for a specified period. In addition, during the year we completed 232 homes (2007: 133) under the English Partnerships' First Time Buyer Initiative at developments across the country including Leeds, Liverpool, Torquay and Brentwood. We have also participated in schemes to allow key workers to get onto the property ladder; for example at our

Bloomsbury Terrace development in London almost 40% of the units are available for key workers who can purchase a minimum of 35% of the property with English Partnerships providing the remainder of the funds.

During the year we have made progress with a number of key regeneration schemes and sites.

In London, we recently began building 63 homes in one of London's largest regeneration schemes, a new Docklands community of 2,700 homes around the Canada Water basin in Southwark. As well as new homes, the project will include a new library, civic plaza, leisure amenities and green space. A key feature of the development will be the use of 10% renewable energy. We also recently started work upon the first major residential element, comprising 250 homes, of the £160m transformation of Dalston, Hackney. This project will provide over 550 homes plus shops, a library and a new Tube station, and will include environmentally-friendly measures such as green roofs and combined heat and power generation.

In the Midlands, we have been selected by Birmingham City Council to redevelop the Shard End Crescent shopping parade into a state of the art 'urban village centre'. The £33m scheme will contain approximately 2,000 square metres of retail, around 190 new homes, a new community library and neighbourhood office, and a new vicarage. All of the facilities will be arranged around a central square to create a safe, secure and pleasant living environment.

We have also started work upon a major riverside regeneration scheme in Tyneside, at the former Stella South power station site at Blaydon. This scheme will provide 275 new Barratt homes.

Quality and service

As a Group we are committed to offering the highest standards of customer service and to operating in a transparent way. Our customers are central to all of our business operations and as such we continue to develop our service by listening to our customers, monitoring our performance and adopting best practice throughout the organisation. In the year ended 30 June 2008, our overall customer satisfaction rating has improved to 81% (2007: 80% on a like-for-like[2] basis). In addition, 88% of customers responded that they would 'recommend us to a friend' (2007: 88% on a like-for-like[2] basis), a satisfactory achievement against a backdrop of considerable change in the business and the market. As part of our commitment to customer service, we continue to train and develop all of our employees to ensure the highest standards are met and we are further developing our customer service IT systems to support this.

The quality of our product offerings has been recognised once again this year with our construction teams winning an industry leading 73 National House-Building Council ('NHBC') 'Pride in the Job' quality awards, an improvement on last year's achievement of 71 awards. This excellent performance is a new record for the Group and is the largest number ever awarded to a single business. In addition, in 2007, Barratt became the first housebuilder to win both of the industry's most prestigious awards, for large housebuilders, for quality workmanship with two of our site managers, Jamie Bishop and Paul Robinson, winning Supreme Awards in the large builder and multi-storey categories.

We were also named 'Homebuilder of the Year' at the Mail on Sunday British Homes Awards and we won awards for the best housing project (Great West Quarter), best small house (eScape at Eden Village, Sittingbourne) and were joint winner of the best affordable housing development (Tachbrook Triangle). At the 'Your New Home' Awards the best city development was awarded for our 'The Zone' development in Bristol. In the 'Hot Property' Awards we won platinum awards for the best waterside development (Bakers Mill, Sudbury), best value for money development (Forest Place, Walthamstow) and best family homes (Kings Meadow, Newmarket).

Our people and expertise

We recognise that one of our key strengths as a Group is our people. The extent of the decline in the housing market and the unprecedented lack of access to mortgages has meant that we, in common with all other housebuilders, have had to reduce costs right across the organisation. It is deeply regrettable that the challenging market conditions have meant that we have had to look closely at our structure and as a result have seen around 1,200 talented people leave the Group.

Despite the current economic environment, it is important that we continue to develop and invest in our people and their expertise to ensure the continued success of our business.

Our Graduate Recruitment and Development Programme has been a success. We have 39 graduates participating in a two year multi-disciplinary programme of both on-job and off-job modules. All of the graduates have completed volunteering activities in the local community, supporting our corporate responsibility strategy.

We have embedded succession planning processes across the business with bi-annual reviews in place. Every individual identified on the succession plan with the potential to progress in the next two years has a personal development plan. This plan may involve items such as attending our Leadership Development programme or having a coach or mentor to promote development.

We conducted our first Engagement Survey in January 2008, which has enabled us to ascertain how we can make our business a better place to work and become an employer of choice. We have also introduced human resources key performance indicators to enable us to measure the success of our people strategy more effectively and to enable us to take appropriate action on staff turnover, retention, sickness, absence and capability.

We have continued to make progress towards our target of a fully Construction Skills Certification Scheme ('CSCS') carded and qualified workforce, including our subcontractors, by 2010. At present, 90% (2007: 62%) of our workforce, including subcontractors, has achieved this target.

Environment

During the year, we have made substantial progress in pursuing our environmental agenda to enable us to respond to the challenge made by the Government's requirement for all new homes to be zero carbon by 2016.

We have completed building the 'Green House' prototype home at the Business Research Establishment's Innovation Park using an award winning design developed by architects Gaunt Francis. The Minister for Housing, the Right Honourable Caroline Flint MP, officially opened this home in May 2008. This is the first house to be built by a mainstream housebuilder that meets the highest level, code level six, of the Government's code for Sustainable Homes which will emit zero carbon on average over the course of a year. The home includes innovative eco-friendly features such as heavyweight construction that mitigates peaks and troughs of temperature change within the house, an air source heat pump to convert the energy of air into heat supplying the house, solar hot water panels, automatic window shutters to prevent the house over-heating in the summer and photovoltaic panels to supply power. The home is now the subject of rigorous scientific testing over the next two years assessing every aspect of its design, construction and materials. We intend to take the most successful aspects of the design and apply them to future homes that we build.

We are to develop Hanham Hall, near Bristol into the first large-scale zero carbon community in Britain, having won the first site of English Partnerships' Carbon Challenge. The community will comprise 200 homes and commercial space and is due to be completed in 2011. All of the homes on the site will meet the requirements for code level six of the Government's Code for Sustainable Homes, which will enable a family living there to reduce its carbon footprint by 60%. The development will also include many environmentally friendly features including a combined heat and power plant generating carbon neutral energy, a sustainable urban drainage system and retention of existing hedgerows and trees. We continue to look to include carbon saving measures on our developments, and 21 of our

Core strength

Quality, service and design

Would recommend to a friend*

%

* 2007 results are prepared on a like-for-like[2] basis.

We are committed to the highest standards of customer service. In the year ended 30 June 2008, 88% of customers responded that they would 'recommend us to a friend', a satisfactory achievement against a backdrop of considerable change in the business and the market.

We have won a series of national awards including 'Homebuilder of the Year' at the Mail on Sunday British Homes Awards, and at the 'Your New Home' Awards, 'The Zone' in Bristol won the best city development (main picture: the Vanquish at 'The Zone').

Charlotte Salvage (pictured above) purchased the elegant and spacious Richmore at Manor Farm, North Hykeham, a few miles from RAF Waddington where she is based, with the help of our Forces Discount Scheme.

Core strength

Our people and expertise

Our people's expertise ensures the continued success of our business. We are the first major housebuilder to build a code level six house, the 'Green House'. The main picture shows the living area of the 'Green House'.

Our construction teams won an industry leading 73 NHBC 'Pride in the Job' quality awards, and were awarded the prestigious NHBC Supreme Awards for quality workmanship in the large builder and multi-storey categories (NHBC Supreme Award winner Jamie Bishop – below right).

We train and develop our employees to ensure the highest standards of customer service. Allyson Wilkins (below left) came to work for Barratt having purchased a new home at Tudor Park, Wolverhampton.

sites, where we registered legal completions in the year ended 30 June 2008, incorporated a renewable energy source on-site. These included solar panels, wind turbines and combined heat and power units.

We continue to build the majority of our developments on brownfield sites, with 71% (2007: 78% of Barratt Homes developments) of our developments in the year being built upon brownfield land, which significantly exceeds the Government's target of 60%.

The Group continues to make excellent progress in accreditation of divisions to the environmental standard ISO 14001. We previously reported that all Barratt divisions had achieved accreditation and that we would target the eight David Wilson Homes divisions this year. This has been achieved and all the Group's divisions are now accredited to the standard.

The Group has reviewed its overall objectives for environmental management and has set targets for improved on-site and office performance. To assist the divisions, all of the Safety, Health and Environmental management team are undergoing accredited training to enable membership of the Institute of Environmental Management and Assessment ('IEMA').

Health and safety

The Group considers health and safety to be of paramount importance for its employees, customers and the general public.

The Group is saddened to report the death of one person and serious illness of another at a completed development at Bedfont Lakes in West London in February 2008. The primary cause appears to be carbon monoxide poisoning from a gas heating installation. We continue to work closely with the authorities in their investigation and our thoughts remain with the families of those involved in the incident.

Notwithstanding this tragic event, we have continued to make good progress in the field of health and safety with a reduction in our reportable injury incidence rate to 656 per 100,000 persons employed, a reduction of 23.5% on the previous year (the enlarged

Group had a reportable injury incidence rate of 857 for 2006/7).

In addition, we have revitalised and reissued our Safety, Health and Environmental management system and have further strengthened our in-house team. This has provided the focus to enable overall improvements in our performance with all divisions achieving over 88% compliance following monitoring visits to developments.

The Group continues with certifying divisions to the heath and safety standard OHSAS 18001. At 30 June 2008, 27 of the 32 housebuilding divisions and Wilson Bowden Developments were certified to this level and we aim to have all remaining divisions certified by the end of 2008.

Corporate responsibility

As outlined in the sections above the Group has continued to make good progress on corporate responsibility throughout the year.

The Group's 2008 Corporate Social Responsibility Report will contain further details on our progress in corporate responsibility and will be found on the Group's website, www.barrattdevelopments.co.uk, later this year.

Group key risks

The Group's financial and operational performance is subject to a number of risks. The Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks which are identified in the table on the right.

The Group recognises that the management of risk is fundamental to the achievement of Group targets. As such all tiers of management are involved in this process.

Details of the Group's management of liquidity risk, market risk, credit risk and capital risk in relation to financial instruments is provided in note 27 to the financial statements.

Outlook

The Group Chief Executive has discussed the outlook for the business on page 7.

Principal risks of the Group include, but are not limited to:

Risk	Mitigation
Market	
Response to changes in the macroeconomic climate including buyer confidence and interest rates	The Executive Directors conduct a weekly meeting which reviews key trading indicators, including sales rates, visitor levels and levels of incentives and cash flow projections.
Availability of mortgage finance for our purchasers	The Executive Directors monitor on a weekly basis the number of reservations that require mortgages. The Group has a policy of giving mortgage providers complete transparency regarding house purchase prices alongside any discounts or other incentives in order that they have appropriate information upon which to base their lending decision.
Provision of high quality product and service to maintain brand quality and minimise remedial costs	The Group has a comprehensive approach to quality, service and customer care enshrined in the 'Forward through Quality' initiative and customer care code of practice.
Liquidity	
Availability of sufficient borrowing facilities to enable the servicing of 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 it has sufficient available funds for operations. The Group's borrowings are typically cyclical throughout the financial year and as such the Group maintains sufficient headroom to cover these requirements. On a normal operating basis the Group has a policy of maintaining headroom of £250m of available committed facilities. The Group has in place a comprehensive detailed regular forecasting process encompassing profitability, working capital and cash flow that is fully embedded in the business. These forecasts are further stress tested at a Group level to ensure that adequate headroom within our facilities and banking covenants is maintained.
Inability of the Group to refinance its facilities as they fall due	The Group has a policy that the maturity of its committed facilities and private placement notes is at least three years on average.
Land	
Securing sufficient land of appropriate size and quality to provide profitable growth subject to the available borrowing facilities	Each division produces a detailed site-by-site monthly analysis of the amount of land currently owned, committed and identified. These are consolidated upwards for regular review at Board level. In addition, each operating division holds weekly land meetings. Every land acquisition is subject to a formal appraisal procedure and is required to achieve an overall Group defined hurdle rate of return.
Government regulation	
Delays obtaining required planning and technical consents	The Group has considerable in-house technical and planning expertise devoted to achieving implementable planning consents.
Consequence of changes in tax legislation	The Group has adopted a low risk strategy to tax planning and potential and actual changes in tax legislation are monitored by both our industry experienced in-house finance teams and our external tax advisors.
Construction	
Failure to identify and achieve key construction milestones	The Group's weekly reporting identifies the number of properties at key stages of construction. Projected construction rates are evaluated as part of the monthly forecasting cycle.
Excessive investment in work in progress	The build status of all sites is reported weekly and compared to sales taken on each site.
Failure to promptly identify cost overruns	The total costs on every site in progress are evaluated once a quarter and reviewed by the divisional management teams.
Innovative design and construction techniques are not employed	The Group ensures that it is at the forefront of design and construction techniques by a combination of in-house technical departments, the employment of external consultants and an ongoing commitment to building experimental house types.
Health and safety	The Group has a dedicated health and safety audit department which is independent of the management of the operating divisions.
Consideration of the impact of construction schemes upon the environment and social surroundings	The Group regularly monitors a number of environmental impact indicators. The results of this will appear in our Corporate Social Responsibility Report later this year.
People	
Ability of the Group to attract and retain a sufficiently skilled and experienced workforce Adequate succession planning to retain and develop key management skills	The Group has a comprehensive Human Resources policy in place which includes apprentice schemes, a Graduate Recruitment Programme, succession planning, training schemes tailored to each discipline and the Group has set itself the target of having a fully CSCS carded and qualified workforce by 2010.
Underfunding of the Group's obligations in respect of the defined benefit pension scheme	An actuarial valuation is conducted every three years. The Group reviews this and considers what additional contributions are necessary to make good this shortfall.

"The Group is committed to reducing the level of borrowings of the business over the short-term and has focussed the business upon maximising cash generation whilst ensuring that on a site-by-site basis we maintain an appropriate balance between volume and margin."

Group Finance Director's review

The Group has delivered a satisfactory performance in the current year in the context of the difficult market in which we have been operating.

Performance highlights are as follows:

- Revenue was up 16.7% to £3,554.7m (2007: £3,046.1m)
- Total completions increased by 8.3% to 18,588 (2007: 17,168)
- Profit from operations before exceptional costs[1] increased by 7.2% to £550.2m (2007: £513.3m (restated[2]))
- Exceptional costs[1] comprised an impairment of inventories of £208.4m, an impairment of goodwill and intangibles of £30.7m and reorganisation costs of £15.9m
- Profit from operations was £295.2m (2007: £487.1m (restated[2]))
- Operating margin before exceptional costs[1] was 15.5% (2007: 16.9% (restated[2]))
- Operating margin was 8.3% (2007: 16.0% (restated[2]))
- Profit before tax was £137.3m (2007: £424.8m (restated[2]))
- Adjusted earnings per share before exceptional costs[1] was 79.6p (2007: 123.0p (restated[2]))
- Basic earnings per share was 25.0p (2007: 115.4p (restated[2]))

Segmental analysis

The Group has two segments, being housebuilding and commercial developments. These segments reflect the different product offerings and market risks facing these areas of the business.

The table opposite shows the respective contributions of these segments to the Group. An analysis of the operational performance of these segments is provided within the Business review on pages 8 to 11.

Exceptional costs

During the year, the Group has recognised a number of items which due to their size and unusual nature have been disclosed as exceptional costs.

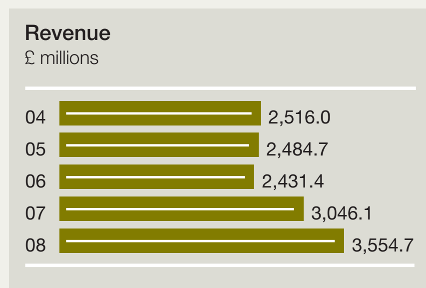
i) Impairment of inventories

The total impairment of land and work in progress, recognised in exceptional cost of sales, in the year was £208.4m, which comprised £151.2m housebuilding, £51.2m commercial developments and £6.0m of historic Barratt and Wilson Bowden acquisition fair value adjustments.

The Group conducted a review of the carrying value of its housebuilding land at 30 June 2008 in accordance with normal practice and accounting standards. This review was carried out on a site-by-site basis using valuations incorporating forecast sales rates and average selling prices that reflect both current and anticipated trading conditions. We paid particular attention to high-risk sites including large and complex sites, apartment blocks outside London and sites with low sales rates. The review also considered sites that have not yet been started and larger, more capital-intensive

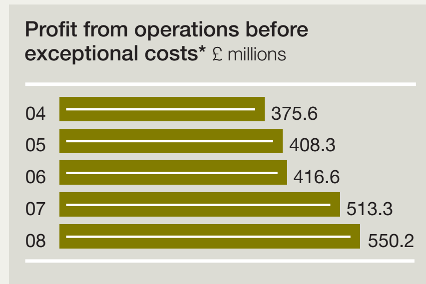
[1] Exceptional costs, comprising impairment of inventories, goodwill, intangible assets and restructuring costs were £255.0m of which £173.1m related to the housebuilding business and £81.9m to the commercial developments business (2007: £26.2m, of which £25.6m related to the housebuilding business and £0.6m to the commercial developments business).

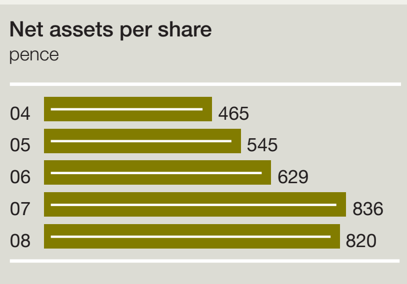
[2] The results for the year ended 30 June 2007 have been restated as explained in note 1 to the financial statements.



Segmental analysis

	Housebuilding £m	Commercial developments £m	Total £m
Revenue	3,414.2	140.5	3,554.7
Profit from operations before exceptional costs[1]	530.0	20.2	550.2
Profit/(loss) from operations	356.9	(61.7)	295.2





* Profit from operations was £295.2m (2007: £487.1m). The results for the years ended 30 June 2007, 2006 and 2005 have been restated as explained in note 1 to the financial statements.

sites where it may be more appropriate to realise cash through sale of the assets rather than developing the site through to completion. As a result of the review, the Group recognised an impairment of the housing land bank of £151.2m in the year ended 30 June 2008.

The Group also reviewed the land and work in progress held within its commercial developments business for impairment on a development-by-development basis. This identified the need for an impairment of £51.2m in the year ended 30 June 2008. This review reflects the marketplace currently experienced within commercial development and in particular declining yields. We have also considered the carrying value of sites where it may be more sensible to realise cash rather than to continue to develop the site.

In addition, the Group had £6.0m of fair value uplift that had not been recovered through cost of sales which arose on historic Barratt and Wilson Bowden acquisitions. Due to the current difficult marketplace, these balances have been written off on the basis that the fair values adopted do not reflect current market conditions.

ii) Impairment of goodwill and intangible assets

On the acquisition of Wilson Bowden, the Group recognised goodwill of £816.7m and intangible assets related to the brands acquired of £107.0m. These were split between the housebuilding and commercial developments businesses, with £792.2m of goodwill and £100.0m of brand value attributed to our housebuilding business and £24.5m of goodwill and £7.0m of brand value attributed to the commercial developments business.

In accordance with the requirements of accounting standards the Group has conducted its annual review of the carrying value of goodwill and intangible assets. This review was conducted by comparing discounted future cash flows with the carrying value of assets at the balance sheet date. The cash flows were generated using our current five-year business plan beyond which we used a long-term growth rate, in accordance with accounting standards, of 2.5% based upon the expected long-term growth rate of the UK economy. The business plan used in the analysis contains the Directors' current view of expected changes in selling prices for completed houses and site costs to complete.

The discount rate used in the impairment review is 10%, being the Group's estimated pre-tax weighted average cost of capital. As a result of the impairment review, no impairment was recognised on the housebuilding business and all of the goodwill related to the commercial developments business, £24.5m, was impaired.

On acquisition, the David Wilson Homes brand was designated as having an indefinite life as the Group intends to hold and support the brand for an indefinite period and there are no factors that would prevent it from doing so. The Wilson Bowden Developments brand was designated as having a ten-year life as it is a business-to-business brand operating in niche markets. During the year, £0.8m of the Wilson Bowden Developments brand was amortised. As a result of the Group's impairment review, the housebuilding brand was not impaired but the Wilson Bowden Developments brand was fully written off, resulting in an exceptional charge to the income statement of £6.2m. This impairment is driven by declining commercial property yields, which affects the ability of this brand to generate future revenues.

The total impairment of goodwill and intangible assets recognised in exceptional operating

expenses in the income statement was therefore £30.7m, comprising a commercial developments goodwill impairment of £24.5m and the impairment of the Wilson Bowden Developments brand of £6.2m.

iii) Restructuring and reorganisation costs
During the year the Group incurred £15.9m of restructuring and reorganisation costs. These costs include redundancy costs arising from both divisional closures and reorganisations during the year, and costs related to office closures and contract severance. No charge for the reorganisation announced on 3 July 2008, estimated at £15m, has been included in the income statement for the year ended 30 June 2008.

Tax

The Group corporation tax charge for the year was £50.9m, an effective rate of 37.1%. When the impairment of goodwill of £24.5m, which is not allowable for tax purposes, is excluded the effective rate is 31.5%.

The tax charge of £50.9m comprises a total current year tax charge of £53.7m (33.2% of profit before tax excluding the impairment of goodwill) and a total prior year tax credit of £2.8m.

The Group's current year effective tax rate of 33.2% is higher than the standard rate of 29.5% due to writing off the deferred tax asset on anticipated tax relief on share options, as well as disallowable costs and tax on joint ventures, partially offset by contaminated land relief.

Dividend

The Board has decided that no final dividend will be paid for the year ended 30 June 2008. The total dividend for the year is therefore the interim dividend of 12.23 pence per share, which was paid in May 2008. Going forward, the Board will take due consideration of market conditions, the Group's trading performance and cash resources in determining future dividend policy.

Balance sheet

The net assets of the Group decreased by £54.3m to £2,843.7m. The decrease reflects the retained loss of £39.6m, after inventory write-downs, goodwill impairments, other exceptional costs and dividends paid in the year, and other reserves movements of £16.5m, offset by £1.8m issues of share capital during the year (including £1.3m on Wilson Bowden share option schemes). Significant movements in the balance sheet include:

- The Group's book value of land was £3,117.5m (2007: £3,266.9m (restated[2])), a decrease of £149.4m. This decrease includes land additions of £922m offset by land usage and the impairment of land explained above. During the current year, the Group reduced its actual expenditure on land following the deterioration in the market to £1.0 billion from the £1.5 billion expenditure anticipated at the beginning of the year. It is our intention in the forthcoming year to only commit cash where land is already contracted.
- Work in progress of the Group at 30 June 2008 was £1,569.3m (2007: £1,368.5m). We are actively reducing our investment in work in progress and as a result the value has fallen by £134.0m since 31 December 2007.
- Part-exchange properties and other inventories were £143.2m (2007: £104.5m) with the increase reflecting the current demand for this as an incentive. In accordance with normal commercial practice, the Group provides against these properties when they are taken onto our balance sheet and we continue to actively manage and trade through these properties.
- Group net debt increased by £351.2m to £1,652.4m over the full year. However, since December 2007, net debt has reduced by £86.1m reflecting reduced land spend and work in progress.
- Goodwill and intangible assets decreased by £31.5m to £892.2m reflecting the amortisation and impairments explained above.
- The pension fund deficit on the Barratt Homes defined benefit pension scheme reduced by £7.6m in the year to £70.7m, reflecting the additional contributions that the Group has made to reduce the deficit.
- Trade and other payables decreased by £179.1m to £1,405.9m reflecting a £109.2m decrease in land payables.
- Other assets and liabilities have increased by £51.6m during the year.

"This has been a very challenging year for all housebuilders. We have taken appropriate measures to reflect the significant market downturn. Earnings have proved robust and we have continued to maintain asset quality."

Cash flow

The tables on the opposite page explain the increase in the Group's borrowings.

The increase in net debt of £351.2m during the year is made up of an outflow of £437.3m in the first half and an inflow of £86.1m in the second half. The inflow during the second half reflects our strategy of decreasing land spend and work in progress (inventories fell £409.9m, excluding the £68.0m increase due to acquisitions; a £201.5m net decrease plus £208.4m fall due to exceptional impairment) offset by an outflow in other working capital and a decrease in land payables of £14.1m.

Other cash movements include net interest payments of £137.1m, tax payments of £114.8m, dividend payments of £126.0m and proceeds from the issue of share capital of £0.5m (excluding the proceeds from the issue of shares under Wilson Bowden share schemes).

The Group is committed to reducing the level of borrowings of the business over the short-term and has focussed the business upon maximising cash generation whilst ensuring that on a site-by-site basis we maintain an appropriate balance between volume and margin.

Treasury

The Board approves treasury policies and certain day-to-day treasury activities have been delegated to a Treasury Operating Committee that in turn regularly reports to the Board. The

Cash flow

Group net debt at the year-end was £1,652.4m (2007: £1,301.2m).

	Year ended 30 June 2008 £m	Half year ended 31 December 2007 £m	Half year ended 30 June 2008 £m	Year ended 30 June 2007 £m	Half year ended 31 December 2006 £m	Half year ended 30 June 2007 £m
Net (debt)/cash at start of year	**(1,301.2)**	**(1,301.2)**	**(1,738.5)**	34.9	34.9	(226.7)
Operating cash flow	**91.4**	**(244.4)**	**335.8**	139.5	(147.3)	286.8
Tax and net interest paid	**(251.9)**	**(105.7)**	**(146.2)**	(148.3)	(68.0)	(80.3)
Free cash flow	**(160.5)**	**(350.1)**	**189.6**	(8.8)	(215.3)	206.5
Acquisitions	**(31.0)**	**1.3**	**(32.3)**	(1,245.9)	–	(1,245.9)
Investments in joint ventures	**(47.2)**	**(6.9)**	**(40.3)**	(14.2)	–	(14.2)
Net fixed asset proceeds/ (purchases)	**16.9**	**2.0**	**14.9**	(4.6)	(2.8)	(1.8)
Dividends	**(126.0)**	**(83.8)**	**(42.2)**	(77.1)	(49.7)	(27.4)
Share issue and disposals	**0.5**	**0.5**	**–**	14.5	6.2	8.3
Cancelled swaps	**(3.6)**	**–**	**(3.6)**	–	–	–
Purchase of shares for LTPP awards	**(0.3)**	**(0.3)**	**–**	–	–	–
Net debt at end of year	**(1,652.4)**	**(1,738.5)**	**(1,652.4)**	(1,301.2)	(226.7)	(1,301.2)

An analysis of the Group's free cash flow is as follows:

	Year ended 30 June 2008 £m	Half year ended 31 December 2007 £m	Half year ended 30 June 2008 £m	Year ended 30 June 2007 £m	Half year ended 31 December 2006 £m	Half year ended 30 June 2007 £m
Operating profit before exceptional costs	**550.2**	**274.9**	**275.3**	513.3	196.6	316.7
Exceptional costs	**(255.0)**	**(7.2)**	**(247.8)**	(26.2)	–	(26.2)
Total non-cash items	**12.6**	**(6.8)**	**19.4**	(16.7)	(6.2)	(10.5)
Land, work in progress and other inventories	**(22.1)**	**(432.0)**	**409.9**	(267.4)	(320.9)	53.5
Other working capital	**(194.3)**	**(73.3)**	**(121.0)**	(63.5)	(16.8)	(46.7)
Operating cash flow	**91.4**	**(244.4)**	**335.8**	139.5	(147.3)	286.8
Net interest paid	**(137.1)**	**(50.3)**	**(86.8)**	(27.8)	(8.7)	(19.1)
Taxation	**(114.8)**	**(55.4)**	**(59.4)**	(120.5)	(59.3)	(61.2)
Free cash flow	**(160.5)**	**(350.1)**	**189.6**	(8.8)	(215.3)	206.5

Group operates a centralised treasury function which does not speculate and operates within guidelines established by the Board and the Treasury Operating Committee.

The Group has a conservative treasury risk management strategy which includes a target that 60-80% of year-end debt should be at fixed rates of interest. At 30 June 2008, 63.0% of the Group net debt was fixed (2007: 72.4%). Group interest rates are fixed using both swaps and fixed rate debt instruments. Net bank interest was covered 4.0 times before exceptional costs[1] (2007: 12.8 times covered).

Borrowing facilities and refinancing

At the year-end, the Group's committed facilities had an average life of 3.3 years, headroom of £870.0m, and we continued to operate within all of our banking covenants.

However, in the light of current market conditions, the Board considered that it would be a prudent approach to extend our short-term refinancing requirements and seek a more flexible covenant package which would be more suitable in the current trading environment.

Therefore, on 9 July 2008, the Company entered into a new £400m three-year committed revolving credit facility and agreed (subject to contract) to extend the maturity date of £350m of the existing £400m revolving credit facility to expire at the same date as the new facility. On 6 August 2008, the Company redeemed £400m of the existing acquisition facility.

In addition, the Company agreed with its bankers and private placement investors to amend its financial covenants. The interest covenant has been replaced with a cash flow covenant and the gearing and minimum tangible net worth covenants have been relaxed. These amendments were signed on 5 August 2008 and all conditions precedent were satisfied on 6 August 2008.

The new covenant package and revolving credit facility led to the weighted average cost of the Group's borrowings increasing to circa 9.75% from 6 August 2008.

As a result of the agreements reached with our bankers and private placement investors, we have put in place a more appropriate capital structure for the Group.

In conclusion

This has been a very challenging financial year for all housebuilders. We have taken appropriate measures to reflect the significant market downturn. Earnings have proved robust and we have continued to maintain asset quality. The refinancing and revised covenant package recently put in place was an important step in ensuring that the Group has strong foundations to weather market conditions which are likely to remain difficult for the foreseeable future.

Mark Pain
Group Finance Director
9 September 2008

Board of Directors

01 Mr R A Lawson

Chairman from 1 July 2008

Mr R A Lawson was appointed a Non-Executive Director on 1 June 2008 and appointed Chairman on 1 July 2008 replacing Mr C G Toner. Mr R A Lawson is also the Chairman of Hays Plc. He was formerly the Managing Director of the Vitec Group for three years and Chief Executive of Electrocomponents plc for ten years. Age 63.

02 Mr C G Toner

Chairman to 30 June 2008

Mr C G Toner was appointed a Non-Executive Director in May 2002. He was previously the Deputy Group Chief Executive of Abbey National plc and is currently a Non-Executive Director of Ford Credit Europe (FCE) Bank Plc. He was appointed Group Vice-Chairman in June 2002 and Group Chairman in October 2002. Mr C G Toner retired from the Board and as Chairman on 30 June 2008. Age 66.

03 Mr M S Clare

Group Chief Executive

Mr M S Clare was appointed Group Chief Executive on 2 October 2006. He was formerly an Executive Director of Centrica Plc and Managing Director of Centrica's British Gas Residential Energy operation. He joined British Gas in 1994, becoming Centrica's Finance Director in 1997 and Managing Director of British Gas Residential Energy in 2002. Age 51.

04 Mr S J Boyes

Group Board Executive Director

Mr S J Boyes joined the Group in 1978. Formerly the Managing Director of Barratt York, he was appointed to the Group Board in July 2001 and is Group Board Executive Director of the Barratt North Region. Age 48.

05 Mr R MacEachrane

Non-Executive Director

Mr R MacEachrane was appointed a Non-Executive Director on 1 May 2006. He was formerly Commercial Director and an Executive Director of the National House-Building Council ('NHBC') Main Board before retiring after 25 years' service in April 2006. He is a member of the Governing Board of the NHBC Foundation, an independent charitable research foundation, which is a joint venture with the Building Research Establishment and a Director of the National Centre for Excellence in Housing. Age 64.

06 Mr R J Davies

Non-Executive Director

Mr R J Davies was appointed a Non-Executive Director in May 2004. He was the Chairman of Biffa Plc from 2006 to 2008 and is a Non-Executive Director of British Energy Group plc. He was Chief Executive of Arriva plc until April 2006, a position he held from December 1998, having previously held the same position with East Midlands Electricity Plc. He also chairs the Board of Governors of the University of Sunderland and is Chairman of the Confederation of British Industry North-East Council. Age 59.

07 Mr M A Pain

Group Finance Director

Mr M A Pain was appointed an Executive Director on 1 March 2006 and assumed full responsibility as Group Finance Director on 1 July 2006. He was formerly the Finance Director of Abbey National plc and also served as Chief Executive of Abbey National Treasury Services and as Main Board Director responsible for retail sales. Mr M A Pain is currently a Non-Executive Director of Punch Taverns plc. Age 47.

08 Mr C Fenton

Group Board Executive Director

Mr C Fenton joined the Group in 1983 becoming Managing Director of Barratt West London in 1996. He was appointed to the Group Board in July 2003 and is Group Board Executive Director of the Barratt South Region. Age 50.

09 Mr M Pescod

Senior Independent Director

Mr M Pescod was appointed a Non-Executive Director in October 2001. He is a founding partner of the investment bank Tricorn Partners LLP. Age 62.

10 Mr W Shannon

Non-Executive Director

Mr W Shannon was appointed a Non-Executive Director on 1 September 2005. He is currently Non-Executive Chairman of Aegon UK PLC, a Non-Executive Director of Rank PLC and a partner with Tri-Artisan Partners Europe LLP. He was an Executive Director of Whitbread PLC from 1994 to 2004. Age 58.

11 Mr M E Rolfe

Non-Executive Director

Mr M E Rolfe was appointed a Non-Executive Director on 1 May 2008. He is also a Non-Executive Director of The Sage Group plc and Hornby Plc. He was formerly the Finance Director of Gallaher Group Plc for seven years until April 2007 when it was acquired by Japan Tobacco Inc. His career with Gallaher spanned 20 years during which time he served in various finance and executive roles. Age 49.

12 Mr L Dent

Group General Counsel and Company Secretary

Mr L Dent was appointed Company Secretary and Group General Counsel in January 2001. He is a solicitor and was previously Group Deputy Chief Executive of Home Group Limited, one of the largest housing associations in the UK. Age 56.

Statutory information

Activities of the Group

Barratt Developments PLC is the holding company of the Barratt Group of companies (the 'Group'). The Group's principal activities comprise housebuilding and commercial development.

Results and dividends

The profit from continuing activities for the year ended 30 June 2008 was £86.4m (2007: £298.3m (restated as shown in note 1 to the financial statements)).

An interim dividend of 12.23p per share (2007: 11.38p) was paid on 23 May 2008. No final dividend will be paid for the year ended 30 June 2008 (2007: 24.30p).

Enhanced Business Review

The Chairman's statement, Group Chief Executive's review, Business review and Group Finance Director's review on pages 2 to 19 comprise the Group's Enhanced Business Review.

Annual General Meeting

The Annual General Meeting ('AGM') will be held at the Barber-Surgeons Hall, Monkwell Square, Wood Street, London EC2Y 5BL on 18 November 2008 at 2.30pm. The notice convening the Meeting is set out in a separate letter to shareholders.

Directors and their shareholdings

The Directors of the Group who held office at 30 June 2008 are listed on pages 20 and 21.

The beneficial interests of the Directors and connected persons in the ordinary share capital of the Company at the beginning and end of the year are shown below:

	30 June 2008		30 June 2007*	
Ordinary shares of 10p each	**Fully paid**	**Executive share options**	Fully paid	Executive share options
Mr M S Clare	**172,726**	**–**	89,965	–
Mr S J Boyes	**97,086**	**100,917**	87,794	216,018
Mr C Fenton	**34,461**	**–**	25,214	115,101
Mr M A Pain	**40,000**	**–**	25,000	–
Mr C G Toner	**10,000**	**–**	10,000	–
Mr R A Lawson	**–**	**–**	–	–
Mr R J Davies	**10,000**	**–**	1,000	–
Mr R MacEachrane	**2,000**	**–**	–	–
Mr M Pescod	**10,000**	**–**	10,000	–
Mr M E Rolfe	**–**	**–**	–	–
Mr W Shannon	**5,034**	**–**	5,034	–

* or date of appointment, if later.

No notification has been received of any change in the above interests during the period 30 June 2008 to 9 September 2008 inclusive. Details of movements in the Directors' interests in executive share options are shown in the Remuneration report on page 44.

Under the provisions of the Company's Articles of Association, Mr R MacEachrane and Mr C Fenton will retire by rotation at the AGM to be held on 18 November 2008 and being eligible will offer themselves for re-election at that meeting. In addition, Mr R A Lawson and Mr M E Rolfe will retire at the next AGM and offer themselves for election having been appointed by the Board since the last AGM.

At no time during or at the end of the year did any Director have a material interest in a contract of significance in relation to the business of the Group.

Fixed assets

The Directors are of the opinion that the value of land and buildings included within the Group's fixed assets is in excess of book value but that the difference is not material in relation to the affairs of the Group.

Disclosure of information to auditors

So far as each of the Directors is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are not aware.

Each of the Directors has taken all the relevant steps that he ought to have taken in accordance with his duty as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985 (the 'Act').

Charitable and political contributions

During the year the Group made charitable donations of £53,300 (2007: £22,900). Of the donations in the current year £7,000 was to the Smith Institute, £3,000 to Shelter, £5,000 to the National Autistic Society and the remainder was to local and good causes. No political contributions were made during the year.

Offices

The Group had 32 offices located throughout the United Kingdom at the end of the financial year. In July 2008, two of the Group's offices were closed and eight Group offices were merged into four. A full list of the Group's offices and their locations can be obtained from the Group Company Secretary situated at the registered office of the Company or from the Company's website www.barrattdevelopments.co.uk.

Capital structure

Details on the structure of the Company's capital including rights and obligations attaching to shares, voting, and transfer of shares, are shown on pages 34 and 35. Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 29 to the financial statements.

Details of employee share schemes are set out in note 30 to the financial statements. Details of the rights attaching to shares held by the Barratt Developments Employee Benefit Trust are shown on page 36.

Details of the appointment, replacement and powers of Directors, and details of the amendment of the Articles of Association are shown on page 35.

Details of significant agreements containing provisions entitling counterparties to exercise termination or other rights in the event of a change of control of the Company are shown on page 36.

Details of persons with a significant direct or indirect holding of shares in the Company, are shown in the section on major shareholders on page 27.

Risk management objectives

The Group's operational risks and their mitigation are outlined in the Business review on page 15. The Group's financial assets, financial liabilities and derivative financial instruments are detailed in notes 24, 25 and 26 to the financial statements.

The Group's operations and debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risks, liquidity risks and interest rates. The most significant of these to the Group is liquidity risk and as such there is a regular, detailed system for the reporting and forecasting of cash flows from the operations to Group management so as to ensure that risks are promptly identified and appropriate actions taken by the central Treasury Department. In addition, the Group has in place a risk management programme that seeks to limit the adverse effects of the other risks on its financial performance in particular by using financial instruments, including debt and derivatives, to fix interest rates and currency rates. The Group does not use derivative financial instruments for speculative purposes.

The Board of Directors is responsible for setting specific, clearly defined guidelines regarding treasury that are applied by the Group. The Group has a Treasury Operating Committee which operates within specific parameters set by the Board and consists of any two of the Group Chief Executive, Group Finance Director and Group Treasurer. In addition, the Board approves and reviews all facilities and derivative transactions that they have not delegated to the Treasury Operating Committee. The Group operates a central Treasury Department to implement the guidelines established by the Board, to whom it reports regularly.

a) 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 as such the Group maintains sufficient headroom to cover these requirements. On a normal operating basis the Group has a policy of maintaining headroom of £250m of available committed facilities and identifies and takes appropriate actions based upon its regular, detailed system for the reporting and forecasting of cash flows from its operations. At 30 June 2008, the Group had committed facilities of £2,555.4m (2007: £2,630.0m) and total facilities of £2,651.6m (2007: £2,786.3m). The Group's drawn debt was £1,685.2m (2007: £1,483.3m). This represents 65.9% (2007: 56.4%) of available committed facilities.

The Group's objective is to minimise refinancing risk. The Group therefore has a policy that the maturity of its committed facilities and private placement notes is at least three years on average. At 30 June 2008, the average maturity of the Group's facilities was 3.3 years (2007: 3.5 years).

As explained in note 25 to the financial statements, on 9 July 2008, the Company entered into a new £400m three-year facility and agreed to extend (subject to contract) £350m of the existing £400m revolving credit facility to further minimise refinancing risk. All conditions precedent were satisfied on 6 August 2008.

b) Market risk (price risk)

i) UK housing market risk

This section specifically discusses UK housing market risk in the context of the financial instruments in the Group balance sheet.

The Group's earnings are dependent upon the level of UK house prices. UK house prices are determined by the UK economy and economic conditions including employment levels, interest rates and consumer confidence.

The Group is subject to the prevailing conditions of the UK economy. However, the Group does seek to maintain an appropriate geographical spread of operating divisions and appropriate product mix to mitigate any risks caused by local economic conditions. The Group's management of operational risks is detailed in the Business review on page 15.

The UK housing market affects the valuation of the Group's non-financial assets and liabilities, notably land and work in progress, and the critical judgements applied by management in these financial statements, which include the valuation of land and work in progress, are detailed on page 55.

The Group's financial assets and liabilities that are directly linked to the UK housing market are detailed in note 27 to the financial statements. The value of the Group's available for sale financial assets is directly linked to the UK housing market. At 30 June 2008 these were carried at a fair value of £66.9m (2007: £37.3m). The Company has no financial assets and liabilities that are directly linked to the UK housing market.

Sensitivity analysis

At 30 June 2008, if UK house prices had been 5% lower and all other variables were held constant, the Group's house price linked financial assets and liabilities would decrease in value, excluding the effects of tax, by £14.9m (2007: £1.9m) with a corresponding reduction in both net profit and equity.

ii) 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 policy of maintaining both long-term fixed rate funding and medium-term floating rate funding so as to ensure that there is appropriate flexibility for the Group's operational requirements. In order to achieve this the Group has entered into swap arrangements to hedge cash flow risks relating to interest rate movements on a proportion of its debt and has entered into fixed rate debt in the form of sterling and US Dollar private placements.

The Group has a policy that 60–80% of the forecast debt for the year-end is at a fixed rate, with an average minimum duration of five years and an average maximum duration of fifteen years. At 30 June 2008, 63.0% (2007: 72.4%) of the Group's net debt was at a fixed rate.

The exposure of the Group's and Company's financial liabilities to interest rate risk is detailed in note 27 to the financial statements.

Floating interest rates on sterling borrowings are linked to UK bank rate, LIBOR and money market rates. The floating rates are fixed in advance for periods generally ranging from one to six months. Short-term flexibility is achieved through the use of overdraft, committed and uncommitted bank facilities. The weighted average interest rate for floating rate borrowings in 2008 was 6.6% (2007: 5.7%).

Sterling private placement notes of £125.5m (2007: £81.8m) were arranged at fixed interest rates and exposed the Group to fair value interest rate risk. The weighted average interest rate for fixed rate sterling private placement notes for 2008 was 7.8% (2007: 7.5%) with, at 30 June 2008, a weighted average period of 9.5 years (2007: 2.5 years) for which the rate is fixed.

US Dollar private placement notes of £150.5m (2007: £nil) were arranged at fixed interest rates and exposed the Group to fair value interest rate risk. The weighted average interest rate for fixed rate US Dollar private placement notes, after the effect of foreign exchange rate swaps, for 2008 was 6.9% (2007: nil) with, at 30 June 2008, a weighted average period of 8.8 years (2007: nil) for which the rate is fixed.

Sensitivity analysis

In the year ended 30 June 2008, if UK interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit would decrease/increase by £4.8m (2007: £2.8m), the Group's post-tax profit would decrease/increase by £3.4m (2007: £2.0m) and the Group's equity would decrease/increase by £3.4m (2007: £2.0m).

iii) Foreign exchange rate risk

The Group has fixed rate US Dollar private placement notes of $300m (2007: $nil). In order to mitigate risks associated with the movement in the foreign exchange rate, the Group has a policy of fully hedging its US Dollar denominated debt. The Group therefore entered into foreign exchange swap arrangements on the issue of its US Dollar denominated debt, all of which are designated as cash flow hedges.

Details of the Group's foreign exchange swaps are provided in note 26 to the financial statements.

Sensitivity analysis

As the Group's foreign exchange hedges are fully effective, the Group's profits will be unaffected by any variation in foreign exchange rates and any impact on net equity of a reasonably possible change in exchange rates is unlikely to be significant.

c) Credit risk

The UK housing market is structured so that in the majority of cases the Group receives cash upon legal completion for private sales and receives advance stage payments from Registered Social Landlords. As such, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to any counterparty at 30 June 2008 was £8.6m (2007: £32.0m). The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

In addition, the Company is exposed to £2,230.1m of credit risk in relation to inter-company loans, financial guarantees and the bank borrowings of subsidiary undertakings. Further details are provided in notes 35 and 36 to the financial statements.

The Group manages credit risk in the following ways:

- the Group has a credit policy that is limited to financial institutions with high credit ratings as set by international credit-rating agencies and has a policy determining the maximum permissible exposure to any counterparty; and
- the Group only contracts derivative financial instruments with counterparties with which the Group has an ISDA Master Agreement in place. These agreements permit net settlement thereby reducing the Group's credit exposure to individual counterparties.

d) Capital risk management (cash flow risk)

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

The Group ensures that there are appropriate controls over the purchase of land and levels of work in progress in the business in order to appropriately manage its capital. These controls are discussed in the business risk table on page 15. In addition, the other methods by which the Group can manage its short-term and long-term capital structure include adjusting the level of ordinary dividends paid to shareholders, issuing new share capital and arranging debt to meet liability payments, and it may also sell non-core assets to reduce debt.

Likely future developments

An indication of likely future developments in the Group including in the field of research and development is given in the Business review on pages 8 to 15.

Creditor payments

Each Group company is responsible for agreeing the detail of terms and conditions relating to transactions with its suppliers. It is Group policy to ensure that suppliers are made aware of the terms of payment and to abide by the agreed terms of payment with suppliers where the goods and services have been supplied in accordance with the relevant terms and conditions of contract. Implementation of this policy resulted in a supplier payment period by the Company of 26 days (2007: 32 days) for its trade creditors at 30 June 2008.

Qualifying third party indemnity provisions

As at the date of this report, qualifying third party indemnity provisions under Companies legislation are in force under which the Company has agreed to indemnify the Directors, former Directors and the Company Secretary of the Company, Directors and former Directors of any member of the Group or of an associated company or affiliate company and members of the Executive Committee, to the extent permitted by law and the Company's Articles of Association against all liability arising in respect of any act or omission in their duties.

Investor relations

The Board believes that the effective management of investor relations is critical to its relationship with its shareholders and to the market in which the Company's shares are held, analysed and traded. The Group's corporate governance framework sets the context for its continuing investor relations programme particularly in respect of key areas such as board membership, remuneration and public accountability statements.

During the year we continued to develop the investor communication programme in conjunction with our financial public relations ('PR') advisors, Weber Shandwick Square Mile, until June 2008 at which point this role was taken over by Maitland, and the Group's joint brokers, Credit Suisse Securities (Europe) Limited and UBS Investment Bank. The Investor Relations website (www.barrattdevelopments.co.uk) provides a full Company profile, regular corporate news updates, access to the Company's share price and regulatory announcements. Further shareholder services have been established whereby shareholders may deal in the Company's shares via its website and also access the Company's share register to view their shareholding, with the opportunity to make changes to their account details, including the downloading of appropriate forms and also access the history of their shareholding.

Our annual and interim reports, together with interim management statements and half-yearly trading updates, will continue to be the primary means by which information about the Group, its Board and its business is communicated to institutional and private shareholders, investors and analysts. In addition, other major Company publications are available to shareholders on our Investor Relations website. The AGM is used to enable all shareholders to discuss the Group's operations and progress directly with the Board. The Directors are available to answer shareholder questions, informally, before and after the AGM. The Chairman also invites questions from shareholders during the AGM.

Information of a price sensitive nature is communicated as required by the Company Secretary to the Company Announcements Office of the London Stock Exchange and the Group strives to ensure that all key information is effectively and clearly communicated.

In addition to the above formal communications, the Group Chief Executive and Group Finance Director meet regularly with institutional investors and analysts in order to convey an understanding of the Group's operations, the market and its management objectives, and in the year under review in excess of 100 such meetings have been held. The aim is to meet with major institutional shareholders at least once a year. Press releases on the Group's activities are made to journalists and the media through the Group Press Office and its external PR advisors. The Group's joint brokers, Credit Suisse Securities (Europe) Limited and UBS Investment Bank, also work actively on our behalf in an effort to ensure that investors and potential investors in the business are given reliable information on the Group's operations, its values and ethos in order to make informed investment decisions.

Barratt won the 'IR magazine' award for most progress in investor relations by a non-FTSE 100 company, in June 2008.

The Group Finance Director presents regular reports to the Group Board on the Company's investor relations activities to ensure that they have a clear understanding of the views of major shareholders.

Major shareholders

All notifications received by the Company in accordance with the Financial Services Authority's ('FSA') Disclosure and Transparency Rules ('DTRs') are published on the Company's website and on a Regulatory Information Service.

As at 9 September 2008, the Company had been notified, in accordance with DTR 5, of the following notifiable interests in the voting rights in the Company's issued share capital:

		Total	
Date of Notification	**Name of Shareholder**	**Number of Voting Rights**	**% of issued share capital**
11/08/2008	Polaris Capital Management LLC	21,457,322	6.19
18/07/2008	Phoenix Asset Management Partner Limited	38,395,810	11.08
26/10/2007	Legal & General Group plc	14,316,281	4.13
02/05/2007	FMR Corp	26,116,198	7.53
01/05/2007	Mr D Wilson	19,431,213	5.61
07/02/2007	J P Morgan Chase & Co.	18,784,735	7.71

Shareholder authority for purchase of own shares

Details of the shareholder authority for purchase by the Company of its own shares put in place at the AGM held on 27 November 2007, which remained valid at the end of the period under review, are set out in 'Additional information for shareholders' under the heading 'Repurchase of shares' on page 35. No purchases had been made under this authority as at the date of this report. A resolution renewing the authority will be proposed at the AGM to be held on 18 November 2008.

Shareholder arrangements to waive dividends

The Trustees of the Barratt Developments Employee Benefit Trust ('EBT') have agreed to waive any right to all or any future dividend payments on shares held within the EBT except in certain limited circumstances none of which are currently applicable. Details of the shares so held are set out in note 29 to the financial statements.

Post balance sheet event

On 9 July 2008, the Company entered into a £400m three-year committed revolving credit facility. In addition, £350m of the existing £400m five-year revolving credit facility (effective from 2 February 2005) was extended on 6 August 2008 to match the maturity period of the new three-year £400m revolving credit facility. The remaining £50m of this facility expires on 1 February 2010.

On 9 July 2008, the Company agreed with its bankers and private placement investors to amend the financial covenants to support the Group through the current difficult economic climate. The amendments were signed on 5 August 2008 and all conditions precedent were satisfied on 6 August 2008. From 6 August 2008 the weighted average interest rate paid by the Group increased to circa 9.75%.

On behalf of the Board

L Dent
Company Secretary
9 September 2008

Corporate Governance

The Board believes that, in terms of the overall direction and control of the Company, effective corporate governance will come principally from the values, standards and disciplines it seeks to apply in dealings with shareholders, customers, staff, suppliers, contractors and other stakeholders. Many of the Company's core values and standards are set out in a range of procedures and practice guidelines communicated throughout the Group. However, external governance codes set the framework for our internal standards and we therefore seek to comply with established best practice in all areas of corporate governance.

Statement of compliance with Code provisions

The Company is committed to the highest standards of corporate governance. Throughout the year ended 30 June 2008 the Company complied with the provisions of Section 1 of the Combined Code on Corporate Governance issued by the Financial Reporting Council in June 2006 (the 'Code').

The Board

The Company is led and controlled by the Group Board. The details of the Group Board Directors are set out on pages 20 and 21 of this report.

Mr C G Toner retired from the Board and as Chairman on 30 June 2008. Mr R A Lawson took over as Chairman of the Company with effect from 1 July 2008.

At the end of the financial year the Board comprised eleven members, including the Chairman, six Non-Executive Directors and four Executive Directors. The Company therefore complied during the relevant period with the principles of the Code in relation to the balance of Executive and Non-Executive Directors. The number and calibre of Non-Executive Directors on the Board, together with their diverse backgrounds and experience, also ensures that this principle is met.

In accordance with best corporate governance practice, the Company's Articles of Association require one-third of the current Directors to retire at each Annual General Meeting ('AGM'). Accordingly, Mr R MacEachrane and Mr C Fenton will retire by rotation and put themselves forward for re-election at this year's AGM in accordance with the relevant provisions of the Articles. In addition, Mr R A Lawson and Mr M E Rolfe will retire at this year's AGM and offer themselves for election, having been appointed by the Board since the last AGM.

Mr R A Lawson is also the Chairman of the Board of Hays Plc and brings a wealth of experience and strong leadership to the Company.
Mr M E Rolfe is also a Non-Executive Director of the Sage Group Plc and Hornby Plc. His track record and breadth of experience as a Finance Director is a great asset to the Company.

Following a formal evaluation process, the Company believes that the performance of Mr R MacEachrane continues to be effective and that he demonstrates commitment to his role.

On joining the Company, each new Director participates in an induction process which includes a meeting with all of the current Directors, provision of an induction pack, site visits and meetings with senior and operational management teams.

The Directors update their skills, knowledge and familiarity with the Company by attending appropriate external seminars and training courses, and meeting with senior management and visiting regional and divisional operating offices.

The Board believes that the Chairman and all Non-Executive Directors are wholly independent in that they have no business or other relationship with the Group that might influence their independence or judgement.

The division of responsibility between the Chairman of the Board and the Group Chief Executive is clearly defined and has been approved by the Board. The Chairman leads the Board in the determination of strategy and in the achievement of its objectives. He is responsible for organising the business of the Board, for setting its agenda and for ensuring its effectiveness. The Chairman facilitates the effective contribution of Non-Executive Directors and also ensures that the Board receives timely and accurate information so as to properly conduct its business as well as ensuring that communications with shareholders are effective.

The Senior Independent Director has specific responsibility for co-ordinating the evaluation by the Nominations Committee of the Chairman's effectiveness as well as being a point of contact for shareholders in the event of there being any material issues or concerns which the Chairman and/or Group Chief Executive have failed adequately to address. The current Senior Independent Director is Mr M Pescod.

During the year the Chairman and the Non-Executive Directors met on one occasion independently of management.

Board process

The Board has overall authority for the conduct of the business. The Board's responsibilities include:

- determination of strategy and plans to achieve the Group's objectives;
- determination of policy and the overall direction of the Group;
- approval of the Group Report and Accounts prior to publication;
- establishment of effective systems of delegation and internal control and the annual review of their effectiveness;
- authorising material acquisitions, disposals, investments, capital projects and other significant transactions; and
- monitoring the Group's overall performance in relation to its strategies, plans, budgets and decisions.

In January 2008, the Board met for a full day to review and develop the overall business strategy of the Group.

In the week prior to each Board Meeting, each Director is issued with an agenda, briefing papers and comprehensive operating and financial management reports for the period under review. The Company Secretary, a solicitor, attends all Board and Committee Meetings and all Directors have access to his advice and, if necessary, to independent professional advice at the Company's expense.

Board Committees

The Board has established four standing Committees; the Executive Committee, the Audit Committee, the Remuneration Committee and the Nominations Committee. Terms of reference for the Audit, Remuneration and Nominations Committees are available on our corporate website. Membership and attendance of each Committee is shown in the table on page 31. Any Director who did not attend a meeting presented his apologies and provided his views to the Chairman ahead of the meeting having reviewed the reports and management information.

Executive Committee

The Board delegates management of the business to the Executive Committee, which is led by the Group Chief Executive. In addition to the Directors identified in the table on page 31 and Mr L Dent, the Group General Counsel and Company Secretary, the Executive Committee includes Mr N Richardson, Managing Director Wilson Bowden Developments, Mr P Law, Group Director of Corporate Affairs, Mrs J Mee, Group Human Resources Director and Mr S Cunningham, Group Sales and Marketing Director. The Executive Committee's principal responsibilities include:

- implementing all operational policy and strategy across the Group;
- the preparation and development of the Group Three Year Plan, Annual Business Plan and Budget to achieve the Group's objectives as determined by the Board;
- monitoring the performance of the Group with particular emphasis on performance as measured against the Strategic Plan, Annual Business Plan and Annual Budgets, and other relevant key performance indicators;
- monitoring all monthly financial and other management reports;
- approving schemes, projects and contracts in accordance with authority delegated by the Board;
- the management of proper systems of internal control and the identification of material risk to the business;
- determining the senior management and staff structures of the organisation, terms and conditions of employment and remuneration and reward policies; and
- taking all necessary action to ensure that day-to-day Group business operations are effectively managed and controlled.

The Audit Committee

All members of the Audit Committee are wholly independent Non-Executive Directors in accordance with Code provision C.3.1. The Board is satisfied that at least one member of the Committee has recent and relevant financial experience. Mr M E Rolfe succeeded Mr M Pescod as Chairman of the Audit Committee on 1 August 2008.

The Committee invites the Group Chief Executive, the Group Finance Director, other members of senior management and senior representatives of the external auditors to attend meetings as required.

Under its terms of reference the Audit Committee's principal responsibilities are:

- monitoring the integrity of the Group's financial statements and any formal announcements relating to the Group's performance, and reviewing and challenging where necessary the consistency of, and changes to, its accounting policies;
- monitoring the effectiveness, independence and objectivity of the external auditor and the effectiveness of the external audit process and for making recommendations to the Board in relation to the appointment, re-appointment and remuneration of the external auditor;
- monitoring the Group's financial management and reporting systems and assessing the integrity and effectiveness of its accounting procedures, system of internal control and the process for identifying and monitoring the risks facing the Group;
- reviewing and monitoring the effectiveness of the internal audit function, the annual internal audit plan and all reports produced by the internal auditor and management's responsiveness to the findings and recommendations of the internal auditor; and
- reviewing whistleblowing procedures and ensuring arrangements are in place for proportionate and independent investigation and follow-up action.

As well as carrying out the work associated with the annual financial reporting cycle, the Audit Committee discharged a number of principal responsibilities during the year including the review of the effectiveness of internal control systems, the internal audit plan and certification, key accounting policies, judgements and issues, appointment of new external auditors and external audit plan and associated reports.

The Company's auditor, Deloitte & Touche LLP, provided non-audit related services during the year primarily relating to Corporate Financial Services for the reorganisation of and sale of assets from the Wilson Bowden Developments business.

Auditor objectivity and independence was maintained by the provision of non-audit related services from a separate office under the supervision of a separate partner from that providing audit related services.

Remuneration Committee

All members of the Committee are considered by the Company to be wholly independent in accordance with Code provision B.2.1.

The Remuneration Committee's principal responsibilities include:

- determining and reviewing executive remuneration policy, including the terms and conditions of employment for Executive Directors and their individual remuneration packages;
- approving the rules of and the basis of participation in Group share options, long-term performance plans and cash based bonus incentive schemes and the specific awards, grants and payments made under any such schemes;
- determining and reviewing the overall remuneration policy of the Group; and
- agreeing severance arrangements for Directors on early termination of contract.

Nominations Committee

The Nominations Committee's principal responsibilities include:

- regularly reviewing the structure, size and composition required of the Board and succession planning for Directors and senior executives;
- identifying and nominating candidates to fill Board vacancies and evaluating the role and capabilities required for a particular appointment; and
- reviewing the performance of the Board.

During the year the Committee undertook a recruitment selection process involving external consultants, The Miles Partnership, that resulted in the appointment of an additional Non-Executive Director, Mr M E Rolfe, and undertook a recruitment selection process involving external consultants, JCA Group Limited, that resulted in the appointment of a new Group Chairman, Mr R A Lawson.

The letters of appointment of the Non-Executive Directors are available for inspection by any person at the Company's registered office during normal office hours and at the AGM for 15 minutes prior to and during the meeting.

Membership and attendance at Board and Committee Meetings

Name	Group Board	Executive Committee	Audit Committee	Remuneration Committee	Nominations Committee*
Mr M S Clare[1]	9/9	Chairman 12/12	–	–	3/3
Mr S J Boyes	9/9	12/12	–	–	–
Mr C Fenton	9/9	11/12	–	–	–
Mr M A Pain	9/9	12/12	–	–	–
Mr C G Toner[2]	Chairman 8/9	–	–	2/2	Chairman 2/4
Mr R A Lawson[3]	2/2	–	–	–	–
Mr R J Davies	9/9	–	5/5	Chairman 2/2	2/4
Mr R MacEachrane	9/9	–	5/5	2/2	4/4
Mr M Pescod[4]	8/9	–	Chairman 5/5	1/1	4/4
Mr M E Rolfe[5]	2/2	–	–	–	–
Mr W Shannon	9/9	–	4/5	2/2	4/4

1 Mr M S Clare joined the Nominations Committee on 29 January 2008.
2 Mr C G Toner did not attend the two Nominations Committee Meetings dealing with his succession and retired from the Board, the Remuneration Committee and as Chairman on 30 June 2008.
3 Mr R A Lawson was appointed as a Non-Executive Director on 1 June 2008 and as Chairman on 1 July 2008. Mr R A Lawson was Chairman of one Group Board Meeting he attended and joined the Remuneration and Nominations Committee as of 1 July 2008.
4 Mr M Pescod was Chairman of two of the four Nominations Committee meetings he attended. Mr M Pescod retired from the Remuneration Committee on 31 December 2007.
5 Mr M E Rolfe was appointed as a Non-Executive Director on 1 May 2008 and joined the Audit and Nominations Committees as of 1 July 2008.
* Includes two special meetings in relation to the appointment of a new Chairman.
/9 Indicates number of meetings held.
9/ Indicates number of meetings attended.

Board achievement, performance evaluation and training

The procedure for appointment of new Directors to the Board is overseen by the Nominations Committee. All Directors joining the Board submit themselves for election at the AGM following their appointment and a third of Directors retire each year and submit themselves for re-election at the AGM. The names of the Directors subject to re-election at this year's AGM are set out on page 28. Non-Executive Directors are appointed for a three-year term and normally serve a second three-year term subject to performance review and re-election. Beyond this a third three-year term may be served subject to rigorous review.

During the year a formal and structured process of evaluation of the performance of the Board, its Committees and individual Directors was undertaken by the Board. In previous years the performance evaluation was carried out using a questionnaire completed by all Board members. This year the Board decided that it would be appropriate to use independent external consultants, Independent Audit Limited.

Central to the evaluation process are the Board's annual review of business strategy and the objectives and performance targets set by the Board each year for itself, its Committees and for the Group Chief Executive, and through him for the Executive Team, against which overall performance is measured. In this way the evaluation is undertaken within clear parameters linked to overall strategy, operational and financial performance and the role and contribution made by the Board, its Committees and individual Directors in the attainment of agreed objectives and targets.

The performance evaluation was carried out by reviewing Board and Committee papers and other background material and by interviewing all Board members and members of the senior management team and advisors. Independent Audit Limited also observed a meeting and compared the Company's Board practice with other major companies and with the good practice that leading institutional investment groups in UK companies expect.

The results of the evaluation were presented to the Board in July 2008 and the Chairman and Company Secretary have developed an action plan to implement Independent Audit Limited's recommendations.

Employment policy and involvement

The Board recognises that employees need to understand and contribute to the broad objectives of the business and seeks to develop good relations with employees through regular communications and consultation. Selection for employment and promotion is based on the objective assessment of ability and experience, giving full and fair consideration to all applications for employment, and the Group is committed to ensuring that its workplaces are free from unlawful discrimination of any sort. The Group strives to ensure that its policies and practices provide equal opportunities in respect of issues such as training, career development and promotion for all existing or potential staff irrespective of gender, race, ethnic origin, colour, religion, physical disability, marital status, sexual orientation or age. Every effort is made to retrain and support employees who become disabled while working within the Group.

The Group is committed to employee training and development at all levels of the organisation and endeavours to contribute to the industry's future skills base through graduate and apprentice training programmes.

This year the Group's human resources team, who provide our divisional management teams with advice on how to deliver best practice in terms of employment procedure and Group human resources policies, also helped to deliver strategic programmes such as our Performance Development Review and Management Development programmes. The strategic programmes are used to encourage employee involvement in the Group's performance.

The Group works closely with the Construction Industry Training Board ('CITB') and the National House-Building Council ('NHBC') in training provision and a training plan is prepared annually linked to identified business priorities and objectives. Having regard to the nature of our business, particular focus is given in the training programme to construction management, trade skills, health and safety and customer care. We have also committed to the Construction Skills Certification Scheme ('CSCS') for our employees and subcontractors as part of the Major House Builders Group Qualified Workforce Initiative.

Investor relations

Details of the Group's management of investor relations are provided on pages 26 and 27.

Going concern

After making enquiries, the Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements.

Internal control and risk management

The Board confirms that it has maintained a sound system of internal control, for identifying, evaluating and managing significant risks faced by the Group, throughout the year ended 30 June 2008 and up to the date of approval of this Annual Report, and reviewed the effectiveness of the Group's system of internal controls in accordance with Code provision C.2, in particular C.2.1, and that this statement has been prepared in accordance with the 'Turnbull Guidance' on internal control appended to the Code, as revised in October 2005, the 'Revised Turnbull Guidance'.

The Board is responsible for the Group's system of internal control and for reviewing its effectiveness. The system is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate those risks entirely. The system of internal control therefore provides only reasonable, not absolute assurance against material misstatement or loss. The system of internal control does, however, provide reasonable assurance that potential problems can be identified promptly and appropriate remedial action taken.

It is the responsibility of the Executive Directors and senior management to implement and maintain the Group's internal control and risk management systems in accordance with policy approved by the Board. The key aspects of the Group's internal control and risk management framework are as follows:

i) a clear organisational structure with defined levels of authority and responsibility for each operating division;

ii) extensive financial and management reporting systems under which financial and operating performance is consistently reviewed against budget and forecasts at divisional, regional and Group level on a monthly basis;

iii) principal risk areas are embedded in the Group's monthly management reporting system so that risk identification and the control of risk are a routine aspect of management responsibility. These risks include:
- the market including changes in the macroeconomic climate, sales and quality of product;
- liquidity including the availability of sufficient borrowing facilities;
- securing sufficient land;
- Government regulation including obtaining planning permission;
- construction including achieving key milestones, service standards, health and safety and the impact on the environment and social surroundings; and
- people including the development of a skilled and experienced workforce;

iv) internal control and risk management systems are supported by the Group internal audit team which is responsible for advising senior management, the Executive Directors and, through the Audit Committee, the Board on the operation and effectiveness of those systems. The internal audit team undertakes a planned programme of audit appraisals across Group operations approved by the Audit Committee, including full divisional audits and targeted audits of key risk areas such as the land viability process, land acquisition control and monitoring, work in progress and subcontractor payment controls. Material issues identified in these audits and follow-up action plans are reviewed by the Executive Directors and by the Board on a quarterly basis, and necessary actions are taken to remedy any failings in the internal control system.

The Board has reviewed the effectiveness of the system of internal control in accordance with the Revised Turnbull Guidance and is satisfied that it is in accordance with that guidance.

On behalf of the Board

L Dent
Company Secretary
9 September 2008

Additional information for shareholders

The following description summarises certain provisions of the current Articles of Association (as adopted by special resolution on 27 November 2007 (the 'Articles') of Barratt Developments PLC (the 'Company') and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006, together the 'Companies Acts')). This is a summary only and the relevant provisions of the Companies Acts or the Articles should be consulted if further information is required. Certain amendments to the Articles will be proposed at the Annual General Meeting ('AGM') on 18 November 2008, primarily to deal with further changes required under the Companies Act 2006. Details of these proposed changes are set out in the notice of the AGM and copies of the Company's current Articles, together with copies marked up to show the proposed amendments, are available for inspection at the Company's registered office.

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 10 pence each. The shares are in registered form.

Rights and obligations attaching to shares

Subject to applicable statutes and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board (as defined in the Articles) may decide. Subject to the Articles, the Companies Acts and other shareholders' rights, unissued shares are at the disposal of the Board. At each AGM the Company puts in place annual shareholder authority authorising the Company's Directors to allot unissued shares, in certain circumstances, for cash, in accordance with the guidelines of the Investor Protection Committees.

Voting

Subject to any rights or restrictions attaching to any class of shares, every member present in person or by proxy at a general meeting or class meeting has, upon a show of hands, one vote or upon a poll, one vote for every share of which they are a holder. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of votes of the other joint holders and seniority shall be determined by the order in which the names stand in the register in respect of the joint holding. Under the Companies Acts members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meetings as a Corporate Representative.

Restrictions on voting

No member shall be entitled to vote at any general meeting or class meeting in respect of any shares held by them if any call or other sum then payable by them in respect of that share remains unpaid. Currently all issued shares are fully paid. In addition, no member shall be entitled to vote if they have been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Deadlines for voting rights

Votes are exercisable at the general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by Corporate Representative. Under the Companies Acts, the deadline for delivering proxy forms cannot be earlier than 48 hours (excluding non-working days) before the meeting for which the proxy is being appointed. The Articles however, provide a deadline for submission of proxy forms of not less than 48 hours (or such shorter time as the Board may determine) before the meeting (not excluding non-working days).

Dividends and distributions

Subject to the provisions of the Companies Acts, the Company may by ordinary resolution from time-to-time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies their payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or pari passu rights for losses arising from the payment of interim or fixed dividends on other shares.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25% interest (as defined in the Articles) if such person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Variation of rights

Subject to the Companies Acts, the Articles specify that rights attached to any existing class of shares may be varied either with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (calculated excluding any shares held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons entitled to vote and holding or representing by proxy not less than one-third in nominal value of the issued shares of

the class (calculated excluding any shares held as treasury shares), (but so that at any adjourned meeting one holder entitled to vote and present in person or by proxy (whatever the number of shares held by him) shall be a quorum). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Transfer of shares

Any shares in the Company may be held in uncertificated form and, subject to the Articles, title to uncertificated shares may be transferred by means of a relevant system. Provisions of the Articles do not apply to any uncertificated shares to the extent that such provisions are inconsistent with the holding of shares in uncertificated form or with the transfer of shares by means of a relevant system. Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the Uncertificated Securities Regulations (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

Subject to the Articles, any member may transfer all or any of their certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee. The transferor of a share is deemed to remain the holder until the transferee's name is entered into the register.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; (ii) is in respect of only one class of share; and (iii) if joint transferees, is in favour of not more than four such transferees.

The Board may decline to register a transfer of any of the Company's certificated shares by a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice (as defined in the Articles) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

Repurchase of shares

Subject to authorisation by shareholder resolution, the Company may purchase its own shares in accordance with the Companies Acts. Any shares which have been bought back may be held as treasury shares or, if not so held, must be cancelled immediately upon completion of the purchase, thereby reducing the amount of the Company's issued share capital. The Company currently has authority to buy back up to an aggregate of 34,657,547 ordinary shares during the period up to the next AGM. The minimum price which must be paid for such shares is 10 pence and the maximum price payable is an amount equal to the higher of: (i) 105% of the average of the closing middle market quotations for an ordinary share (as derived from the London Stock Exchange Daily Official List) for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the London Stock Exchange at the time the purchase is carried out.

Amendment of Articles of Association

Any amendments to the Articles of the Company may be made in accordance with the provisions of the Companies Acts by way of special resolution.

Appointment and replacement of Directors

Directors shall be no less than two and no more than fifteen in number. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board holds office only until the next following AGM and is then eligible for election by the shareholders but is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting. The Board may from time-to-time appoint one or more Directors to hold employment or executive office for such period (subject to the Companies Acts) and on such terms as they may determine and may revoke or terminate any such appointment. Directors are no longer subject to a maximum age limit.

At every AGM of the Company, a minimum of one-third of the Directors shall retire by rotation. The Directors to retire by rotation shall be those who held office at the time of the two preceding AGMs and who did not retire at either of them. If the number so retiring is less than the minimum number of Directors required to retire, additional Directors up to that number shall also retire. The additional Directors to retire shall be those who have been longest in office or, in the case of those who were appointed or reappointed on the same date, shall be determined by lot. Any Director who has held office for a continuous period of nine years or more shall also retire. The Company may by special resolution remove any Director before the expiration of his term of office. The office of Director shall be vacated if: (i) he resigns or offers to resign and

the Board resolves to accept such offer; (ii) his resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; (iii) he is or has been suffering from mental ill health; (iv) he is absent without permission of the Board from meetings of the Board for six consecutive months and the Board resolves that his office is vacated; (v) he becomes bankrupt or compounds with his creditors generally; (vi) he is prohibited by law from being a Director; (vii) he ceases to be Director by virtue of the Companies Acts; or (viii) he is removed from office pursuant to the Articles.

Powers of the Directors

Subject to the Company's Memorandum of Association, the Articles, the Companies Acts and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertakings, property, assets and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company to any third party.

Shares held in the Employee Benefit Trust

The Barratt Developments Employee Benefit Trust ('EBT') holds ordinary shares in the Company. The shares are held in the EBT for the purpose of satisfying options that have been granted under The Barratt Developments PLC Executive and Employee Share Option Plans. These ordinary shares do not rank for dividend and do not count in the calculation of the weighted average number of shares used to calculate earnings per share until such time as they are vested to the relevant employee.

The Trustees of the EBT may vote or abstain from voting on shares held in the EBT in any way they think fit and in doing so may take into account both financial and non-financial interests of the beneficiaries of the EBT or their dependants.

Significant agreements

The following significant agreements contain provisions entitling the counterparties to exercise termination or other rights in the event of a change of control of the Company:

- under the £2,150,000,000 credit facilities agreement dated 5 February 2007 (as amended) and the £400,000,000 revolving credit facility agreement dated 2 February 2005 (as amended) between, amongst others, the Company, Lloyds TSB Bank Plc (as the facility agent) and the banks and financial institutions named therein as lenders (together, the 'Credit Facilities'), the facility agent must, upon a change of control, cancel the total commitments of the lenders under such Credit Facilities and declare all outstanding credits, together with accrued interest and any other amounts payable in respect of such Credit Facilities, to be immediately due and payable. For these purposes, a 'change of control' occurs if any person or group of persons acting in concert gains control of the Company;
- under the privately-placed notes amounting in aggregate to £20,000,000 (the '£20m Notes') issued pursuant to a note purchase agreement dated 29 August 2007 to various institutions within a single corporate group, the holders of the £20m Notes have an option to require the Company to prepay the entire unpaid principal amount of the £20m Notes held by each holder (at par), together with interest accrued thereon and a 'make-whole' amount in respect of any repayment occurring during an interest period; and
- under the privately-placed notes amounting in aggregate to £105,000,000 and $300,000,000 (the 'Remaining Notes') issued pursuant to note purchase agreements dated 23 August 2007 and 23 April 2008 by the Company to various institutions, the holders of the Remaining Notes have an option to require the Company to prepay the entire unpaid principal amount of the Remaining Notes held by each holder (at par), together with interest accrued thereon but without any 'make-whole' amount in respect of any repayment occurring during an interest period.

Under the terms of the note purchase agreements in respect of the £20m Notes and the Remaining Notes, a 'change of control' occurs if any person or group of persons acting in concert acquires beneficial ownership of more than 50% of the issued share capital of the Company carrying voting rights.

The note purchase agreements also impose upon the holders customary restrictions on resale or transfer of the notes other than in compliance with applicable securities laws.

The Report of the Directors from pages 2 to 45 is signed on behalf of the Board by:

L Dent
Company Secretary
9 September 2008

Remuneration report

Introduction

This year's Remuneration report is prepared in accordance with Part 3 of schedule 7A of the Companies Act 1985 (the 'Act') and will be subject to an advisory vote at the Annual General Meeting ('AGM').

The key issues to be aware of this year are:

1. As a result of the tough trading conditions, no annual bonuses have been earned and the Directors have not been awarded a salary increase. Similarly, as performance targets have not been met, the Long-Term Performance Plan ('LTPP') award granted in 2005 will not vest.
2. The Remuneration Committee is proposing to suspend the operation of the LTPP and subject to shareholder approval at the forthcoming AGM grant market value share options to the Company's most senior executives under a new Executive Share Option Scheme.
3. A Return On Capital Employed ('ROCE') performance condition shall apply to options granted this year. The Remuneration Committee feels that ROCE is the most rounded measure of financial performance for a housebuilder in the current trading environment. It is a fundamental measure of Barratt's underlying performance and is directly linked to the generation of returns to shareholders.
4. The Committee also wishes to introduce a savings-related share option scheme to encourage wider employee share ownership.

Remuneration Committee

The Committee operates within terms of reference and governance policies approved by the Board and is responsible on behalf of the Board for:

- executive remuneration policy;
- determining the service conditions and remuneration of all Executive Directors;
- the evaluation of Executive Director performance with regard to the award of share incentives, annual bonus and other performance based remuneration; and
- obtaining independent professional advice in relation to Executive Director remuneration.

The terms of reference for the Remuneration Committee are available on the Barratt Investor Relations website at www.barrattdevelopments.co.uk.

Membership and proceedings of the Remuneration Committee

The members of the Remuneration Committee during the financial year were Mr R J Davies (Chairman), Mr C G Toner, Mr M Pescod, Mr W Shannon and Mr R MacEachrane. Mr M Pescod retired from the Remuneration Committee on 31 December 2007, Mr C G Toner resigned from the Remuneration Committee on 30 June 2008 and Mr R A Lawson joined the Remuneration Committee on 1 July 2008. Attendance at Remuneration Committee meetings is described on page 31 of the Report of the Directors. All Committee members are considered to be wholly independent with no financial interest, other than as shareholders, in the Committee's decisions. The Group Chief Executive attends meetings of the Committee as required but he is not present when matters affecting his own remuneration are considered.

The Remuneration Committee has complied with the Combined Code on Corporate Governance. The Committee recognises its accountability on executive remuneration to shareholders through this report and through regular dialogue with institutional investors. In determining future remuneration policy it will consider both the shareholders' vote on the report and views expressed by shareholders on the detail of the report.

Advice

Advice is provided to the Remuneration Committee by the Company Secretary, Mr L Dent, a solicitor and Mrs J Mee, the Group Human Resources Director. Mr Dent also acts as secretary to the Committee. In addition, independent advisors Hewitt New Bridge Street and Hay Group advised the Committee in relation to changes to the Company's remuneration policy and on the design, establishment and operation of remuneration arrangements. Hewitt New Bridge Street and Hay Group did not provide any additional services to the Company.

Mercer Human Resource Consulting Limited has advised the Company in relation to various pension issues and, with effect from 10 July 2004, were appointed to provide actuarial services to the Barratt Group Pension and Life Assurance Scheme.

Remuneration policy

Each year the Remuneration Committee reviews the policy on executive remuneration in the context of the business environment, best practice and market trends for the current and subsequent financial years. The underlying principles remain the same, namely the Committee believes that executive remuneration:

- is fully aligned with the performance of the Company and the returns received by shareholders;
- rewards the sustained growth and profitability of the business; and
- conforms with market-leading best practice.

The Remuneration Committee has the discretion to consider corporate performance on environmental, social and governance issues when setting the remuneration of the Executive Directors. In addition, the Remuneration Committee does take into account environmental, social and governance risks when setting any incentive structures for senior management in order to mitigate the possibility of the incentive structures motivating irresponsible behaviour.

Central to the Group remuneration policy is recognition that the sustained growth and profitability of the business is determined in no short measure by the skill and commitment of the Executive Team. The reward policy for Executive Directors seeks to provide remuneration and other service conditions which will attract, retain, motivate and reward Executive Directors of the highest calibre within the industry's highly competitive employment market. Within these broad objectives the executive remuneration package is based on the following principles:

- the greater part of remuneration paid to executives should be linked to the achievement of demanding performance targets; currently over 50% of the total executive remuneration package is performance based;
- performance related remuneration should align the interests of executives with those of shareholders by setting performance targets based on measures of shareholder return. The current targets are based on Total Shareholder Return and Earnings Per Share but the Company intends to introduce a Return On Capital Employed target for 2008; and
- total remuneration for outstanding performance should be competitive with that available elsewhere in the sector.

The remuneration package for Executive Directors

The remuneration package for Executive Directors comprises:

- basic salary;
- annual performance related bonus;
- long-term share incentives; and
- pension and other benefits.

The performance conditions which apply to the performance related element of executive remuneration are the same for all Executive Directors and are set out in the following sections of this report.

Basic salary

Basic salaries for Executive Directors are a fixed annual sum payable monthly in cash. Salaries are set having regard to individual responsibilities, skills and experience and to competitive market practice. As part of the review carried out, the Committee looked at the market rate for similar positions in large national housebuilding companies, and also for companies comprising the FTSE 250. This provides a broad perspective on pay, although the primary comparator group remains the housebuilding companies. It was decided that in light of the prevailing market conditions salaries for the Executive Directors would remain unchanged for the coming year. Therefore salaries with effect from 1 July 2008 remain as follows:

	1 July 2008 £ per annum	1 July 2007 £ per annum
Mr M S Clare	**630,000**	630,000
Mr S J Boyes	**350,000**	350,000
Mr C Fenton	**350,000**	350,000
Mr M A Pain	**350,000**	350,000

Annual bonus

The annual bonus is dependent upon the achievement of demanding financial objectives and key strategic measures for the business, set annually by the Board. For the attainment of 100% of target the amount of bonus will be 130% of basic salary. The maximum amount of bonus which can be received by any executive is 180% of basic salary for the attainment of 110% of target. If actual performance falls below 90% of target then no bonus will be payable. Payment of the bonus is on a progressive scale with proportionately more being attainable for performance over and above target. Performance objectives for the 2008/9 year will be based on cash and profit targets.

Any bonus earned above target is deferred on a compulsory basis, with an opportunity for additional voluntary deferral. The deferred amounts will be converted into shares under the Co-Investment Plan, with an opportunity for additional matching shares to be received on a one for one basis if further performance targets are met. These additional performance targets are the same as those used for the Long-Term Performance Plan, as detailed on page 39.

No part of the annual bonus is pensionable.

For the financial year 2007/8 achievement fell below 90% of target and therefore no annual bonus is payable.

Co-Investment Plan

The Co-Investment Plan was approved by shareholders at the AGM held in November 2005. As explained above, any annual bonus earned above target will be compulsorily deferred into shares held under this Plan.

The Executive Directors also have the opportunity to voluntarily defer additional amounts of annual bonus up to a maximum of 25% of basic salary into the Plan.

Matching awards will then be made by the Company, at the rate of one for one, which will be subject to performance conditions measured over a period of three years. The relevant performance conditions are the same as those used for the Long-Term Performance Plan, and detailed below. As no bonus is payable for 2007/8 no Co-Investment Plan awards will be granted this year.

Long-Term Performance Plan

The Long-Term Performance Plan (the 'LTPP') was approved by shareholders at the AGM held in November 2003 to take effect from 1 July 2003.

Awards under the LTPP are based on an annual allocation of notional ordinary shares equivalent in value to a maximum of 200% of basic salary with vesting taking place at the expiry of the three-year performance period of the plan, subject to attainment of the agreed performance targets. There is no retesting of performance conditions. 50% of the award will vest on attainment of a performance target based on Basic Earnings Per Share ('EPS') growth and 50% based on Total Shareholder Return ('TSR').

For the award made in 2004 the targets were as follows: for the EPS element of the target the full 50% vested if EPS growth exceeded the Retail Price Index ('RPI') plus 45% and 10% vested if EPS growth exceeded the RPI plus 30%; for performance in between the award vested on a straight-line basis. The remaining 50% vested subject to TSR performance measured against the constituents of the FTSE Construction and Building Materials Sector Index. A vesting schedule was established so that the full 50% vested if TSR growth was in the upper quartile of the comparator index and 10% vested if TSR growth was at the median of the index, with straight-line vesting between the two points.

For awards made in 2005, 2006 and 2007 the targets are as follows: for the EPS element of the target, the full 50% will vest if EPS growth exceeds the RPI plus 18% and 10% will vest if EPS growth exceeds the RPI plus 9%; for performance in between the awards will vest on a straight-line basis.

The TSR portion of the awards made in 2005 and 2006 use a peer group comprising listed housebuilders as follows: Berkeley Group, Bellway, Bovis Homes Group, Redrow, Persimmon and Taylor Wimpey. For awards made in 2007 the comparator group for the TSR portion of the award comprises those companies ranked 51-100 in the FTSE Index.

A vesting schedule will be drawn up by taking an average of the two highest and two lowest TSR figures for such companies over the performance period and creating a mid-point and an upper-quartile from those two figures. The full 50% will vest if the Company's TSR is within the upper-quartile and 10% will vest at the mid-point mark; for performance in between, the award will vest on a straight-line basis.

The award made in 2005 was tested on 30 June 2008 and the required targets were not achieved, therefore none of this award will vest.

Executive Share Option Scheme

The Remuneration Committee has reviewed the long-term share incentive schemes available to the Company. The Committee has concluded that in the current market in which the Company is operating a new Executive Share Option Scheme (the 'Scheme') should be implemented. The grant of share options under the Scheme is at the discretion of the Remuneration Committee, taking into account individual performance and the overall performance of the Group. Options must normally be held for a minimum of three years from the date of grant before they can be exercised and lapse if not exercised within ten years of grant. It is proposed that the exercise of options to be granted in 2008 will be subject to the achievement of an objective performance condition set by the Remuneration Committee based on Return On Capital Employed ('ROCE'). There will be no opportunity to retest any performance criteria. The ROCE performance condition will be underpinned by the requirement that the Committee is satisfied that vesting determined by the ROCE condition is such that it correctly reflects the underlying financial performance of the Company across the performance period. Shareholders' approval for the new Scheme will be sought at the AGM and details of the Scheme will be outlined in the Circular that accompanies the Notice of AGM.

Share Option Plan

In November 1997, the Company adopted an Executive Share Option Plan (the 'Plan'). The grant of share options under the Plan is at the discretion of the Remuneration Committee, taking into account individual performance and the overall performance of the Group. Options must be held for a minimum of three years from the date of grant before they can be exercised and lapse if not exercised within ten years. The exercise of options granted under the Plan is subject to the achievement of an objective performance condition set by the Remuneration Committee.

No options have been granted under the Plan during the financial year. Options which have been granted in previous years remain unchanged and are set out on page 44. The award granted to Mr S J Boyes in 2003, vested in 2006 but has not been exercised and the awards granted to Mr S J Boyes and Mr C Fenton in 2004 lapsed in 2007.

Savings Related Share Option Scheme

The Remuneration Committee has reviewed the provision of employee share incentive schemes available to the Company and has concluded that a Savings Related Share Option Scheme ('SAYE Scheme') should be implemented. Shareholders' approval for the new SAYE Scheme will be sought at the AGM and a summary of the main features of the SAYE Scheme will be set out in the Circular that accompanies the Notice of AGM.

Pension benefits

Mr S J Boyes and Mr C Fenton are members of the Group's defined benefit pension scheme, which is now closed to new entrants. The scheme entitles Mr S J Boyes to a pension on retirement at age 65 of two-thirds of final pensionable salary after 40 years' membership of the scheme. The Executive Directors are also eligible for dependants' pension and an insured lump sum of four times pensionable salary on death in service. The final pension is calculated from the highest yearly average pensionable salary over three consecutive years during the last ten years of service.

The entitlement of Mr C Fenton is restricted by the earnings cap imposed under the Finance Act 1989, for service up to 5 April 2006.

Following the introduction of the Lifetime Allowance Pension Rules on 6 April 2006 the Committee has agreed to make changes to the existing pension provision. With effect from 1 July 2006 all Executive Directors have and continue to have a choice of remaining in the defined benefit pension scheme as described above, or opting to leave this scheme and instead receive a cash supplement equal to 25% of their basic salary. This choice is at the discretion of the individual Executive Directors. In lieu of membership of the defined benefit scheme Mr M S Clare receives a cash supplement equal to 30% of base salary per annum, and Mr M A Pain receives a cash supplement equal to 25% of base salary per annum. These cash allowances are in line with competitive market practice.

Only the basic salary element of a Director's remuneration is pensionable.

Service contracts

Executive Directors are engaged on the basis of one-year rolling contracts which can be terminated by twelve months notice given by the Company or by twelve months notice given by the Executive at any time. There are no specific provisions for compensation on early termination or loss of office due to a takeover bid. The contracts entitle Executive Directors to the provision of a company car and membership of a private healthcare scheme.

Individual Executive Director's service contracts:

Executive Director	Service contract date	Effective date	Notice period
Mr M S Clare	27 June 2006	2 October 2006	12 months
Mr S J Boyes	25 June 2001	1 July 2001	12 months
Mr C Fenton	1 July 2003	1 July 2003	12 months
Mr M A Pain	23 January 2006	1 March 2006	12 months

Non-Executive Directors' remuneration

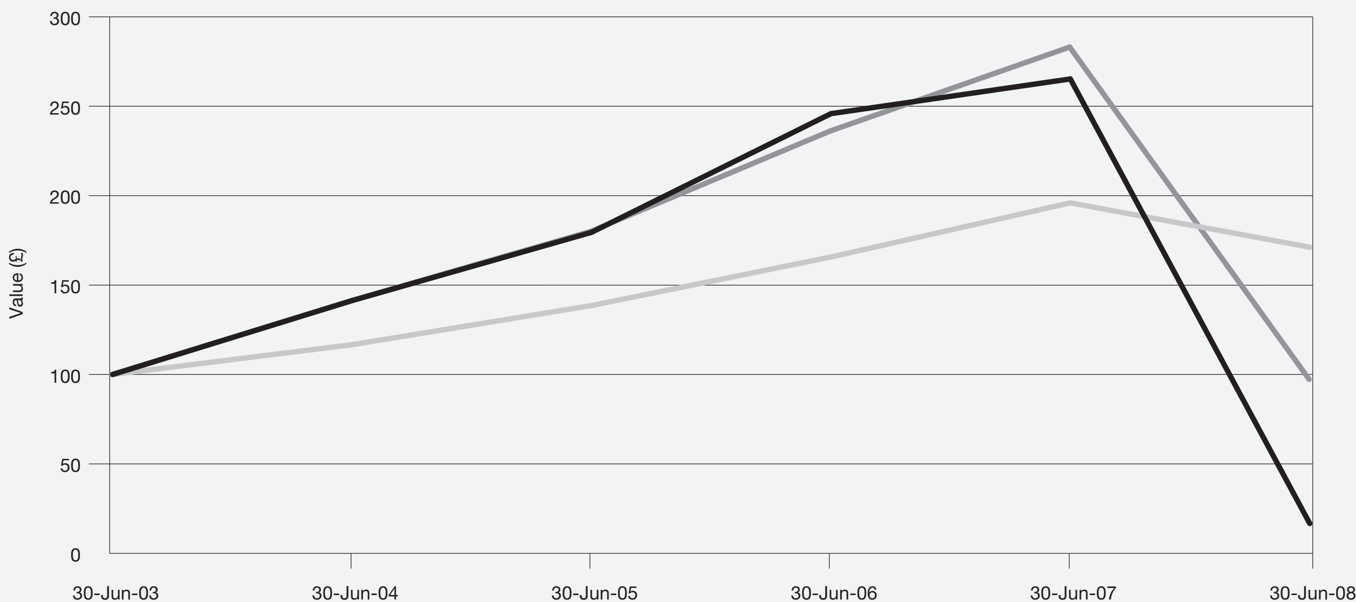
The remuneration of the Non-Executive Directors is set by the Board on the recommendation of a Committee of Executive Directors and having regard to published data for the remuneration of Non-Executive Directors in listed companies. The remuneration of the Chairman is set by the Board on the recommendation of the Remuneration Committee and having regard to published data for the remuneration of non-executive chairmen in listed companies.

The Chairman and the Non-Executive Directors are appointed under terms set out in a letter of appointment. They do not have service contracts and their appointments can be terminated (by the Board) at any time without notice and without compensation for loss of office. Under governance policies approved by the Board, Non-Executive Directors are appointed for a three-year term and usually serve a second three-year term subject to performance review and re-election. Beyond this a third three-year term may be served subject to rigorous review.

Non-Executive Director	Date of last re-election at AGM	Date of appointment
Mr C G Toner	17 November 2005	15 May 2002
Mr R A Lawson	–	1 June 2008
Mr R J Davies	27 November 2007	5 May 2004
Mr R MacEachrane	28 November 2006	1 May 2006
Mr M Pescod	27 November 2007	1 October 2001
Mr M E Rolfe	–	1 May 2008
Mr W Shannon	27 November 2007	1 September 2005

Total Shareholder Return performance graph

The following graph prepared in accordance with the Act shows the TSR performance over the last five years against the FTSE 350, excluding investment trusts, and an index of listed housebuilders. The Board has chosen these comparator indices as the Group and its major competitors are constituents of one or both of these indices. The TSR has been calculated using a fair method in accordance with the Act.



This graph shows the value, by 30 June 2008 of £100 invested in Barratt Developments PLC on 30 June 2003 compared with the value of £100 invested in the FTSE 350 Index (excluding investment trusts). As a supplementary source of information, we also show performance against an index of currently listed housebuilders (excluding Barratt Developments PLC). The other points plotted are the values at intervening financial year-ends.

Barratt Developments — Index of Listed House Builders — FTSE 350 Index (excluding Investment Trusts)

Executive Directors Shareholding Guidelines

The following Shareholding Guidelines apply to Executive Directors:

- within five years of first appointment Executive Directors are expected to hold throughout their remaining period of office ordinary shares in the Company equivalent to 100% of their basic annual salary;
- for the purposes of determining the requisite level of each Executive Director's shareholding relative to basic salary, the share price shall be that prevailing on 30 June in each year; and
- provided Executive Directors hold the appropriate level of shares they shall be at liberty to sell shares so as to realise their Long-Term Performance awards or in the exercise of share options subject to the normal Listing Rules and Disclosure and Transparency Rules requirements for director shareholdings.

The following tables and accompanying notes constitute the auditable part of the remuneration report as defined in Part 3, Schedule 7A of the Companies Act 1985.

Directors' emoluments

	Salary/fee £000	Pension compensation £000	Performance related £000	Benefits in kind £000	**2008 Total £000**	2007 Total £000	**2008 Gain on exercise of share options £000**	2007 Gain on exercise of share options £000
Mr M S Clare	630	189	–	33	**852**	1,190	**–**	–
Mr S J Boyes	350	–	–	24	**374**	757	**–**	792
Mr C Fenton	350	–	–	28	**378**	770	**–**	442
Mr M A Pain	350	88	–	29	**467**	839	**–**	–
Mr C G Toner	170	–	–	–	**170**	155	**–**	–
Mr R A Lawson*	23	–	–	–	**23**	–	**–**	–
Mr R J Davies	48	–	–	–	**48**	39	**–**	–
Mr R MacEachrane	39	–	–	–	**39**	35	**–**	–
Mr M E Rolfe*	7	–	–	–	**7**	–	**–**	–
Mr M Pescod	52	–	–	–	**52**	42	**–**	–
Mr W Shannon	39	–	–	–	**39**	35	**–**	–
Total	**2,058**	**277**	**–**	**114**	**2,449**	**3,862**	**–**	**1,234**

* These figures relate only to the period of office served as a Director during the year.

The Executive Directors receive taxable benefits in kind covering the provision of a motor vehicle, private medical insurance, some telephone costs and payment towards the cost of obtaining independent tax advice.

There was no compensation for loss of office or any taxable expenses paid to the Directors during this financial year.

Mr M A Pain joined the Board of Punch Taverns plc as a Non-Executive Director on 8 November 2007. Mr M A Pain received a fee totalling £22,154 during the financial year in respect of this position, which he will retain.

Long-Term Incentive Schemes

Long-Term Performance Plan notional share awards

	Date of grant	At 30/06/07 No.	During the year Awarded No.	Vested No.	Lapsed No.	**At 30/06/08 No.**	End of qualifying period	Market price on award pence	Market price at vesting pence	Gain receivable £
Mr M S Clare	16/11/06	111,861	–	–	–	**111,861**	30/06/09	1,095	–	–
	21/12/07	–	212,770	–	–	**212,770**	30/06/10	431	–	–
Mr S J Boyes	08/10/04	43,706	–	(4,371)	(39,335)	**–**	30/06/07	538	682	29,810
	18/11/05	77,493	–	–	–	**77,493**	30/06/08	851	–	–
	16/11/06	59,595	–	–	–	**59,595**	30/06/09	1,095	–	–
	21/12/07	–	118,206	–	–	**118,206**	30/06/10	431	–	–
Mr C Fenton	08/10/04	43,706	–	(4,371)	(39,335)	**–**	30/06/07	538	682	29,810
	18/11/05	77,493	–	–	–	**77,493**	30/06/08	851	–	–
	16/11/06	59,595	–	–	–	**59,595**	30/06/09	1,095	–	–
	21/12/07	–	118,206	–	–	**118,206**	30/06/10	431	–	–
Mr M A Pain	18/11/05	80,000	–	–	–	**80,000**	30/06/08	851	–	–
	16/11/06	59,595	–	–	–	**59,595**	30/06/09	1,095	–	–
	21/12/07	–	118,206	–	–	**118,206**	30/06/10	431	–	–

The qualifying period for the award granted in 2005 ended on 30 June 2008. Performance of this award against the constituent TSR and EPS targets was tested after the year-end and neither of the targets had been achieved. Accordingly no part of this award will vest.

The performance conditions for the Long-Term Performance Plan are as described on page 39.

Co-Investment Plan notional share awards

	Date of grant	At 30/06/07 No.	During the year Awarded No.	Vested No.	Lapsed No.	**At 30/06/08 No.**	End of qualifying period	Market price on award pence	Market price at vesting pence	Gain receivable £
Mr M S Clare	18/10/07	–	8,500	–	–	**8,500**	30/06/10	659	–	–
Mr S J Boyes	03/12/06	930	–	–	–	**930**	30/06/09	1,152	–	–
	18/10/07	–	6,038	–	–	**6,038**	30/06/10	659	–	–
Mr C Fenton	03/12/06	930	–	–	–	**930**	30/06/09	1,152	–	–
	18/10/07	–	6,038	–	–	**6,038**	30/06/10	659	–	–
Mr M A Pain	03/12/06	314	–	–	–	**314**	30/06/09	1,152	–	–
	18/10/07	–	6,038	–	–	**6,038**	30/06/10	659	–	–

The performance conditions for the Co-Investment Plan are the same as those for the Long-Term Performance Plan and are detailed on page 39.

Directors' pension benefits

	Increase in accrued pension over the year to 30 June 2008 (net of inflation) £	Total pension accrued at the end of the year £	Transfer value of the increase in accrued pension over the year to 30 June 2008 less Directors' contributions £	Increase in accrued pension over the year to 30 June 2008 £	Transfer value of accrued pension at 30 June 2008 £	Transfer value of accrued pension at 30 June 2007 £	Change in transfer value over the year less Directors' contributions £
Mr S J Boyes	21,490	264,713	216,681	30,620	3,147,712	1,798,366	1,321,346
Mr C Fenton	5,202	34,224	27,147	6,281	384,802	232,214	124,588

Directors' own contributions have been deducted from the change in the transfer value over the year, calculated in accordance with Actuarial Guidance Note GN11.

The figures do not take account of any retained benefits the members may have.

The accrued pension entitlement is the amount that the Director would have accrued if he left the scheme at the end of the year. The Listing Rules require this to be disclosed excluding inflation.

The increase in the accrued entitlement is the difference between the accrued benefit at the end of the year and that at the previous year-end.

All transfer values have been calculated on the basis of actuarial advice in accordance with Actuarial Guidance Note GN11. The transfer values of the accrued entitlement represent the value of assets that the pension scheme would need to transfer to another pension provider on transferring the scheme's liability in respect of the Directors' pension benefits. They do not represent sums payable to individual Directors and, therefore, cannot be added meaningfully to annual remuneration.

The actuarial basis and assumptions used to calculate the transfer values changed in October 2007. The new basis results in higher transfer values at the 2008 year-end than at the 2007 year-end.

Directors' share options

	Date of grant	At 30 June 2007 No.	During the year Granted No.	During the year Exercised No.	During the year Lapsed No.	**At 30 June 2008 No.**	Exercise price pence	Market price on exercise pence	Earliest exercise	Latest expiry
Mr S J Boyes	10/10/03	100,917	–	–	–	**100,917**	545	–	10/10/06	09/10/13
	08/10/04	115,101	–	–	(115,101)	**–**	543	–	08/10/07	07/10/14
Mr C Fenton	08/10/04	115,101	–	–	(115,101)	**–**	543	–	08/10/07	07/10/14
Total		331,119	–	–	(230,202)	**100,917**				

The performance condition set by the Remuneration Committee for the award granted in 2003, that the growth in earnings per share of the Company over a period of three consecutive financial years should exceed the growth in the RPI by at least 9%, was met in 2006, but the option has not yet been exercised. The performance condition for the award granted in 2004, which was the same as the performance condition set for the award granted in 2003, was tested in 2007 and the required targets were not met therefore the award lapsed.

The mid-market share price of the Company was 1,000p on 2 July 2007 and 58p as at 30 June 2008. The mid-market high and low share prices of the Company during the year were 1,031p and 58p respectively.

There were no changes in the interests of the Directors shown above between 30 June 2008 and 9 September 2008.

On behalf of the Board

R J Davies
Chairman of the Remuneration Committee
9 September 2008

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report 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. The Directors are required by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards ('IFRS') as adopted by the European Union and have also elected to prepare the Parent Company financial statements in accordance with IFRS as adopted by the European Union. The financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the International Accounting Standards Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company'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 International Accounting Standards Board'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 IFRS. However, 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; and
- 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.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company 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 United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' responsibility statement

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

a) the Group and Parent Company financial statements in this report, which have been prepared in accordance with IFRS as adopted by the EU, IFRIC interpretation and those parts of the Companies Act 1985 applicable to companies reporting under IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the Group taken as a whole; and

b) the management report contained in this report 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.

The Directors of the Company and their functions are listed on pages 20 and 21.

By order of the Board

M S Clare
Group Chief Executive
9 September 2008

M A Pain
Group Finance Director
9 September 2008

Consolidated income statement

for the year ended 30 June 2008

	Note	2008 Before exceptional costs £m	2008 Exceptional costs (note 4) £m	2008 £m	2007 Before exceptional costs (restated*) £m	2007 Exceptional costs (note 4) £m	2007 (restated*) £m
Continuing operations							
Revenue	2, 3	**3,554.7**	**–**	**3,554.7**	3,046.1	–	3,046.1
Cost of sales		**(2,872.5)**	**(208.4)**	**(3,080.9)**	(2,446.1)	–	(2,446.1)
Gross profit		**682.2**	**(208.4)**	**473.8**	600.0	–	600.0
Administrative expenses		**(132.0)**	**(46.6)**	**(178.6)**	(86.7)	(26.2)	(112.9)
Profit from operations	5	**550.2**	**(255.0)**	**295.2**	513.3	(26.2)	487.1
Finance income	6	**12.8**	**–**	**12.8**	3.5	–	3.5
Finance costs	6	**(168.1)**	**–**	**(168.1)**	(64.8)	–	(64.8)
Share of post-tax loss from joint ventures	15	**(2.6)**	**–**	**(2.6)**	(1.0)	–	(1.0)
Profit before tax		**392.3**	**(255.0)**	**137.3**	451.0	(26.2)	424.8
Tax	8	**(117.7)**	**66.8**	**(50.9)**	(133.0)	6.5	(126.5)
Profit for the year from continuing operations		**274.6**	**(188.2)**	**86.4**	318.0	(19.7)	298.3
Profit for the year attributable to equity shareholders		**274.6**	**(188.2)**	**86.4**	318.0	(19.7)	298.3
Paid/proposed dividends per ordinary share							
Interim paid	9			**12.23p**			11.38p
Final proposed	9			**–**			24.30p
Earnings per share from continuing operations							
Basic	11			**25.0p**			115.4p
Diluted	11			**24.9p**			113.5p

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

Consolidated statement of recognised income and expense

for the year ended 30 June 2008

	Note	2008 £m	2007 (restated*) £m
Profit for the year		**86.4**	298.3
Revaluation of available for sale financial assets	17, 31	**(4.6)**	(0.7)
Foreign exchange loss	31	**(1.8)**	–
Net fair value gains on cross currency swaps designated as cash flow hedges	26, 31	**7.4**	–
Net fair value (losses)/gains on interest rate swaps designated as cash flow hedges	26, 31	**(19.1)**	12.3
Losses on cancelled interest rate swaps deferred in equity	26, 31	**(3.6)**	–
Amortisation of losses on cancelled interest rate swaps deferred in equity	26, 31	**0.1**	–
Tax credited to equity	8, 31	**3.1**	0.8
Total recognised income for the year attributable to equity shareholders		**67.9**	310.7

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

Balance sheets

at 30 June 2008

	Note	Group 2008 £m	Group 2007 (restated*) £m	Company 2008 £m	Company 2007 £m
Assets					
Non-current assets					
Intangible assets	13	**100.0**	107.0	**–**	–
Goodwill	12	**792.2**	816.7	**–**	–
Property, plant and equipment	14	**15.9**	37.4	**2.0**	0.3
Investments	16	**–**	–	**2,063.4**	2,097.7
Investments accounted for using the equity method	15	**65.5**	20.9	**–**	–
Available for sale financial assets	17	**66.9**	37.3	**–**	–
Trade and other receivables	20	**2.8**	5.0	**–**	62.0
Deferred tax assets	18	**–**	2.5	**21.9**	21.5
Derivative financial instruments – swaps	26	**10.1**	12.3	**10.1**	12.3
		1,053.4	1,039.1	**2,097.4**	2,193.8
Current assets					
Inventories	19	**4,830.0**	4,739.9	**–**	–
Trade and other receivables	20	**100.9**	141.7	**2,232.3**	955.5
Cash and cash equivalents	23	**32.8**	182.1	**–**	60.4
Current tax assets		**20.6**	–	**2.5**	5.0
		4,984.3	5,063.7	**2,234.8**	1,020.9
Total assets		**6,037.7**	6,102.8	**4,332.2**	3,214.7
Liabilities					
Non-current liabilities					
Loans and borrowings	25	**(1,031.5)**	(1,456.6)	**(1,031.5)**	(1,456.6)
Trade and other payables	21	**(242.1)**	(100.6)	**–**	–
Retirement benefit obligations	28	**(70.7)**	(78.3)	**(70.7)**	(78.3)
Deferred tax liabilities	18	**(22.7)**	–	**–**	–
Derivative financial instruments – swaps	26	**(9.5)**	–	**(9.5)**	–
		(1,376.5)	(1,635.5)	**(1,111.7)**	(1,534.9)
Current liabilities					
Loans and borrowings	25	**(653.7)**	(26.7)	**(704.8)**	–
Trade and other payables	21	**(1,163.8)**	(1,484.4)	**(33.3)**	(41.0)
Current tax liabilities		**–**	(58.2)	**–**	–
		(1,817.5)	(1,569.3)	**(738.1)**	(41.0)
Total liabilities		**(3,194.0)**	(3,204.8)	**(1,849.8)**	(1,575.9)
Net assets		**2,843.7**	2,898.0	**2,482.4**	1,638.8
Equity					
Share capital	29	**34.7**	34.7	**34.7**	34.7
Share premium	31	**206.6**	206.1	**206.6**	206.1
Merger reserve	31	**1,109.0**	1,107.7	**1,109.0**	1,107.7
Hedging reserve	31	**(3.4)**	7.8	**(3.4)**	8.9
Retained earnings	31	**1,496.8**	1,541.7	**1,135.5**	281.4
Total equity		**2,843.7**	2,898.0	**2,482.4**	1,638.8

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

The pages from 46 to 93 were approved by the Board on 9 September 2008.

M S Clare
Group Chief Executive

M A Pain
Group Finance Director

Cash flow statements

for the year ended 30 June 2008

		Group		Company	
		2008	2007	**2008**	2007
	Note	**£m**	£m	**£m**	£m
Net cash outflow from operating activities	32	**(170.4)**	(12.3)	**(315.4)**	(402.2)
Cash flows from investing activities					
Purchase of property, plant and equipment	14	**(5.4)**	(7.9)	**(3.0)**	–
Proceeds from sale of property, plant and equipment		**22.3**	3.3	**–**	–
Acquisition of subsidiaries net of cash acquired	34	**(31.0)**	(811.6)	**1.3**	(811.6)
Investments accounted for using the equity method	15	**(47.2)**	(14.2)	**–**	–
Interest received	6	**9.9**	3.5	**106.4**	46.8
Net cash (outflow)/inflow from investing activities		**(51.4)**	(826.9)	**104.7**	(764.8)
Cash flows from financing activities					
Proceeds from issue of share capital	31	**0.5**	3.9	**0.5**	3.9
Disposal of own shares	31	**–**	10.6	**–**	10.6
Dividends paid	9	**(126.0)**	(77.1)	**(126.0)**	(77.1)
Cancelled swaps	26, 31	**(3.6)**	–	**(3.6)**	–
Purchase of shares for LTPP awards	31	**(0.3)**	–	**(0.3)**	–
Loan drawdowns		**201.9**	1,040.6	**279.7**	1,288.8
Net cash inflow from financing activities		**72.5**	978.0	**150.3**	1,226.2
Net (decrease)/increase in cash and cash equivalents		**(149.3)**	138.8	**(60.4)**	59.2
Cash and cash equivalents at beginning of year		**182.1**	43.3	**60.4**	1.2
Cash and cash equivalents at end of year	23	**32.8**	182.1	**–**	60.4

Accounting policies

Basis of preparation
These financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and Standing Interpretations Committee ('SIC') interpretations endorsed by the European Union ('EU') and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS and therefore the Group financial statements comply with Article 4 of the EU International Accounting Standards Regulation. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets, derivative financial instruments and share-based payments. A summary of the more significant Group accounting policies is set out below.

The preparation of 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 most significant estimates made by the Directors in these financial statements are set out in 'Critical accounting judgements and key sources of estimation uncertainty'.

Adoption of new and revised standards
In the year ended 30 June 2008, the Group has adopted IFRS7 'Financial Instruments: Disclosures'. IFRS7 has expanded the disclosure requirements of the Group regarding financial instruments. The adoption of this standard has not had any impact upon the profit or net assets of the Group in either the current or comparative year.

In the current financial year, the Group has also adopted the amendment to IAS1 'Presentation of Financial Statements Capital Disclosures'. This amendment has expanded the disclosures provided by the Group about the management of its capital resources. The adoption of this amendment has not had any impact upon the profit or net assets of the Group in either the current or comparative year.

Basis of consolidation
The Group financial statements include the results of the holding company and all its subsidiary undertakings made up to 30 June. The financial statements of subsidiary undertakings are consolidated from the date when control passes to the Group using the purchase method of accounting and up to the date control ceases. All transactions with subsidiaries and inter-company profits or losses are eliminated on consolidation.

Business combinations
All of the subsidiary's identifiable assets and liabilities, including contingent liabilities, existing at the date of acquisition are recorded at their fair values. All changes to those assets and liabilities and the resulting gains and losses that arise after the Group has gained control of the subsidiary are included in the post-acquisition income statement.

Jointly controlled entities
A jointly controlled entity is an entity in which the Group holds an interest with one or more other parties where a contractual arrangement has established joint control over the entity. Jointly controlled entities are accounted for using the equity method of accounting.

Jointly controlled operations
The Group enters into jointly controlled operations as part of its housebuilding and property development activities. The Group's share of profits and losses from its investments in such jointly controlled operations are accounted for on a direct basis and are included in the consolidated income statement. The Group's share of its investments' assets and liabilities are accounted for on a directly proportional basis in the consolidated balance sheet.

Revenue
Revenue is recognised at legal completion in respect of the total proceeds of building and development, and an appropriate proportion of revenue from construction contracts is recognised by reference to the stage of completion of contract activity. Revenue is measured at the fair value of consideration received or receivable and represents the amounts receivable for the property, net of discounts and VAT. The sale proceeds of part-exchange properties are not included in revenue.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Construction contracts
Revenue is only recognised on a construction contract where the outcome can be estimated reliably. Revenue and costs are recognised by reference to the stage of completion of contract activity at the balance sheet date. This is normally measured by surveys of work performed to date. Contracts are only treated as construction contracts when they have been specifically negotiated for the construction of a development or property. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the income statement immediately.

Amounts recoverable on construction contracts are included in trade receivables and stated at cost plus attributable profit less any foreseeable losses. Payments received on account for construction contracts are deducted from amounts recoverable on construction contracts.

Payments received in excess of amounts recoverable on construction contracts are included in trade payables.

Exceptional items

Items that are both material in size and unusual or infrequent in nature are presented as exceptional items in the income statement. The Directors are of the opinion that the separate recording of exceptional items provides helpful information about the Group's underlying business performance. Examples of events that, *inter alia*, may give rise to the classification of items as exceptional are the restructuring of existing and newly-acquired businesses, gains or losses on the disposal of businesses or individual assets and asset impairments, including currently developable land, work in progress and goodwill.

Restructuring costs

Restructuring costs are recognised in the income statement when the Group has a detailed plan that has been communicated to the affected parties. A liability is accrued for unpaid restructuring costs.

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 joint ventures and tax.

Dividends

Interim dividends are recognised in the financial statements at the time that they are paid, and final dividends are recognised at the time of agreement by the shareholders at the Annual General Meeting.

The Company recognises dividends from subsidiaries at the time that they are received.

Segmental reporting

The Group consists of two separate segments for management reporting and control purposes, being housebuilding and commercial developments. The Group manages these segments separately due to the different operational and commercial risks that they face. These segments therefore comprise the primary reporting segments within the financial statements. As all of the Group's operations are within the United Kingdom, which is one economic environment in the context of the Group's activities, there are no geographic segments to be disclosed.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration over the fair value of the separately identifiable net assets and liabilities acquired.

Goodwill arising on acquisition of subsidiary undertakings and businesses is capitalised as an asset and reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the cash-generating units of the Group at acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

Intangible assets

Brands

Internally generated brands are not capitalised. The Group has capitalised as intangible assets brands that have been acquired. Acquired brand values are calculated using discounted cash flows. Where a brand is considered to have a finite life, it is amortised over its useful life on a straight-line basis. Where a brand is capitalised with an indefinite life, it is not amortised. The factors that result in the durability of brands capitalised are that there are no material legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of these intangible assets.

The Group carries out an annual impairment review of indefinite life brands by performing a value-in-use calculation, using a discount factor based upon the Group's pre-tax weighted average cost of capital.

Investments

Interests in subsidiary undertakings are accounted for at cost less any provision for impairment.

Where share-based payments are granted to the employees of subsidiary undertakings by the parent Company, they are treated as a capital contribution to the subsidiary and the Company's investment in the subsidiary is increased accordingly.

Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Depreciation is provided to write off the cost of the assets on a straight-line basis to their residual value over their estimated useful lives. Residual values and asset lives are reviewed annually.

Freehold properties are depreciated on a straight-line basis over 25 years. Freehold land is not depreciated. Plant is depreciated on a straight-line basis over its expected useful life, which ranges from one to seven years.

Inventories

Inventories are valued at the lower of cost and net realisable value on a weighted average cost basis. Cost comprises direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition.

Land held for development, including land in the course of development, is initially recorded at fair value. Where, through deferred purchase credit terms, the fair value differs from the amount that will ultimately be paid in settling the liability, this difference is charged as a finance cost in the income statement over the period of settlement.

Due to the scale of the Group's developments, the Group has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete on such developments. In making these assessments there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values and the appropriateness of estimates made.

Leases as lessee

Operating lease rentals are charged to the income statement in equal instalments over the life of the lease.

Leases as lessor

The Group enters into leasing arrangements with third parties following the completion of constructed developments until the date of the sale of the development to third parties. Rental income from these operating leases is recognised in the income statement on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised in the income statement on a straight-line basis over the lease term.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. In accordance with the transitional provisions, IFRS2 'Share-based Payments' has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 1 January 2005.

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is measured either using Present-Economic Value models or Monte Carlo models dependent upon the characteristics of the scheme. The fair value is expensed in the income statement on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest where non-market vesting conditions apply.

Tax

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

The tax currently payable is based on the profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Pensions

Defined contribution

The Group operates defined contribution pension schemes for certain employees. The Group's contributions to the schemes are charged against profits in the year in which the contributions fall due.

Defined benefit

The cost of providing benefits under the defined benefit scheme is determined using the Projected Unit Credit Method. The assets of the defined benefit pension scheme are measured at fair value. The liabilities of the defined benefit pension scheme are measured on an actuarial basis and discounted to present value. The net obligation is calculated by a qualified independent actuary and is recognised as a liability in the balance sheet.

The Group uses a corridor approach when accounting for actuarial gains and losses. The corridor used is the greater of:

- 10% of the present value of the defined benefit obligation at the end of the previous year; or
- 10% of the fair value of plan assets at the end of the previous year.

The amount recognised in the income statement is the excess of unrecognised actuarial gains and losses over the corridor spread over the expected average working lives of members of the scheme.

The operating and financing costs of the defined benefit pension scheme are recognised in the income statement.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

The Group derecognises a financial liability only when the Group's obligations are discharged, cancelled or they expire.

Financial assets

Non-derivative financial assets are classified as either 'available for sale financial assets' or 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Available for sale financial assets

Zero coupon loans granted as part of sales transactions that are secured by way of a legal charge on the respective property are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in note 17.

Gains and losses arising from changes in fair value are recognised directly in equity in retained earnings, with the exceptions of impairment losses and interest calculated using the 'effective interest rate' method, which are recognised directly in the income statement. Where the investment is disposed of, or is determined to be impaired, the cumulative gain or loss previously recognised in equity is included in the income statement for the period.

Trade and other receivables

Trade and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the balance sheet date, which are classified as non-current assets and are measured at amortised cost less an allowance for any uncollectable amounts. The net of these balances are classified as 'trade and other receivables' in the balance sheet.

Trade and other receivables are classified as 'loans and receivables'.

Impairment of financial assets

Trade and other receivables are assessed for indicators of impairment at each balance sheet date and are impaired where there is objective evidence that the recovery of the receivable is in doubt.

Objective evidence of impairment could include significant financial difficulty of the customer, default on payment terms or the customer going into liquidation.

The carrying amount of trade and other receivables is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the income statement.

For financial assets classified as available for sale, a significant or prolonged decline in the value of the property underpinning the value of the loan is considered to be objective evidence of impairment.

In respect of available for sale financial assets, impairment losses previously recognised through the income statement are not reversed through the income statement. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents include cash and balances in bank accounts with no notice or less than three months' notice from inception and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are classified as 'loans and receivables'.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the contractual arrangements entered into.

Equity instruments

Equity instruments consist of the Company's ordinary share capital and are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

All non-derivative financial liabilities are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the 'effective interest rate' method.

Other financial liabilities consist of bank borrowings and trade and other payables.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade and other payables
Trade and other payables on normal terms are not interest bearing and are stated at amortised cost.

Trade and other payables on extended terms, particularly in respect of land, are recorded at their fair value at the date of acquisition of the asset to which they relate by discounting at prevailing market interest rates at the date of recognition. The discount to nominal value, which will be paid in settling the deferred purchase terms liability, is amortised over the period of the credit term and charged to finance costs using the 'effective interest rate' method.

Bank borrowings
Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs.

Where bank agreements include a legal right of offset for in hand and overdraft balances, and the Group intends to net settle the outstanding position, the offset arrangements are applied to record the net position in the balance sheet.

Finance income and charges are accounted for using the 'effective interest rate' method in the income statement.

Finance costs are recognised as an expense in the income statement in the period to which they relate.

Derivative financial instruments
The Group has entered into derivative financial instruments in the form of interest rate swaps and cross currency swaps to manage the interest rate and foreign exchange rate risk arising from the Group's operations and sources of finance. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors as detailed in notes 26 and 27 to the financial statements.

The swap arrangements are designated as hedging instruments, being either hedges of a change in future cash flows as a result of interest rate movements, or hedges of a change in future cash flows as a result of foreign currency exchange rate movements.

The fair value of hedging derivatives is classified as a non-current asset or a non-current liability if the remaining maturity of the hedging relationship is more than twelve months and as a current asset or a current liability if the remaining maturity of the hedge relationship is less than twelve months.

Hedge accounting
All of the Group's interest rate and cross currency swaps are designated as cash flow hedges. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedged transactions. In addition, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting the changes in cash flows of the hedged items.

Details of the fair values of the interest rate and cross currency swaps are provided in notes 24, 25 and 26 to the financial statements. Movements on the hedging reserve in equity are detailed in note 31.

Cash flow hedge
To the extent that the Group's cash flow hedges are effective, gains and losses on the fair value of the interest rate and cross currency swap arrangements are deferred in equity in the hedging reserve until realised. On realisation such gains and losses are recognised within finance charges in the income statement. To the extent that any hedge is ineffective, gains and losses on the fair value of these swap arrangements are recognised immediately in finance charges in the income statement.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is terminated or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in profit or loss.

Government grants
Government grants are recognised in the income statement so as to match with the related costs that they are intended to compensate. Grants related to assets are deducted from the carrying amount of the asset. Grants related to income are deducted from the related expense in the income statement.

Impact of standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements there are a number of standards, amendments and interpretations that have been published. All of these have been endorsed by the EU with the exception of the revisions to IAS1, IAS27, IAS39 and IFRS3, IFRIC15 and IFRIC16, and part 1 of the Improvements to IFRS, and are therefore mandatory for the Group's accounting periods beginning on or after 1 July 2008 and later periods. The Group has not early-adopted any standard, amendment or interpretation.

The standards, amendments and interpretations that are expected to impact upon the Group are:

- IFRS8 'Operating Segments'. IFRS8 amends the current segmental reporting requirements of IAS14 and requires a 'management approach' to be adopted so that segment information is presented on the same basis as that used for internal reporting purposes. This standard will apply to the Group from the accounting period commencing 1 July 2009 and is expected to impact upon the Group by requiring additional disclosures in the annual financial statements.
- Amendment to IAS23 'Borrowing Costs'. This amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. A qualifying asset is one that takes a substantial period of time to get ready for use or sale. The option of immediately expensing these borrowing costs is removed. This amendment will apply to the Group from the accounting period commencing 1 July 2009 and its impact is currently being assessed.
- IFRIC14 – IAS19 – 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'. IFRIC14 states when refunds or reductions in future contributions can be treated as available under IAS19 and how a minimum funding requirement affects future contributions or may give rise to a liability. This interpretation applies to the Group from the accounting period commenced on 1 July 2008, however the Group anticipates that no additional liabilities will be recognised upon the adoption of IFRIC14.
- IFRS2 'Share-based Payments (amendment)'. Non-vesting conditions are to be taken into account in the estimate of the fair value of the equity instruments; vesting conditions that are not market conditions are not taken into account. This amendment will apply to the Group from 1 July 2009; its impact is currently being assessed.
- Revision of IAS1 'Presentation of financial statements'. This revision to IAS1 is applicable from 1 July 2009, and is expected to affect the presentation and classification of certain items within the Group's financial statements.
- Revision of IFRS3 'Business Combinations'. Following this revision, transaction costs must be expensed, rather than included as costs of acquisition, and contingent consideration will require to be fair valued. In addition, there will be a choice of two goodwill measurement methods where less than 100% of the entity is acquired. This revision will apply to the Group from 1 July 2009, and although it will have no impact on implementation, it will have a significant impact on any future acquisitions.
- An amendment to IAS39 'Eligible hedged items'. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The amendment will apply to the Group from 1 July 2009, and its impact is currently being assessed.
- Part 1 of the Improvements to IFRS project has a number of smaller amendments to existing IAS and IFRS, which have implementation dates at various points during 2009. The impact of these amendments is currently being assessed.
- IFRIC15 'Agreements for the construction of real estate'. IFRIC15 provides guidance on whether the construction of real estate should be accounted for under IAS11 or IAS18. The Group already accounts for the construction of real estate in accordance with IFRIC15, and accordingly this interpretation, which is effective from 1 January 2009, will have no impact upon the Group.

The adoption of the following standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group:

- IFRIC12 'Service Concession Arrangements'. IFRIC12 provides guidance upon the accounting for public-to-private infrastructure service concession arrangements. This interpretation applies to the Group from 1 July 2008.
- IFRIC13 'Customer Loyalty Programmes'. IFRIC13 requires the credits given as part of customer loyalty schemes to be recognised at their fair value as a separate component of revenue. The revenue related to these schemes should only be recognised when the entity's obligations are fulfilled. This interpretation applies to the Group from 1 July 2008.
- IFRIC16 'Hedges of a net investment in a foreign operation'. IFRIC16 guides an investing company on the designation of, and accounting for, hedges in foreign operations. This interpretation will apply to the Group from 1 July 2009.
- Amendments to IAS 32 'Financial Instruments: Presentation' and IAS1 'Presentation of financial statements for certain puttable financial instruments and obligations arising on liquidation' require some financial instruments that meet the definition of a financial liability to be classified as equity, where certain strict criteria are met. These amendments will apply to the Group from 1 July 2009.
- IAS27 (Revised) 'Consolidated and separate financial statements'. The amendments relate, primarily, to accounting for non-controlling interests and the loss of control of a subsidiary, and will apply to the Group from 1 July 2009.

Critical accounting judgements and key sources of estimation uncertainty

In accordance with the requirements of IFRS, the Group has detailed below the critical accounting judgements made and the key sources of estimation uncertainty within these financial statements.

Critical accounting judgements

In the process of applying the Group's accounting policies, which are described in the accounting policies note, the Directors have made no individual judgements that have a significant impact upon the financial statements, apart from those involving estimations, which are dealt with below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date are discussed below.

Carrying value of land and work in progress

The Group's principal activity is housebuilding and property development. Due to the nature of this activity, much of the development entered into by the Group is speculative in nature. Accordingly, the Group has in its balance sheet at 30 June 2008 current assets that are not covered by a forward sale. The Group's internal controls are designed to identify any developments where the carrying value of land and work in progress is more than the lower of cost or net realisable value.

At 30 June 2008, the Group conducted a review of the net realisable value of its land and work in progress carrying values of its sites in the light of the current deterioration in the UK housing market. Where the estimated future net realisable value of the site was less than its current carrying value within the balance sheet, the Group has impaired the land and work in progress value. This has resulted in an exceptional impairment of £208.4m as shown in note 19. This review was conducted on a site-by-site basis using valuations incorporating forecast sales rates and average selling prices that reflect both current and anticipated trading conditions. These are key judgements in the impairment calculation. Should there be a further significant decline in UK house prices then further impairments of land and work in progress may be necessary.

Estimation of costs to complete

In order to determine the profit that the Group is able to recognise on its developments in a specific period, the Group has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete on such developments. In making these assessments there is a degree of inherent uncertainty. The Group has developed internal controls to assess and review carrying values and appropriateness of estimates made.

Recognition of profit where developments are accounted for under IAS11 'Construction Contracts'

The Group applies its policy on contract accounting when recognising revenue and profit on partially completed contracts. The application of this policy requires judgements to be made in respect of the total expected costs to complete each relevant contract. The Group has in place established internal control processes to ensure that the evaluation of costs and revenues are based upon appropriate estimates.

Impairment of goodwill

The determination of the impairment of goodwill requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated as defined in note 12. The value-in-use calculation requires an estimate of the future cash flows expected from these cash-generating units, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. The carrying amount of goodwill at the balance sheet date was £792.2m with £24.5m impairment recognised during the year ended 30 June 2008.

Impairment of brands

The determination of the impairment calculation for the Group's indefinite life brand, David Wilson Homes, requires an estimation of the value-in-use of the brand as defined in note 13. The value-in-use calculation requires an estimate of the future cash flows expected from this brand, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. The carrying amount of indefinite life brands at the balance sheet date was £100.0m with no impairment recognised during the year ended 30 June 2008.

In addition, the Group has a finite life brand, Wilson Bowden Developments. This brand had amortisation of £0.8m recognised during the year and following an impairment review this was fully impaired at 30 June 2008.

Defined benefit pension

The Directors engage a qualified independent actuary to calculate the Group's liability in respect of its defined benefit pension scheme. In calculating this liability it is necessary for actuarial assumptions to be made, which include discount rates, salary and pension increases, price inflation, the long-term rate of return upon scheme assets and mortality. As actual rates of increase and mortality may differ from those assumed, the pension liability may differ from that included in these financial statements.

Hedge accounting

The majority of the Group's facilities are floating rate, which exposes the Group to increased interest rate risk. The Group has therefore taken out £765.0m (note 26) of floating-to-fixed interest rate swaps. The Group has adopted hedge accounting for these swaps on the basis that it is highly probable that there is sufficient forecast debt to match with the period of swaps. If the highly probable criteria was not met in future then any changes in fair value of the swaps would be recognised in the income statement, rather than in equity. During the year ended 30 June 2008, there was a loss of £19.1m (2007: £12.3m gain) included in equity related to these swaps.

In addition, the Group has entered into $300m of cross currency swaps to manage the cash flow risks related to foreign exchange, arising from the Group's sources of finance denominated in US Dollars. These swaps are designated as a cash flow hedge against future foreign exchange rate movements. If the hedges ceased to be highly effective then any changes in fair value of the swaps would be recognised in the income statement, rather than equity. During the year ended 30 June 2008, there was a gain of £7.4m (2007: £nil) included in equity related to these swaps.

Notes to the financial statements

1. Prior year adjustment

IAS2 'Inventories' and IAS39 'Financial Instruments: Recognition and Measurement' require that the Group's land purchases on deferred terms should be recorded at the discounted present value at the date of purchase. The value of the discount is expensed through finance costs in the income statement over the period of the deferral, with the associated land payable being increased to the settlement value over the period of deferral. The land value carried in inventories is reduced by the value of the discount and this therefore reduces land cost of sales in the income statement over the duration of the site.

The Group adopted the above policy upon transition to IFRS at 1 July 2004. The calculation methodology adopted at transition, and subsequently applied, did not discount any deferred term land payable at inception for the first twelve months that it was due to remain outstanding. The Group has reviewed this calculation methodology in the current year and considers that it is appropriate to discount any deferred term land payable for the entire period of deferral.

The Group has therefore recalculated the adjustment made for deferred term land payables and, due to the fact that the impact of the change is considered by the Directors to be material, it has adjusted the results presented at 30 June 2007 by means of a prior year adjustment.

The effect of this calculation change is summarised below:

	Year ended 30 June 2007 £m	At 1 July 2006 £m
Income statement		
Cost of sales	6.1	–
Finance costs	(9.1)	–
Decrease in profit before tax	(3.0)	–
Tax	0.9	–
Decrease in profit for the period	(2.1)	–
Balance sheet		
Deferred tax asset	2.5	4.7
Non-current assets	2.5	4.7
Inventories	(29.7)	(34.8)
Current assets	(29.7)	(34.8)
Trade and other payables	11.1	19.2
Deferred tax liabilities	3.1	–
Non-current liabilities	14.2	19.2
Net assets	(13.0)	(10.9)
Equity		
Retained profits at the start of the period	(10.9)	(10.9)
Retained profit movement in the period	(2.1)	–
Equity	(13.0)	(10.9)
Earnings per share		
Basic	(0.8p)	–
Diluted	(0.8p)	–

2. Revenue

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

	Note	2008 £m	2007 £m
Sale of goods		**3,300.5**	2,803.7
Contract accounting revenue		**254.2**	242.4
Revenue as stated in the income statement		**3,554.7**	3,046.1
Lease income	33	**1.4**	0.1
Interest receivable	6	**12.8**	3.5
Total revenue		**3,568.9**	3,049.7

Sale of goods includes £559.7m (2007: £293.0m) of revenue generated where the sale has been achieved using part-exchange incentives.

3. Segmental analysis

The Group consists of two separate segments for management reporting and control purposes, being housebuilding and commercial developments. The Group presents its primary segment information on the basis of these operating segments. As the Group operates in a single geographic market, the United Kingdom, no secondary segmentation is provided.

	2008			2007		
	Housebuilding Units	Commercial developments Units	Total Units	Housebuilding Units	Commercial developments Units	Total Units
Residential completions	**18,588**	**–**	**18,588**	17,168	–	17,168
	£m	£m	£m	(restated*) £m	£m	(restated*) £m
Revenue	**3,414.2**	**140.5**	**3,554.7**	3,001.4	44.7	3,046.1
Result						
Profit from operations before restructuring costs and impairment of goodwill, intangible assets and inventories	**530.0**	**20.2**	**550.2**	506.8	6.5	513.3
Impairment of goodwill and intangible assets	**–**	**(30.7)**	**(30.7)**	–	–	–
Impairment of inventories	**(157.2)**	**(51.2)**	**(208.4)**	–	–	–
Restructuring costs	**(15.9)**	**–**	**(15.9)**	(25.6)	(0.6)	(26.2)
Profit/(loss) from operations	**356.9**	**(61.7)**	**295.2**	481.2	5.9	487.1
Share of post-tax loss from joint ventures	**(2.2)**	**(0.4)**	**(2.6)**	(0.9)	(0.1)	(1.0)
Profit/(loss) from operations including post-tax loss from joint ventures	**354.7**	**(62.1)**	**292.6**	480.3	5.8	486.1
Finance income			**12.8**			3.5
Finance costs			**(168.1)**			(64.8)
Profit before tax			**137.3**			424.8
Tax			**(50.9)**			(126.5)
Profit for the year from continuing operations			**86.4**			298.3
Other information	**£m**	**£m**	**£m**	£m	£m	£m
Capital additions	**5.0**	**0.4**	**5.4**	7.9	–	7.9
Amortisation of intangible assets	**–**	**0.8**	**0.8**	–	–	–
Impairment of goodwill	**–**	**24.5**	**24.5**	–	–	–
Impairment of intangible assets	**–**	**6.2**	**6.2**	–	–	–
Depreciation	**6.4**	**0.3**	**6.7**	4.8	0.1	4.9

3. Segmental analysis (continued)

			2008			2007
	Housebuilding	**Commercial developments**	**Total**	Housebuilding (restated*)	Commercial developments	Total (restated*)
Balance sheet	**£m**	**£m**	**£m**	£m	£m	£m
Segment assets	**5,787.5**	**329.1**	**6,116.6**	5,624.9	314.6	5,939.5
Elimination of inter-company balances			**(132.3)**			(21.3)
			5,984.3			5,918.2
Deferred tax assets			**–**			2.5
Current tax assets			**20.6**			–
Cash and cash equivalents			**32.8**			182.1
Consolidated total assets			**6,037.7**			6,102.8
Segment liabilities	**(1,529.7)**	**(88.7)**	**(1,618.4)**	(1,565.1)	(119.5)	(1,684.6)
Elimination of inter-company balances			**132.3**			21.3
			(1,486.1)			(1,663.3)
Deferred tax liabilities			**(22.7)**			–
Current tax liabilities			**–**			(58.2)
Loans and borrowings			**(1,685.2)**			(1,483.3)
Consolidated total liabilities			**(3,194.0)**			(3,204.8)

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

4. Exceptional costs

Impairment of inventories

At 30 June 2008, the Group conducted a review of the net realisable value of its land and work in progress carrying values of its sites in the light of the current deterioration in the UK housing market. Where the estimated future net present realisable value of the site was less than its carrying value within the balance sheet the Group has impaired the land and work in progress value. This has resulted in an impairment of £208.4m. Further details on this impairment are given in note 19.

Impairment of goodwill

At 30 June 2008, the Group conducted an impairment review of its goodwill as explained in note 12. This resulted in an impairment charge of £24.5m for the year.

Impairment of intangible assets

At 30 June 2008, the Group conducted an impairment review of its brands as explained in note 13. This resulted in an impairment charge of £6.2m for the year.

Restructuring costs

During the year ended 30 June 2008, the Group has incurred £15.9m (2007: £26.2m) of costs in relation to reorganising and restructuring the business, including redundancy costs of £3.7m (2007: £12.2m) where existing employees could not be retained within the Group.

5. Profit from operations

Profit from operations is stated after charging/(crediting):

	Note	**2008 £m**	2007 £m
Staff costs	10	**289.8**	244.3
Government grants		**(21.8)**	(11.2)
Depreciation of property, plant and equipment	14	**6.7**	4.9
Amortisation of intangible fixed assets	13	**0.8**	–
Profit on disposal of property, plant and equipment		**(2.1)**	(2.5)
Lease income	33	**(1.4)**	(0.1)
Operating lease charges – hire of plant, machinery and vehicles		**12.7**	16.0
– other		**6.1**	3.3

Government grants of £36.4m (2007: £35.5m) have been received in the year relating to the Government's first time buyer initiative. Grant income of £21.8m (2007: £11.2m) has been recognised in the income statement in relation to house sales completed under the Government's first time buyer initiative.

The remuneration paid to Deloitte & Touche LLP (2007: PricewaterhouseCoopers LLP), the Group's principal auditors, is disclosed below:

Auditors' remuneration	**2008 £'000**	2007 £'000
Audit fees		
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	**70**	20
Non-audit fees		
The audit of the Company's subsidiaries pursuant to legislation	**520**	280
The audit of the Company's joint ventures pursuant to legislation	**19**	–
Total fees for audit of the Company, its subsidiaries and joint ventures	**609**	300
Other non-audit fees		
Other services pursuant to legislation	**50**	32
Other services relating to tax	**–**	156
Services relating to information technology	**–**	260
Internal audit services	**78**	–
Corporate finance services	**1,410**	1,462
Other services	**55**	1,974
Total other non-audit fees	**1,593**	3,884
Total fees	**2,202**	4,184

In the year ended 30 June 2008, corporate finance services were incurred in relation to the reorganisation of and sale of assets from the Wilson Bowden Developments businesses.

In the year ended 30 June 2007, other services included financial modelling (£135,000), cost analysis support (£400,000), post-integration and change programme assistance (£1,209,000) and project structuring advice (£230,000).

Deloitte & Touche LLP provided services to Wilson Bowden Limited (formerly Wilson Bowden plc) and its subsidiaries during the year ended 30 June 2007. Their remuneration from Wilson Bowden Limited and its subsidiaries was as follows:

	2007 £'000
Non-audit fees	
The audit of the Company's subsidiaries pursuant to legislation	218
Other services	339
Total fees	557

The profit before tax is stated after charging the Directors' emoluments disclosed in the Remuneration report on page 42 and in note 10.

6. Net finance costs

Recognised in the income statement	Note	2008 £m	2007 (restated*) £m
Finance income on short-term bank deposits		**(2.3)**	(3.5)
Imputed interest on available for sale financial assets	17	**(2.9)**	–
Interest receivable on swaps		**(3.3)**	–
Other interest received		**(4.3)**	–
Finance income		**(12.8)**	(3.5)
Interest on bank overdrafts and loans		**142.3**	43.5
Amortisation of losses on cancelled interest rate swaps	26	**0.1**	–
Imputed interest on deferred term land payables*		**20.7**	18.4
Finance costs related to employee benefits	28	**1.7**	2.9
Other interest payable		**3.3**	–
Finance costs		**168.1**	64.8
Net finance costs		**155.3**	61.3

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

Recognised in equity	Note	2008 £m	2007 £m
Foreign exchange loss	31	**1.8**	–
Net fair value losses/(gains) on interest rate swaps designated as cash flow hedges	26, 31	**19.1**	(12.3)
Net fair value gains on cross currency swaps designated as cash flow hedges	26, 31	**(7.4)**	–
Losses on cancelled interest rate swaps deferred in equity	26, 31	**3.6**	–
Amortisation of losses on cancelled interest rate swaps	26, 31	**(0.1)**	–
Total fair value losses/(gains) on cash flow swaps included in equity		**17.0**	(12.3)

7. Financial instruments gains and losses

The net gains and losses recorded in the consolidated income statement, in respect of financial instruments were as follows:

	Note	2008 £m	2007 £m
At fair value through profit and loss			
Gain on currency hedging recycled from equity		**(1.8)**	–
Amortisation of losses on cancelled interest rate swaps	26	**0.1**	–
Available for sale financial assets			
Net (gain)/loss transferred on sale		**(0.2)**	0.1
Impairment of available for sale financial assets	17	**9.5**	–
Other financial liabilities			
Foreign exchange losses on US Dollar borrowings		**1.8**	–

Profit before tax includes the following charges:

	Note	2008 £m	2007 £m
Impairment of trade receivables	20	**0.7**	0.2
Ineffectiveness arising from cash flow hedges	26	**–**	–

8. Tax

Analysis of the tax charge for the year	Note	**2008** **£m**	2007 (restated*) £m
Current tax			
UK corporation tax on profits for the year		**56.6**	121.6
Adjustment in respect of previous years		**(20.6)**	(1.5)
		36.0	120.1
Deferred tax			
Origination and reversal of temporary differences		**(2.9)**	4.9
Adjustment in respect of previous years		**17.8**	1.5
	18	**14.9**	6.4
Tax charge for the year		**50.9**	126.5

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

In addition to the amount charged to the income statement, deferred tax of £3.1m (2007: £2.5m charged) was credited directly to equity (note 18) and corporation tax of £nil (2007: £3.3m) was credited directly to equity.

Factors affecting the tax charge for the year

The tax assessed for the year is higher (2007: lower) than the standard rate of corporation tax in the UK for the period of 29.5% (2007: 30.0%). The differences are explained below:

	2008 **£m**	2007 (restated*) £m
Profit before tax	**137.3**	424.8
Profit before tax multiplied by the standard rate of corporation tax of 29.5% (2007: 30.0%)	**40.5**	127.4
Effects of:		
Goodwill impairment not deductible for tax purposes	**7.2**	–
Other expenses not deductible for tax purposes	**7.1**	2.7
Additional tax relief for land remediation costs	**(1.9)**	(1.7)
Adjustment in respect of previous years	**(2.8)**	–
Tax in respect of joint ventures	**0.8**	–
Impact of change in rate on future deferred tax balances	**–**	(1.9)
Tax charge for the year	**50.9**	126.5

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

The impact of the change introduced in the Finance Act 2007 regarding the reduction in the corporation tax rate from April 2008 from 30% to 28% has been incorporated into the Group's tax charge and deferred tax provided.

At 30 June 2007, the Group recognised a deferred tax asset of £5.8m in relation to the anticipated tax relief available on the future exercise of options under the Barratt Share Option and Long-Term Performance Plans. As a result of the fall in the Company's share price since that date, the anticipated tax relief on future exercises is now lower and accordingly the attributable deferred tax asset recognised as at 30 June 2008 is £nil. This has resulted in a charge to the income statement of £3.3m, included within other expenses not deductible for tax purposes in the table above, the balance being charged to equity.

9. Dividends

	2008 £m	2007 £m
Prior year final dividend of 24.30p per share (2006: 20.69p)	**83.8**	49.7
Interim dividend 12.23p per share (2007: 11.38p)	**42.2**	27.4
	126.0	77.1
Proposed final dividend for the year ended 30 June 2008 of nil (2007: 24.30p) per share	**–**	83.8

10. Key management and employees

Key management personnel, as defined under IAS 24 'Related Party Disclosures', have been identified as the Board of Directors as the controls operated by the Group ensure that all key decisions are reserved for the Board. Detailed disclosures of Directors' individual remuneration, pension entitlements and share options, for those Directors who served during the year, are given in the audited sections of the Remuneration report on pages 42 to 44 which form part of these financial statements. A summary of key management remuneration is as follows:

	2008 £m	2007 £m
Salaries and fees (including pension compensation)	**2.3**	2.5
Performance bonus	**–**	2.4
Benefits	**0.1**	0.1
Pension costs	**–**	0.1
Share-based payments	**0.8**	1.8
	3.2	6.9

	Group		Company	
	2008 Number	2007 Number	2008 Number	2007 Number
Average staff numbers (excluding subcontractors)	**6,407**	5,356	**230**	81

Staff costs, including Directors, comprise:

		Group		Company	
	Note	2008 £m	2007 £m	2008 £m	2007 £m
Wages and salaries including bonuses		**245.3**	197.7	**13.9**	7.1
Redundancy costs	4	**3.7**	12.2	**0.3**	–
Social security costs		**28.5**	20.8	**1.8**	1.4
Other pension costs	28	**10.0**	9.2	**3.8**	0.6
Share-based payments	30	**2.3**	4.4	**0.7**	2.8
Total staff costs	5	**289.8**	244.3	**20.5**	11.9

11. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of £86.4m (2007: £298.3m (restated*)) by the weighted average number of ordinary shares in issue during the year, excluding those held by the Employee Benefit Trust which are treated as cancelled, which were 345.0m (2007: 258.6m).

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of £86.4m (2007: £298.3m (restated*)) by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the year, giving a figure of 346.7m (2007: 262.8m).

11. Earnings per share (continued)

The earnings per share from continuing operations were as follows:

	2008 pence	2007 (restated*) pence
Basic earnings per share	**25.0**	115.4
Adjusted basic earnings per share	**79.6**	123.0
Diluted earnings per share	**24.9**	113.5
Adjusted diluted earnings per share	**79.2**	121.0

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

The calculation of basic, diluted, adjusted basic and adjusted diluted earnings per share is based upon the following data:

	2008		2007 (restated*)	
	£m	pence	£m	pence
Earnings for basic and diluted earnings per share	**86.4**	**25.0**	298.3	115.4
Add: restructuring costs	**15.9**	**4.6**	26.2	10.1
Add: impairment of goodwill and intangible assets	**30.7**	**8.9**	–	–
Add: impairment of inventories	**208.4**	**60.4**	–	–
Less: tax effect of above items	**(66.8)**	**(19.3)**	(6.5)	(2.5)
Earnings for adjusted basic and adjusted diluted earnings per share	**274.6**	**79.6**	318.0	123.0

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

Earnings are adjusted, removing restructuring costs, impairments of goodwill, intangible assets and inventories and the related tax, to reflect the Group's underlying profit.

12. Goodwill

	Group	
	2008 £m	2007 £m
Cost		
At 1 July	**816.7**	–
Acquisitions in the year	**–**	816.7
At 30 June	**816.7**	816.7
Accumulated impairment losses		
At 1 July	**–**	–
Impairment losses for the year	**24.5**	–
At 30 June	**24.5**	–
Carrying amount		
At 1 July	816.7	–
At 30 June	**792.2**	816.7

Goodwill cost of £792.2m relates to the housebuilding segment and £24.5m relates to the commercial developments segment.

The Group conducts its annual impairment review of goodwill and intangibles together for both the housebuilding and commercial developments segments. Any impairment identified is allocated first to goodwill and then to intangible assets.

The impairment review was performed at 30 June 2008 and compared the value-in-use of the housebuilding and commercial developments segments with the carrying value of their tangible and intangible assets and allocated goodwill.

12. Goodwill (continued)

The value-in-use was determined by discounting the expected future cash flows of the housebuilding and commercial developments segments. The key assumptions for the value-in-use calculations were those regarding the discount rates, expected changes in selling prices and sales volumes for completed houses and expected changes in site costs to complete. The Directors estimate discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks appropriate to the housebuilding and commercial developments businesses and therefore the discount rate that is considered by the Directors to be appropriate is a pre-tax risk adjusted discount rate of 10% being the Group's estimated pre-tax weighted average cost of capital. Changes in selling prices, sales volumes and direct costs are based upon past experience and expectations of future changes in the market taking into account external market forecasts.

The Directors have used the Group's current budget and internal forecasts for the first five years of the forecast cash flows. Following year five, the Group extrapolates cash flows in perpetuity using an estimated growth rate of 2.5%, which is based upon the expected long-term growth rate of the UK economy.

As a result of this review the Group has fully impaired the goodwill of the commercial developments business by £24.5m reflecting declining commercial property yields and the impact upon the future profit stream of the business. The impairment has been recognised within exceptional administrative expenses in the income statement.

13. Intangible assets

	Brands £m	Group Total £m
Cost		
At 1 July 2006	–	–
Acquisitions in the year	107.0	107.0
At 30 June 2007	107.0	107.0
At 30 June 2008	**107.0**	**107.0**
Amortisation		
At 1 July 2006	–	–
At 30 June 2007	–	–
Charge for the year	**0.8**	**0.8**
Impairment	**6.2**	**6.2**
At 30 June 2008	**7.0**	**7.0**
Carrying amount		
At 30 June 2007	107.0	107.0
At 30 June 2008	**100.0**	**100.0**

Brands

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 fact that the Group intends to hold and support the brand for an indefinite period and there are no factors that would prevent it from doing so. The brand of Wilson Bowden Developments (valued at £7.0m prior to amortisation) was being amortised over ten years as it is a business-to-business brand operating in niche markets.

The Group tests indefinite life brands annually for impairment, or more frequently if there are indications that they might be impaired.

An impairment review was conducted using the calculations and assumptions as explained in note 12. As a result of this review an impairment of £6.2m has been recorded in relation to the Wilson Bowden Developments brand to reduce the carrying value of this asset to £nil. This impairment has been recognised within exceptional administrative expenses in the income statement.

14. Property, plant and equipment

	Group			Company		
	Property £m	Plant and equipment £m	Total £m	Property £m	Plant and equipment £m	Total £m
Cost						
At 1 July 2006	5.2	14.7	19.9	–	0.8	0.8
Additions	3.9	4.0	7.9	–	–	–
Acquired with subsidiary	15.5	7.6	23.1	–	–	–
Reclassification	1.5	(1.5)	–	–	–	–
Disposals	(0.7)	(1.2)	(1.9)	–	–	–
At 30 June 2007	25.4	23.6	49.0	–	0.8	0.8
Additions	**1.8**	**3.6**	**5.4**	**1.1**	**1.9**	**3.0**
Reclassifications	**0.9**	**(0.9)**	**–**	**–**	**–**	**–**
Disposals	**(16.7)**	**(13.5)**	**(30.2)**	**(0.3)**	**(0.2)**	**(0.5)**
At 30 June 2008	**11.4**	**12.8**	**24.2**	**0.8**	**2.5**	**3.3**
Depreciation						
At 1 July 2006	–	7.8	7.8	–	0.4	0.4
Charge for the year	0.3	4.6	4.9	–	0.1	0.1
Reclassification	0.5	(0.5)	–	–	–	–
Disposals	–	(1.1)	(1.1)	–	–	–
At 30 June 2007	0.8	10.8	11.6	–	0.5	0.5
Charge for the year	**2.4**	**4.3**	**6.7**	**0.3**	**0.7**	**1.0**
Reclassifications	**0.4**	**(0.4)**	**–**	**–**	**–**	**–**
Disposals	**(1.9)**	**(8.1)**	**(10.0)**	**(0.1)**	**(0.1)**	**(0.2)**
At 30 June 2008	**1.7**	**6.6**	**8.3**	**0.2**	**1.1**	**1.3**
Net book value						
At 30 June 2007	24.6	12.8	37.4	–	0.3	0.3
At 30 June 2008	**9.7**	**6.2**	**15.9**	**0.6**	**1.4**	**2.0**

Authorised future capital expenditure that was contracted, but not provided for in these financial statements amounted to £nil (2007: £nil).

15. Investments accounted for using the equity method

The Group equity accounts for jointly controlled entities.

The Group has interests in the following jointly controlled entities:

Joint venture	Ownership percentage
Base Regeneration LLP	50.0%
Base East Central Rochdale LLP	50.0%
Base Hattersley LLP	50.0%
Base Werneth LLP	50.0%
Barratt Wates (Horley) Limited*	78.5% (was 66.67% until November 2007)
Wandsworth Parkside LLP	50.0%
Ravenscraig Limited**	33.3%

* Barratt Wates (Horley) Limited is classified as a joint venture as the Group has equal control with one other joint venture partner.

** Ravenscraig Limited is classified as a joint venture as the Group has equal control and ownership percentages with two joint venture partners.

15. Investments accounted for using the equity method (continued)

	2008 £m	Group 2007 £m
At 1 July	**20.9**	–
Acquired with subsidiary	**–**	7.7
Increase in investments in joint ventures	**47.2**	14.2
Share of loss for the year	**(2.6)**	(1.0)
At 30 June	**65.5**	20.9

In relation to the Group's interests in joint ventures, the Group's share of assets and liabilities of the joint ventures is shown below:

	2008 £m	Group 2007 £m
Current assets	**84.8**	53.2
Current liabilities	**(18.7)**	(41.2)
Non-current liabilities	**(69.7)**	(13.0)
Net liabilities of joint ventures	**(3.6)**	(1.0)

The Group's share of the joint ventures' income and expenses during the year is shown below:

	2008 £m	Group 2007 £m
Income	**6.0**	–
Expenses	**(9.7)**	(1.0)
	(3.7)	(1.0)
Tax	**1.1**	–
Share of post-tax loss from joint ventures	**(2.6)**	(1.0)

16. Investments

	2008 £m	Company 2007 £m
Cost		
At 1 July	**2,119.7**	68.5
Acquisition of subsidiary	**–**	2,049.6
Increase in investment in subsidiaries related to share-based payments	**1.3**	1.6
At 30 June	**2,121.0**	2,119.7
Impairment		
At 1 July	**22.0**	22.0
Impairment of investments	**35.6**	–
At 30 June	**57.6**	22.0
Net book value		
At 1 July	2,097.7	46.5
At 30 June	**2,063.4**	2,097.7

During the year, the investments of the Company were impaired following a fall in the net value of the assets of a subsidiary below the cost of investment. The revised carrying value was based on the fair value of the net assets of the subsidiary.

16. Investments (continued)

The subsidiary undertakings which principally affect profits and net assets of the Group were:

Company	Percentage owned	Country of registration	Principal activity
BDW Trading Limited (formerly Barratt Homes Limited)	100%	England and Wales	Housebuilding and development
KingsOak Homes Limited	100%	England and Wales	Housebuilding and development
Barratt North Scotland Limited	100%	Scotland	Housebuilding and development
Barratt Commercial Limited	100%	England and Wales	Housebuilding and development
Wilson Bowden Limited	100%	England and Wales	Holding company
David Wilson Homes Limited	100%*	England and Wales	Housebuilding and development
Ward Homes Limited	100%*	England and Wales	Housebuilding and development
Wilson Bowden Developments Limited	100%*	England and Wales	Commercial development

* Owned through another Group company

A full list of subsidiary undertakings is available on request from the Company's registered office.

17. Available for sale financial assets

	Note	**2008 £m**	2007 £m
At 1 July		**37.3**	31.3
Additions at fair value		**44.4**	0.1
Acquired with subsidiary		**–**	8.7
Disposals		**(3.6)**	(2.1)
Imputed interest	6	**2.9**	–
Revaluation taken through equity	31	**(4.6)**	(0.7)
Impairment taken through income statement	7	**(9.5)**	–
At 30 June		**66.9**	37.3

Available for sale financial assets principally comprise interest free loans granted as part of sales transactions that are secured by way of a legal charge on the respective property. These loans are held at the present value of expected future cash flows taking into account the estimated market value of the property at the estimated time of repayment. The fair value reduction during the year has been recognised in equity to the extent that it was previously credited to equity (£4.6m), and then subsequently charged to the income statement as an impairment (£9.5m).

The impairment of available for sale financial assets arises due to the impact on the fair value of these assets of the decline in UK house prices.

Further disclosures relating to financial assets are set out in note 24.

18. Deferred tax

The Group recognised a deferred tax (liability)/asset comprising:

	Note	Accelerated capital allowances £m	Short-term timing differences £m	Group Total (restated*) £m
At 1 July 2006		–	45.1	45.1
Acquired with subsidiary		0.7	(34.4)	(33.7)
Credited/(charged) to income statement	8	0.5	(6.9)	(6.4)
Amounts taken directly to equity	8	–	(2.5)	(2.5)
At 30 June 2007		1.2	1.3	2.5
Charged to income statement	8	**(0.1)**	**(14.8)**	**(14.9)**
Arising on acquisition of subsidiaries	34	**–**	**(13.4)**	**(13.4)**
Amounts taken directly to equity	8	**–**	**3.1**	**3.1**
At 30 June 2008		**1.1**	**(23.8)**	**(22.7)**

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

The Company recognised a deferred tax asset comprising:

	Note	Accelerated capital allowances £m	Short-term timing differences £m	Company Total £m
At 1 July 2006		–	29.4	29.4
Charged to income statement		–	(2.7)	(2.7)
Amounts taken directly to equity	31	–	(5.2)	(5.2)
At 30 June 2007		–	21.5	21.5
Credited/(charged) to income statement		**0.3**	**(4.6)**	**(4.3)**
Amounts taken directly to equity	31	**–**	**4.7**	**4.7**
At 30 June 2008		**0.3**	**21.6**	**21.9**

All deferred tax relates to the United Kingdom and is stated on a net basis as the Group has a legally enforceable right to set-off the recognised amounts and intends to settle on a net basis.

Gross deferred tax assets and liabilities are:

	Note	Group 2008 £m	Group 2007 (restated*) £m	Company 2008 £m	Company 2007 £m
Pension scheme	28	**19.8**	21.9	**19.8**	21.9
Share options – Barratt**		**–**	5.8	**–**	–
Share options – Wilson Bowden		**–**	0.3	**–**	–
Hedging		**1.3**	–	**1.3**	–
Other items, including capital allowances		**2.7**	13.3	**0.8**	2.6
Deferred tax assets		**23.8**	41.3	**21.9**	24.5
Brands		**(28.0)**	(30.0)	**–**	–
Hedging		**–**	(3.0)	**–**	(3.0)
Other items, including capital allowances		**(18.5)**	(5.8)	**–**	–
Deferred tax liabilities		**(46.5)**	(38.8)	**–**	(3.0)
Net deferred tax (liability)/asset		**(22.7)**	2.5	**21.9**	21.5

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

** At 30 June 2007, the Group recognised a deferred tax asset of £5.8m in relation to the anticipated tax relief available on the future exercise of options under the Barratt Share Option and Long-Term Performance Plans. As a result of the fall in the Company's share price since that date, the anticipated tax relief on future exercises is now lower and accordingly the attributable deferred tax asset recognised as at 30 June 2008 is £nil. This has resulted in a charge to the income statement of £3.3m, the balance being charged to equity.

18. Deferred tax (continued)

It is not anticipated that any of the deferred tax liability in respect of the brands will reverse in the twelve months following the balance sheet date. Whilst it is anticipated that an element of the remaining deferred tax assets and liabilities will reverse during the twelve months following the balance sheet date, at present it is not possible to quantify the value of these reversals.

In addition to the above, the Group has not recorded a deferred tax asset of £1.8m (2007: £1.8m) in respect of capital and other losses that are not considered recoverable in the foreseeable future.

19. Inventories

		Group
	2008	2007 (restated*)
	£m	£m
Land held for development	**3,117.5**	3,266.9
Construction work in progress	**1,569.3**	1,368.5
Part-exchange properties	**137.9**	97.9
Other inventories	**5.3**	6.6
	4,830.0	4,739.9

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

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 twelve months. It is not possible to determine with accuracy when specific inventory will be realised as this will be subject to a number of issues such as consumer demand and planning permission delays.

At 30 June 2008, the Group conducted a review of the net realisable value of its land and work in progress carrying values of its sites in the light of the current deterioration in the UK housing market. Where the estimated future net present realisable value of the site was less than its carrying value within the balance sheet, the Group has impaired the land and work in progress values. This has resulted in an exceptional impairment of £208.4m. The key judgement in estimating the future profit stream is the evaluation of the likely sales prices. Following this impairment £557.0m (2007: £nil) of inventories are valued at fair value less costs to sell rather than at historical cost.

The value of inventories expensed in 2008 and included in cost of sales was £2,714.2m (2007: £2,348.3m (restated*)) including £10.4m (2007: £3.5m) of inventory write-downs incurred in the course of normal trading and a reversal of £5.4m (2007: £1.4m) on inventories that were written down in a previous accounting period, but excluding the £208.4m exceptional impairment. The £5.4m reversal arose mainly due to obtaining planning approval on strategic land and other interests that had previously been written down to net realisable value.

The value of inventories written down and recognised as an expense in 2008 totalled £218.8m (2007: £3.5m), being the £208.4m classified as an exceptional cost and the remaining £10.4m incurred in the normal course of trading.

The Company has no inventories.

20. Trade and other receivables

	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
Non-current assets				
Trade receivables	**–**	0.1	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**–**	61.6
Other receivables	**2.8**	4.9	**–**	0.4
	2.8	5.0	**–**	62.0
Current assets				
Trade receivables	**62.6**	121.5	**–**	–
Amounts due from subsidiary undertakings	**–**	–	**2,229.3**	946.6
Other tax and social security	**–**	5.2	**–**	–
Other receivables	**31.3**	4.6	**0.2**	2.9
Prepayments and accrued income	**7.0**	10.4	**2.8**	6.0
	100.9	141.7	**2,232.3**	955.5

Trade and other receivables are non-interest bearing, and the Group has no concentration of credit risk, with exposure spread over a large number of customers. Of the year-end trade receivables the following were overdue but not impaired:

Ageing of overdue but not impaired receivables	Group 2008 £m	Group 2007 £m
Less than three months	**14.7**	12.5
Greater than three months	**5.7**	5.7

Overdue receivables less than three months includes £8.6m (2007: £nil) relating to monies due on the sale of land, which was received in July 2008.

The carrying values of trade and other receivables are stated after the following allowance for doubtful receivables:

	Note	Group 2008 £m	Group 2007 £m
At 1 July		**3.7**	–
Acquired with subsidiary		**–**	3.6
Charge for the year	7	**0.7**	0.2
Uncollectable amounts written off, net of recoveries		**(1.3)**	(0.1)
At 30 June		**3.1**	3.7

The allowance for doubtful receivables consists of individually impaired trade receivables which are in default. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of any expected recoveries. The Group does not hold any collateral over these balances.

The Directors consider that the carrying amount of trade receivables approximates to their fair value.

Further disclosures relating to financial assets are set out in note 24.

21. Trade and other payables

	Group 2008 £m	Group 2007 (restated*) £m	Company 2008 £m	Company 2007 £m
Non-current liabilities				
Trade payables	**1.2**	6.7	**–**	–
Land payables*	**240.9**	93.9	**–**	–
	242.1	100.6	**–**	–
Current liabilities				
Trade payables	**467.0**	425.6	**3.0**	3.4
Land payables*	**311.4**	567.6	**–**	–
Accruals and deferred income	**278.8**	427.1	**28.6**	36.5
Other tax and social security	**13.0**	8.8	**0.3**	1.1
Other payables	**93.6**	55.3	**1.4**	–
	1,163.8	1,484.4	**33.3**	41.0

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

Accruals and deferred income includes a £1.0m (2007: £1.2m) social security accrual relating to share-based payments (note 30).

Total payables include £277.4m (2007: £116.0m) secured by legal charges on certain assets.

Other non-current liabilities are unsecured and non-interest bearing.

Further disclosures relating to financial liabilities are set out in note 25.

22. Contract accounting

In relation to contracts in progress at the balance sheet date:

	Group 2008 £m	Group 2007 £m
Amounts due from contract customers included in trade and other receivables	**22.2**	24.4
Amounts due to contract customers included in trade and other payables	**(17.7)**	(5.3)
	4.5	19.1
Contract costs incurred plus recognised profits less recognised losses to date	**329.5**	209.6
Less progress billings	**(325.0)**	(190.5)
	4.5	19.1

At 30 June 2008, retentions held by customers for contract work amounted to £4.0m (2007: £5.4m). Advances received from customers for contract work amounted to £14.0m (2007: £11.4m).

23. Cash and cash equivalents

	Group 2008 £m	Group 2007 £m	Company 2008 £m	Company 2007 £m
Cash and cash equivalents	**32.8**	182.1	**–**	60.4

Cash and cash equivalents are held at floating interest rates linked to the UK bank rate, LIBOR and money market rates as applicable. Cash and cash equivalents comprises cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Further disclosures relating to financial assets are set out in note 24.

24. Financial assets

The carrying values and fair values of the Group's financial assets are as follows:

					Group
			2008		2007
	Note	**Fair value £m**	**Carrying value £m**	Fair value £m	Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	**10.1**	**10.1**	12.3	12.3
Loans and receivables					
Cash and cash equivalents	23	**32.8**	**32.8**	182.1	182.1
Trade and other receivables		**51.8**	**51.8**	91.8	91.8
Available for sale					
Available for sale financial assets	17	**66.9**	**66.9**	37.3	37.3
Total financial assets		**161.6**	**161.6**	323.5	323.5

The carrying values and fair values of the Company's financial assets are as follows:

					Company
			2008		2007
	Note	**Fair value £m**	**Carrying value £m**	Fair value £m	Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	**10.1**	**10.1**	12.3	12.3
Loans and receivables					
Cash and cash equivalents	23	**–**	**–**	60.4	60.4
Trade and other receivables		**0.2**	**0.2**	3.3	3.3
Inter-company loans		**2,229.3**	**2,229.3**	1,008.2	1,008.2
Total financial assets		**2,239.6**	**2,239.6**	1,084.2	1,084.2

Trade and other receivables excludes accrued income, amounts recoverable on contracts, prepayments and tax and social security.

The fair values of financial assets and liabilities are determined as indicated in note 25a.

25. Financial liabilities

a) Fair value and carrying value

The carrying values and fair values of the Group's financial liabilities are as follows:

					Group
			2008		2007
	Note	**Fair value £m**	**Carrying value £m**	Fair value £m	Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	**9.5**	**9.5**	–	–
Other financial liabilities					
Bank overdrafts		**7.5**	**7.5**	26.7	26.7
Trade and other payables		**1,127.4**	**1,155.9**	1,215.4	1,221.9
Loans and borrowings	25b	**1,660.3**	**1,677.7**	1,456.6	1,456.6
Total financial liabilities		**2,804.7**	**2,850.6**	2,698.7	2,705.2

25. Financial liabilities (continued)

a) Fair value and carrying value (continued)

The carrying values and fair values of the Company's financial liabilities are as follows:

					Company
			2008		2007
	Note	**Fair value £m**	**Carrying value £m**	Fair value £m	Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	**9.5**	**9.5**	–	–
Other financial liabilities					
Bank overdrafts		**58.6**	**58.6**	–	–
Trade and other payables		**32.0**	**32.0**	34.6	34.6
Loans and borrowings	25b	**1,660.3**	**1,677.7**	1,456.6	1,456.6
Total financial liabilities		**1,760.4**	**1,777.8**	1,491.2	1,491.2

Trade and other payables excludes deferred income, payments received in excess of amounts recoverable on contracts, tax and social security and other non-financial liabilities.

The fair values of financial assets and liabilities are determined as follows:

- The fair values of available for sale financial assets represent the value of their discounted cash flows, which have been calculated using market assumptions of the likely period to redemption and movements in UK house prices.
- Derivative financial instruments are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments.

Trade and other payables include land payables, which may bear interest on a contract specific basis. Trade and other payables includes items secured by legal charge on certain assets as disclosed in note 21.

b) Drawn debt facilities

The drawn debt at 30 June comprises:

		Group		Company
	2008 £m	2007 £m	**2008 £m**	2007 £m
Non-current				
Bank loans	**755.5**	1,273.2	**755.5**	1,273.2
Loan notes	**–**	101.6	**–**	101.6
Private placement notes	**276.0**	81.8	**276.0**	81.8
Total non-current	**1,031.5**	1,456.6	**1,031.5**	1,456.6
Current				
Bank overdrafts	**7.5**	26.7	**58.6**	–
Loan notes	**46.4**	–	**46.4**	–
Bank loans	**599.8**	–	**599.8**	–
Total current	**653.7**	26.7	**704.8**	–
Total borrowings	**1,685.2**	1,483.3	**1,736.3**	1,456.6

25. Financial liabilities (continued)

b) Drawn debt facilities (continued)

The weighted average interest rates paid in the year were as follows:

	Group		Company	
	2008 %	2007 %	**2008** %	2007 %
Bank loans net of swap interest	**6.5**	5.7	**6.5**	5.7
Loan notes	**5.4**	5.3	**5.4**	5.3
Private placement notes	**7.3**	7.5	**7.3**	7.5

The principal features of the Group's drawn debt facilities at 30 June 2008 were as follows:

i) Committed facilities

- A committed £600m 364 day term facility with a one-year term out option exercisable by the Company, which was effective from 26 April 2007. The one-year term out option was exercised by the Company on 26 April 2008 and the facility expires on 25 April 2009. This facility was originally £800m, but during the year £200m has been repaid through refinancing and the relevant proportion of the facility has been cancelled.
- A committed £529.4m five-year term facility, which was fully utilised at 30 June 2008 by way of drawings of £483m and a bank guarantee to support the loan notes of £46.4m, which was effective from 26 April 2007. The facility was originally £600m but during the year £55.2m of the loan notes have been repaid and £15.4m of the facility has been cancelled.
- A committed £750m five-year revolving credit facility of which £70m was drawn at 30 June 2008, effective from 26 April 2007.
- A committed £400m five-year revolving credit facility of which £210m was drawn at 30 June 2008, effective from 2 February 2005.

ii) Fixed rate sterling private placement notes

The Group has £125.5m of sterling fixed rate private placement notes. £20.5m of these are carried at their fair value as at the date of acquisition of Wilson Bowden and expire on 15 October 2010. A further £60m of private placement notes, which at 30 June 2007 were also carried at the fair value established at the acquisition of Wilson Bowden, were on 23 April 2008 extended so that £30m expires on 23 April 2018 and £30m expires on 23 April 2020. These private placement notes are therefore now carried at historical cost. In addition, on 23 April 2008 £45m of new sterling fixed rate private placement notes were issued by the Company.

iii) Fixed rate US Dollar private placement notes

- US Dollar ten-year private placement notes of $65m and five-year private placement notes of $35m, a total of $100m effective from 23 April 2008.
- A US Dollar ten-year private placement note of $200m effective from 23 August 2007.

The interest on all fixed rate US Dollar private placement notes is payable half-yearly in arrears.

iv) Floating rate sterling loan notes

The Group had £46.4m (2007: £101.6m) sterling loan notes at 30 June 2008 having repaid £55.2m on that date. These loan notes are redeemable on any relevant payment date (i.e. 31 December or 30 June) falling on or after 30 June 2008 at the option of the note holder or are due in December 2012, and are subject to floating rates of interest linked to LIBOR.

v) Bank overdrafts and uncommitted money market facilities

The Group also uses various bank overdrafts arranged through its cash pooling structures and uncommitted borrowing facilities that are subject to floating interest rates linked to UK bank rate, LIBOR and money market rates as applicable.

All debt is unsecured.

25. Financial liabilities (continued)

vi) Developments relating to committed facilities and private placement notes

On 9 July 2008, the Company entered into a £400m three-year committed revolving credit facility. In addition, £350m of the existing £400m five-year revolving credit facility (effective from 2 February 2005) was extended on 6 August 2008 to match the maturity period of the new three-year £400m revolving credit facility. The remaining £50m of this facility expires on 1 February 2010.

On 9 July 2008, the Company agreed with its bankers and private placement investors to amend the financial covenants to support the Group through the current difficult economic climate. The amendments were signed on 5 August 2008 and all conditions precedent were satisfied on 6 August 2008. From 6 August 2008 the weighted average interest rate paid by the Group increased to circa 9.75%.

c) Net debt

Net debt is defined as cash and cash equivalents, bank overdrafts and interest bearing borrowings.

	Group		Company	
	2008 £m	2007 £m	**2008 £m**	2007 £m
Cash and cash equivalents	**32.8**	182.1	**–**	60.4
Bank overdrafts	**(7.5)**	(26.7)	**(58.6)**	–
Net cash and cash equivalents	**25.3**	155.4	**(58.6)**	60.4
Bank loans	**(1,355.3)**	(1,273.2)	**(1,355.3)**	(1,273.2)
Loan notes	**(46.4)**	(101.6)	**(46.4)**	(101.6)
Private placement notes	**(276.0)**	(81.8)	**(276.0)**	(81.8)
Net debt	**(1,652.4)**	(1,301.2)	**(1,736.3)**	(1,396.2)

26. Derivative financial instruments – swaps

The Group and Company have entered into derivative financial instruments to manage interest rate and foreign exchange risks as explained in note 27. Neither the Group nor the Company enter into any derivatives for speculative purposes.

	Group and Company			
	2008		2007	
	Asset £m	**Liability £m**	Asset £m	Liability £m
Designated as cash flow hedges				
Non-current				
Interest rate swaps	**2.4**	**(9.2)**	12.3	–
Foreign exchange swaps	**7.7**	**(0.3)**	–	–
Total derivative financial instruments	**10.1**	**(9.5)**	12.3	–

a) Interest rate swaps

The Group and Company enter into derivative transactions in the form of swap arrangements to manage the cash flow risks, related to interest rates, arising from the Group's and Company's sources of finance. All of the Group's and Company's interest rate swap arrangements contain a clause that allows the Group/Company or the issuer to cancel the swap in May 2012 at fair value.

As at 30 June 2008 the Group and Company had outstanding floating rate sterling debt and overdrafts of £1,409.2m (2007: £1,401.5m). In obtaining this funding the Group and Company sought to achieve certainty as to both the availability of, and income statement charge related to, a designated proportion of anticipated future debt requirements.

26. Derivative financial instruments – swaps (continued)

a) Interest rate swaps (continued)

The Group and Company have entered into swap arrangements to swap £765.0m (2007: £860.0m) of this debt into fixed rate sterling debt in accordance with the Group and Company treasury policy outlined in note 27. After taking into account swap arrangements the fixed interest rates applicable to the debt were as follows:

	Amount £m	Fixed rate payable %	Maturity
	142.5	5.79	2012
	50.0	5.80	2012
	60.0	5.94	2017
	60.0	5.99	2017
	40.0	5.93	2017
	40.0	5.96	2017
	32.5	5.64	2017
	120.0	5.75	2022
	75.0	5.44	2022
	65.0	5.43	2022
	40.0	5.72	2022
	40.0	5.76	2022
	765.0		

The swap arrangements are designated as a cash flow hedge against future interest rate movements. The fair value of the swap arrangements as at 30 June 2008, which is based on third party valuations, was a liability of £6.8m (2007: £12.3m asset) with a loss of £19.1m (2007: £12.3m gain) charged directly to equity in the year. There was no ineffectiveness to be taken through the income statement during the year or the prior year.

Swaps with a notional amount of £95.0m were cancelled during the year on the refinancing of part of the Group's and Company's sterling borrowings. Cumulative losses on these swaps of £3.6m were deferred in equity as the forecast transaction specified in the hedge relationship is still expected to occur. These losses will be recognised in the income statement over the period the forecast transaction occurs; £0.1m of the loss was recognised in the income statement in the year, and a balance of £3.5m remains deferred in equity.

Further disclosures relating to financial instruments are set out in note 27.

b) Foreign exchange swaps

The Group and Company enter into derivative transactions in the form of swap arrangements to manage the cash flow risks, related to foreign exchange, arising from the Group's sources of finance denominated in US Dollars.

As at 30 June 2008 the Group and Company had outstanding fixed rate US Dollar loan notes of $300m (2007: $nil).

The Group and Company have entered into swap arrangements to swap all of this debt into fixed rate sterling debt in accordance with the Group treasury policy outlined in note 27. After taking into account swap arrangements the fixed interest rates applicable to the debt were as follows:

	Amount $m	Fixed rate payable %	Maturity
	35.0	8.98	2013
	200.0	6.61	2017
	65.0	9.24	2018
	300.0		

The swap arrangements are designated as cash flow hedges against future foreign exchange rate movements. The hedges match the contractual initial receipt, the final settlement, as well as all interest payments. The fair value of the swap arrangements as at 30 June 2008, which is based on third party valuations, was an asset of £7.4m (2007: £nil) with a gain of £7.4m (2007: £nil) credited directly to equity in the year. There was no ineffectiveness to be taken through the income statement during the year or the prior year.

Further disclosures relating to financial instruments are set out in note 27.

27. Financial risk management

The Group's financial assets, financial liabilities and derivative financial instruments are detailed in notes 24, 25 and 26.

The Group's operations and debt financing expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risks, liquidity risks and interest rates. The most significant of these to the Group is liquidity risk and as such there is a regular, detailed system for the reporting and forecasting of cash flows from the operations to Group management so as to ensure that risks are promptly identified and appropriate actions taken by the central Treasury Department. In addition, the Group has in place a risk management programme that seeks to limit the adverse effects of the other risks on its financial performance in particular by using financial instruments, including debt and derivatives, to fix interest rates and currency rates. The Group does not use derivative financial instruments for speculative purposes.

The Board of Directors is responsible for setting specific, clearly defined guidelines regarding treasury that are applied by the Group. The Group has a Treasury Operating Committee which operates within specific parameters set by the Board and consists of any two of the Group Chief Executive, Group Finance Director and Group Treasurer. In addition, the Board approves and reviews all facilities and derivative transactions that they have not delegated to the Treasury Operating Committee. The Group operates a central Treasury Department to implement the guidelines established by the Board, to whom it reports regularly.

a) 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 as such the Group maintains sufficient headroom to cover these requirements. On a normal operating basis the Group has a policy of maintaining headroom of £250m of available committed facilities and identifies and takes appropriate actions based upon its regular, detailed system for the reporting and forecasting of cash flows from its operations. At 30 June 2008, the Group had committed facilities of £2,555.4m (2007: £2,630.0m) and total facilities of £2,651.6m (2007: £2,786.3m). The Group's drawn debt was £1,685.2m (2007: £1,483.3m). This represents 65.9% (2007: 56.4%) of available committed facilities.

The Group's objective is to minimise refinancing risk. The Group therefore has a policy that the maturity of its committed facilities and private placement notes is at least three years on average. At 30 June 2008, the average maturity of the Group's facilities was 3.3 years (2007: 3.5 years).

As explained in note 25, on 9 July 2008, the Company entered into a new £400m three-year facility and agreed to extend (subject to contract) £350m of the existing £400m revolving credit facility to further minimise refinancing risk. All conditions precedent were satisfied on 6 August 2008.

The expected undiscounted cash flows of the Group's financial liabilities, excluding derivative financial liabilities, by remaining contractual maturity at the balance sheet date are as follows:

Group	Note	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m
30 June 2008							
Loans and borrowings	25	1,685.2	2,099.3	758.9	280.8	725.3	334.3
Trade and other payables	25	1,155.9	1,204.6	922.2	144.3	119.6	18.5
		2,841.1	**3,303.9**	**1,681.1**	**425.1**	**844.9**	**352.8**
30 June 2007							
Loans and borrowings	25	1,483.3	1,790.9	230.7	940.1	620.1	–
Trade and other payables	25	1,221.9	1,265.4	1,136.0	57.4	53.5	18.5
		2,705.2	3,056.3	1,366.7	997.5	673.6	18.5

27. Financial risk management (continued)

a) Liquidity risk (continued)

The expected undiscounted cash flows of the Company's financial liabilities, excluding derivative financial liabilities, by remaining contractual maturity at the balance sheet date were as follows:

Company	Note	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m
30 June 2008							
Loans and borrowings	25	1,736.3	2,150.4	810.0	280.8	725.3	334.3
Trade and other payables	25	32.0	32.0	32.0	–	–	–
		1,768.3	**2,182.4**	**842.0**	**280.8**	**725.3**	**334.3**
30 June 2007							
Loans and borrowings	25	1,456.6	1,764.2	204.0	940.1	620.1	–
Trade and other payables	25	34.6	34.6	34.6	–	–	–
		1,491.2	1,798.8	238.6	940.1	620.1	–

Trade and other payables excludes deferred income, payments received in excess of amounts recoverable on contracts, tax and social security and other non-financial liabilities.

The expected undiscounted cash flows of the Group's and the Company's derivative financial instruments, by remaining contractual maturity, at the balance sheet date were as follows:

Group and Company	Note	Carrying amount £m	Contractual cash flows £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m
30 June 2008							
Financial assets							
Gross settled derivatives							
Receive leg	24	7.7	60.5	6.4	6.4	19.1	28.6
Pay leg		–	(61.9)	(6.5)	(6.5)	(19.5)	(29.4)
Net settled derivatives	24	2.4	1.7	1.2	1.4	2.6	(3.5)
Financial liabilities							
Gross settled derivatives							
Receive leg	25	(0.3)	32.3	3.9	3.9	11.6	12.9
Pay leg		–	(38.0)	(4.6)	(4.6)	(13.8)	(15.0)
Net settled derivatives	25	(9.2)	(17.9)	1.5	1.9	2.4	(23.7)
		0.6	**(23.3)**	**1.9**	**2.5**	**2.4**	**(30.1)**
30 June 2007							
Financial assets							
Net settled derivatives	24	12.3	39.2	3.6	3.6	10.6	21.4
Financial liabilities							
Net settled derivatives	25	–	–	–	–	–	–
		12.3	39.2	3.6	3.6	10.6	21.4

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 and the Company, in respect of which all conditions precedent had been met, were as follows:

	Group		Company	
Expiry date	**2008 £m**	2007 £m	**2008 £m**	2007 £m
In more than one year but not more than two years	**190.0**	–	**190.0**	–
In more than two years but not more than five years	**680.0**	1,162.4	**680.0**	1,162.4
	870.0	1,162.4	**870.0**	1,162.4

27. Financial risk management (continued)

a) Liquidity risk (continued)

In addition, the Group had £88.7m of undrawn uncommitted facilities available at 30 June 2008 (2007: £129.6m).

b) Market risk (price risk)

i) UK housing market risk

This section specifically discusses UK housing market risk in the context of the financial instruments in the Group balance sheet.

The Group's earnings are dependent upon the level of UK house prices. UK house prices are determined by the UK economy and economic conditions including employment levels, interest rates and consumer confidence.

The Group is subject to the prevailing conditions of the UK economy. However, the Group does seek to maintain an appropriate geographical spread of operating divisions and appropriate product mix to mitigate any risks caused by local economic conditions. The Group's management of operational risks is detailed in the Business review on page 15.

The UK housing market affects the valuation of the Group's non-financial assets and liabilities, notably land and work in progress, and the critical judgements applied by management in these financial statements, which include the valuation of land and work in progress, are detailed on page 55.

The Group's financial assets and liabilities that are directly linked to the UK housing market are as follows:

Group	**Linked to UK housing market £m**	**Not linked to UK housing market £m**	**Total £m**
30 June 2008			
Non-derivative financial assets	66.9	84.6	151.5
Non-derivative financial liabilities	–	(2,841.1)	(2,841.1)
Derivatives	–	0.6	0.6
	66.9	**(2,755.9)**	**(2,689.0)**
30 June 2007			
Non-derivative financial assets	37.3	273.9	311.2
Non-derivative financial liabilities	–	(2,705.2)	(2,705.2)
Derivatives	–	12.3	12.3
	37.3	(2,419.0)	(2,381.7)

The value of the Group's available for sale financial assets is directly linked to the UK housing market. At 30 June 2008 these were carried at a fair value of £66.9m (2007: £37.3m).

The Company has no financial assets and liabilities that are directly linked to the UK housing market.

Sensitivity analysis

At 30 June 2008, if UK house prices had been 5% lower and all other variables were held constant, the Group's house price linked financial assets and liabilities would decrease in value, excluding the effects of tax, by £14.9m (2007: £1.9m) with a corresponding reduction in both net profit and equity.

ii) 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 policy of maintaining both long-term fixed rate funding and medium-term floating rate funding so as to ensure that there is appropriate flexibility for the Group's operational requirements. In order to achieve this the Group has entered into swap arrangements to hedge cash flow risks relating to interest rate movements on a proportion of its debt and has entered into fixed rate debt in the form of sterling and US Dollar private placements.

27. Financial risk management (continued)

b) Market risk (price risk) (continued)

ii) Interest rate risk (continued)

The Group has a policy that 60–80% of the forecast debt for the year-end is at a fixed rate, with an average minimum duration of five years and an average maximum duration of fifteen years. At 30 June 2008, 63.0% (2007: 72.4%) of the Group's net debt was at a fixed rate.

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

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Non-interest bearing financial liabilities £m	Total £m
30 June 2008				
Financial liabilities (excluding derivatives)	1,409.2	276.0	1,155.9	2,841.1
Impact of interest rate swaps	(765.0)	765.0	–	–
Financial liability exposure to interest rate risk	**644.2**	**1,041.0**	**1,155.9**	**2,841.1**
30 June 2007				
Financial liabilities (excluding derivatives)	1,401.5	81.8	1,221.9	2,705.2
Impact of interest rate swaps	(860.0)	860.0	–	–
Financial liability exposure to interest rate risk	541.5	941.8	1,221.9	2,705.2

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

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Non-interest bearing financial liabilities £m	Total £m
30 June 2008				
Financial liabilities (excluding derivatives)	1,460.3	276.0	32.0	1,768.3
Impact of interest rate swaps	(765.0)	765.0	–	–
Financial liability exposure to interest rate risk	**695.3**	**1,041.0**	**32.0**	**1,768.3**
30 June 2007				
Financial liabilities (excluding derivatives)	1,374.8	81.8	34.6	1,491.2
Impact of interest rate swaps	(860.0)	860.0	–	–
Financial liability exposure to interest rate risk	514.8	941.8	34.6	1,491.2

Floating interest rates on sterling borrowings are linked to UK bank rate, LIBOR and money market rates. The floating rates are fixed in advance for periods generally ranging from one to six months. Short-term flexibility is achieved through the use of overdraft, committed and uncommitted bank facilities. The weighted average interest rate for floating rate borrowings in 2008 was 6.6% (2007: 5.7%).

Sterling private placement notes of £125.5m (2007: £81.8m) were arranged at fixed interest rates and exposed the Group to fair value interest rate risk. The weighted average interest rate for fixed rate sterling private placement notes for 2008 was 7.8% (2007: 7.5%) with, at 30 June 2008, a weighted average period of 9.5 years (2007: 2.5 years) for which the rate is fixed.

US Dollar private placement notes of £150.5m (2007: £nil) were arranged at fixed interest rates and exposed the Group to fair value interest rate risk. The weighted average interest rate for fixed rate US Dollar private placement notes, after the effect of foreign exchange rate swaps, for 2008 was 6.9% (2007: nil) with, at 30 June 2008, a weighted average period of 8.8 years (2007: nil) for which the rate is fixed.

Sensitivity analysis

In the year ended 30 June 2008, if UK interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit would decrease/increase by £4.8m (2007: £2.8m), the Group's post-tax profit would decrease/increase by £3.4m (2007: £2.0m) and the Group's equity would decrease/increase by £3.4m (2007: £2.0m).

27. Financial risk management (continued)

b) Market risk (price risk) (continued)

iii) Foreign exchange rate risk

The Group has fixed rate US Dollar private placement notes of $300m (2007: $nil). In order to mitigate risks associated with the movement in the foreign exchange rate, the Group has a policy of fully hedging its US Dollar denominated debt. The Group therefore entered into foreign exchange swap arrangements on the issue of its US Dollar denominated debt, all of which are designated as cash flow hedges.

Details of the Group's foreign exchange swaps are provided in note 26.

The Group's exposure to foreign currency risk may be summarised as follows:

	2008 $m	2007 $m
US Dollar loan notes	**300.0**	–
Derivative financial instruments – foreign exchange swaps	**(300.0)**	–
Net exposure	**–**	–

Sensitivity analysis

As the Group's foreign exchange hedges are fully effective, the Group's profits will be unaffected by any variation in foreign exchange rates and any impact on net equity of a reasonably possible change in exchange rates is unlikely to be significant.

c) Credit risk

The UK housing market is structured so that in the majority of cases the Group receives cash upon legal completion for private sales and receives advance stage payments from Registered Social Landlords. As such, the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. The maximum exposure to any counterparty at 30 June 2008 was £8.6m (2007: £32.0m). The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

In addition, the Company is exposed to £2,230.1m of credit risk in relation to inter-company loans, financial guarantees and the bank borrowings of subsidiary undertakings. Further details are provided in notes 35 and 36.

The Group manages credit risk in the following ways:

- The Group has a credit policy that is limited to financial institutions with high credit ratings as set by international credit rating agencies and has a policy determining the maximum permissible exposure to any counterparty.
- The Group only contracts derivative financial instruments with counterparties with which the Group has an ISDA Master Agreement in place. These agreements permit net settlement thereby reducing the Group's credit exposure to individual counterparties.

d) Capital risk management (cash flow risk)

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

The Group ensures that there are appropriate controls over the purchase of land and levels of work in progress in the business in order to appropriately manage its capital. These controls are discussed in the business risk table on page 15. In addition, the other methods by which the Group can manage its short-term and long-term capital structure include adjusting the level of ordinary dividends paid to shareholders, issuing new share capital and arranging debt to meet liability payments, and it may also sell non-core assets to reduce debt.

28. Retirement benefit obligations

The Group operates defined contribution and defined benefit pension schemes.

Defined contribution schemes

	2008 £m	2007 £m
Contributions during the year		
Group defined contribution schemes income statement charge	**4.9**	3.7

At the balance sheet date there were outstanding contributions of £0.2m (2007: £0.4m), which were paid on or before the due date.

Defined benefit scheme

The Group operates a funded defined benefit pension scheme in the United Kingdom, which is now closed to new entrants. A full actuarial valuation was carried out at 30 November 2007 and updated to 30 June 2008 by a qualified independent actuary. The projected unit method has been used to calculate the current service cost. This will rise over time (as a percentage of payroll) as the members of the scheme approach retirement since the scheme is closed to new members.

The Trustees of the Scheme are currently undertaking their triennial actuarial valuation for funding purposes. Discussions are underway between the Trustees and the Group regarding future contribution requirements.

At the balance sheet date there were outstanding contributions of £0.4m (2007: £nil).

The assets of the defined benefit scheme have been calculated at fair value. The liabilities of the scheme have been calculated at each balance sheet date using the following assumptions:

Principal actuarial assumptions	2008	2007
Weighted average assumptions to determine benefit obligations		
Discount rate	**6.30%**	5.80%
Rate of compensation increase	**4.70%**	5.30%
Rate of price inflation	**3.70%**	3.30%
Weighted average assumptions to determine net cost		
Discount rate	**5.80%**	5.25%
Expected long-term rate of return on plan assets	**6.70%**	6.19%
Rate of compensation increase	**5.30%**	5.00%
Rate of price inflation	**3.30%**	3.00%

Members are assumed to exchange 10% of their pension for cash on retirement.

The assumptions have been chosen by the Group following advice from Mercer Limited, the Group's actuarial advisors.

The following table illustrates the life expectancy for an average member on reaching age 65, according to the mortality assumptions used to calculate the scheme liabilities.

	Male	Female
Retired member (life expectancy at age 65)	21.3	24.2
Non-retired member (life expectancy at age 65)	23.1	25.9

The mortality assumptions are based upon the PA92 mortality tables, with allowance for future increases in life expectancy in line with the medium cohort projection.

28. Retirement benefit obligations (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Increase in scheme liabilities
Discount rate	Decrease by 0.1%	£4.4m (2.1%)
Rate of inflation	Increase by 0.1%	£2.5m (1.2%)
Rate of salary growth	Increase by 0.1%	£1.3m (0.6%)
Life expectancy	Increase by 1 year	£6.9m (3.3%)

The amounts recognised in the income statement were as follows:

	2008 £m	2007 £m
Current service cost	5.1	5.5
Total pension cost recognised in operating expenses in the consolidated income statement	5.1	5.5
Interest cost	13.4	11.9
Expected return on scheme assets	(11.7)	(9.0)
Total pension cost recognised in finance costs in the consolidated income statement	1.7	2.9
Total pension cost recognised in the consolidated income statement	6.8	8.4

The amount included in the balance sheet arising from the Group's obligations in respect of its defined benefit pension scheme is as follows:

	2008 £m	2007 £m
Present value of funded obligations	208.8	232.8
Fair value of scheme assets	(171.6)	(167.9)
Deficit for funded scheme	37.2	64.9
Unrecognised net actuarial gain	33.5	13.4
Net liability recognised in the balance sheet at 30 June	70.7	78.3

	2008 £m	2007 £m
Net liability for defined benefit obligations at 1 July	78.3	87.9
Contributions received	(14.4)	(18.0)
Expense recognised in the income statement	6.8	8.4
Net liability for defined benefit obligations at 30 June	70.7	78.3

A deferred tax asset of £19.8m (2007: £21.9m) has been recognised in the balance sheet in relation to the pension liability (note 18).

Movements in the present value of defined benefit obligations were as follows:

	2008 £m	2007 £m
Present value of benefit obligations at 1 July	232.8	231.8
Current service cost	5.1	5.5
Interest cost	13.4	11.9
Scheme participants' contributions	1.8	1.8
Actuarial gain	(37.4)	(8.6)
Benefits paid from scheme	(6.7)	(9.4)
Premiums paid	(0.2)	(0.2)
Present value of benefit obligations at 30 June	208.8	232.8

28. Retirement benefit obligations (continued)

Movements in the fair value of scheme assets were as follows:

	2008 £m	2007 £m
Fair value of scheme assets at 1 July	**167.9**	141.1
Expected return on scheme assets	**11.7**	9.0
Actuarial (loss)/gain on scheme assets	**(17.3)**	7.6
Employer contributions	**14.4**	18.0
Member contributions	**1.8**	1.8
Benefits paid from scheme	**(6.7)**	(9.4)
Premiums paid	**(0.2)**	(0.2)
Fair value of scheme assets at 30 June	**171.6**	167.9

The analysis of scheme assets and the expected rate of return at the balance sheet date was as follows:

	2008 Percentage of scheme assets	**2008 Expected return on scheme assets**	2007 Percentage of scheme assets	2007 Expected return on scheme assets
Equity securities	**50.7%**	**7.70%**	59.2%	7.60%
Debt securities	**47.3%**	**5.94%**	40.4%	5.40%
Other	**2.0%**	**5.20%**	0.4%	5.80%
Total	**100.0%**	**6.82%**	100.0%	6.70%

To develop the expected long-term rate of return on assets assumption, the Group considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of risk premium associated with other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The actual return on scheme assets was as follows:

	2008 £m	2007 £m
Actual return on assets		
Actual return on scheme assets	**(5.6)**	16.6

The four-year history of experience adjustments arising on scheme (liabilities)/assets was as follows:

	2008	2007	2006	2005
Present value of defined benefit obligations (£m)	**(208.8)**	(232.8)	(231.8)	(223.9)
Fair value of scheme assets (£m)	**171.6**	167.9	141.1	115.5
Deficit in the scheme (£m)	**(37.2)**	(64.9)	(90.7)	(108.4)
Experience adjustment in scheme liabilities (£m)	**11.4**	(13.2)	–	–
Percentage of scheme liabilities	**5.5%**	(5.7%)	–	–
Experience adjustment in scheme assets (£m)	**(17.3)**	7.6	8.0	–
Percentage of scheme assets	**(10.1%)**	4.5%	5.7%	–

The expected employer contribution to the defined benefit pension scheme in the year ending 30 June 2009 is £15.5m.

29. Share capital

	2008 £m	2007 £m
Authorised: 439,460,000 (2007: 402,850,000) ordinary shares of 10p each	**43.9**	40.3
Allotted and issued ordinary shares of 10p each fully paid: 346,718,019 ordinary shares (2007: 346,511,877)	**34.7**	34.7

The authorised share capital of the Company was increased to 439,460,000 from 402,850,000 on 27 November 2007.

The issued share capital of the Company was increased during the year to 346,718,019 ordinary shares of 10p each by the issue of:
- 85,630 (2007: 840,300) ordinary shares of 10p each for a cash consideration of £479,107 (2007: £3,909,080) in satisfaction of options duly exercised in accordance with the rules of the share option plans
- 120,512 (2007: 102,571,785) ordinary shares as £1,313,581 (2007: £1,118,032,457) of the consideration for the acquisition of Wilson Bowden Limited

The Barratt Developments PLC Employee Benefit Trust (the 'EBT') holds 1,711,046 (2007: 1,714,046) ordinary shares in the Company. The cost of the shares, at an average of 165.9 pence per share (2007: 164.6 pence per share), was £2,838,386 (2007: £2,821,186). The market value of the shares held by the EBT at 30 June 2008, at 58.0 pence per share (2007: 993.0 pence per share), was £992,407 (2007: £17,020,477). The shares are held in the EBT for the purpose of satisfying options that have been granted under The Barratt Developments PLC Executive and Employee Share Option Plans. These ordinary shares do not rank for dividend and do not count in the calculation of the weighted average number of shares used to calculate earnings per share until such time as they are vested to the relevant employee.

30. Share-based payments

Details of the share option schemes

a) Executive Share Option Plan

In November 1997, the Company adopted the current Executive Share Option Plan (the 'Plan'). The grant of share options under this Plan is at the discretion of the Remuneration Committee, taking into account individual performance and the overall performance of the Group. Options must be held for a minimum of three years from the date of grant before they can be exercised and lapse if not exercised within ten years from the date of grant. The exercise of options granted under the Plan is subject to the achievement of an objective performance condition set by the Remuneration Committee, namely that the growth in the basic earnings per share of the Company over a period of three consecutive financial years should exceed the growth in the Retail Price Index by at least 6% for options granted in 1997 and 1998, and by at least 9% for those options granted in and since 1999.

b) Employee Share Option Plan

In November 1999, the Company adopted an Employee Share Option Plan (the 'Plan'). The Board approves the grant of share options to employees under this Plan which are normally exercisable between three and ten years from the date of grant. The exercise of the options granted under the Plan are subject to the achievement of an objective performance condition set by the Board, namely that the growth in the basic earnings per share of the Company over a period of three consecutive financial years should exceed the growth in the Retail Price Index by at least 9%.

Those who have participated in the Executive Share Option Plan do not participate in the Employee Share Option Plan.

c) Long-Term Performance Plan

The Long-Term Performance Plan (the 'LTPP') was approved by shareholders at the Annual General Meeting held in November 2003 to take effect from 1 July 2003. Further details relating to the LTPP are set out in the Remuneration report on page 39.

d) Wilson Bowden plc Savings Related Share Option Scheme (the 'WBSRSOS')

Under the WBSRSOS, participants were required to make monthly contributions to an approved savings authority under a contractual savings scheme for a period of three years or five years. On entering into the savings contract, participants were granted an option to acquire ordinary shares in Wilson Bowden plc at a discount, of no more than 20%, to the middle market price of Wilson Bowden plc's shares immediately prior to the date of grant.

The exercise of options under the WBSRSOS was not subject to the satisfaction of a performance condition, as the WBSRSOS was Inland Revenue approved and open to all eligible employees.

30. Share-based payments (continued)

In consequence of the acquisition of Wilson Bowden, under the rules of the WBSRSOS, options granted which were not already exercisable became exercisable during the six months following 23 April 2007, to the extent of the savings made under related savings contracts at the time of the exercise together with any accrued interest or bonus due. Pursuant to the provisions of Wilson Bowden Limited's Articles of Association, shares arising upon exercise of such options after the Reorganisation Record Time (being 6pm on 24 April 2007) for the Scheme of Arrangement by which the acquisition was effected (the 'Scheme'), but prior to expiry of such six-month period, were automatically acquired by the Company in consideration for the payment by the Company to the holders of option shares substantially equivalent to that consideration receivable under the Scheme had the option shares been in issue at the Reorganisation Record Time. Any options outstanding upon the expiry of this six-month period lapsed. Details of ordinary shares held under option under the WBSRSOS together with options exercised or lapsed during the period under review are provided in the table on page 87.

Outstanding options

At 30 June 2008, the following options issued in accordance with the rules of the Executive Share Option Plan, the Employee Share Option Plan, the Long-Term Performance Plan and the WBSRSOS were outstanding:

Date of grant	Option price pence	**2008 Number**	2007 Number	Not exercisable after
Executive Share Option Plan				
11 December 1997	222	**–**	20,000	10 December 2007
15 October 1998	205	**39,000**	39,000	14 October 2008
30 September 1999	275	**47,000**	47,000	29 September 2009
27 October 2000	273	**52,000**	52,000	26 October 2010
1 November 2001	330	**77,764**	77,764	31 October 2011
22 October 2002	435	**360,738**	360,738	21 October 2012
10 October 2003	545	**823,210**	850,210	9 October 2013
8 October 2004	543	**–**	1,748,433	7 October 2014
Total Executive Share Option Plan options		**1,399,712**	3,195,145	
Employee Share Option Plan				
10 April 2000	240	**13,000**	13,000	9 April 2010
29 March 2001	315	**29,500**	32,000	28 March 2011
25 April 2002	470	**58,000**	64,500	24 April 2012
14 May 2004	590	**465,450**	536,080	13 May 2014
Total Employee Share Option Plan options		**565,950**	645,580	
Total share options – Barratt Developments PLC		**1,965,662**	3,840,725	
Long-Term Performance Plan				
8 October 2004	–	**–**	432,604	–
18 November 2005	–	**1,040,888**	1,040,888	–
16 November 2006	–	**712,767**	712,767	–
21 December 2007	–	**2,977,041**	–	–
Total Long-Term Performance Plan – Barratt Developments PLC		**4,730,696**	2,186,259	
Total share options and Long-Term Performance Plan – Barratt Developments PLC		**6,696,358**	6,026,984	
Wilson Bowden plc 2003 Savings Related Share Option Scheme				
13 June 2003 – 3 year	811	**–**	–	23 October 2007
13 June 2003 – 5 year	811	**–**	80,457	23 October 2007
21 April 2004 – 3 year	1,055	**–**	3,289	23 October 2007
21 April 2004 – 5 year	1,055	**–**	21,099	23 October 2007
4 May 2005 – 3 year	1,068	**–**	18,005	23 October 2007
4 May 2005 – 5 year	1,068	**–**	13,708	23 October 2007
16 October 2006 – 3 year	1,590	**–**	46,095	23 October 2007
16 October 2006 – 5 year	1,590	**–**	19,378	23 October 2007
Total Wilson Bowden plc 2003 Savings Related Share Option Scheme		**–**	202,031	
Total share options – Wilson Bowden Limited		**–**	202,031	

30. Share-based payments (continued)

The number and weighted average exercise prices of the Executive Share Option Plan are as follows:

	2008 Weighted average exercise price in pence	2008 Number of options	2007 Weighted average exercise price in pence	2007 Number of options
Outstanding at 1 July	**512**	**3,195,145**	494	5,791,969
Forfeited during the year	**540**	**(1,750,433)**	522	(132,000)
Exercised during the year	**544**	**(45,000)**	470	(2,464,824)
Outstanding at 30 June	**476**	**1,399,712**	512	3,195,145
Exercisable at 30 June	**476**	**1,399,712**	474	1,446,712

The number and weighted average exercise prices of the Employee Share Option Plan were as follows:

	2008 Weighted average exercise price in pence	2008 Number of options	2007 Weighted average exercise price in pence	2007 Number of options
Outstanding at 1 July	**557**	**645,580**	567	1,267,000
Forfeited during the year	**575**	**(36,000)**	577	(144,600)
Exercised during the year	**569**	**(43,630)**	578	(476,820)
Outstanding at 30 June	**555**	**565,950**	557	645,580
Exercisable at 30 June	**555**	**565,950**	557	645,580

The number and weighted average exercise prices of the Long-Term Performance Plan were as follows:

	2008 Weighted average exercise price in pence	2008 Number of options	2007 Weighted average exercise price in pence	2007 Number of options
Outstanding at 1 July	**–**	**2,186,259**	–	1,816,317
Forfeited during the year	**–**	**(393,674)**	–	(171,411)
Exercised during the year	**–**	**(38,930)**	–	(171,414)
Granted during the year	**–**	**2,977,041**	–	712,767
Outstanding at 30 June	**–**	**4,730,696**	–	2,186,259
Exercisable at 30 June	**–**	**–**	–	–

The number and weighted average exercise prices of the Wilson Bowden plc 2003 Savings Related Share Option Scheme were as follows:

	2008 Weighted average exercise price in pence	2008 Number of options	2007 Weighted average exercise price in pence	2007 Number of options
Outstanding at 1 July	**1,133**	**202,031**	–	–
Acquired with subsidiary	**–**	**–**	1,126	240,963
Forfeited during the year	**1,336**	**(88,595)**	1,275	(7,659)
Exercised during the year	**975**	**(113,436)**	1,040	(31,273)
Outstanding at 30 June	**–**	**–**	1,133	202,031
Exercisable at 30 June	**–**	**–**	970	108,035

30. Share-based payments (continued)

The weighted average share price, at the date of exercise, of Barratt share options exercised during the year was 807p (2007: 1,075p).

The weighted average life for outstanding Barratt share options at the end of the year was 2.7 years (2007: 4.7 years).

Income statement charge

A charge to the income statement has been made for the awards issued on or after 7 November 2002 that had not vested at 1 January 2005 in accordance with IFRS2 'Share-based Payments'.

Long-Term Performance Plan

The weighted average fair value of the options granted during 2008 was 355p (2007: 788p) per award. The awards have been valued using a Present-Economic Value model for the EPS element of the scheme and a Monte Carlo model for the TSR element of the scheme.

The weighted average inputs to the Present-Economic Value model were as follows:

	2008 Grants	2007 Grants
Average share price	**431p**	1,095p
Average exercise price	**–**	–
Expected volatility	**30.0%**	25.0%
Expected life	**2.6 years**	2.6 years
Risk free interest rate	**–**	–
Expected dividends	**3.0%**	3.0%

The weighted average inputs to the Monte Carlo model were as follows:

	2008 Grants	2007 Grants
Average share price	**431p**	1,095p
Average exercise price	**–**	–
Expected volatility	**30.0%**	25.0%
Expected life	**2.6 years**	2.6 years
Risk free interest rate	**–**	–
Expected dividends	**3.0%**	3.0%

Expected volatility was determined by reference to the historical volatility of the Group's share price over a period consistent with the expected life of the options. The expected life used in the models has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Total expense

The Group recognised an expense of £2.3m (2007: £4.4m) in respect of equity-settled share-based payment transactions for the year ended 30 June 2008. As at 30 June 2008, an accrual of £1.0m (2007: £1.2m) was recognised in respect of social security liabilities on share-based payments.

31. Reconciliation of movements in equity

Group reconciliation of movements in equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Own shares £m	Share-based payments £m	Retained earnings (restated*) £m	Total retained earnings (restated*) £m	Total (restated*) £m
					Attributable to equity holders of the parent				
Balance at 1 July 2006 as previously reported	24.3	202.3	–	–	(13.4)	7.8	1,318.9	1,313.3	1,539.9
Prior year adjustment	–	–	–	–	–	–	(10.9)	(10.9)	(10.9)
Balance at 1 July 2006 as restated	24.3	202.3	–	–	(13.4)	7.8	1,308.0	1,302.4	1,529.0
Profit for the year	–	–	–	–	–	–	298.3	298.3	298.3
Revaluation of available for sale financial assets	–	–	–	–	–	–	(0.7)	(0.7)	(0.7)
Net fair value gains on interest rate swaps designated as cash flow hedges	–	–	–	12.3	–	–	–	–	12.3
Tax (charged)/credited to equity	–	–	–	(3.0)	–	5.8	(2.0)	3.8	0.8
Total income recognised for the period attributable to equity shareholders	–	–	–	9.3	–	5.8	295.6	301.4	310.7
Disposal of own shares	–	–	–	–	10.6	–	–	10.6	10.6
Dividends	–	–	–	–	–	–	(77.1)	(77.1)	(77.1)
Issue of share capital	10.4	3.8	1,107.8	–	–	–	–	–	1,122.0
Share issue costs	–	–	(0.1)	–	–	–	–	–	(0.1)
Share-based payments	–	–	–	–	–	4.4	–	4.4	4.4
Amounts transferred to the income statement	–	–	–	(1.5)	–	–	–	–	(1.5)
Balance at 30 June 2007	34.7	206.1	1,107.7	7.8	(2.8)	18.0	1,526.5	1,541.7	2,898.0
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**86.4**	**86.4**	**86.4**
Revaluation of available for sale financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**(4.6)**	**(4.6)**	**(4.6)**
Foreign exchange loss	**–**	**–**	**–**	**(1.8)**	**–**	**–**	**–**	**–**	**(1.8)**
Net fair value gains on cross currency swaps designated as cash flow hedges	**–**	**–**	**–**	**7.4**	**–**	**–**	**–**	**–**	**7.4**
Net fair value losses on interest rate swaps designated as cash flow hedges	**–**	**–**	**–**	**(19.1)**	**–**	**–**	**–**	**–**	**(19.1)**
Losses on cancelled interest rate swaps deferred in equity	**–**	**–**	**–**	**(3.6)**	**–**	**–**	**–**	**–**	**(3.6)**
Amortisation of losses on cancelled interest rate swaps deferred in equity	**–**	**–**	**–**	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Tax credited/(charged) to equity	**–**	**–**	**–**	**4.3**	**–**	**(2.5)**	**1.3**	**(1.2)**	**3.1**
Total income recognised for the period attributable to equity shareholders	**–**	**–**	**–**	**(12.7)**	**–**	**(2.5)**	**83.1**	**80.6**	**67.9**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(126.0)**	**(126.0)**	**(126.0)**
Issue of share capital	**–**	**0.5**	**1.3**	**–**	**–**	**–**	**–**	**–**	**1.8**
Transfer of loss on cancelled swaps	**–**	**–**	**–**	**1.5**	**–**	**–**	**(1.5)**	**(1.5)**	**–**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**2.3**	**–**	**2.3**	**2.3**
Purchase of shares to satisfy LTPPs	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**	**(0.3)**
Transfer of share-based payments charge for non-vested options	**–**	**–**	**–**	**–**	**–**	**(3.5)**	**3.5**	**–**	**–**
Balance at 30 June 2008	**34.7**	**206.6**	**1,109.0**	**(3.4)**	**(2.8)**	**14.0**	**1,485.6**	**1,496.8**	**2,843.7**

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

31. Reconciliation of movements in equity (continued)

Company reconciliation of movements in equity

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Own shares £m	Share-based payments £m	Retained earnings £m	Total retained earnings £m	Total £m
					Attributable to equity holders of the parent				
Balance at 1 July 2006	24.3	202.3	–	–	(13.4)	7.8	260.1	254.5	481.1
Profit for the year	–	–	–	–	–	–	90.8	90.8	90.8
Net fair value gains on interest rate swaps designated as cash flow hedges	–	–	–	12.3	–	–	–	–	12.3
Tax charged to equity	–	–	–	(3.4)	–	–	(1.8)	(1.8)	(5.2)
Total income recognised for the period attributable to equity shareholders	–	–	–	8.9	–	–	89.0	89.0	97.9
Disposal of own shares	–	–	–	–	10.6	–	–	10.6	10.6
Dividends	–	–	–	–	–	–	(77.1)	(77.1)	(77.1)
Issue of share capital	10.4	3.8	1,107.8	–	–	–	–	–	1,122.0
Share issue costs	–	–	(0.1)	–	–	–	–	–	(0.1)
Share-based payments	–	–	–	–	–	4.4	–	4.4	4.4
Balance at 30 June 2007	34.7	206.1	1,107.7	8.9	(2.8)	12.2	272.0	281.4	1,638.8
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**978.4**	**978.4**	**978.4**
Foreign exchange loss	**–**	**–**	**–**	**(1.8)**	**–**	**–**	**–**	**–**	**(1.8)**
Net fair value gains on cross currency swaps designated as cash flow hedges	**–**	**–**	**–**	**7.4**	**–**	**–**	**–**	**–**	**7.4**
Net fair value losses on interest rate swaps designated as cash flow hedges	**–**	**–**	**–**	**(19.1)**	**–**	**–**	**–**	**–**	**(19.1)**
Losses on cancelled interest rate swaps deferred in equity	**–**	**–**	**–**	**(3.6)**	**–**	**–**	**–**	**–**	**(3.6)**
Amortisation of losses on cancelled interest rate swaps deferred in equity	**–**	**–**	**–**	**0.1**	**–**	**–**	**–**	**–**	**0.1**
Tax credited to equity	**–**	**–**	**–**	**4.7**	**–**	**–**	**–**	**–**	**4.7**
Total income recognised for the period attributable to equity shareholders	**–**	**–**	**–**	**(12.3)**	**–**	**–**	**978.4**	**978.4**	**966.1**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(126.0)**	**(126.0)**	**(126.0)**
Issue of share capital	**–**	**0.5**	**1.3**	**–**	**–**	**–**	**–**	**–**	**1.8**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**2.0**	**–**	**2.0**	**2.0**
Purchase of shares to satisfy LTPPs	**–**	**–**	**–**	**–**	**–**	**(0.3)**	**–**	**(0.3)**	**(0.3)**
Transfer of share-based payments charge for non-vested options	**–**	**–**	**–**	**–**	**–**	**(3.1)**	**3.1**	**–**	**–**
Balance at 30 June 2008	**34.7**	**206.6**	**1,109.0**	**(3.4)**	**(2.8)**	**10.8**	**1,127.5**	**1,135.5**	**2,482.4**

Merger reserve

The merger reserve comprises the non-statutory premium arising on shares issued as consideration for acquisition of subsidiaries where merger relief under section 131 of the Companies Act 1985 applies.

Hedging reserve

The hedging reserve represents the effective portion of the gains or losses on derivative financial instruments that have been designated as hedges by the Company.

Own shares

The own shares reserve represents the cost of shares in Barratt Developments PLC purchased in the market and held by the Company on behalf of the EBT in order to satisfy options and awards under the Company's incentive schemes.

31. Reconciliation of movements in equity (continued)

Share-based payments reserve

The share-based payments reserve represents the obligation of the Group in relation to equity-settled share-based payment transactions.

Parent Company income statement

In accordance with the provisions of section 230 of the Companies Act 1985, a separate income statement for the parent Company has not been presented. The Company's profit for the year was £978.4m (2007: £90.8m).

32. Cash flows from operating activities

			Group		Company
		2008	2007 (restated*)	**2008**	2007
	Note	**£m**	£m	**£m**	£m
Profit for the year from continuing operations		**86.4**	298.3	**978.4**	90.8
Tax		**50.9**	126.5	**(22.5)**	(0.4)
Finance income		**(12.8)**	(3.5)	**(106.4)**	(46.8)
Finance costs		**168.1**	64.8	**144.5**	38.4
Share of post-tax loss from joint ventures		**2.6**	1.0	**–**	–
Profit from operations		**295.2**	487.1	**994.0**	82.0
Foreign exchange loss		**(1.8)**	–	**(1.8)**	–
Gains on swap arrangements transferred to the income statement		**–**	(1.5)	**–**	–
Amortisation of deferred loss on swaps	6	**0.1**	–	**0.1**	–
Amortisation of intangible assets	13	**0.8**	–	**–**	–
Impairment of intangible assets	13	**6.2**	–	**–**	–
Depreciation	14	**6.7**	4.9	**1.0**	0.1
Impairment of goodwill	12	**24.5**	–	**–**	–
Share-based payments	30	**2.3**	4.4	**0.7**	2.8
Imputed interest on deferred term land payables	6	**(20.7)**	(18.4)	**–**	–
Imputed interest on available for sale financial assets	6, 17	**2.9**	–	**–**	–
Finance costs related to employee benefits	6, 28	**(1.7)**	(2.9)	**(1.7)**	(2.9)
Revaluation of available for sale financial assets	17	**(4.6)**	(0.7)	**–**	–
(Profit)/loss on disposal of property, plant and equipment		**(2.1)**	(2.5)	**0.3**	–
Impairment of investments	16	**–**	–	**35.6**	–
Total non-cash items		**12.6**	(16.7)	**34.2**	–
Increase in inventories		**(22.1)**	(267.4)	**–**	–
Decrease/(increase) in trade and other receivables		**43.0**	(10.1)	**(1,214.8)**	(454.3)
(Decrease)/increase in trade and other payables		**(207.7)**	(56.1)	**(14.8)**	0.9
(Increase)/decrease in available for sale financial assets		**(29.6)**	2.7	**–**	–
Total movements in working capital		**(216.4)**	(330.9)	**(1,229.6)**	(453.4)
Interest paid		**(147.0)**	(31.3)	**(143.3)**	(24.5)
Tax (paid)/received		**(114.8)**	(120.5)	**29.3**	(6.3)
Net cash outflow from operating activities		**(170.4)**	(12.3)	**(315.4)**	(402.2)

* The results for the year ended 30 June 2007 have been restated as explained in note 1.

33. Operating lease obligations

a) The Group as lessee

At 30 June 2008, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

				Group
		2008		2007
	Land and buildings £m	**Other £m**	Land and buildings £m	Other £m
Within one year	**7.1**	**4.0**	5.5	4.2
Between two and five years	**22.2**	**3.3**	14.1	3.9
In five years or more	**17.5**	**–**	10.1	–
	46.8	**7.3**	29.7	8.1

Operating lease payments represent rentals payable by the Group for certain of its office properties and motor vehicles. Motor vehicle leases have an average term of 1.6 years (2007: 1.6 years) to expiry. Property leases have an average term of 5.0 years (2007: 3.1 years) to expiry.

At 30 June 2008, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

				Company
		2008		2007
	Land and buildings £m	**Other £m**	Land and buildings £m	Other £m
Within one year	**0.9**	**0.4**	0.7	0.1
Between two and five years	**3.0**	**0.3**	2.4	0.1
In five years or more	**2.0**	**–**	2.0	–
	5.9	**0.7**	5.1	0.2

Operating lease payments represent rentals payable by the Company for certain of its office properties and motor vehicles. Motor vehicle leases have an average term of 2.0 years (2007: 2.0 years) to expiry. Property leases have an average term of 6.7 years (2007: 9.1 years) to expiry.

b) The Group as lessor

Property rental income earned during the year was £1.4m (2007: £0.1m).

The Group has lease agreements with third parties for certain commercial properties either in the process of development or which have been developed by the Group, and units on land to be subsequently developed for residential use. It is intended that the commercial properties, with their future rental income, will be sold to third parties in the normal course of business, and therefore they are classified as work in progress until the date of sale. At 30 June 2008, these properties had a carrying value of £20.3m (2007: £3.1m), and land with rental units had a carrying value of £40.9m (2007: £nil). At 30 June 2008, these rental agreements had an average term of 3.1 years (2007: 6.6 years) to expiry and total rental receivables over the entire lease period are £3.6m (2007: £1.9m).

34. Acquisitions

The Group acquired the entire issued share capital of three entities during the year, being:

- Unitary Limited — Acquired on: 5 December 2007
- Chancerygate (Lionel Road) Limited — Acquired on: 3 January 2008
- Yeovil Developments Limited — Acquired on: 4 April 2008

The total cash consideration was £54.6m, £22.3m of which was deferred. These companies were solely acquired for the land and land options that they hold. The book value of land acquired was £20.3m and the fair value was £68.0m which was offset by a deferred tax creditor of £nil (£13.4m at fair value). No goodwill arose on these acquisitions. The acquisitions did not contribute to the revenue or profit of the Group for the year and would not have done had these companies been acquired on 1 July 2007.

Additionally, the Group received cash contributions under the Wilson Bowden SAYE scheme of £1.3m in the year.

35. Contingent liabilities

The Company has guaranteed certain bank borrowings of its subsidiary undertakings, amounting to £0.8m at the year-end (2007: £8.4m). This guarantee relates to a loss making subsidiary. The liability of the Group, which is equal to the net liabilities of this subsidiary, has been provided within the consolidated financial statements.

The Group has entered into counter-indemnities in the normal course of business in respect of performance bonds. Certain subsidiary undertakings have commitments for the purchase of trading stock entered into in the normal course of business.

36. Related party transactions

a) Remuneration of key personnel

Disclosures related to the remuneration of key personnel as defined in IAS24 'Related Party Disclosures' are given in note 10. There is no difference between transactions with key management personnel of the Company and the Group.

b) Disposal of WBD (Atlantic Square) Limited to Capella Developments Limited and Development Management Agreement with Capella Consultancy Limited

On 30 June 2008, a wholly owned subsidiary of the Group, WBD (Atlantic Square) Limited, was sold by Wilson Bowden Developments Limited to Capella Developments Limited for total consideration of £4.3m (on a debt and cash free basis). In addition, the Group entered into a Development Management Agreement with Capella Consultancy Limited, a sister company of Capella Developments Limited, in respect of the management by Capella Consultancy Limited of certain of the Group's other Scottish properties and interests. The maximum consideration (including in respect of certain performance-related incentive arrangements) under the Development Management Agreement is £2.5m.

Capella Developments Limited and Capella Consultancy Limited were related parties of the Barratt Group because, at completion, each company was an associate of James Fitzsimons who was a former director of Wilson Bowden Developments Limited, WBD (Atlantic Square) Limited and certain other companies within the Group.

At 30 June 2008, there was no outstanding balance due to the Group from either Capella Developments Limited or Capella Consultancy Limited.

c) Transactions between the Company and its subsidiaries

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

The amount outstanding to the Company from subsidiary undertakings at 30 June 2008 totalled £2,229.3m (2007: £1,008.2m). The amount owed by the Company to subsidiary undertakings at 30 June 2008 totalled £nil (2007: £nil).

During the year ended 30 June 2008, the Company made management charges to subsidiaries of £27.1m (2007: £28.0m), received interest on Group loans from subsidiaries of £102.1m (2007: £45.8m) and received dividends from subsidiaries of £1,058.4m (2007: £97.4m).

37. Post balance sheet event

On 9 July 2008, the Company entered into a £400m three-year committed revolving credit facility. In addition, £350m of the existing £400m five-year revolving credit facility (effective from 2 February 2005) was extended on 6 August 2008 to match the maturity period of the new three-year £400m revolving credit facility. The remaining £50m of this facility expires on 1 February 2010.

On 9 July 2008, the Company agreed with its bankers and private placement investors to amend the financial covenants to support the Group through the current difficult economic climate. The amendments were signed on 5 August 2008 and all conditions precedent were satisfied on 6 August 2008. From 6 August 2008 the weighted average interest rate paid by the Group increased to circa 9.75%.

Independent auditors' report to the members of Barratt Developments PLC

We have audited the Group and Parent Company financial statements (the 'financial statements') of Barratt Developments PLC for the year ended 30 June 2008 which comprise the Group income statement, the Group and Parent Company balance sheets, the Group and Parent Company cash flow statements, the Group statement of recognised income and expense, the Accounting policies and the related notes 1 to 37, together with the statements on impact of standards and interpretations in issue but not yet effective and critical accounting judgements and key sources of estimation uncertainty. These financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Directors' Remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the Annual Report, the Directors' Remuneration report and the financial statements in accordance with applicable law and International Financial Reporting Standards ('IFRS') as adopted by the European Union are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the Directors' Remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' report is consistent with the financial statements. The information given in the Directors' report includes that specific information presented in the Business review and Group Finance Director's review that is cross referred from the Business review section of the Directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Directors' remuneration and other transactions is not disclosed.

We review whether the Corporate Governance Statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the Group's affairs as at 30 June 2008 and of its profit for the year then ended;
- the Parent Company financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the Parent Company's affairs as at 30 June 2008;
- the financial statements and the part of the Directors' Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the financial statements.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London UK
9 September 2008

Five year record, financial calendar, Group advisors, Company information and Life President

Five year record

	2008 IFRS	2007 IFRS (restated*)	2006 IFRS (restated*)	2005 IFRS (restated*)	2004 UK GAAP
Group revenue (£m)	**3,554.7**	3,046.1	2,431.4	2,484.7	2,516.0
Profit before tax (£m)	**137.3**	424.8	385.3	390.2	367.7
Share capital and equity (£m)	**2,843.7**	2,898.0	1,529.0	1,318.9	1,116.1
Per ordinary share:					
Basic earnings per share (pence)	**25.0**	115.4	113.5	118.7	111.4
Dividend paid (pence)	**36.53**	32.07	28.33	23.67	19.22
Net assets (pence)	**820**	836	629	545	465
Dividend cover	**0.7**	3.9	4.0	5.0	5.8

* The results for the years ended 30 June 2007, 2006 and 2005 have been restated as explained in note 1 to the financial statements.

Note

- Information relating to 2008, 2007, 2006 and 2005 is presented under IFRS.
- Information relating to 2004 is presented under UK GAAP, as directed by IFRS 1.

Financial calendar

The following dates have been announced or are indicative of future dates:

Announcement of results	
2008 Annual General Meeting and Interim management statement	18 November 2008
2008/9 Interim/half year trading update	January 2009
2008/9 Interim/half year results	February 2009
Interim management statement	May 2009
2008/9 Full year trading update	July 2009
2008/9 Preliminary Results	September 2009

Group advisors

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The Registry
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BR3 4TU

Registered Auditors
Deloitte & Touche LLP
London

Solicitors
Slaughter and May

Brokers
Credit Suisse Securities (Europe) Limited
UBS Investment Bank

Investment Bankers
UBS Investment Bank

Company information

Registered in England and Wales. Company number 604574

Registered address: Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF

Life President

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

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