BARRATT
DEVELOPMENTS PLC

10 September 2014

Immediate release

Barratt Developments PLC
Annual Results Announcement for the year ended 30 June 2014

A year of outstanding progress

£m unless otherwise stated	Year ended 30 June 2014	Year ended 30 June 2013[1]	Change
Total completions[2] (plots)	14,838	13,663	8.6%
Revenue	3,157.0	2,606.2	21.1%
Profit from operations[3]	409.8	252.7	62.2%
Operating margin[4] (%)	13.0	9.7	330bps
Profit before tax[5]	390.6	192.0	103.4%
Basic earnings per share (pence)	31.2	7.7	305.2%
Total ordinary dividend per share (pence)	10.3	2.5	312.0%
Return on capital employed[6] (%)	19.5	11.5	800bps

Highlights

- Significant increase in housing completions with the Group[7] responding to sustained strength in consumer demand across all areas of the country
- Private average selling price increased by 12.9% to £241,600 (2013: £213,900) driven by further changes in mix and some house price inflation
- Profit before tax more than doubled to £390.6m (2013: £192.0m before exceptional items)
- Strong cash generation resulting in net cash at 30 June 2014 of £73.1m (2013: £25.9m net debt), the first net cash position for eight years
- Continue to secure excellent land opportunities approving 21,478 plots for purchase and increased Group's controlled land supply to 4.7 years

Return on capital employed target and medium term Capital Return Plan

- ROCE up 800 basis points to 19.5% (2013: 11.5%) with new ROCE target set of at least 25% for FY17
- Ordinary dividend set at three times cover with final dividend proposed of 7.1 pence per share, giving a total ordinary dividend of 10.3 pence per share
- Special cash payment programme expected to return an incremental £400m to shareholders in the three years to FY17, with the first payment of £100m in November 2015

Outlook

- A return to more normal seasonal trends following exceptionally high levels of activity post the launch of Help to Buy in April 2013
- Private forward sales as at 7 September 2014 at £1,145.6m (2013: £880.4m) up 30.1% on the same point last year

Commenting on the results Mark Clare, Group Chief Executive of Barratt Developments PLC said:
"This significant improvement in performance has been driven by the £3.8bn we have committed to land investment since mid-2009, together with the recovering market and improvements in design, quality and efficiency. Our disciplined approach will support a further significant increase in performance this year and we are now targeting a return on capital of at least 25% by FY17. Our special cash payment programme for the next three years combined with our ordinary dividend, is expected to return around £950m of cash to our shareholders."

1 Comparatives restated where applicable following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year
2 Includes joint venture ('JV') completions in which the Group has an interest
3 Year ended 30 June 2013 profit from operations before exceptional items £252.7m, profit from operations £249.9m
4 Operating margin is profit from operations divided by revenue
5 Year ended 30 June 2013 profit before tax before exceptional items £192.0m, profit before tax £104.5m
6 Return on capital employed ('ROCE') is calculated as earnings before interest, tax, operating charges relating to the defined benefit pension scheme and operating exceptional items, divided by average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, retirement benefit obligations and derivative financial instruments
7 In this Annual Results Announcement, Barratt Developments PLC is defined as the 'Company' and together with its subsidiary undertakings is defined as the 'Group'

Certain statements in this document may be forward looking statements. By their nature, forward looking statements involve a number of risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by those statements. Forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Accordingly undue reliance should not be placed on forward looking statements.

There will be an analyst and investor meeting at 9.00am today at Deutsche Bank, 1 Great Winchester Street, London, EC2N 2DB. The presentation will be broadcast live on the Barratt Developments corporate website, www.barrattdevelopments.co.uk, from 9.00am today. A playback facility will be available shortly after the presentation has finished.

A listen only function will also be available.
Dial in: 0800 953 1287
International dial in: +44 (0) 1452 560 297
Access code: 84241416#

Further copies of this announcement can be obtained from the Company Secretary's office at: Barratt Developments PLC, Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

For further information please contact:

Barratt Developments PLC	
David Thomas, Group Finance Director	020 7299 4896
Analyst/investor enquiries	
Susie Bell, Head of Investor Relations	020 7299 4880
Media enquiries	
Patrick Law, Group Corporate Affairs Director	020 7299 4892
Liz Morley, Maitland	020 7379 5151

Chairman's Statement

A year of outstanding progress

This has been a year of outstanding progress for the Group. In addition to stronger market conditions, we have benefitted from the underlying improvements we have embedded in the business.

As a result, our profitability[8] has more than doubled, we have hit our return on capital target two years early and have improved our margins significantly.

An improving market

The UK housing market has continued to recover with strength now being seen in all regions. Mortgage lending has improved and the Government's Help to Buy scheme has had a positive effect in increasing the construction and sale of new housing.

We were particularly pleased to see that in March, the Help to Buy (Equity Loan) scheme due to finish in 2016 was extended to 2020. This provides the industry with more continuity, an important consideration given the investment timescales involved in buying and developing land.

The varied rates of recovery across different regions of the UK have been challenging for policy makers. In this context, the measures introduced by the Bank of England in June to limit high loan to value lending appear well targeted.

We welcome a policy environment that provides greater stability in the longer term, which enables us to drive sustainable improvements in our returns.

An improved operating performance

During the year we have continued to benefit from the substantial improvements we have made to our operating performance.

Acquiring land suitable for development on the right terms is the fundamental building block of our business. Whilst the land market has become more competitive, in particular in the South East, the quality and disciplined approach of our land teams means that high margin land in attractive locations continues to be secured. The new sites already in production are exceeding our target returns.

There is no doubt that increasing volumes across the industry have put pressures on our supply chain. I am pleased that the long term relationships with our suppliers have ensured that we have been able to work through these issues with little disruption to our business.

At the same time, operating costs remain under control with a continued focus on process improvement, driven by the cost advantages of our centralised procurement systems, standardised build processes and IT systems.

Building quality homes

During the year we have increased our focus on design and the quality of the homes that we build. The Board believes that this customer-first ethos provides a competitive edge in terms of customer preference and pricing, whilst driving out costs resulting from poor build quality.

For the tenth successive year the National House-Building Council ('NHBC') has awarded our site managers more Pride in the Job Awards than any other housebuilder. We are the only major housebuilder to achieve the Home Builders Federation ('HBF') Five Star recommendation from customers for five consecutive years.

We are committed to Building for Life 12, the new Government endorsed design standard.

Our employees

The recent progress of the Group could not have been achieved without the talent and hard work of our employees.
On behalf of the Board, I wish to thank our employees for their efforts that underpin the quality, the safety and the success of our operations. We are committed to continuing the investment in the development of our people, which is at the heart of creating a great place to work.

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8 Profit before tax £390.6m (2013: £192.0m before exceptional items)

Improving returns and the Capital Return Plan
ROCE is an important performance metric for our business and our initial target of 18% ROCE for FY16 has been achieved two years early. The Board has therefore set a new target of at least 25% for FY17 and, following recent consultation with shareholders, ROCE performance has now been linked to the Executive Long Term Performance Plan.

Looking at the medium term plan for the Group, with a backdrop of controlled volume growth, we expect to substantially increase cash generation. Whilst we will continue our disciplined approach to investing in high quality land opportunities and targeting minimal year end net debt, we believe it is now appropriate to supplement our ordinary dividend payments. The Board is therefore pleased to announce a medium term Capital Return Plan that will combine the ordinary dividend, which will continue to be based on the dividend being three times covered by earnings, together with a special cash payment programme.

Under the special cash payment programme we anticipate proposing a special cash payment with our FY15 results of £100m payable in November 2015, followed by a special cash payment of £125m proposed with our FY16 results payable in November 2016, and a special cash payment of £175m proposed with our FY17 results payable in November 2017. We will consider the best mechanism to effect the special cash payment programme such as using a B-class share scheme or a special dividend.

We therefore expect to return around £950m of cash through ordinary[B] dividend and special cash payments to our shareholders in the next three years, which equates to a total of 96 pence per share based upon 30 June 2014 share capital.

As the first payment in the Capital Return Plan, the Board proposes a final ordinary dividend of 7.1 pence per share payable in November 2014, which combined with the interim dividend of 3.2 pence per share, gives a total dividend for FY14 of 10.3 pence per share. The dividend is covered three times by earnings, achieving our target for FY16 two years ahead of schedule.

Capital Return Plan – Proposed payments	**Ordinary dividend £m**	**Special cash payment £m**	**Total £m**	**Total pence per share**
November 2014	70[A]	-	70	7.1[A]
Year to November 2015	138[B,C]	100	238	24.2[C]
Year to November 2016	164[B,C]	125	289	29.3[C]
Year to November 2017	178[B,C]	175	353	35.8[C]
Total[D]	**550**	**400**	**950**	**96.4[C]**

[A] Proposed final dividend of 7.1p per share as announced on 10 September 2014.
[B] Based on Reuters consensus estimates of earnings per share of 42.3p for FY15, 50.2p for FY16 and 54.2p for FY17 as at 8 September 2014 and applying a three times dividend cover in line with previously announced policy.
[C] Based upon 30 June 2014 share capital of 984,983,475 shares.
[D] All final dividends and the special cash payment programme are subject to shareholder approval. The first special cash payment will be subject to shareholder approval at the Annual General Meeting in November 2015 and subsequent special cash payments will be subject to shareholder approval.

The Board
The Board has set out a clear strategy for the future development of the Group and this is being successfully implemented by the Executive team. After six years as Chairman I will step down from the Board at the Company's AGM.

I am grateful for the contribution of my Board colleagues in developing the Group's strategy through market conditions that were challenging and are now improving. They have consistently supplied the right degree of support and challenge.

For the next stage of the Group's development, the Board has recruited an outstanding new Chairman, John Allan CBE. He joined the Board on 1 August 2014 and I wish him and the Board well for the future.

Bob Lawson
Chairman
9 September 2014

Group Chief Executive's Review

We have traded very well throughout the year on the back of stronger market conditions in all parts of the country, our substantial land investments over the last five years and continuing improvements in our underlying performance.

We have achieved considerable progress in building profitability and driving ROCE. Profitability has more than doubled to £390.6m (2013: £192.0m before exceptional items) and we achieved a ROCE of 19.5%, exceeding our target of 18% two years ahead of schedule. A continued focus on both profitability and ROCE will maximise sustainable shareholder value.

The stronger market conditions have resulted in a significant increase in activity levels and we have been particularly focused on maintaining discipline and control through every aspect of the business. We have strengthened our Balance Sheet, ending the year with a net cash balance of £73.1m (2013: £25.9m net debt) – the first time we have been in a year end net cash position for eight years.

During the year we have also continued to identify and implement operational improvements that will further enhance our future performance.

Our performance

Building profitability

The very substantial increase in profitability has been driven by our land investment strategy, the efficiency of our business model and the prices we have achieved for the outstanding homes we have built.

Land investment

Since re-entering the land market in 2009, we have approved the purchase of £3.8bn of land. All land approvals must meet our minimum hurdle rates of a 20% gross margin and 25% ROCE[9] without assuming price inflation. During the year, returns on newly acquired land exceeded these minimum hurdle rates.

The transformation of our land bank from older low margin land to newly acquired high margin land is progressing well. In 2014, 65% (2013: 49%) of completions were from newly acquired high margin land and this will increase in FY15, underpinning further improvements in financial performance. We expect 95% of all completions to be from new land for FY17 and that the Group gross margin will be a minimum of 20%.

Driving value

During the year, private average selling price increased by 12.9% from £213,900 to £241,600. This reflects our strategy of changing the mix of homes we sell and ensuring we maximise value coupled with house price inflation of around 5% for the year.

We are continuing to focus on carefully matching the type and style of homes we build to local demand conditions. The proportion of larger homes in attractive locations has increased and we are building fewer apartments. Outside of London, the proportion of our completions that were apartments fell from 21.5% to 17.4% during the year.

Stronger market conditions have led to an increase in underlying house prices. During the year we saw this reflected in the higher prices being achieved for our homes, particularly in London, the South East and the East of England with smaller increases elsewhere in the country.

A key component of our marketing proposition remains quality and good design. Higher quality homes on attractive, well designed developments command a price premium compared to the second-hand market in many areas.

Efficiency and costs

Higher production volumes across the industry placed a number of well publicised pressures on the supply chain. Increased costs and shortages of materials were experienced across the industry, however we experienced limited disruption to our build programme.

Our operating model of building a high proportion of standardised product, strong supplier relationships and centralised procurement contracts has served us well. A shortage of skilled labour did increase costs, with bricklaying the most affected area. However, these costs form a low proportion of our total cost base. Overall we have seen a low single digit increase in our build costs. Over the next twelve months we expect low single digit build cost inflation.

[9] Site ROCE on land acquisition is calculated as site operating profit (site trading profit less overheads less allocated administrative overheads) divided by average investment in site land, work in progress and equity share

Driving returns on capital

During the year we continued our focus on increasing return on capital achieving a ROCE of 19.5%, up from 11.5% in FY13. As a result, we exceeded our target of 18% two years ahead of schedule and we have now revised our target to a ROCE of at least 25% for FY17.

New land coming into production is a key driver of return on capital for the business and we have a 25% hurdle rate for all the new land we acquire. On completed sites to date that were acquired since 2009, we have generated a 39.2% ROCE.

A stronger Balance Sheet

Over the last three years we have moved from net debt of £322.6m as at 30 June 2011 to net cash of £73.1m as at 30 June 2014. This reflects our stronger trading performance combined with control of working capital.

Our priorities

We have developed four priorities to deliver leading financial performance and returns for our shareholders; customer first, great places, building excellence and investing in our people. For each area we have a number of targets in place that will drive the performance of the business. We believe that by innovating in these areas and consistently applying best practice, we will maximise sustainable returns for our shareholders.

Customer first

A fundamental part of our strategy is to increase customer preference by building great homes and providing an outstanding experience for our customers. We have again achieved a customer recommendation score of over 90%, achieving a HBF 5 Star customer rating for the fifth consecutive year. We are the only major housebuilder to achieve this.

We ensure that the value of our David Wilson and Barratt brands are maximised through carefully defined market positioning and by offering the right house types to the right market segments. During the year we have refreshed the Barratt Homes and Barratt London brands and this is proving popular with customers and our employees.

80% of customer leads are now generated through our websites and 94% of leads are actioned within five working hours. The cost-effectiveness of our lead generation is also reinforced by a national call centre that is now handling over 70,000 enquiries per year.

We continue to develop a series of optional extras for our customers to ensure that we meet their requirements. Last year 57% of our customers chose optional extras with an average spend of £3,900.

In the longer term we are continuing to research the lifestyle choices of our customers to ensure we understand emerging consumer trends.

Great places

Building great places requires the ability to secure outstanding sites at the right price and ensuring that through thoughtful design they are transformed into attractive places to live.

We are positioning ourselves as the local developer of choice based on the quality of our business and the ability to secure the right planning consents. As a result, we have been able to develop innovative partnerships with a number of land owners. During the year we approved £1,198.1m (2013: £1,047.3m) of land investment amounting to 21,478 (2013: 18,536) units on 156 (2013: 145) sites. As at 30 June 2014 the Group had 4.7 years (excluding JV's) of land supply, slightly exceeding the Group target of 4.5 years. This reflects our success at both acquiring operational land in the market and converting land from our strategic land.

We have made good progress on building our strategic land portfolio, which now comprises c. 69,200 plots (2013: c. 59,800 plots). In the year 10.0% (2013: 7.0%) of total completions were on strategically sourced land, and as our rate of strategic land conversion increases, we expect strategic land to deliver around 20% of completions in FY17.

18.2% (2013: 24.1%) of the land acquisitions approved in the year originated from the public sector. This is an area of competitive advantage for the Group as the procurement requirements are complex and require high design, environmental consideration and delivery capability.

In terms of design, we are now using Building for Life 12 on all new sites to ensure that we create great places to live. We are the only major housebuilder to commit to the full implementation of this standard.

Building excellence

The quality of our building processes and the homes we sell to our customers is of critical importance. For the tenth year in a row we have won more NHBC Pride in the Job Awards for the excellence of our site managers than any other housebuilder.

We believe that a 'right first time' approach is the most cost-effective option and we will continue to focus on the excellence of our build processes.

Where there are cost advantages and quality can be guaranteed, we are already adopting modern methods of construction ('MMC') in certain elements of home construction such as roofing systems. In the short term we will develop this approach further and in the longer term we believe there will be opportunities to develop a 'whole house' MMC approach across the business.

Investing in our people

Attracting and retaining the best people by investing in their development is fundamental to the success of our business, particularly as the industry continues to recover and skill shortages remain.

During the year over 750 of our sales advisers attended our internal sales academy, which awards a nationally recognised qualification, to ensure that our sales and service capability on site is enhanced. The first cohort of 36 assistant site managers started our foundation degree course at Sheffield Hallam University and we now have 64 students on the course in total.

In addition, we announced a new target to recruit 1,100 apprentices, interns and graduates over a three year period. During the year our graduate scheme was voted the best in the UK in the Job Crowd's 'Best Companies for Graduates to work for'.

Current trading

Current market conditions remain strong. Following the launch of Help to Buy in April 2013, sales rates over the summer period last year were exceptionally strong. This year we have seen a return to more normal seasonal trends. We started the new financial year with a strong forward order position and in the last ten weeks net private reservations per active site per week have averaged 0.62 (FY14 equivalent period: 0.66) in-line with our targets.

Pricing remains strong as we focus on achieving the best value for the outstanding homes we build and continue to see the benefits of reduced sales incentives coupled with improvements in selling prices arising from both underlying price inflation and changes in mix.

As at 7 September 2014 total forward sales (excluding JV's) for the Group were up 22.3% at £1,505.9m (8 September 2013: £1,231.3m) equating to 7,682 plots (8 September 2013: 6,676 plots). Private forward sales (excluding JV's) were £1,145.6m (8 September 2013: £880.4m), up 30.1%. JV total forward sales at 7 September 2014 were £249.8m (8 September 2013: £164.3m). JV private forward sales were £148.9m (8 September 2013: £156.3m).

Outlook

This has been a very strong performance and the outlook for the Group is positive.

We are continuing to see the benefits of the operational changes we have made in terms of efficiency and the focus we have placed on improving the design and quality of the homes we build. These disciplines coupled with the strength of the market and the quality of the land we are acquiring will support a further significant increase in performance in FY15 and progress towards the new ROCE target we have set of at least 25% by FY17.

With our strong projected cash generation, we are pleased to announce that our ordinary dividend programme will be supplemented by a special cash payment programme for the three years to FY17. The first special cash payment is £100m in November 2015, with £125m in November 2016 and £175m in November 2017. In combination, we expect to return around £950m of cash through ordinary (based on consensus earnings) and special cash payments to our shareholders in the next three years.

Mark Clare
Group Chief Executive
9 September 2014

Operating and Financial Review

Delivering our priorities

We have traded well throughout the financial year, delivering a very strong performance and have seen significant improvements across all financial metrics.

Group highlights £m unless otherwise stated	**Year ended 30 June 2014**	Year ended 30 June 2013[10]	**Increase**
Total completions[11] (plots)	**14,838**	13,663	**8.6%**
Average selling price (£)	**219,900**	194,800	**12.9%**
Revenue	**3,157.0**	2,606.2	**21.1%**
Profit from operations before exceptional items	**409.8**	252.7	**62.2%**
Profit from operations	**409.8**	249.9	**64.0%**
Operating margin[12] (%)	**13.0**	9.7	**330bps**
Profit before tax before exceptional items	**390.6**	192.0	**103.4%**
Profit before tax	**390.6**	104.5	**273.8%**
Basic earnings per share (pence)	**31.2**	7.7	**305.2%**
Return on capital employed (%)	**19.5**	11.5	**800bps**
Net cash/(debt)	**73.1**	(25.9)	**99.0**
Net assets	**3,354.0**	3,073.2	**9.1%**
Net tangible assets	**2,461.8**	2,181.0	**12.9%**

Our performance

We aim to deliver sustainable shareholder value through the implementation of our priorities and the delivery of our key financial objectives of building profitability and driving ROCE. We have made significant progress in both of these objectives during the year, achieving a 330 basis points increase in operating margin, a 103.4% increase in profitability and a 800 basis points improvement in ROCE to 19.5%, exceeding our target for FY16 of 18% two years ahead of schedule.

Our businesses

£m unless otherwise stated	Housebuild	Commercial	Total
Total completions[11] (plots)	**14,838**	**-**	**14,838**
Revenue	**3,142.6**	**14.4**	**3,157.0**
Profit/(loss) from operations before exceptional items	**410.8**	**(1.0)**	**409.8**
Operating margin (%)	**13.1**	**(6.9)**	**13.0**
Share of post-tax profit/(loss) from joint ventures and associates	**40.7**	**(0.2)**	**40.5**

Housebuilding

We have experienced a positive trading environment with strong demand for new homes across the country and significant improvements in operating metrics across all six of our operating regions.

Sales rates were up significantly in the year at 0.69 (2013: 0.58) net private reservations per active site per week. This increase reflects a full year of the Government's Help to Buy (Equity Loan) scheme in England, as well as the combination of our carefully selected locations, improved house design and development layout, and the investment we have made in our sales and marketing functions.

During the year we operated from an average of 364 (2013: 381) active sites (excluding JV's). We opened 132 sites (2013: 139 sites) with the level of interest in our site openings showing the strong demand for our homes across the country.

Completions for the full year including JV's, were up 8.6% at 14,838 (2013: 13,663). Private completions were up by 8.7% to 11,936 (2013: 10,978), affordable completions were 2,255 (2013: 2,268), and JV completions in which the Group had an interest were 647 (2013: 417). This represents our highest level of completions in six years. We continue to increase the proportion of our completions that are on more recently acquired higher margin land; these accounted for 65% (2013: 49%) of the total in the year. The growth in completion volumes has also enabled us to gain efficiencies from our 27 division operating structure.

10 The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year
11 Includes joint venture ('JV') completions in which the Group has an interest
12 Operating margin is profit from operations before operating exceptional costs divided by Group revenue

Help to Buy (Equity Loan) has provided a very attractive opportunity for our customers, especially for first time buyers. During the year 31.4% (2013: 4.0%) of our total completions (excluding JV's) used the scheme.

We have seen a reduction in the use of our own sales schemes, with just 0.3% (2013: 10.0%) of our completions using equity share schemes other than Help to Buy (Equity Loan) and 8.3% (2013: 15.7%) using part-exchange. This has led to a reduction in our incentive costs.

Our total average selling price ('ASP') increased by 12.9% to £219,900 (2013: £194,800) in the financial year. The majority of this increase continues to be driven by changes in mix. We have also seen underlying sales prices strengthen throughout the year across all regions. Private average selling price increased by 12.9% to £241,600 (2013: £213,900) driven by the same factors, and affordable average selling price increased by 2.8% to £105,300 (2013: £102,400).

During the year we saw some upward price pressure on materials, in particular for bricks and timber. A shortage of skilled labour did increase costs, with bricklaying the most affected area. However, these labour costs are a low proportion of our total cost base. Overall we have seen a low single digit increase in our build costs. Over the next twelve months we expect low single digit build cost inflation.

Housebuilding operating profit increased by 62.6% to £410.8m (2013: £252.7m before exceptional items, £249.9m after exceptional items).

We have a total of 12 (2013: 10) housebuilding JV sites of which 6 (2013: 7) are in London. The total future gross development value of our JV's as at 30 June 2014 was £3.0bn, the majority of which is expected to be delivered over the next six years. We have continued to make good progress on our housebuilding JV's and during the year fully completed the development of Altitude, Aldgate which is a Barratt London JV with L&Q. Housebuilding profit from JV's and associates for the year was £40.7m (2013: £7.7m).

Commercial developments

Since the downturn, outside London and the South East, the commercial occupier market has been able to satisfy demand through the availability of lower cost second-hand space. E-commerce logistics requirements present opportunities for larger distribution facilities. The retail occupier market remains challenging, although leisure occupiers have continued to perform well throughout the downturn. Mixed-use leisure and residential schemes are a focus for Wilson Bowden Developments going forward.

Commercial development revenue was £14.4m (2013: £13.6m) with an operating loss of £1.0m (2013: break-even). We completed land sales totalling 31 acres, stock property disposals totalling 152,000 sq. ft. and we also agreed a forward-funded deal for a 118-bed hotel in Derby city centre, with works due to start on site shortly. In our town centre projects, build activity has commenced on our 200,000 sq. ft. Hinckley scheme, which is substantially forward-funded and pre-let. Barratt London and Wilson Bowden Developments have been appointed Preferred Developer on a major mixed-use regeneration project in the London Borough of Hounslow.

Results

The improved performance in our housebuilding business resulted in an operating profit of £409.8m (2013: £252.7m before exceptional items, £249.9m after exceptional items) at an operating margin of 13.0% (2013: 9.7%).

The finance charge for the year was £59.7m (2013: £68.3m before exceptional items, £147.6m after exceptional items), consisting of a cash finance charge of £26.7m (2013: £47.5m) and £33.0m (2013: £20.8m) of non-cash charges.

Profit before tax for the year was £390.6m (2013: £192.0m before exceptional items, £104.5m after exceptional items). The increase of £198.6m excluding exceptional items was driven by increased completion volumes, a greater proportion of completions from more recently acquired land, some underlying house price inflation and continued efficiency gains.

The tax charge for the year was £85.2m (2013: £29.8m). The rate of tax assessed for the year is slightly below the standard effective rate of corporation tax of 22.5% (2013: 23.75%), due to a number of items, the largest of which was the use of previously unrecognised losses.

Profit after tax for the year was £305.4m (2013: £74.7m), resulting in basic earnings per share of 31.2p (2013: 7.7p).

<u>Return on capital employed</u>
We have been focused on driving a substantially improved ROCE and for the year delivered a ROCE of 19.5% (2013: 11.5%). This exceeds our target of 18% ROCE for FY16, two years ahead of schedule. We have now set a target of at least 25% ROCE for FY17.

<u>Capital Return Plan</u>
The Board has announced its Capital Return Plan with the intention of supplementing the Company's ordinary dividend payments with a special cash payment programme.

The Board proposes to pay a final ordinary dividend of 7.1 pence (2013: 2.5 pence) per share for the financial year ended 30 June 2014, which subject to shareholder approval, will be paid on 20 November 2014 to shareholders on the register at the close of business on 31 October 2014. Together with the interim ordinary dividend of 3.2 pence per share, which was paid in the year, this gives a total ordinary dividend for the year of 10.3 pence per share. The ordinary dividend was covered around three times by basic earnings per share, achieving our target of three times ordinary dividend cover for FY16 two years ahead of schedule.

Under the special cash payment programme the Board anticipates proposing a special cash payment with our FY15 results of £100m payable in November 2015, followed by a special cash payment of £125m proposed with our FY16 results payable in November 2016, and a special cash payment of £175m proposed with our FY17 results payable in November 2017. We will consider the best mechanism to effect the special cash payment programme such as using a B-class share scheme or a special dividend.

In combination, the Capital Return Plan is expected to return around £950m of cash through ordinary (based on consensus earnings) and special cash payments to the Company's shareholders in the next three years.

<u>Net cash</u>
We generated £242.3m (2013: £165.8m) of cash from our operations during the year, which resulted in net cash of £73.1m at 30 June 2014 (2013: £25.9m net debt).

As we increase site numbers, make scheduled payments on agreed new land and build work in progress to deliver spring 2015 completions, we expect net debt at 31 December 2014 to increase in line with normal seasonal trends (2013: £155.0m). It remains our objective to maintain an appropriate capital structure and have minimal year end net debt.

Our strategy in action
Our vision is to lead the future of housebuilding by putting customers at the heart of everything we do.

We will deliver sustainable returns for our shareholders by focusing on our priorities and our principles.

<u>Our Priorities</u>
We have four priorities to strengthen our business: customer first, great places, building excellence and investing in our people.

Customer first
Key highlights
- *Only major housebuilder to achieve HBF 5 Star status for fifth consecutive year*
- *Continually investing in improving product quality and customer service including site-based technology, our website and training*
- *Undertaken recent research into customer needs and are using this throughout our business including in our house designs*
- *Working with lenders to provide our customers with access to a wide range of mortgage products*

Key performance indicator
- *HBF 5 Star Housebuilder*

Our priority is to build great homes and provide a customer experience that exceeds expectations. We seek to anticipate our customers' evolving needs by continuously improving the homes and places we build.

Customer satisfaction
We are proud to have been awarded the Home Builders Federation ('HBF') 5 Star status five years in a row for excellence in customer recommendation as measured by the HBF/NHBC customer survey. We continually invest in both improving our product quality and customer service. In order to give our customers peace of mind we also offer a five-year customer warranty that covers the majority of fixtures and fittings over and above the ten-year NHBC structural warranty.

We have reviewed all of our quality control procedures in the past year to ensure that they drive the best product quality possible. All of our homes are inspected at a number of key stages and are approved by site managers, contract managers, sales staff and a divisional director before handover to our customers. Our senior management team monitors customer satisfaction survey performance on a weekly basis.

Site-based technology facilitates the monitoring of both product quality and customer service. We have upgraded site-based technology in the last year with the introduction of tablet computers so that site managers can sign-off each quality control check point. We have also invested in our customer service reporting systems and are in the process of redeveloping our in-house system.

Our people are central to delivering customer satisfaction and we have developed a new training programme for all customer-facing staff to reinforce our policies and procedures and ensure that our employees understand and display customer focused behaviours. During the year, 327 existing employees have attended a one-day customer service training programme. All new customer-facing employees will attend a two-day programme in the first three months of employment.

Communicating with our customers is also essential for excellent customer service. We are rolling out a new customer service section of our website, which allows customers to make service enquires directly to the relevant member of our team. It also explains the service process and what is covered by warranties and guarantees. We have also reviewed our customer service communications in the year and have introduced a welcome card and email for every customer, which explains which divisional director approved their home and how to raise any queries.

Responding to customer needs
We carefully consider customer preferences in the development of the Barratt and David Wilson product ranges. Our product ranges are regularly reviewed to ensure that they reflect latest trends and customer feedback and provide internal layouts designed with modern living in mind, with free-flowing living areas and natural light.

During the year we have conducted a number of consumer insight initiatives. These include customer segment research in order to better understand the product, service and marketing requirements of each type of customer; research into consumer attitudes towards sustainability and the awareness of the sustainable features of our homes; and a review of our current and proposed house type ranges for Barratt Homes. We are using the output from this research throughout our business from house design to sales and marketing.

Accessibility to home ownership
Customers now have improved access to mortgage finance that allows them to buy with a 5% deposit through the Government sponsored Help to Buy and NewBuy schemes and through an increase in the range of higher loan to value products available through regional building societies.

We welcome the recent recommendations from the Bank of England to put in place controls to limit the level of high loan to income lending from banks in the future and to ensure appropriate levels of affordability testing. We believe the proposals will provide greater stability for the market, without significantly reducing the ability of customers to secure mortgage finance. We believe that a stable pricing environment is one that will enable us to drive sustainable returns over the long term for our shareholders.

We continue to work with a broad set of lenders through our approved brokers to ensure that our customers have access to a wide range of mortgage products. This has resulted in a reduction in the reliance of our customers on the two largest lenders, Lloyds Bank and Nationwide. During the year we launched a range of products exclusive to Barratt in association with the Leeds Building Society. The products are innovative, with some allowing an initial three or six months period with no interest charged, well priced and are backed by a service proposition designed around our customers' needs.

Great places
Key highlights

- *We continue to see high quality land opportunities across all regions that meet our required hurdle rates*
- *The transformation of our land bank to more recently acquired higher margin land is progressing well (84% of our owned and controlled land bank at 30 June 2014)*
- *Detailed planning permission has been obtained on 98% of FY15 expected completions and outline planning on a further 2%*
- *All developments designed from 1 January 2014 to meet the Government endorsed Building for Life 12 design standard*

Key performance indicators

- *21,478 plots (2013: 18,536 plots) approved for purchase*
- *4.7 years (2013: 4.4 years) owned and controlled land supply (excluding JV's)*

As a business our success is dependent upon securing the best land in the most desirable locations by building long term partnerships, and designing developments that look great, are a pleasure to live on and enhance the existing local communities.

Securing the best land
The most important factor in our drive to build profitability is acquiring and bringing into production high margin land. In the year, 65% (2013: 49%) of our completions were from more recently acquired higher margin land.

We continue to see high quality land opportunities across all regions that meet our required hurdle rates of a gross margin of 20% and a ROCE of 25%. In the year we have approved a total of £1,198.1m (2013: £1,047.3m) of land equating to 21,478 plots (2013: 18,536 plots).

Land approved for purchase	**Year ended 30 June 2014**	Year ended 30 June 2013
Total	**£1,198.1m**	£1,047.3m
Total number of plots	**21,478**	18,536
Location:		
– South : North (by value)	**45% : 55%**	61% : 39%
– South : North (by plots)	**35% : 65%**	51% : 49%
Vendor: Government : Private (by plots)	**18% : 82%**	24% : 76%
Type: Houses : Flats (by plots)	**84% : 16%**	74% : 26%

Our success in buying land is based on the extensive local knowledge of our divisional land teams and strong local relationships with land owners, combined with detailed assessments of local market conditions. We target locations based on the availability of land, housing market conditions and the likelihood of obtaining planning consent.

We continue to target a regionally balanced land portfolio with a supply of owned and controlled land of approximately 4.5 years. As at 30 June 2014, we have achieved our target with a 4.7 year land supply (excluding JV's) comprising 3.4 years of owned land, and 1.3 years of conditionally contracted land.

The transformation of our land bank from older low margin land to more recently acquired high margin land is progressing well. As at 30 June 2014, 84% (2013: 73%) of our owned and controlled land is high margin, newer land.

At 30 June 2014, our JV's had an owned and controlled land bank in which the Group had an interest of 7,163 plots (2013: 2,776 plots), of which 4,419 plots (2013: 2,216 plots) are in London.

In addition, we have c. 10,900 acres (30 June 2013: c. 11,400 acres) of strategic land, which we actively manage to obtain the necessary planning consents. In the year, 5,205 plots (2013: 2,557 plots) were transferred from strategic land to our owned land bank, more than double the number in the prior year. Strategic land is expected to become an increasing proportion of our operational land in future years with a target of 20% of legal completions coming from this land for FY17.

Our land bank	**Year ended 30 June 2014**	Year ended 30 June 2013
Owned and unconditional (plots)	**47,892**	44,516
Conditionally contracted (plots)	**18,678**	13,138
Owned and controlled land bank	**66,570**	57,654
Number of years' supply based on completion volumes in financial year	**4.7 years**	4.4 years
Approved (plots)	**5,326**	6,174
Acres of strategic land	**c. 10,900**	c. 11,400
Potential delivery from strategic land (plots)	**c. 69,200**	c. 59,800
Land bank carrying value	**£2,348.4m**	£2,127.0m
Average housebuilding cost per plot	**£46,400**	£45,000
Cash expenditure on land in the year	**£814.0m**	£677.5m

We continue to seek to defer payment for new land where possible to drive a higher ROCE. Land creditors as at 30 June 2014 were £779.4m (30 June 2013: £744.4m) representing 33% (30 June 2013: 35%) of the owned land bank.

Obtaining effective planning permissions
An important part of bringing land into production is the planning process. We have seen some improvements both as a result of changes in Government policy and operational improvements within our business. Following the implementation of the Government's National Planning Policy Framework, there are stronger incentives for local authorities to put in place their plan for a five-year land supply. This is leading to an improved dialogue between local authorities and our divisions. Nevertheless, the planning process remains a lengthy one and on average it takes us around 70 weeks from commencing the formal pre-application process to achieving planning consent. The length of the planning process will remain a restriction on the speed at which housing supply can increase.

We have maintained good momentum in achieving planning consents, and during the year we secured planning on 21,004 plots (2013: 14,964 plots). We currently have detailed planning permissions on 98% of expected FY15 completions and outline consent on a further 2%.

Designing great places
Designing great places is fundamental to our business: our customers want to live in great places; the vendors of the land we purchase want to work with developers who leave behind a legacy of design quality; and local people want developments that enhance their communities. We have therefore made the commitment to achieve the Built for Life quality mark on all developments designed from 1 January 2014. Building for Life is the Government endorsed industry standard for creating well designed residential places. At the Building for Life launch event in April 2014, we won seven out of the 16 commendations awarded; with a further ten of our sites being awarded commendations by the end of June.

Building excellence
Key highlights
- *We remain focused on delivering the highest quality homes to drive sales and operating efficiencies*
- *Our site managers achieved the highest number of NHBC Pride in the Job Awards for the tenth consecutive year*
- *Continued focus on partnering with our supply chain ensuring continuous availability of materials as market demand has increased*

Key performance indicator
- *Total completions including joint ventures 14,838 (2013: 13,663)*

We are focused on delivering the highest quality homes through excellence across all aspects of construction and embracing the best new methods of construction to increase build efficiency.

Delivering high quality homes
Delivering the highest quality homes to all of our customers is central to our business and continues to drive sales and operating efficiencies. During the year we completed and sold 14,838 (2013: 13,663) homes.

We are particularly pleased that in June 2014, our site managers have again received the highest number of awards for quality workmanship in the NHBC Pride in the Job Awards. This is the tenth consecutive year that we have won more than any other housebuilder. We were also awarded Large Developer of the year at the 2014 RESI Awards.

Partnering with our supply chain
We have a centralised procurement team which has built long term relationships with our suppliers. This ensures the consistency of specification and technical performance of the materials used in our homes. Long term relationships have also enabled us to ensure the continuous availability of materials as demand increased. We also use many local subcontractors in the construction of our homes, who we partner with to ensure the availability of the skilled trades that we require.

We engage in continuous communication with our suppliers and hold regular performance and business reviews, training days and an annual supplier conference. This year we have also signed the Construction Prompt Payment Charter.

We have implemented a sustainable procurement and timber sourcing policy. We purchase substantial amounts of timber and since December 2013, all timber and timber products that we use are FSC/PEFC certified and originate from well managed forestry sources.

Innovating to improve efficiency
We constantly review the latest available technologies to assist us in meeting evolving regulations, increases in predicted demand and material shortages. In the year we conducted an analysis of offsite manufacturing to understand its potential benefits, constraints and challenges.

The majority of our homes are built with traditional brick and block construction. Alternative approaches may become more compelling if there are changes in materials and skills availability or cost, the regulatory environment or the need for faster construction. In 2015 we are aiming to identify the technologies most suitable for our business that will enable us to deliver our longer term strategic objectives.

We have recently put together an Innovation Panel tasked with finding innovative products and services from across the supply chain. In 2015, we aim to work in partnership with some of our suppliers to explore ways to increase efficiencies in their materials manufacture and logistics processes.

We are also researching smart technologies and their use in future homes to improve the ability of customers to save energy.

Investing in our people
Key highlights
- *Employee engagement of 78% with target for the year exceeded*
- *Continue to invest in our 'Future Talent' strategy and are making good progress towards our target of employing 1,100 graduates, trainees and apprentices over a three-year period*
- *Committed to providing an inclusive working environment*

Key performance indicator
- *Employee engagement 78%*

We aim to attract and retain the best people by investing in their development and success. We seek to create a great place to work, founded on an open and honest culture that embraces diversity and inclusion.

Engaging our people
As a business we believe that an engaged workforce is critical to our success. We conduct an annual employee engagement survey in order to gain valuable insight into how our people feel about working for us. In 2014 we appointed a new organisation to work with us to further develop employee engagement within our business. We are delighted that in our annual employee engagement survey we exceeded our target with an index of 78%, which is better than the UK employers norm of 63%. We develop and implement action plans following each survey to strengthen our business and to continue our position of being an employer of choice.

We have a 'Get Recognised' programme which allows our people to be rewarded by colleagues for a job well done with instant awards of £100 cash or a day's holiday. We also recognise the outstanding contributions of our people through quarterly awards for sales staff, apprentices and site managers as well as via individual and team excellence awards. Around 430 awards were made through these schemes in the last year.

Developing our talented people
We are committed to the development of our people and assisting in rebuilding the housebuilding skills base in order to drive our success. We offer both vocational and leadership training programmes, as well as in-house schemes promoting employee development, engagement and recognition.

The Barratt Academy continues to provide structured, bespoke training to support individual development across three separate disciplines; apprentices, site managers and technical/commercial roles. Courses combine professional training (onsite and in the classroom) with industry recognised qualifications.

We continue to invest in and develop our 'Future Talent' strategy. In September 2013, we committed to employing 600 graduates, trainees and apprentices over a three-year period. In February 2014, we increased this number to 1,100 of which 340 will be recruited during 2014.

During the year we introduced a number of new entry level programmes in addition to our award winning graduate and apprentice programmes. Our paid undergraduate internship programme supports students studying built environment, marketing or HR degrees through a 48-week industrial placement. During the programme, interns complete 'mini rotations' to learn about our business before specialising in one area for the remainder of the year. Those who perform well are offered a permanent position with us upon completion of their degree.

We also introduced the concept of 'Accelerated Programmes'. These are one-year programmes in sales or construction for graduates who want to fast-track their learning in a job role, with the aim of progressing through to a management position in the future. Our first group have performed well and as a result, we are recruiting a further 35 in 2014.

Our two-year graduate programme continues to be a success. We were delighted to be ranked first in the Job Crowd's 'Best Companies for Graduates to work for' across all companies. We are also delighted that our graduates continue to win awards including at the National Graduate Recruitment Awards and the Birmingham Young Professional of the Year Awards.

Diversity and inclusion
We are committed to providing an inclusive working environment where everyone feels valued and respected. We aim to have a diverse workforce that reflects the communities where we operate, delivering excellence for our customers and business by drawing on a range of talents, skills and experience.

The table below shows the number of men and women employed, as at 30 June 2014, across our business split between PLC Directors, Senior Managers and Employees.

	Men Number	**%**	**Women Number**	**%**	**Total**
PLC Directors	6	75	2	25	8
Senior Managers	238	88	34	12	272
Employees	3,674	67	1,801	33	5,475
Total workforce	**3,918**	**68**	**1,837**	**32**	**5,755**

The diversity policy relating to the appointment of PLC Directors is set out on page 55 of the Annual Report.

When considering our focus on diversity we do not just think in terms of gender. This year we launched a pilot in one of our regions to enhance our ability to attract a more diverse pool of talent. Focusing on ethnic minorities in the Leicestershire region we engaged with local schools and colleges with a high ethnic student population, informing them of the many career opportunities we offer and encouraging applications onto our Apprenticeship schemes. It was pleasing to see a significant year-on-year increase in job offers to ethnic minority applicants, and also a significant increase in the ethnic minority mix of employees in our East region. It is our intention to roll this programme out to the rest of the business. 33% of our interns and 23% of our graduates this year are from ethnic minorities.

Human rights
We support the United Nations' Universal Declaration of Human Rights and have policies and processes in place to ensure that we act in accordance with our principles in relation to areas such as diversity, anti-corruption and whistleblowing.

<u>Our principles in action</u>

Key highlights

- *Our reportable Injury Incidence Rate disappointingly increased to 379 (2013: 329) per 100,000 persons employed. The Board are focused on enhancing procedures and have appointed a Board Committee to improve stewardship of health and safety performance*
- *Continue to work with a variety of partners to bring land forward for development*
- *Appropriate capital structure maintained at 30 June 2014 with net cash of £73.1m (2013: £25.9m net debt) and land creditors of 33% (2013: 35%) of the owned land bank*

Key performance indicators

- *Health and safety compliance rate 96% (2013: 97%)*
- *Construction waste segregated on site for recycling 94% (2013: 95%)*
- *Operational greenhouse gas emissions per 1,000 sq. ft. 2.78 tonnes (2013: 2.77 tonnes)*

In order to build a sustainable business that delivers value for shareholders, partners, communities and society we must act responsibly. We do this by keeping people safe, being a trusted partner, building strong community relationships, safeguarding the environment and ensuring the financial health of our business.

Keeping people safe
There are inherent risks in construction, so maintaining stringent safety standards and a continuous focus on health and safety issues is paramount. Getting the basics right, good leadership, and commitment to health and safety from all levels of management delivers strong health and safety performance throughout our business.

Our Safety, Health and Environmental management system ('SHE') is subject to continuous review and improvement. All of our trading divisions are certified to OHSAS 18001 and adhere to our SHE guidelines with their ongoing compliance being verified by a programme of internal and external audits. During the year, we carried out 5,788 (2013: 5,437) monitoring visits and achieved an average compliance rate of 96% (2013: 97%).

Our overall aim is to have an injury free working environment, and whilst we believe that all injuries are avoidable, our objective for the year was to have a 5% reduction in our reportable Injury Incidence Rate (‘IIR’). During the year, our IIR disappointingly increased by 15% to 379 (2013: 329) per 100,000 persons employed, which is slightly above the HBF (April 2013 - March 2014) average of 376. The housebuilding sector as a whole has seen an increase in IIR driven by the rapid increase in build rates and adverse winter weather conditions. We have investigated the causes of our IIR increase and have enhanced our procedures as a result. We have also appointed a Board Committee to improve the stewardship of health and safety performance.

At the NHBC 2014 Health and Safety Awards our site managers received six awards and Kirk Raine, site manager at our Webbs Meadow Development, won the best site award in the large builder category.

Being a trusted partner
We recognise that, whether acting as sole developer, JV partner, client or contractor, partnerships are vital to our success.

We continue to work with private landowners, operators and agents to identify and bring forward land for development. Divisional land teams continue to work hard to try and ensure we are regarded as the housebuilder of choice by the local landowning and agency community. Our work with Sainsbury’s at Fulham Riverside and Nine Elms and with British Land at Aldgate show the benefits of this approach in securing large sites within London.

We form long term partnerships with the public sector and work to unlock challenging sites by finding solutions, sharing best practice and transferring knowledge. Our experience and expertise in regeneration is respected by our partners who have selected us to deliver a range of complex projects in the year including Cherry Knowle Hospital, Sunderland and Leatherhead Bypass, Surrey.

During the financial year we delivered 2,255 affordable (2013: 2,268) completions, representing 15.9% (2013: 17.1%) of our completions (excluding JV’s). Completions on public land represented 27.7% (2013: 29.2%) of our completions. We also have approved for purchase 3,913 plots (2013: 4,467 plots) on public land equating to 18.2% (2013: 24.1%) of our purchases in the year.

We are an active member of Delivery Partner Panel 2. We also lead the HCA’s Marketing Stakeholder Group tasked with promoting the panel to public sector bodies to support the Government’s ambition to unlock the delivery of up to 100,000 homes through the disposal of surplus public sites.

We also work with our suppliers to help them to introduce the new technologies that we need to meet increasingly challenging building standards, and with our subcontractors to help them to improve their environmental and safety performance.

Building strong community relationships
We engage with local communities in order to seek to address any impact that our developments may have on the environment and we respond to community aspirations by creating new jobs, training people and supporting local initiatives. By holding public exhibitions, we invite stakeholders to talk to our specialist planners and architects about their concerns and aspirations for our developments. We believe that a genuinely collaborative approach will deliver more land and housing. 46% (2013: 35%) of our active developments have held a public consultation.

Safeguarding the environment
Our key areas of focus to help safeguard the environment are:

- Increasing the energy efficiency of the homes we build
- Seeking to enhance habitats, biodiversity and local environments across our developments
- Minimising our environmental impact

Increasing the energy efficiency of the homes we build
We are committed to delivering energy efficient homes that are both economically and environmentally sustainable, providing real benefits to our customers and the community. During the year, we have continued to develop the sustainability features of our homes and developments. We also continue to invest in research and development, to enable us to achieve the requirements of zero carbon homes from 2016. Our strategy for delivery remains ‘Fabric First’, minimising the need for complicated renewable technologies. 5,544 (2013: 4,277) of our completions during the year met Code for Sustainable Homes Level 3 or above.

During the year we have worked closely with our supply chain to deliver our solution to Part L of the Building Regulations in an efficient way whilst maximising the benefits to our customers through reduced energy bills. We have also installed water saving features in 67% (2013: 60%) of our homes during the year, which significantly reduce water consumption compared with older properties.

Enhancing habitats, biodiversity and local environments across our developments
During the year we built 63% (2013: 66%) of our homes on brownfield sites. Across our developments we seek where possible to protect existing environments or restore or create new biodiverse habitats. During the year within our developments, 611 (2013: 556) hectares of open space were created and 866,819 (2013: 310,923) trees or shrubs were planted or retained. We published an Ecology and Biodiversity Policy during the year, and made a commitment to produce biodiversity action plans on all new developments. We have now entered into a unique national partnership in our sector with the RSPB to develop a programme to improve practices in this area.

Minimising our environmental impact
We seek to minimise the environmental impact of our operations by using resources efficiently and reducing waste and carbon in our construction processes.

We segregate waste for recycling as standard across our sites and have achieved a recycling rate of 94% (2013: 95%) for the year. We narrowly missed our recycling target of 95% for the year and will continue to focus our efforts on identifying ways to ensure that we eliminate and reduce waste in FY15.

We generated 6.39 tonnes (2013: 6.25 tonnes) of waste per legal completion in the year, this is an increase of 2.2% compared to 2013, and we will re-focus our efforts on improving resource efficiency.

Our direct and indirect operational greenhouse gas emissions are shown in the table below. This is based on the energy used in our offices, on our live developments and for business travel and, for the first time this year, includes emissions from air conditioning in our offices.

Greenhouse gas emissions (Tonnes CO_2e)[13 14]	**2014**	**2013**
Scope 1 emissions	17,315	16,287
Scope 2 emissions	14,053	13,035
Scope 3 emissions	8,981	6,874
Total	**40,349[15]**	**36,196**
Tonnes of emission per 1,000 sq. ft.	**2.78**	**2.77**

Our operational greenhouse gas emissions per 1,000 sq. ft. have increased very marginally this year, and we aim to analyse the causes of this increase and drive awareness and improved energy and greenhouse gas performance across our business.

Ensuring the financial health of our business
We are committed to ensuring the financial health of our business by ensuring that we maintain financial discipline across all aspects of our operations. All land purchases must meet our hurdle rates of 20% gross margin and 25% ROCE and be approved by the Land Committee. We maintain an appropriate capital structure, with land and long term work in progress funded by shareholders' funds and land creditors, and minimal net debt at our year end. At 30 June 2014, net cash was £73.1m (2013: £25.9m net debt) and land creditors were 33% (2013: 35%) of the owned land bank.

We have around £850m of committed bank facilities and private placement notes to June 2016 and £650m to May 2018 with some of these facilities extending as far as 2021. Our covenant package is appropriate and our facilities provide appropriate headroom above our current forecast requirements.

Mark Clare
Group Chief Executive
9 September 2014

David Thomas
Group Finance Director
9 September 2014

13 Calculated using actual data sourced from invoices and direct data measurement. Carbon emissions calculated in line with DEFRA Environmental Reporting Guidelines including mandatory greenhouse gas emissions reporting guidance (dated June 2013) and Greenhouse Gas Protocol. Greenhouse gas (GHG) emission factors outlined in the DEFRA/DECC 'UK Government conversion factors for Company Reporting' Version 1 (2014). For further detail see our 2014 Sustainability Report.
14 Excludes Wilson Bowden Development site activities and managed properties.
15 Includes greenhouse gas emissions calculated for electricity transmission and distribution losses for the first time in 2014.

Condensed Consolidated Income Statement
for the year ended 30 June 2014

	Notes	**2014** **£m**	2013 Before exceptional items (*restated) £m	2013 Exceptional items (note 7) £m	2013 (*restated) £m
Continuing operations					
Revenue	5	**3,157.0**	2,606.2	–	2,606.2
Cost of sales		**(2,627.6)**	(2,247.0)	–	(2,247.0)
Gross profit		**529.4**	359.2	–	359.2
Administrative expenses		**(119.6)**	(106.5)	(2.8)	(109.3)
Profit from operations	5	**409.8**	252.7	(2.8)	249.9
Finance income	8	**9.1**	12.8	–	12.8
Finance costs	8	**(68.8)**	(81.1)	(79.3)	(160.4)
Net finance costs	8	**(59.7)**	(68.3)	(79.3)	(147.6)
Share of post-tax profit from joint ventures		**40.6**	7.7	(5.4)	2.3
Share of post-tax loss from associates		**(0.1)**	(0.1)	–	(0.1)
Profit before tax		**390.6**	192.0	(87.5)	104.5
Tax	9	**(85.2)**	(50.5)	20.7	(29.8)
Profit for the year		**305.4**	141.5	(66.8)	74.7
Profit for the year attributable to the owners of the Company		**305.4**	141.5	(66.8)	74.7
Profit for the year attributable to non-controlling interests		**–**	–	–	–
Earnings per share from continuing operations					
Basic	11	**31.2p**			7.7p
Diluted	11	**30.4p**			7.5p

*The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

Condensed Consolidated Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	**2014** £m	2013 (*restated) £m
Profit for the year		**305.4**	74.7
Other comprehensive income/(expense):			
Items that will not be reclassified to profit or loss			
Actuarial gain/(loss) on defined benefit pension scheme	18	**3.5**	(4.5)
Fair value adjustment on available for sale financial assets	13	**0.7**	(6.2)
Tax (charge)/credit relating to items not reclassified		**(1.2)**	2.3
Total items that will not be reclassified to profit or loss		**3.0**	(8.4)
Items that may be reclassified subsequently to profit or loss			
Amounts deferred in respect of effective cash flow hedges	8	**(5.4)**	(1.9)
Amounts reclassified to the Income Statement in respect of hedged cash flows	8	**11.7**	6.7
Amounts reclassified to the Income Statement in respect of hedged cash flows no longer expected to occur – exceptional	8	**–**	18.5
Tax charge relating to items that may be reclassified		**(2.0)**	(5.8)
Total items that may be reclassified subsequently to profit or loss		**4.3**	17.5
Total comprehensive income recognised for the year attributable to the owners of the Company		**312.7**	83.8
Total comprehensive income recognised for the year attributable to non-controlling interests		**–**	–

* The Consolidated Statement of Comprehensive Income has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

Condensed Consolidated Statement of Changes in Shareholders' Equity at 30 June 2014

	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	Non-controlling interests (note 20) £m	Total equity (*restated) £m
At 1 July 2012	97.6	211.7	1,109.0	(37.4)	(5.0)	14.3	1,583.6	1,592.9	–	2,973.8
Profit for the year	–	–	–	–	–	–	74.7	74.7	–	74.7
Amounts deferred in respect of effective cash flow hedges	–	–	–	(1.9)	–	–	–	–	–	(1.9)
Amounts reclassified to the Income Statement in respect of hedged cash flows	–	–	–	6.7	–	–	–	–	–	6.7
Amounts reclassified to the Income Statement in respect of hedged cash flows no longer expected to occur - exceptional	–	–	–	18.5	–	–	–	–	–	18.5
Fair value adjustments on available for sale financial assets	–	–	–	–	–	–	(6.2)	(6.2)	–	(6.2)
Actuarial losses on pension scheme	–	–	–	–	–	–	(4.5)	(4.5)	–	(4.5)
Tax on items taken directly to equity	–	–	–	(5.8)	–	–	2.3	2.3	–	(3.5)
Total comprehensive income recognised for the year ended 30 June 2013	–	–	–	17.5	–	–	66.3	66.3	–	83.8
Issue of shares	0.4	1.7	–	–	–	–	–	–	–	2.1
Share-based payments	–	–	–	–	–	4.4	–	4.4	–	4.4
Disposal of own shares	–	–	–	–	1.4	–	–	1.4	–	1.4
Transfer of share-based payments charge for non-vested options	–	–	–	–	–	(3.8)	3.8	–	–	–
Tax on share-based payments	–	–	–	–	–	6.8	0.9	7.7	–	7.7
At 30 June 2013	98.0	213.4	1,109.0	(19.9)	(3.6)	21.7	1,654.6	1,672.7	–	3,073.2
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**305.4**	**305.4**	**–**	**305.4**
Amounts deferred in respect of effective cash flow hedges	**–**	**–**	**–**	**(5.4)**	**–**	**–**	**–**	**–**	**–**	**(5.4)**
Amounts reclassified to the Income Statement in respect of hedged cash flows	**–**	**–**	**–**	**11.7**	**–**	**–**	**–**	**–**	**–**	**11.7**
Fair value adjustments on available for sale financial assets	**–**	**–**	**–**	**–**	**–**	**–**	**0.7**	**0.7**	**–**	**0.7**
Actuarial gains on pension scheme	**–**	**–**	**–**	**–**	**–**	**–**	**3.5**	**3.5**	**–**	**3.5**
Tax on items taken directly to equity	**–**	**–**	**–**	**(2.0)**	**–**	**–**	**(1.2)**	**(1.2)**	**–**	**(3.2)**
Total comprehensive income recognised for the year ended 30 June 2014	**–**	**–**	**–**	**4.3**	**–**	**–**	**308.4**	**308.4**	**–**	**312.7**
Dividend payments	**–**	**–**	**–**	**–**	**–**	**–**	**(55.9)**	**(55.9)**	**–**	**(55.9)**
Issue of shares	**0.5**	**1.4**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**	**–**	**1.5**
Share-based payments	**–**	**–**	**–**	**–**	**–**	**9.0**	**–**	**9.0**	**–**	**9.0**
Disposal of own shares	**–**	**–**	**–**	**–**	**0.4**	**–**	**–**	**0.4**	**–**	**0.4**
Transfer of share-based payments charge for exercised/lapsed options	**–**	**–**	**–**	**–**	**–**	**(7.8)**	**7.8**	**–**	**–**	**–**
Non-controlling interest arising on acquisition of land in a non-wholly owned subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8.0**	**8.0**
Tax on share-based payments	**–**	**–**	**–**	**–**	**–**	**1.7**	**3.4**	**5.1**	**–**	**5.1**
At 30 June 2014	**98.5**	**214.8**	**1,109.0**	**(15.6)**	**(3.2)**	**24.6**	**1,917.9**	**1,939.3**	**8.0**	**3,354.0**

* The Consolidated Income Statement and Consolidated Statement of Comprehensive Income have been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

Condensed Consolidated Balance Sheet
at 30 June 2014

	Notes	**2014 £m**	2013 £m
Assets			
Non-current assets			
Other intangible assets		**100.0**	100.0
Goodwill	12	**792.2**	792.2
Property, plant and equipment		**6.1**	3.4
Investments accounted for using the equity method		**199.6**	123.5
Retirement benefit assets	18	**3.1**	–
Available for sale financial assets	13	**121.6**	128.4
Trade and other receivables		**6.2**	4.4
Deferred tax assets		**19.6**	92.1
Derivative financial instruments – swaps	16	**–**	4.1
		1,248.4	1,248.1
Current assets			
Inventories	14	**3,508.6**	3,209.8
Available for sale financial assets	13	**0.8**	1.3
Trade and other receivables		**111.8**	74.8
Cash and cash equivalents	15	**274.7**	294.4
Derivative financial instruments – swaps	16	**–**	25.6
Current tax assets		**–**	0.4
		3,895.9	3,606.3
Total assets		**5,144.3**	4,854.4
Liabilities			
Non-current liabilities			
Loans and borrowings	15	**(161.7)**	(166.6)
Trade and other payables		**(447.3)**	(378.1)
Retirement benefit obligations	18	**–**	(13.4)
Derivative financial instruments – swaps	16	**(21.2)**	(27.1)
		(630.2)	(585.2)
Current liabilities			
Loans and borrowings	15	**(38.4)**	(181.8)
Trade and other payables		**(1,112.0)**	(1,013.8)
Derivative financial instruments – swaps	16	**–**	(0.4)
Current tax liabilities		**(9.7)**	–
		(1,160.1)	(1,196.0)
Total liabilities		**(1,790.3)**	(1,781.2)
Net assets		**3,354.0**	3,073.2
Equity			
Share capital	19	**98.5**	98.0
Share premium		**214.8**	213.4
Merger reserve		**1,109.0**	1,109.0
Hedging reserve		**(15.6)**	(19.9)
Retained earnings		**1,939.3**	1,672.7
Equity attributable to the owners of the Company		**3,346.0**	3,073.2
Non-controlling interests	20	**8.0**	–
Total equity		**3,354.0**	3,073.2

Condensed Consolidated Cash Flow Statement
for the year ended 30 June 2014

	Notes	**2014 £m**	2013 £m
Net cash inflow from operating activities	21	**242.3**	165.8
Cash flows from investing activities			
Purchase of property, plant and equipment		**(4.7)**	(2.0)
Proceeds on sale of property, plant and equipment		**–**	4.0
Cash outflow arising on acquisition of land in a non-wholly controlled subsidiary		**(0.9)**	–
Increase in investments accounted for using the equity method		**(59.2)**	(9.9)
Dividends received from investments accounted for using the equity method		**23.6**	–
Investment in property fund	13	**1.3**	(1.3)
Interest received		**3.7**	0.7
Net cash outflow from investing activities		**(36.2)**	(8.5)
Cash flows from financing activities			
Dividends paid		**(55.9)**	–
Disposal of own shares		**0.4**	1.4
Proceeds from issue of share capital		**1.5**	2.1
Hedging termination costs		**–**	(0.3)
Make-whole fee on redemption of private placement notes	7	**(53.0)**	–
Interest rate swap cancellation costs	7,8	**–**	(18.5)
Other fees related to amendment of financing arrangements		**–**	(14.7)
Loan (repayments)/drawdowns		**(118.8)**	16.8
Net cash outflow from financing activities		**(225.8)**	(13.2)
Net (decrease)/increase in cash and cash equivalents		**(19.7)**	144.1
Cash and cash equivalents at the beginning of the year		**294.4**	150.3
Cash and cash equivalents at the end of the year	15	**274.7**	294.4

Notes to the Condensed Consolidated Financial Statements
For the year ended 30 June 2014

1. Cautionary statement

The Chairman's Statement, Group Chief Executive's Review and Operating and Financial Review contained in this Annual Results Announcement, including the principal risks and uncertainties (note 26), have been prepared by the Directors in good faith based on the information available to them up to the time of their approval of this report solely for the Company's shareholders as a body, so as to assist them in assessing the Group's strategies and the potential for those strategies to succeed and accordingly should not be relied on by any other party or for any other purpose and the Company hereby disclaims any liability to any such other party or for reliance on such information for any such other purpose.

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

2. Basis of preparation

Whilst the financial information included in this Annual Results Announcement has been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and Standing Interpretations Committee ('SIC') interpretations as adopted and endorsed by the European Union ('EU'), this announcement does not itself contain sufficient information to comply with IFRS. Full Financial Statements that comply with IFRS are included in the 2014 Annual Report and Accounts which will be circulated to shareholders in October 2014 and made available at www.barrattdevelopments.co.uk at that point.

The accounting policies adopted are consistent with those followed in the preparation of the Group's 2014 Annual Report and Accounts which have not changed significantly from those adopted in the Group's 2013 Annual Report and Accounts. A summary of the more significant Group accounting policies is set out below.

This Annual Results Announcement has 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. The preparation of Condensed 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 Condensed Financial Statements are set out in 'Critical accounting judgements and key sources of estimation uncertainty' (note 4).

Going concern

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Group can continue in operational existence for the foreseeable future.

The Group's business activities, together with factors which the Directors consider are likely to affect its future development, financial performance and financial position are set out in the Annual Report. The material financial and operational risks and uncertainties that may have an impact upon the Group's performance and their mitigation are outlined in note 26 and financial risks including liquidity risk, market risk, credit risk and capital risk are outlined in note 17.

The financial performance of the Group is dependent upon the wider economic environment in which the Group operates. As explained in the principal risks and uncertainties in note 26, factors that particularly affect the performance of the Group include changes in the macroeconomic environment including buyer confidence, availability of mortgage finance for the Group's customers and interest rates.

The Group has total committed facilities and private placement notes of £848.4m. The maturity of these facilities range from June 2016 to July 2021, with £150m of the revolving credit facility maturing in June 2016 and £550m of the revolving credit facility maturing in May 2018. The committed facilities and private placement notes provide appropriate headroom above our current forecast debt requirements.

In addition to these committed borrowing facilities the Group has secured £32.4m of financing from the Government's 'Get Britain Building' and 'Growing Places Fund' schemes. These funds are repayable between 31 December 2014 and 31 March 2018.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least twelve months from the date of these Condensed Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

3. Accounting policies

Adoption of new and revised standards
In the year ended 30 June 2014, the Group has adopted:

- IFRS 13 'Fair Value Measurement'; and
- IAS 19 (Revised) 'Employee Benefits'.

The adoption of IFRS 13 'Fair Value Measurement' has resulted in a review of the way the Group values financial assets and liabilities measured at fair value. In accordance with IFRS 13, the fair value of financial assets and financial liabilities now includes an assessment of credit risk in respect of the counter party and own credit risk respectively.

In the year ended 30 June 2013, the Group had financial assets that included foreign currency swaps with a third party financial institution. The Group has a net settlement arrangement with the financial institution in respect of the foreign currency swaps and interest rate swaps. Due to this net settlement arrangement the Group has assessed credit risk associated with the foreign currency swap to be nil. Therefore, the Group's foreign currency swaps financial assets fair values have not been restated for the comparative prior year.

The financial liabilities at fair value relate to interest rate swaps and foreign currency swaps with third party financial institutions. In accordance with IFRS 13 'Fair Value Measurement' the Group has undertaken an assessment of its own credit risk. When assessing the Group's own credit risk the Directors have considered the financial covenants, which the Group is party to as part of its senior lending facilities. Following a review of these financial covenants the Directors believe that the Group has sufficient resources to fulfil its interest rate swap and foreign currency swap obligations in the future and the likelihood of default to be remote. Therefore, the Group has assessed its credit risk as nil and has not restated its financial liabilities fair values for the comparative prior year.

The impact to the Group of adopting IAS 19 (Revised) 'Employee Benefits' has been a change in the calculation of the interest cost charged to the profit and loss on employee benefits. In accordance with IAS 19 (Revised) 'Employee Benefits' interest is now calculated on the net defined benefit asset/liability. The Group interest expense has been restated from £0.5m to £0.8m for the comparative year (see note 6). The increased finance cost has resulted in an equivalent credit being recognised in other comprehensive income. There has been no impact on the defined benefit asset/liability.

Basis of consolidation
The Group Financial Statements include the results of Barratt Developments PLC (the 'Company'), incorporated in the UK, 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 intercompany profits or losses are eliminated on consolidation.

Business combinations
All of the subsidiaries' 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 is accounted for on a direct basis and is included in the Income Statement. The Group's share of its investments, assets and liabilities is accounted for on a directly proportional basis in the Balance Sheet.

Associated entities
An associated entity is an entity, including an unincorporated entity such as a partnership, in which the Group holds a significant influence and that is neither a subsidiary nor an interest in a joint venture. Associated entities are accounted for using the equity method of accounting.

Revenue
Revenue is recognised at legal completion in respect of the total proceeds of building and development. 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. Variations to, and claims arising in respect of, construction contracts, are included in revenue to the extent that they have been agreed with the customer. 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 material in size or unusual or infrequent in nature are presented as exceptional items in the Income Statement. The Directors are of the opinion that the separate presentation 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, refinancing costs, gains or losses on the disposal of businesses or individual assets, pension scheme curtailments and asset impairments, including land, work in progress, goodwill and investments.

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 associates, tax and gains/(losses) on disposal of investments.

Segmental reporting
The Group consists of two separate segments for internal reporting, regularly reviewed by the chief operating decision maker to allocate resources to the segments and to assess their performance, being housebuilding and commercial developments. These segments therefore comprise the primary reporting segments within the Financial Statements. All of the Group’s operations are within Britain, which is one geographic market in the context of managing the Group’s activities.

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 the acquisition of subsidiary undertakings and businesses is capitalised as an asset but reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination at acquisition being housebuilding and commercial developments. 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 loss 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 contribute to 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 as part of the review of the carrying value of goodwill, 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 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 and accumulated impairment losses. 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. Cost comprises direct materials, direct labour costs and those overheads that 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 discounted cost. Where, through deferred purchase credit terms, the carrying 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 both equity-settled and cash-settled share-based payments to certain employees. In accordance with the transitional provisions, IFRS 2 '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 the fair value of the equity instrument at the date of grant. Fair value is measured either using Black-Scholes, Present-Economic Value or Monte Carlo models depending on 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.

Non-vesting conditions are taken into account in the estimate of the fair value of the equity instruments.

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

The tax currently payable is based on the taxable 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 been 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, based on tax rates enacted or substantively enacted at the Balance Sheet date. 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 in the Income Statement in the year in which the contributions fall due.

Defined benefit
For the defined benefit scheme, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside profit or loss and presented in the Statement of Comprehensive Income. Net-interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Past service cost, until the scheme ceased to offer future accrual of defined benefit pensions to employees from 30 June 2009, was recognised immediately to the extent that the benefits were already vested, and otherwise was amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of the scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Borrowing costs
The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset where developments are considered to fall under the requirements of IAS 23 'Borrowing costs' (Revised). Otherwise, the Group expenses borrowing costs in the period to which they relate through the Income Statement.

Financial instruments
Financial assets and financial liabilities are recognised in the 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
Secured loans
Non-interest bearing loans granted as part of sales transactions that are secured by way of a second 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 13.

Revenue from transactions involving available for sale financial assets is recognised at the fair value of consideration receivable.

Gains and losses arising from changes in fair value are recognised in equity within other comprehensive income. Gains and losses arising from impairment losses, changes in future cash flows and interest calculated using the 'effective interest rate' method are recognised directly in the Income Statement.

Residential property fund
Revenue from transactions involving available for sale financial assets is recognised at the fair value of consideration receivable. The fair value of consideration received is the initial fair value of the units received in the property fund.

Gains and losses arising from changes in fair value are recognised in equity within other comprehensive income. The fair value of this investment is calculated using the unadjusted quoted price of units in the property fund obtained from independent brokers.

Gains and losses arising from impairment losses and changes in future cash flows are recognised directly in the Income Statement.

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 or increased risk of default are considered to be objective evidence of impairment.

In respect of debt instruments classified as available for sale financial assets, increases in the fair value of assets previously subject to impairment, which can be objectively related to an event occurring after recognition of the impairment loss, are recognised in the Income Statement to the extent that they reverse the impairment loss.

Cash and cash equivalents
Cash and cash equivalents include cash in hand 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 settle the net 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.

Get Britain Building
The Group has received cash upon specific sites under the Government's 'Get Britain Building' scheme, which is repayable in future periods, as the sites to which it relates are developed. These loans are interest bearing and are recorded at the proceeds received plus accrued interest. These loans are included within loans and borrowings.

Finance costs are recognised as an expense in the Income Statement in the period to which they relate.

Growing Places Fund
The Group has received cash under a local government 'Growing Places Fund' scheme which is repayable over four years in eight six-monthly instalments. This loan is interest bearing and recorded at the proceeds received plus accrued interest less repayments to date. This loan is included within loans and borrowings.

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 16 and 17.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each Balance Sheet date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The interest rate and cross currency 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 the Annual Report and Accounts. Movements on the hedging reserve in equity are detailed in the Statement of Changes in Shareholders' Equity.

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 Group revokes the hedging relationship, the hedging instrument expires, is sold or 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 not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the Income Statement so as to match with the related costs they are intended to compensate for. Grants related to assets are deducted from the carrying amount of the asset. Grants related to income are included in the appropriate line within the Income Statement.

Kickstart
The Group has been granted assistance for the development of a number of sites under the Homes and Communities Agency ('HCA') 'Kickstart' scheme. Where receipts under the Kickstart scheme relate to grants, they are accounted for in accordance with the policy for Government grants stated above.

In addition, the Group has received cash upon specific sites under the Kickstart equity scheme which is repayable in future periods, as the sites to which it relates are developed, along with the share of the profits or losses attributable to the HCA arising from the sites. This liability is included within borrowings and is initially recognised at fair value by discounting it at prevailing market interest rates at the date of recognition. The discount to nominal value, which will be paid in settling the liability, is amortised over the expected life of the site and charged to finance costs using the 'effective interest rate' method. Gains and losses arising from changes in fair value of the liability related to the HCA's share of the profits or losses of the site are recognised directly in the Income Statement.

4. 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.

a) 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.

b) Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the Balance Sheet dates, are discussed below.

Carrying value of land and work in progress
The Group's principal activity is housebuilding and commercial development. The majority of the development activity is not contracted prior to the development commencing. Accordingly, the Group has in its Balance Sheet at 30 June 2014 current assets that are not covered by a forward sale. The Group's internal controls are designed to identify any developments where the Balance Sheet value of land and work in progress is more than the lower of cost or net realisable value.

The Group conducts six-monthly reviews of the net realisable value of its land and work in progress. Where the estimated 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.

During the year, due to performance variations upon individual housebuilding sites, there were gross impairment charges of £26.5m (2013: £25.7m) and gross impairment reversals of £22.0m (2013: £22.5m) resulting in a net inventory impairment of £4.5m (2013: £3.2m) included within profit from operations for housebuilding sites for development. In addition there was a charge of £4.4m (2013: £9.1m) related to housebuilding sites not currently under development due to changes in planning status and the viability of these sites.

There was also a gross impairment charge of £0.4m (2013: £0.6m) and a gross impairment reversal of £0.4m (2013: £0.1m) for the commercial developments business, resulting in a net inventory impairment of £nil (2013: £0.5m), due to performance variations upon individual commercial sites.

The key judgements in these reviews were estimating the realisable value of a site, which is determined by forecast sales rates, expected sales prices and estimated costs to complete. Sales prices were estimated on a site-by-site basis based upon local market conditions and took into account the current prices being achieved upon each site for each product type. In addition, the estimation of future sales prices included an allowance on a site-by-site basis for low single-digit sales price inflation in future periods. The estimation of costs to complete also included an allowance for low single-digit build costs inflation in future periods. During the year the Group benefitted from stronger market conditions. If the UK housing market were to change beyond management expectations in the future, in particular with regards to the assumptions around sales prices and estimated costs to complete, further adjustments to the carrying value of land and work in progress may be required.

The land held at the Balance Sheet date that has already been impaired is most sensitive to the judgements being applied and the potential for further impairment or reversal. Forecasting risk also increases in relation to those sites that are not expected to be realised in the short to medium term.

Available for sale financial assets
The Group holds available for sale financial assets principally comprising interest free loans granted as part of sales transactions that are secured by way of a second legal charge on the respective property, which are held at fair value. The fair value calculation requires an estimate of the future cash flows expected from the redemption of interest free loans, including an estimate of the market value of the property at the estimated time of repayment, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. The estimated market value is based on original selling prices and local market conditions with an allowance for low single-digit sales price inflation. The estimated repayment profile is based on historical data for first time buyers selling their property. The discount rate used is consistent with the interest rate payable on a third party second charge loan of a similar amount and duration.

The interrelationship between these assumptions, particularly those related to estimated market value and estimated repayment profile, means that there is not a direct correlation between house price inflation and the valuation of the Group's available for sale financial assets. During the year, the levels of house price inflation and redemptions have been in line with those expected in the fair value calculation. Accordingly, there has been no significant change in the Balance Sheet valuation due to the improved market. At 30 June 2014, the total asset recognised on the Balance Sheet in relation to these secured loans was £122.4m (2013: £128.4m), with the reduction primarily due to redemptions.

Goodwill and intangible assets impairment review
The impairment review for the goodwill of the housebuilding business and the Group's indefinite life brand, David Wilson Homes, requires an estimation of the value-in-use of the housebuilding segment as defined in note 12. The value-in-use calculation requires an estimate of the future cash flows expected from the housebuilding business, 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 discount rate used is based on the average capital structure of the Group, current market assessments of the time value of money and risks appropriate to the Group’s housebuilding business. Changes in these may impact upon the Group’s discount rate in future periods. The carrying amount of goodwill at 30 June 2014 was £792.2m and the indefinite life brands was £100.0m with no impairment recognised during the year ended 30 June 2014.

The conclusion of this impairment review was that given the current position of the housebuilding segment and the expectations as to its future performance based upon current forecasts for sales volumes and expected changes in both selling prices and costs to complete, the housebuilding segment's goodwill and intangible assets were not impaired. The recoverable value of goodwill and intangible assets exceeded its carrying value by £1,213.2m (2013: £1,140.6m).

If the UK housing market and expectations regarding its future were to deteriorate with either operating margins reducing by 3.3% per annum (2013: 3.8% per annum) or the appropriate discount rate were to increase by 2.9% (2013: 2.6%) and all other variables were held constant, then the recoverable value of goodwill and intangible assets would equal its carrying value.

Investment in joint venture holding non-current available for sale financial assets
The Group holds a joint venture investment of £25.6m (2013: £25.8m) in Rose Shared Equity LLP. This entity holds non-current available for sale financial assets comprising interest free loans that are secured by way of a second charge on the respective property. The Group’s investment is accounted for using the equity method of accounting. In line with the Group’s other joint venture investments, the carrying value is reviewed at each Balance Sheet date. This review requires estimation of the cash flows expected to be received by the Group which is based upon calculation of the fair values of the loans held by the entity including an estimate of future cash flows expected from the redemption of interest free loans, including an estimate of the market value of the property at the estimated time of redemption, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. The estimated market value is based on original selling prices and local market conditions with an allowance for low single-digit sales price inflation. The estimated repayment profile is based on historic data for first time buyers selling their property. The discount rate used is consistent with the interest rate payable on a third party second charge loan of a similar amount and duration.

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 the appropriateness of estimates made.

Recognition of profit where developments are accounted for under IAS 11 '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 for each site. The Group has in place established internal control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

Defined benefit pension scheme
The Directors engage a qualified independent actuary to calculate the Group's asset in respect of its defined benefit pension scheme. In calculating this asset, 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 asset may differ from that included in these Condensed Financial Statements.
The Group has obtained legal advice on the rights to the Group's defined benefit pension scheme's assets after the death of the last member. Based on this advice, the Group has concluded that it is appropriate to recognise an asset related to this scheme.

Deferred tax assets
At 30 June 2014, the Group recognised a net deferred tax asset of £19.6m comprising gross deferred tax assets of £43.5m and gross deferred tax liabilities of £23.9m. £19.7m of the gross deferred tax assets relate to losses that arose during preceding years, predominantly as a result of the refinancing and land impairments, which are to be carried forward and relieved against profits arising in future periods. The judgement to recognise the deferred tax asset is dependent upon taxable profits arising in the same company as the losses originally arose and the Group's expectations regarding future profitability including site revenue and cost forecasts for future years which contain a degree of inherent uncertainty.

Hedge accounting
The majority of the Group's facilities are floating rate, which exposes the Group to increased interest rate risk. The Group has in place £137.0m (2013: £137.0m) 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 this basis was not met in the future 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 2014, there was a gain of £7.7m (2013: £6.9m) included in equity related to these swaps.

In addition, the Group has US$80.0m (2013: US$246.6m) of cross currency swaps to manage the cash flow risks related to foreign exchange, arising from the Group's sources of US Dollar denominated finance. These swaps are designated as a cash flow hedge against future foreign exchange rate movements. If the hedges ceased to be highly effective, any changes in fair value of the swaps would be recognised in the Income Statement, rather than equity. During the year ended 30 June 2014, there was a loss of £7.3m (2013: gain of £0.7m) included in equity related to these swaps.

5. Segmental analysis

The Group consists of two separate segments for management reporting and control purposes, being housebuilding and commercial developments. The segments are considered appropriate for reporting under IFRS 8 'Operating Segments' since these segments are regularly reviewed internally by the Board without further significant categorisation. The Group presents its primary segment information on the basis of these operating segments. As the Group operates in a single geographic market, Britain, no secondary segmentation is provided.

	House-building Units	**Commercial developments Units**	**2014 Total Units**	House-building Units	Commercial developments Units	2013 Total (*restated) Units
Residential completions^	**14,191**	**–**	**14,191**	13,246	–	13,246
Consolidated Income Statement	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	**3,142.6**	**14.4**	**3,157.0**	2,592.6	13.6	2,606.2
Cost of sales	**(2,616.9)**	**(10.7)**	**(2,627.6)**	(2,236.9)	(10.1)	(2,247.0)
Gross profit	**525.7**	**3.7**	**529.4**	355.7	3.5	359.2
Administrative expenses - non-exceptional	**(114.9)**	**(4.7)**	**(119.6)**	(103.0)	(3.5)	(106.5)
Profit/(loss) from operations before exceptional items	**410.8**	**(1.0)**	**409.8**	252.7	–	252.7
Administrative expenses - exceptional	**–**	**–**	**–**	(2.8)	–	(2.8)
Profit/(loss) from operations	**410.8**	**(1.0)**	**409.8**	249.9	–	249.9
Share of post-tax profit/(loss) from joint ventures and associates - non-exceptional	**40.7**	**(0.2)**	**40.5**	7.7	(0.1)	7.6
Exceptional loss on joint ventures	**–**	**–**	**–**	–	(5.4)	(5.4)
Profit/(loss) from operations including post-tax profit/(loss) from joint ventures and associates	**451.5**	**(1.2)**	**450.3**	257.6	(5.5)	252.1
Finance income			**9.1**			12.8
Finance costs – non-exceptional			**(68.8)**			(81.1)
Finance costs – exceptional			**–**			(79.3)
Profit before tax			**390.6**			104.5
Tax			**(85.2)**			(29.8)
Profit for the year from continuing operations			**305.4**			74.7

*The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

^Residential completions exclude joint venture completions of 647 (2013: 417) in which the Group has an interest.

Consolidated Balance Sheet	**House-building £m**	**Commercial Developments £m**	**2014 Total £m**	House-Building £m	Commercial Developments £m	2013 Total £m
Segment assets	**4,833.4**	**51.0**	**4,884.4**	4,442.0	60.1	4,502.1
Elimination of intercompany balances			**(34.4)**			(34.6)
			4,850.0			4,467.5
Deferred tax assets			**19.6**			92.1
Current tax assets			**–**			0.4
Cash and cash equivalents			**274.7**			294.4
Consolidated total assets			**5,144.3**			4,854.4
Segment liabilities	**(1,561.5)**	**(53.4)**	**(1,614.9)**	(1,425.2)	(42.2)	(1,467.4)
Elimination of intercompany balances			**34.4**			34.6
			(1,580.5)			(1,432.8)
Loans and borrowings			**(200.1)**			(348.4)
Current tax liabilities			**(9.7)**			–
Consolidated total liabilities			**(1,790.3)**			(1,781.2)

Other information	**£m**	**£m**	**£m**	£m	£m	£m
Capital additions	**4.7**	**–**	**4.7**	2.0	–	2.0
Depreciation	**2.0**	**–**	**2.0**	1.6	–	1.6

6. Restatement of the comparative year arising on the adoption of IAS 19 (Revised) 'Employee Benefits'

In the year ended 30 June 2014, the Group has adopted IAS 19 (Revised) 'Employee Benefits'. The impact on the Group of adopting this standard was a change in the calculation of the interest cost charged to profit and loss on employee benefits. In accordance with IAS 19 (Revised) 'Employee Benefits' interest is now calculated on the net defined benefit pension asset/liability. The Group interest expense within finance costs has been restated for the comparative year from £0.5m to £0.8m. The increased finance cost has resulted in an equivalent credit recognised in other comprehensive income in the Consolidated Statement of Comprehensive Income. There has been no impact on the defined benefit asset/liability.

7. Exceptional items

In the year ended 30 June 2014, there were no exceptional items.

In the year ended 30 June 2013, there were the following exceptional items:

Debt refinancing

On 14 May 2013, the Group agreed a comprehensive refinancing package. The Group entered into a new £700m revolving credit facility, reducing to £550m in June 2016 and maturing in May 2018. The Group retained US$80m of private placement notes that were issued in May 2011 and mature in August 2017 and the £100m term loan that was drawn in July 2011, of which 25% is scheduled to be repaid in 2019, 25% in 2020 and the balance in 2021. As a result of the refinancing the Group incurred fees of £14.9m, which are being amortised over the life of the facilities. In addition, the Group accelerated the amortisation of refinancing fees previously capitalised of £7.8m.

The Group’s private placement notes that were issued in 2007 and 2008 (which amounted to £151.9m equivalent), together with the associated foreign exchange swaps, were cancelled with effect from 2 July 2013. The interest make-whole of £53.0m was recognised as an exceptional charge in the Consolidated Income Statement as the Group was irrevocably committed to this repayment as at 30 June 2013.

The Group cancelled £55m nominal value of interest rate swaps resulting in an exceptional interest charge of £18.5m.

As a result of the refinancing, total exceptional finance costs were £79.3m with a related tax credit of £18.8m.

Part sale of non-current available for sale financial asset

On 13 May 2013, the Group entered into a joint venture, Rose Shared Equity LLP ('Rose'), with a fund managed by Anchorage Capital Group LLC ('Anchorage'). The Group disposed of the majority of its own equity share loans that originated in the period from 1 January 2009 to 31 December 2011 into the joint venture at no gain or loss. Anchorage acquired a 50% interest in Rose for £33.7m. The Group has recognised exceptional administrative costs related to fees upon this transaction and the comprehensive debt refinancing of £2.8m with a related tax credit of £0.6m.

Impairment of inventory relating to investments accounted for using the equity method

At 30 June 2013, the Group conducted an impairment review of its share of the inventories included within its investments accounted for using the equity method. This resulted in an impairment charge for the year of £5.4m with a related tax credit of £1.3m.

8. Net finance costs

Recognised in the Consolidated Income Statement

	Notes	**2014** **£m**	2013 (*restated) £m
Finance income on short term bank deposits		**(0.2)**	(0.1)
Imputed interest on available for sale financial assets	13	**(5.8)**	(10.2)
Other interest receivable		**(3.1)**	(2.5)
Finance income		**(9.1)**	(12.8)
Interest on loans and borrowings		**21.3**	37.7
Imputed interest on deferred term payables		**35.0**	26.5
Finance costs related to employee benefits	18	**0.3**	0.8
Amounts reclassified to the Income Statement in respect of hedged cash flows		**11.7**	6.7
Foreign exchange gains/(losses) on US Dollar debt		**(5.9)**	2.8
Amortisation of facility fees		**3.5**	4.6
Imputed interest on Kickstart equity funding		**–**	(0.9)
Other interest payable		**2.9**	2.9
Finance costs before exceptional items		**68.8**	81.1
Net finance costs before exceptional items		**59.7**	68.3
Exceptional finance costs			
Make-whole fee on redemption of private placement notes	7	**–**	53.0
Hedging termination costs	7	**–**	18.5
Write-off of previous facility unamortised fees	7	**–**	7.8
Exceptional finance costs	7	**–**	79.3
Total finance costs		**68.8**	160.4
Net finance costs		**59.7**	147.6

*The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

Recognised in equity

	Notes	**2014** **£m**	2013 £m
Amounts deferred in respect of effective cash flow hedges		**5.4**	1.9
Total fair value losses on cash flow swaps included in equity		**5.4**	1.9
Amounts reclassified to the Income Statement in respect of hedged cash flows		**(11.7)**	(6.7)
Amounts reclassified to the Income Statement in respect of hedged cash flows no longer expected to occur – exceptional	7	**–**	(18.5)
Total fair value losses on cash flow swaps transferred to equity		**(11.7)**	(25.2)

9. Tax

Analysis of the tax charge for the year

	2014 £m	2013 £m
Current tax		
UK corporation tax for the year	**13.6**	(0.9)
Adjustment in respect of previous years	**0.6**	–
	14.2	(0.9)
Deferred tax		
Origination and reversal of temporary differences	**69.8**	25.2
Adjustment in respect of previous years	**(0.7)**	2.2
Impact of reduction in corporation tax rate	**1.9**	3.3
	71.0	30.7
Tax charge for the year	**85.2**	29.8

In addition to the amount charged to the Consolidated Income Statement, a net current and deferred tax credit of £1.9m (2013: £4.2m) was recognised directly in equity.

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

Factors affecting the tax charge for the year
The tax rate assessed for the year is lower (2013: higher) than the standard effective rate of corporation tax in the UK of 22.50% (2013: 23.75%).

The differences are explained below:

	2014 £m	2013 (*restated) £m
Profit before tax	**390.6**	104.5
Profit before tax multiplied by the standard rate of corporation tax of 22.50% (2013: 23.75%)	**87.9**	24.8
Effects of:		
Other items including non-deductible expenses	**1.3**	1.9
Use of previously unrecognised losses	**(3.2)**	–
Additional tax relief for land remediation costs	**(1.5)**	(1.4)
Adjustment in respect of previous years	**(0.1)**	2.2
Tax in respect of joint ventures	**(1.1)**	(0.2)
Tax on share-based payments	**–**	(0.8)
Impact of change in tax rate on deferred tax asset	**1.9**	3.3
Tax charge for the year	**85.2**	29.8

*The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

A number of changes to the UK corporation tax system were enacted in the Finance Act 2013 on 17 July 2013, including a reduction in the main rate of corporation tax from 23% to 21% with effect from 1 April 2014 and from 21% to 20% from 1 April 2015. The reductions from 23% were substantively enacted during the period and have therefore been reflected in the accounts for this year. Accordingly, the current year tax charge has been provided for at an effective rate of 22.50% (2013: 23.75%) and the closing deferred tax asset has been provided in these Condensed Financial Statements at a rate of between 20% and 21% (2013: 23%) depending upon when the asset is expected to reverse.

10. Dividends

Amounts recognised as distributions to equity holders in the period:	**2014 £m**	2013 £m
Final dividend for the year ended 30 June 2013 of 2.5p (2012: nil pence) per share	**24.5**	–
Interim dividend for the year ended 30 June 2014 of 3.2p (2013: nil pence) per share	**31.4**	–
Total dividends distributed to equity holders in the year	**55.9**	–

	2014 £m	2013 £m
Proposed final dividend for the year ended 30 June 2014 of 7.1p (2013: 2.5p) per share	**69.7**	24.4

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting. The cost has been calculated based on the issued share capital at 30 June 2014 and has not been included as a liability at 30 June 2014.

11. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of £305.4m (2013: £74.7m (*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 was 979.1m (2013: 973.7m) shares.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of £305.4m (2013: £74.7m (*restated)) by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive share options from the start of the year, giving a figure of 1,004.7m (2013: 998.7m) shares.

The earnings per share from continuing operations were as follows:

	2014 pence	2013 (*restated) pence
Basic earnings per share	**31.2**	7.7
Adjusted basic earnings per share	**31.2**	14.5
Diluted earnings per share	**30.4**	7.5
Adjusted diluted earnings per share	**30.4**	14.2

*The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

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

			2014			2013
		Basic	**Diluted**		Basic	Diluted
				(*restated)	(*restated)	(*restated)
	£m	**pence**	**pence**	£m	pence	pence
Profit for basic and diluted earnings per share	**305.4**	**31.2**	**30.4**	74.7	7.7	7.5
Add: exceptional administrative expenses	**–**	**–**	**–**	2.8	0.3	0.3
Add: exceptional finance costs	**–**	**–**	**–**	79.3	8.1	7.9
Add: exceptional impairment of joint venture	**–**	**–**	**–**	5.4	0.5	0.5
Less: tax effect of above items	**–**	**–**	**–**	(20.7)	(2.1)	(2.0)
Earnings for basic and adjusted diluted earnings per share	**305.4**	**31.2**	**30.4**	141.5	14.5	14.2

*The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

Earnings are adjusted, removing exceptional finance costs, exceptional loss on joint ventures and the related tax to reflect the Group’s underlying profit.

12. Goodwill

	£m
Cost	
At 1 July 2012, 30 June 2013 and 30 June 2014	816.7
Accumulated impairment losses	
At 1 July 2012, 30 June 2013 and 30 June 2014	24.5
Carrying amount	
At 30 June 2013 and 30 June 2014	**792.2**

The Group's goodwill has a carrying value of £792.2m relating to the housebuilding segment. The goodwill relating to the commercial developments segment, with a cost of £24.5m, was fully impaired in the year ended 30 June 2008.

The Group conducts an annual impairment review of goodwill and intangibles together for both the housebuilding and commercial developments segments. The impairment review was performed at 30 June 2014 and compared the value-in-use of the housebuilding segment with the carrying value of its tangible and intangible assets and allocated goodwill. The Group allocates any identified impairment first to goodwill and then to assets on a pro-rata basis, which in the case of the Group is its intangible assets and property, plant and equipment.

The value-in-use was determined by discounting the expected future cash flows of the housebuilding segment. The first two years of cash flows were determined using the Group's approved detailed site-by-site business plan. The cash flows for the third to fifth years were determined using Group level internal forecasted cash flows based upon expected volumes, selling prices and margins, taking into account available land purchases and work in progress levels. The cash flows for year six onwards were extrapolated in perpetuity using an estimated growth rate of 2.5%, which was based upon the expected long term growth rate of the UK economy.

The key assumptions for the value-in-use calculations were:

- Discount rate: this is a pre-tax rate reflecting current market assessments of the time value of money and risks appropriate to the Group's housebuilding business. Accordingly, the rate of 12.6% (2013: 12.2%) is considered by the Directors to be the appropriate pre-tax risk adjusted discount rate, being the Group's estimated long term pre-tax weighted average cost of capital. This rate used in the 30 June 2014 impairment review is calculated using the average capital structure of the Group during the financial year, consistent with the prior year, due to the cyclicality of the Group's borrowing requirements and reflects the Group's reduced borrowing costs following the comprehensive refinancing completed during the prior year.
- Expected changes in selling prices for completed houses and the related impact upon operating margin: these are determined on a site-by-site basis for the first two years dependent upon local market conditions and product type. For years three to five, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, taking into account external market forecasts.
- Sales volumes: these are determined on a site-by-site basis for the first two years dependent upon local market conditions, land availability and planning permissions. For years three to five, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, taking into account external market forecasts.
- Expected changes in site costs to complete: these are determined on a site-by-site basis for the first two years dependent upon the expected costs of completing all aspects of each individual development. For years three to five, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, taking into account external market forecasts.

The conclusion of this impairment review was that given the current position of the housebuilding segment and the expectations as to its future performance based upon current forecasts for sales volumes and expected changes in both selling prices and costs to complete, the housebuilding segment's goodwill and intangible assets were not impaired. The recoverable value of goodwill and intangible assets exceeded its carrying value by £1,213.2m (2013: £1,140.6m).

If the UK housing market and expectations regarding its future were to deteriorate with either operating margins reducing by 3.3% per annum (2013: 3.8% per annum) or the appropriate discount rate were to increase by 2.9% (2013: 2.6%) and all other variables were held constant, then the recoverable value of goodwill and intangible assets would equal its carrying value. Further information is given in Critical Accounting Judgements and Key Sources of Estimation Uncertainty in note 4.

13. Available for sale financial assets

Secured loans

	Notes	**2014 £m**	2013 £m
At 1 July		**128.4**	189.2
Additions		**1.2**	23.8
Disposals		**(16.5)**	(82.5)
Imputed interest	8	**5.8**	10.2
Net reversal/(impairment) taken through the Income Statement		**2.8**	(6.1)
Fair value adjustment taken through other comprehensive income		**0.7**	(6.2)
At 30 June		**122.4**	128.4
Balance at 30 June analysed as:			
Current		**0.8**	–
Non-current		**121.6**	128.4

Available for sale financial assets principally comprise interest free loans that are granted as part of sales transactions and for which the cash flows receivable are based on the value of the property at redemption. These loans are secured by way of a second legal charge on the respective property (after the first mortgage). 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 Consolidated Income Statement includes a net impairment reversal of £2.8m (2013: charge of £6.1m) in cost of sales.

The present value of expected future cash flows is calculated using a discount rate consistent with the interest rate payable on a third party second charge loan of a similar amount and duration. This is considered to be the most appropriate rate as the interest free loans are similar in nature to second charge loans offered by third party financial institutions. The average discount rate used for the year ended 30 June 2014 was 8.0% (2013: 8.0%). A fair value adjustment credit of £0.7m has been taken through other comprehensive income reflecting the unwinding of the discount in the year (2013: charge of £6.2m resulting from an increase of 0.5% to the average discount rate applied).

The estimated fair value is based on original selling prices and local market conditions with an allowance for low single-digit sales price inflation. The Group has also used independent valuation specialists in prior years to review and assess the estimated portfolio value, which has been updated using the house price indices.

The repayment profile used to calculate the timing of future cash flows is based on historical data for first-time buyers selling their property.

The net impairment reversal/charge of the available for sale financial assets taken through the Consolidated Income Statement relates to borrower default including an estimate made for losses incurred that have not yet been reported to the Group by the home owner or the first charge provider and the impact of the change in UK house prices on the present value of the estimated future cash flows of these assets.

Further disclosures relating to financial assets are set out in note 17(b)(i).

Residential property fund

During the year, the Group disposed of its 1.3m units in a residential property fund that was managed by Hearthstone Investments, which at 30 June 2013, based on unadjusted quoted prices, had a market value of £1.3m, classified within current available for sale financial assets. No gain or loss was recognised in the Consolidated Income Statement in respect of this disposal for the year ended 30 June 2014.

14. Inventories

	2014 £m	2013 £m
Land held for development	**2,348.4**	2,127.0
Construction work in progress	**1,118.2**	1,001.9
Part-exchange properties and other inventories	**42.0**	80.9
	3,508.6	3,209.8

a) Nature of inventories
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 variables such as consumer demand and planning permission delays.

b) Impairment of inventories
At 30 June 2014, the Group reviewed the net realisable value of its land and work in progress carrying values of its housebuilding sites under development. The impairment review compared the estimated future net present realisable value of development sites with their Balance Sheet carrying value. During the year, due to performance variations upon individual housebuilding sites, there were gross impairment charges of £26.5m (2013: £25.7m) and gross impairment reversals of £22.0m (2013: £22.5m) resulting in a net inventory impairment of £4.5m (2013: £3.2m) included within profit from operations for housebuilding sites for development.

In addition there was a charge of £4.4m (2013: £9.1m) related to housebuilding sites not currently under development due to changes in planning status and the viability of these sites.

There was also a gross impairment charge of £0.4m (2013: £0.6m) and a gross impairment reversal of £0.4m (2013: £0.1m) for the commercial developments business, resulting in a net inventory impairment of £nil (2013: £0.5m), due to performance variations upon individual commercial sites.

The key judgements in these reviews were estimating the realisable value of a site, which is determined by forecast sales rates, expected sales prices and estimated costs to complete. Sales prices were estimated on a site-by-site basis based upon local market conditions and took into account the current prices being achieved upon each site for each product type. In addition, the estimation of future sales prices included an allowance on a site-by-site basis for low single-digit sales price inflation in future periods. The estimation of costs to complete also included an allowance for low single-digit build cost inflation in future periods. Further information regarding these judgements is included within the Critical Accounting Judgements and Key Sources of Estimation Uncertainty section (note 4).

During the year, the Group has benefitted from stronger market conditions. If the UK housing market were to change beyond management expectations in the future, in particular with regards to the assumptions around sales prices and estimated costs to complete, further adjustments to the carrying value of land and work in progress may be required.

Following these impairments, £198.6m (2013: £325.7m) of inventories are valued at fair value less costs to sell rather than at historical cost.

c) Expensed inventories
The value of inventories expensed in the year ended 30 June 2014 and included in cost of sales was £2,500.7m (2013: £2,139.3m) including the inventory impairments.

15. Loans and borrowings

a) Net cash/(debt)

Net cash/(debt) at 30 June 2014 is shown below:

	2014 £m	2013 £m
Cash and cash equivalents	**274.7**	294.4
Non-current borrowings		
Term loans	**(88.3)**	(85.0)
Government loans	**(27.3)**	(29.8)
Private placement notes	**(46.1)**	(51.8)
Total non-current borrowings	**(161.7)**	(166.6)
Current borrowings		
Bank overdrafts	**(33.3)**	(4.1)
Government loans	**(5.1)**	(0.5)
Private placement notes	**–**	(175.6)
Kickstart equity funding	**–**	(1.6)
Total current borrowings	**(38.4)**	(181.8)
Total borrowings	**(200.1)**	(348.4)
Derivative financial instruments		
Foreign exchange swaps	**(1.5)**	28.1
Net cash/(debt)	**73.1**	(25.9)

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with a maturity of three months or less. Net debt is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings and foreign exchange swaps. Included within non-current borrowings are prepaid facility arrangement fees of £12.5m (2013: £15.9m). The Group includes foreign exchange swaps within net debt. These swaps were entered into to hedge the foreign exchange exposure upon the Group's US Dollar denominated private placement notes. The Group's foreign exchange swaps have both an interest rate and an exchange rate element and only the exchange rate element on the notional amount of the swap is included within the net cash/(debt) note above.

The Group's derivative financial instruments at 30 June are shown below:

	2014 £m	2013 £m
Foreign exchange swap – exchange rate element	**(1.5)**	28.1
Foreign exchange swap – interest rate element	**(0.3)**	1.2
	(1.8)	29.3
Interest rate swaps	**(19.4)**	(27.1)
Net derivative financial instruments	**(21.2)**	2.2

On 14 May 2013, the Group completed a comprehensive refinancing package and as part of this, irrevocably committed to prepay US$166.6m of private placement notes and cancel the associated foreign exchange swaps, with effect from no later than 2 July 2013. Accordingly, on 2 July 2013 foreign exchange swaps of US$166.6m were cancelled.

b) Drawn debt facilities

The drawn debt at 30 June comprises:

	2014 £m	2013 £m
Non-current		
Term loans	**88.3**	85.0
Government loans	**27.3**	29.8
Private placement notes	**46.1**	51.8
Total non-current borrowings	**161.7**	166.6
Current		
Bank overdrafts	**33.3**	4.1
Private placement notes	**–**	175.6
Kickstart equity funding	**–**	1.6
Government loans	**5.1**	0.5
Total current borrowings	**38.4**	181.8
Total borrowings	**200.1**	348.4

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

	2014 %	2013 %
Bank loans net of swap interest	**6.9**	6.6
Government loans	**2.0**	2.7
Term loans	**4.5**	5.3
Private placement notes	**8.2**	10.8

The principal features of the Group's debt facilities at 30 June 2014 and 30 June 2013 were as follows:

i) Committed facilities

- A committed £700.0m revolving credit facility, reducing to £550.0m in June 2016, was made available under credit agreements dated 14 May 2013 as part of the Group's comprehensive refinancing. As at 30 June 2014, £nil was drawn. £150m of this facility matures in June 2016 and £550m of this facility matures on 14 May 2018.
- A committed £100.0m term loan, of which £100.0m was drawn at 30 June 2014, made available under a credit agreement dated 10 May 2011 (as amended from time to time and most recently with effect from 14 May 2013), the maturity of which is scheduled to be repaid as follows: 25% on 1 July 2019; 25% on 1 July 2020; and 50% on 1 July 2021.
- Committed loans of £32.4m under the Government's 'Get Britain Building' and local government 'Growing Places Fund' schemes. These loans are due to be repaid between 31 December 2014 and 31 March 2018.
- A committed £50.0m two-year term loan was made available under a facility dated 30 September 2013. This facility was cancelled and repaid in full on 27 June 2014.

ii) Fixed rate Sterling private placement notes

- £65.8m of fixed rate Sterling private placement notes expire between 23 April 2018 and 23 April 2020 and were issued pursuant to a note purchase agreement dated 23 April 2008 (as amended from time to time and most recently with effect from 10 May 2011). As part of the comprehensive refinancing agreed on 14 May 2013, these private placement notes were prepaid in full on 2 July 2013.

iii) Fixed rate US Dollar private placement notes

- US Dollar private placement notes of $80.0m due on 23 August 2017 were issued pursuant to note purchase agreements dated 10 May 2011 (as amended from time to time and most recently with effect from 14 May 2013).
- US Dollar ten-year private placement notes of $42.6m issued pursuant to a note purchase agreement dated 23 April 2008 (as amended from time to time and most recently with effect from 10 May 2011). As part of the comprehensive refinancing agreed on 14 May 2013, these private placement notes were prepaid in full on 2 July 2013.
- US Dollar ten-year private placement notes of $124.0m issued pursuant to a note purchase agreement dated 23 August 2007 (as amended from time to time and most recently with effect from 10 May 2011). As part of the comprehensive refinancing agreed on 14 May 2013, these private placement notes were prepaid in full on 2 July 2013.

iv) Bank overdrafts and uncommitted money market facilities

- The Group also uses various bank overdrafts 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.

16. Derivative financial instruments - swaps

The Group has entered into derivative financial instruments to manage interest rate and foreign exchange risks as explained in note 17. The Group does not enter into any derivatives for speculative purposes.

	Asset £m	**2014 Liability £m**	Asset £m	2013 Liability £m
Designated as cash flow hedges				
Non-current				
Interest rate swaps	**–**	**(19.4)**	–	(27.1)
Foreign exchange swaps	**–**	**(1.8)**	4.1	–
Current				
Foreign exchange swaps	**–**	**–**	25.6	(0.4)
Total derivative financial instruments	**–**	**(21.2)**	29.7	(27.5)

a) Interest rate swaps

The Group enters into derivative transactions in the form of swap arrangements to manage the cash flow risks, related to interest rates, arising from its sources of finance.

The Group’s £60.0m 2017 and £25.0m 2022 interest rate swap arrangements contain a clause that allows the Group or the counterparty to cancel the swap in May 2015 at fair value.

As at 30 June 2014, the Group had outstanding floating rate Sterling debt and overdrafts, excluding fees, of £164.3m (2013: £132.4m). In obtaining this funding, the Group sought to achieve certainty as to the availability of, and Income Statement charge related to, a designated proportion of anticipated future debt requirements.

The Group has entered into swap arrangements to swap £137.0m (2013: £137.0m) of this debt into fixed rate Sterling debt in accordance with the Group treasury policy outlined in note 17. After taking into account swap arrangements, the fixed interest rates applicable to the debt were as follows:

		2014			2013
£m	**Fixed rate payable %**	**Maturity**	£m	Fixed rate payable %	Maturity
60.0	**6.08**	**2017**	60.0	6.08	2017
19.5	**6.18**	**2017**	19.5	6.18	2017
32.5	**5.83**	**2017**	32.5	5.83	2017
25.0	**5.63**	**2022**	25.0	5.63	2022
137.0			137.0		

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 2014, which is based on third party valuations, was a liability of £19.4m (2013: £27.1m) with a gain of £7.7m (2013: £6.9m) charged directly to equity in the year.

There was no ineffectiveness to be taken through the Consolidated Income Statement during the year or the prior year.

Further disclosures relating to financial instruments are set out in note 17.

b) Foreign exchange swaps

The Group enters into derivative transactions in the form of swap arrangements to manage the cash flow risks related to foreign exchange arising from its sources of finance denominated in US Dollars.

As at 30 June 2014, the Group had outstanding fixed rate US Dollar loan notes of $80.0m (2013: $246.6m).

The Group has 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 17. After taking into account swap arrangements, the fixed interest rates applicable to the debt were as follows:

$m	**Fixed rate payable %**	**2014 Maturity***	$m	Fixed rate payable %	2013 Maturity*
–	**–**	**–**	103.7	6.61	2013
–	**–**	**–**	7.5	10.55	2013
–	**–**	**–**	12.8	9.75	2013
80.0	**8.14**	**2017**	80.0	8.14	2017
–	**–**	**–**	33.7	9.24	2013
–	**–**	**–**	3.6	12.23	2013
–	**–**	**–**	5.3	11.37	2013
80.0			246.6		

*On 14 May 2013, the Group completed a comprehensive refinancing package and as part of this, irrevocably committed to prepay US$166.6m of private placement notes and cancel the associated foreign exchange swaps, with effect from no later than 2 July 2013. Accordingly, on 2 July 2013, foreign exchange swaps of US$166.6m were cancelled.

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 and match 100% of the interest payments. The fair value of the swap arrangements as at 30 June 2014, which is based on third party valuations, was a liability of £1.8m (2013: asset of £29.3m) with a loss of £7.3m (2013: gain of £0.7m) charged directly to equity in the year.

There was no ineffectiveness to be taken through the Consolidated Income Statement during the year or the prior year. Further disclosures relating to financial instruments are set out in note 17.

17. Financial risk management

The Group's operations and financing arrangements 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, accordingly, there is a regular, detailed system for the reporting and forecasting of cash flows from the operations to Group management to ensure that risks are promptly identified and appropriate mitigating actions taken by the central treasury department. These forecasts are further stress-tested at a Group level on a regular basis to ensure that adequate headroom within facilities and banking covenants is maintained. In addition, the Group has 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 hedge interest rates and currency rates. The Group does not use derivative financial instruments for speculative purposes.

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

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 peak in April and May; and October and November of each year, due to seasonal trends in income. Accordingly, the Group maintains sufficient facility headroom to cover these requirements. On a normal operating basis, the Group has a policy of maintaining headroom of up to £150.0m. The Group 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 2014, the Group had committed bank and other facilities of £880.8m (2013: £1,030.5m) and total facilities of £932.0m (2013: £1,076.7m). The Group's drawn debt, excluding fees, against the committed facilities was £180.8m (2013: £330.5m). This represented 20.5% (2013: 32.1%) of available committed facilities at 30 June 2014. In addition, the Group had £274.7m (2013: £294.4m) of cash and cash equivalents.

The Group was in compliance with its financial covenants at 30 June 2014. At the date of approval of these Condensed Financial Statements, the Group's internal forecasts indicate that it will remain in compliance with these covenants for the foreseeable future, being at least twelve months from the date of signing these Condensed Financial Statements.

The Group's objective is to minimise refinancing risk. The Group therefore has a policy that the average maturity of its committed bank facilities and private placement notes is at least two years on average with a target of three years. At 30 June 2014, the average maturity of the Group's facilities was 3.7 years (2013: 3.9 years).

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

Expiry date	**2014** **£m**	2013 £m
In less than one year	**–**	–
In more than one year but not more than two years	**150.0**	150.0
In more than two years but not more than five years	**550.0**	550.0
In more than five years	**–**	–
	700.0	700.0

In addition, the Group had £17.9m (2013: £42.1m) of undrawn uncommitted facilities available at 30 June 2014.

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 Consolidated Balance Sheet.

The Group is subject to the prevailing conditions of the UK economy and 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, consumer confidence, mortgage availability and competitor pricing. However, the Group does seek to maintain an appropriate geographic spread of operating divisions and an appropriate product mix to mitigate any risks caused by local economic conditions. The Group has detailed procedures to manage its market related operational risks, which include:

- a weekly review of key trading indicators, including reservations, sales rates, visitor levels, levels of incentives, competitor activity and cash flow projections;
- the provision to mortgage providers with complete transparency of house purchase prices alongside any discounts or other incentives in order that they have appropriate information upon which to base their lending decision; and
- collaboration with key mortgage lenders to ensure that products are appropriate wherever possible for customers.

The UK housing market affects the valuation of the Group's non-financial assets and liabilities and the critical judgements applied by management in these Condensed Financial Statements, including the valuation of land and work in progress, goodwill and intangible assets.

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

	Linked to UK housing market £m	**Not linked to UK housing market £m**	**Total £m**
2014			
Non-derivative financial assets	**122.4**	**362.5**	**484.9**
Non-derivative financial liabilities	**–**	**(1,517.5)**	**(1,517.5)**
Derivatives	**–**	**(21.2)**	**(21.2)**
	122.4	**(1,176.2)**	**(1,053.8)**
2013			
Non-derivative financial assets	128.4	347.8	476.2
Non-derivative financial liabilities	–	(1,583.5)	(1,583.5)
Derivatives	–	2.2	2.2
	128.4	(1,233.5)	(1,105.1)

The value of the Group's available for sale financial assets is directly linked to the UK housing market. At 30 June 2014, these assets were carried at a fair value of £122.4m (2013: £128.4m). Further information is set out in note 13.

Sensitivity analysis
At 30 June 2014, 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, which are solely available for sale financial assets, would decrease in value, excluding the effects of tax, by £2.7m (2013: £8.4m) with a corresponding reduction in both the result for the year 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. 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 denominated private placements.

The Group has a conservative treasury risk management strategy and the Group's interest rates are fixed using both swaps and fixed rate debt instruments. The Group's policy is for 0-40% of average borrowings over the 3 year plan period to be at fixed rates of interest. Due to the seasonality of the Group's funding requirements, 87.2% (2013: 65.3%) of the Group's gross borrowings were fixed as at 30 June 2014 and the average over the 3 year plan period was 39%. Group interest rates are fixed using both swaps and fixed rate debt instruments.

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**
2014				
Financial liabilities (excluding derivatives)	**152.5**	**47.6**	**1,317.4**	**1,517.5**
Impact of interest rate swaps	**(137.0)**	**137.0**	**–**	**–**
Financial liability exposure to interest rate risk	**15.5**	**184.6**	**1,317.4**	**1,517.5**
2013				
Financial liabilities (excluding derivatives)	117.4	231.0	1,235.1	1,583.5
Impact of interest rate swaps	(137.0)	137.0	–	–
Financial liability exposure to interest rate risk	(19.6)	368.0	1,235.1	1,583.5

Floating interest rates on Sterling borrowings are linked to the 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 2014 was 3.4% (2013: 3.6%).

US Dollar denominated private placement notes of £46.1m (2013: £133.5m) 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 denominated private placement notes, after the effect of foreign exchange rate swaps, for 2014 was 8.2% (2013: 10.2%) with, at 30 June 2014, a weighted average period of 3.2 years (2013: 1.5 years) for which the rate is fixed.

On 14 May 2013, the Group completed a comprehensive refinancing package and irrevocably committed to prepay the £65.8m Sterling private placement notes and US$166.6m private placement notes and cancel the associated foreign exchange swaps, with effect from no later than 2 July 2013. Accordingly, on 2 July 2013 the Sterling private placement notes of £65.8m and US$166.6m private placement notes were prepaid and foreign exchange swaps of US$166.6m were cancelled.

In the year ending 30 June 2013, Sterling private placement notes of £65.8m 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 was 12.0% with, at 30 June 2013, a weighted average period of zero years for which the rate is fixed.

Sensitivity analysis
In the year ended 30 June 2014, if UK interest rates had been 50 basis points higher/lower, as this is a reasonably possible change, and all other variables were held constant, the Group's pre-tax profit would decrease/increase by £0.7m (2013: £0.6m), the Group's post-tax profit would decrease/increase by £0.5m (2013: £0.5m) and the Group's equity would decrease/increase by £0.5m (2013: £0.5m).

iii) Foreign exchange rate risk
As at 30 June 2014, the Group has fixed rate US Dollar denominated private placement notes of $80.0m (2013: $246.6m). In order to mitigate risks associated with the movement in the foreign exchange rate, the Group has a policy of fully hedging the principal of its US Dollar denominated debt and a significant proportion of the interest payments. 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, which fully hedge the principal of its US Dollar denominated debt and the US Dollar interest payments.

On 14 May 2013, the Group completed a comprehensive refinancing package and irrevocably committed to prepay US$166.6m of private placement notes and cancel the associated foreign exchange swaps, with effect from no later than 2 July 2013. Accordingly, on 2 July 2013 foreign exchange swaps of US$166.6m were cancelled.

Details of the Group's foreign exchange swaps are provided in note 16.

Sensitivity analysis
In the year ended 30 June 2014, if the US Dollar per Pound Sterling exchange rate had been $0.20 higher/lower and all other variables were held constant, the Group's pre-tax profit would decrease/increase by £nil (2013: £0.4m), the Group's post-tax profit would decrease/increase by £nil (2013: £0.3m) and the Group's equity would decrease/increase by £nil (2013: £0.3m).

c) Credit risk
In the majority of cases, the Group receives cash upon legal completion for private sales and receives advance stage payments from Registered Providers for affordable housing. The Group has £122.4m (2013: £128.4m) of available for sale financial assets, which expose it to credit risk, although this asset is spread over a large number of properties. In addition, the Group has an investment of £25.6m (2013: £25.8m) in a joint venture that holds available for sale financial assets, which exposes the joint venture to credit risk, although this is spread over a large number of properties. Included within trade and other receivables £41.4m (2013: £10.6m) is due from the Homes and Communities Agency in respect of the Help to Buy scheme. Since this receivable is due from a UK Government agency, the Group considers that this receivable has an insignificant risk of default. Other than this, the Group has no significant concentration of credit risk, as its exposure is spread over a large number of counterparties and customers.

The Group manages credit risk 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 single 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.

The maximum exposure to any counterparty at 30 June 2014 was £71.8m (2013: £76.9m) of cash on deposit with a financial institution. 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.

d) Capital risk management (cash flow risk)
The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and meet its liabilities as they fall due whilst maintaining an appropriate capital structure.

The Group manages as capital its equity, as set out in the Statement of Changes in Shareholders' Equity, and its bank borrowings (being overdrafts, loan notes and bank loans) and its private placement notes as set out in note 15.

The Group is subject to the prevailing conditions of the UK economy and 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, consumer confidence, mortgage availability and competitor pricing. The management of these operational risks is set out in the principal risks and uncertainties in note 26.

In addition, the other methods by which the Group can manage its short term and long term capital structure include: adjusting the level of dividends and special cash payments paid to shareholders (assuming the Company is paying a dividend or a special cash payment); issuing new share capital; arranging debt to meet liability payments; and selling assets to reduce debt.

18. Retirement benefit obligations

The Group operates defined contribution and defined benefit pension schemes.

Defined contribution schemes
The Group operates defined contribution retirement benefit schemes for all qualifying employees, under which it pays contributions to an independently administered fund. Contributions are based upon a fixed percentage of the employee's pay and once these have been paid, the Group has no further obligations under these schemes.

	2014 £m	2013 £m
Contributions during the year		
Group defined contribution schemes Consolidated Income Statement charge	**7.8**	7.0

At the Balance Sheet date, there were outstanding contributions of £0.8m (2013: £0.7m), which were paid on or before the due date.

Defined benefit scheme
The Group operates a funded defined benefit pension scheme in Great Britain, the Barratt Group Pension & Life Assurance Scheme (the 'Scheme'), which with effect from 30 June 2009, ceased to offer future accrual of defined benefit pensions. Alternative defined contribution pension arrangements are in place for current employees.

The Scheme provides benefits to members based on their length of service and their salary in the final years leading up to retirement or date of ceasing active accrual if earlier. The Group operates the Scheme under the UK regulatory framework, with a legally separate fund that is Trustee-administered. The Trustees are responsible for ensuring that the Scheme is sufficiently funded to meet current and future benefit payments and for the investment policy with regard to scheme assets.

The Trustees must agree a funding plan with the Group such that any funding shortfall is expected to be met by additional contributions and investment performance. In order to assess the level of contributions, triennial valuations are carried out using prudent assumptions.

The most recent full actuarial valuation of the Scheme was carried out at 30 November 2013. The results of this valuation have been updated to 30 June 2014 by a qualified independent actuary. The Group has agreed with the Trustees of the Scheme to make contributions to the Scheme of £13.3m per annum until 30 November 2015 and then £9.5m per annum until 31 December 2016 to address the Scheme's actuarial deficit. The Group also continues to meet the Scheme's administration expenses, death in service premiums and Pension Protection Fund levy.

At the Balance Sheet date, there were outstanding contributions of £1.1m (2013: £1.1m).

The Scheme exposes the Group to a number of risks, the most significant being:

Risk	**Description**
Volatile asset returns	The defined benefit obligation ('DBO') is calculated using a discount rate set with reference to high quality corporate bond yields. If assets underperform this discount rate, this will create a plan deficit. The Scheme holds a significant proportion of its assets in equities and other growth assets which are expected to outperform corporate bonds in the long term. However, returns are likely to be volatile in the short term, potentially resulting in short term cash requirements and an increase in the defined benefit obligation recorded on the Consolidated Balance Sheet. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long term objectives.
Changes in bond yields	A decrease in corporate bond yields will increase the funding and accounting liabilities, although this will be partially offset by an increase in the value of the Scheme's investments in corporate and government bonds.
Inflation risk	A significant proportion of the DBO is indexed in line with price inflation, with higher inflation leading to higher liabilities.
Life expectancy	The majority of the Scheme's obligations are to provide a pension for the life of each of the members, so increases in life expectancy will result in an increase in the liabilities.

For the purposes of calculating the accounting costs and obligations of the Scheme, the assets of the defined benefit scheme have been calculated at fair (bid) value. The liabilities of the Scheme have been calculated at each Balance Sheet date using the following assumptions:

Principal actuarial assumptions	**2014**	2013
Weighted average assumptions to determine benefit obligations		
Discount rate	**4.30%**	4.70%
Rate of price inflation	**3.30%**	3.40%
Weighted average assumptions to determine net cost		
Discount rate	**4.70%**	4.80%
Rate of price inflation	**3.40%**	2.90%

Members are assumed to exchange 19% of their pension for cash on retirement. The assumptions have been chosen by the Group following advice from Mercer Limited, the Group's actuarial advisers.

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:

Assumptions	**Male**	**Female**
Retired member born in 1949 (life expectancy at age 65)	23.6 years	26.0 years
Non-retired member born in 1969 (life expectancy at age 65)	25.4 years	28.0 years

The Trustees carried out an actuarial valuation of the Scheme as at 30 November 2013. As part of this valuation a postcode analysis was carried out and the Trustees updated their mortality assumptions to reflect the results of this analysis. The Group has reflected this analysis for the 30 June 2014 year end which has led to a decrease in life expectancies for the Scheme.

The base mortality assumptions are based upon the S1NA mortality tables with an adjustment to allow for the Scheme members being 1.5 years younger than the population of the S1NA mortality tables. Allowance for future increases in life expectancy is made in line with the CMI 2013 projections with a long term trend of 1.25% (2013: 1.25%).

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

Assumptions	**Change in assumption**	**Increase in Scheme liabilities**	
		£m	%
Discount rate	Decrease by 0.1%	6.4	2.0
Rate of inflation	Increase by 0.1%	3.6	1.1
Life expectancy	Increase by 1 year	9.9	3.0

The amounts recognised in the Consolidated Income Statement were as follows:

	2014 **£m**	2013 (*restated) £m
Interest cost	**14.3**	13.3
Interest income	**(14.0)**	(12.5)
Total pension cost recognised in net finance costs in the Consolidated Income Statement	**0.3**	0.8
Total pension cost recognised in the Consolidated Income Statement	**0.3**	0.8

*The Consolidated Income Statement and Consolidated Statement of Comprehensive Income have been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

The amounts recognised in the Consolidated Statement of Comprehensive Income were as follows:

	2014 £m	2013 (*restated) £m
Expected return less actual return on Scheme assets	**(15.3)**	(18.9)
Loss arising from changes in the assumptions underlying the present value of benefit obligations	**6.4**	23.4
Loss arising from experience from the 30 November 2013 actuarial valuation	**5.4**	–
Total pension (income)/cost recognised in the Consolidated Statement of Comprehensive Income	**(3.5)**	4.5

*The Consolidated Income Statement and Consolidated Statement of Comprehensive Income have been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

The amount included in the Consolidated Balance Sheet arising from obligations in respect of the Scheme is as follows:

	2014 £m	2013 £m
Present value of funded obligations	**327.0**	308.3
Fair value of Scheme assets	**(330.1)**	(294.9)
(Surplus)/deficit for funded Scheme/net (asset)/liability recognised in the Consolidated Balance Sheet at 30 June	**(3.1)**	13.4

	2014 £m	2013 (*restated) £m
Net liability for defined benefit obligations at 1 July	**13.4**	21.4
Contributions paid to the Scheme	**(13.3)**	(13.3)
Expense recognised in the Consolidated Income Statement	**0.3**	0.8
Amounts recognised in the Consolidated Statement of Comprehensive Income	**(3.5)**	4.5
Net (asset)/liability for defined benefit obligations at 30 June	**(3.1)**	13.4

*The Consolidated Income Statement and Consolidated Statement of Comprehensive Income have been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

A deferred tax liability of £0.6m (2013: £3.1m deferred tax asset) has been recognised in the Consolidated Balance Sheet in relation to the pension asset.

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

	2014 £m	2013 £m
Present value of benefit obligations at 1 July	**308.3**	280.5
Interest cost	**14.3**	13.3
Actuarial loss	**11.8**	23.4
Benefits paid from Scheme	**(7.4)**	(8.9)
Present value of benefit obligations at 30 June	**327.0**	308.3

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

	2014 £m	2013 (*restated) £m
Fair value of Scheme assets at 1 July	**294.9**	259.1
Interest income	**14.0**	12.5
Actuarial gain on Scheme assets	**15.3**	18.9
Employer contributions	**13.3**	13.3
Benefits paid from Scheme	**(7.4)**	(8.9)
Fair value of Scheme assets at 30 June	**330.1**	294.9

*The Consolidated Income Statement and Statement of Comprehensive Income have been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

The analysis of Scheme assets was as follows:

	2014 £m	2014 %	2013 £m	2013 %
Quoted equity securities	**159.7**	**48.4**	139.0	47.2
Debt securities	**170.0**	**51.5**	154.9	52.5
Other	**0.4**	**0.1**	1.0	0.3
Total	**330.1**	**100.0**	294.9	100.0

The actual return on Scheme assets was as follows:

	2014 **£m**	2013 £m
Actual return on Scheme assets	**29.3**	31.4

The expected employer contribution to the Scheme in the year ending 30 June 2015 is £13.3m.

19. Share capital

	2014 **£m**	2013 £m
Allotted and issued ordinary shares		
10p each fully paid: 984,983,475 ordinary shares (2013: 979,715,092)	**98.5**	98.0

During the year, 2,407,303 (2013: 4,620,159) awards over the Company's shares were granted under the Company's Executive Long Term Performance Plan, 3,363,707 (2013: 2,679,912) options were granted under the Savings-Related Share Option Scheme ('SRSOS'), 785,879 (2013: 1,338,259) awards over the Company's shares were granted under the Company's Co-Investment Plan and awards of 709,644 (2013: 585,264) were granted over the Company's shares under the Senior Management Incentive Scheme.

Allotment of shares during the year

During the year, a total of 1,090,558 (2013: 2,175,239) shares were issued to satisfy exercises under the 2010 and 2011 SRSOS schemes and 71,331 shares (2013: 27,147) were issued to satisfy early exercises under the 2011, 2012 and 2013 grants of the SRSOS schemes.

During the year, 4,021,515 shares (2013: nil) were issued to satisfy exercises under the 2010 Long Term Performance Plan and 84,979 shares (2013: nil) were issued to satisfy exercises under the Employee Share Option Plan.

Employee Benefit Trust

The Barratt Developments PLC Employee Benefit Trust (the 'EBT') holds 3,392,355 (2013: 3,988,259) ordinary shares in the Company. The EBT disposed of 595,904 shares in settlement of exercises under the Senior Management Share Option Plan 2009/10, the Executive Share Option Scheme 2009/10 and the Co-Investment Plan. The market value of the shares held by the EBT at 30 June 2014 at 373.7 pence per share (2013: 309.6 pence per share) was £12,677,231 (2013: £12,347,650). 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, Long Term Performance Plans and Co-Investment 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.

20. Non-controlling interests

	2014 **£m**	2013 £m
At 1 July	**–**	–
Share of profit for the year recognised in the Consolidated Income Statement	**–**	–
Non-controlling interest arising on acquisition of land in a non-wholly controlled subsidiary	**8.0**	–
At 30 June	**8.0**	–

On 28 April 2014 the Group acquired land in SQ Holdings Limited, a subsidiary registered in Guernsey in which the Group holds an interest of 90%.

21. Cash flows from operating activities

	Notes	2014 £m	2013 (*restated) £m
Profit for the year from continuing operations		**305.4**	74.7
Tax		**85.2**	29.8
Finance income		**(9.1)**	(12.8)
Finance costs – non-exceptional		**68.8**	81.1
Finance costs – exceptional		**–**	79.3
Share of post-tax profit from joint ventures		**(40.6)**	(2.3)
Share of post-tax loss from associates		**0.1**	0.1
Profit from operations		**409.8**	249.9
Depreciation		**2.0**	1.6
Profit on disposal of property, plant and equipment		**–**	(0.6)
Impairment of inventories	14	**8.9**	12.8
(Reversal)/impairment of available for sale financial assets	13	**(2.8)**	6.1
Share-based payments charge		**9.0**	4.4
Imputed interest on deferred term payables	8	**(35.0)**	(26.5)
Imputed interest on available for sale financial assets	8,13	**5.8**	10.2
Amortisation of facility fees	8	**(3.5)**	(4.6)
Imputed interest on Kickstart equity funding	8	**–**	0.9
Write-off of previous facility unamortised fees	8	**–**	(7.8)
Finance costs related to employee benefits	8,18	**(0.3)**	(0.8)
Total non-cash items		**(15.9)**	(4.3)
(Increase)/decrease in inventories		**(235.0)**	4.0
Increase in trade and other receivables		**(39.2)**	(23.3)
Increase/(decrease) in trade and other payables		**147.0**	(32.1)
Decrease in available for sale financial assets		**9.5**	22.7
Total movements in working capital		**(117.7)**	(28.7)
Interest paid		**(33.2)**	(52.0)
Tax (paid)/received		**(0.7)**	0.9
Net cash inflow from operating activities		**242.3**	165.8

*The Consolidated Income Statement has been restated for the comparative year following the adoption of IAS 19 (Revised) 'Employee Benefits' in the year (see note 6).

The Balance Sheet movements in land and available for sale financial assets include non-cash movements due to imputed interest. Imputed interest is therefore included within non-cash items in the note above.

22. Contingent liabilities

a) Contingent liabilities related to subsidiaries
The Company has guaranteed certain bank borrowings of its subsidiary undertakings.

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

In the normal course of business, the Group has given counter indemnities in respect of performance bonds and financial guarantees. Management estimate that the bonds and guarantees amount to £490.5m (2013: £447.5m), and confirm that at the date of these Condensed Financial Statements the possibility of cash outflow is considered minimal and no provision is required.

b) Contingent liabilities related to joint ventures and associates
The Group has given counter indemnities in respect of performance bonds and financial guarantees to its joint ventures totalling £30.2m at 30 June 2014 (2013: £2.6m). The Group has also provided principal guarantees of £12.0m and cost and interest overrun guarantees in relation to the borrowings of a number of the Group's London joint ventures (2013: £nil). At 30 June 2014, no cost or interest overruns had been incurred (2013: £nil). The Group's maximum exposure under these cost and interest overrun guarantees is estimated at £8.6m as at 30 June 2014 (2013: £nil).

At 30 June 2014, the Group has an obligation to repay £0.9m (2013: £0.9m) of grant monies received by a joint venture upon certain future disposals of land.

The Group has also given a number of performance guarantees in respect of the obligations of its joint ventures, requiring the Group to complete development agreement contractual obligations in the event that the joint ventures do not perform as required under the terms of the related contracts.

c) Contingent liabilities related to subsidiaries, joint ventures and associates

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

23. Related party transactions

a) Remuneration of key personnel

Disclosures related to the remuneration of key personnel as defined in IAS 24 'Related Party Disclosures' will be provided in the 2014 Annual Report and Accounts.

b) Transactions between the Group and its joint ventures

The Group has entered into transactions with its joint ventures in respect of development management and other services (with charges made based on the utilisation of these services) and funding. These transactions totalled £8.6m (2013: £2.5m) and £2.5m (2013: £1.2m). In addition, one of the Group's subsidiaries, BDW Trading Limited, contracts with a number of the Group's joint ventures to provide construction services and, in the previous financial year, available for sale financial assets were sold by BDW Trading Limited to one of the Group's joint ventures at a valuation of £59.2m.

During the year the Group received dividends totalling £23.6m (2013: £nil) from its joint ventures.

The amount of outstanding loans and interest due to the Group from its joint ventures at 30 June 2014 will be disclosed in the Annual Report and Accounts. The amount of other outstanding payables to the Group from its joint ventures at 30 June 2014 totalled £nil (2013: £nil).

The Group's contingent liabilities relating to its joint ventures are disclosed in note 22.

c) Transactions between the Group and its associates

The amount of outstanding loans due to the Group from its associates at 30 June 2014 was £nil (2013: £nil). There were no other amounts outstanding to the Group from its associates as at 30 June 2014.

The Group's contingent liabilities relating to its associates are disclosed in note 22.

d) Property purchase by a Director of Barratt Developments PLC

The Board and certain members of senior management are related parties within the definition of IAS 24 (Revised) 'Related Party Disclosures' ('IAS 24') and the Board are related parties within the definition of Chapter 11 of the UK Listing Rules ('Chapter 11').

During the year, the Group entered into the following transaction which, for the purposes of IAS 24 is considered to be a 'related party transaction'.

In August 2014, Mark Clare, Group Chief Executive, reserved an apartment (including a car parking space) from Fulham Wharf LLP, a joint venture partnership between BDW Trading Limited (the Company's main trading subsidiary) and London and Quadrant Housing Trust (L&Q), at a purchase price of £1,692,350. This purchase was conducted at a fair and reasonable market price based on four independent market valuations and similar comparable transactions at that time. An amount of £2,500 was paid on reservation. As at 9 September 2014, contracts had not been exchanged between the parties. A deposit will be payable on exchange of contracts and the remaining balance will become payable on legal completion, in accordance with the Group's normal terms of trading.

In respect of the transaction between the son of Mark Clare and Alie Street LLP (another joint venture partnership between BDW and L&Q), which was disclosed in last year's report, legal completion occurred on 20 February 2014 and any outstanding balances on that date were paid in full. Accordingly, there are no outstanding balances in respect of this transaction as at 30 June 2014.

Fulham Wharf LLP and Alie Street LLP are not controlled by and are not 'subsidiary undertakings' of the Company.

On notification by Mark Clare of the above transactions, the Board sought advice from its legal advisers and corporate brokers in respect of the application of Chapter 11 and Section 190 did not extend to LLPs and therefore the provisions of Chapter 11 and Section 190 did not apply to either of these transactions. Consequently, no shareholder approval was required for the transactions.

e) Property purchases by Directors of BDW Trading Limited

The Board and certain members of senior management are related parties within the definition of IAS 24 (Revised) 'Related Party Disclosures' and Chapter 11 of the UK Listing Rules.

There have been no 'smaller related party transactions' as defined in Listing Rule 11.1.10R for the year ending 30 June 2014.

There were no 'smaller related party transactions' as defined in Listing Rule 11.1.10R for the year ending 30 June 2013.

24. Seasonality

The Group, in common with the rest of the housebuilding industry, is subject to the main spring and autumn house selling seasons, which also result in peaks and troughs in the Group's debt profile and working capital requirements. Therefore, any weakness in the macroeconomic environment which affects these peak selling seasons can have a disproportionate impact upon the Group's results for the year.

25. Statutory accounts

The Condensed Consolidated Financial Statements for the year ended 30 June 2014 have been approved by the Directors and prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and Standing Interpretations Committee ('SIC') interpretations as adopted and endorsed by the European Union ('EU').

Barratt Developments PLC's 2014 Annual Report and Accounts will be circulated to shareholders in October 2014 and will be made available on its website www.barrattdevelopments.co.uk at that point. The financial information set out herein does not constitute the Company's statutory accounts for the year ended 30 June 2014 (as defined in Sections 434 and 436 of the Companies Act 2006) but is derived from the 2014 Annual Report and Accounts and the accounts contained therein. Statutory accounts for 2014 will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 12 November 2014. The auditor has reported on these accounts; their report was unqualified and did not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

The comparative figures for the year ended 30 June 2013 are not the Company's statutory accounts for the financial year but are derived from those accounts which have been reported on by the Company's auditor and which were delivered to the Registrar of Companies. The 2013 report of the auditor is unqualified and does not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

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

26. Principal risks and uncertainties

The Group's financial and operational performance and reputation 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 of which the principal risks are identified in the table below. The Group recognises that the management of risk is fundamental to the achievement of Group targets. As such, management throughout the Group are involved in this process.

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2014
Economic environment, including housing demand and mortgage availability			
Changes in the UK and European macroeconomic environments, including unemployment, flat economic growth, buyer confidence, availability of mortgage finance particularly for higher loan to values including Government backed schemes, the ability of purchasers to repay equity share loans, interest rates, competitor pricing, falls in house prices or land values, may lead to a fall in the demand for houses, which in turn could result in impairments of the Group's inventories, goodwill and intangible assets.	The majority of homes built by the Group are purchased by individuals who rely on the availability of mortgages. The confidence of buyers and their ability to obtain mortgages or other forms of financing are impacted by the macroeconomic environment. Accordingly, customer demand is sensitive to changes in economic conditions. The Group's ability to grow its business partly depends on securing land or options over sites and having adequate resources to build sufficient homes to meet demand. The Group's ability to do this can be impacted by cash and profit constraints which, in turn, would have an adverse effect upon net operating assets and net debt (see also the liquidity, land and construction risks sections below).	• Executive Committee, regional and divisional weekly reviews of trading performance and key performance indicators • Monthly Board report on trading performance and the economic environment, including mortgage affordability statistics • Internal systems identify the impact of sales price changes on margins • Quarterly site valuations and reviews • Half yearly asset impairment reviews • Comprehensive sales policies and procedures including transparency towards mortgage lenders • Head of Mortgage Lender Relations works with key mortgage lenders to seek to ensure that appropriate policies are available for customers	The growth in consumer confidence that started in early 2013 has continued throughout the financial year, against the backdrop of an improving economic outlook. We have also seen improvements in the underlying provision of mortgage finance. Government support for the UK housebuilding industry has remained strong, with a number of initiatives in place designed to support house purchases and stimulate economic growth. The Government has extended Help to Buy (Equity Loan) in England until 2020. Help to Buy in both Scotland and Wales ends in 2016. We expect Help to Buy to remain a very attractive opportunity for our customers, particularly first time buyers.
Land purchasing			
The ability to secure sufficient consented land at appropriate cost and quality to provide profitable growth.	The Group needs to purchase sufficient quantities of good quality, consented land at attractive prices in order to be in a position to achieve its annual construction forecasts and enhance the Group's ability to deliver profit growth. Acquiring poor quality or mispriced land would have an adverse impact on profitability and revenue.	• All potential land acquisitions are subject to formal appraisal, approval by the Group's Land Committee and must meet minimum hurdle rates of 20% gross margin and 25% ROCE • Divisional, regional and Group monthly analysis of land currently owned, committed and identified against requirements • Regular divisional land meetings	The Group continues to see a good range of opportunities for investment in its targeted locations without undue concentration and without relaxing its 20% gross margin or 25% ROCE hurdle rates. However, there is a strong demand for conventional and low complexity sites particularly in London and the South East, with some location specific land price increases in these areas driven by competition and house price inflation.
Liquidity			
Unavailability of sufficient borrowing facilities to enable the servicing of liabilities (including pension funding) and the inability to refinance	The Group maintains committed facilities of different duration that are designed to ensure that the Group has sufficient available funds for	• Committed bank facilities and private placement notes of around £850m with maturities ranging from 2016 to 2021 • Regular forecasts including	The Group is in compliance with its borrowing covenants and, at the date of approval of the 2014 Annual Report and Accounts, the Group's internal forecasts indicate that it will

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2014
facilities as they fall due, obtain surety bonds, or comply with borrowing covenants. Furthermore, there are risks to management of working capital such as conditional contracts, build costs, joint ventures and the cash flows related to them.	operations. The Group's borrowings are cyclical during the financial year and peak around April/May and October/ November each year. Due to our seasonal trends in income, these are the calendar points when the Group has the highest working capital requirements. The Group maintains sufficient committed debt facility headroom and in addition has a number of trade finance and surety facilities that are designed to ensure the Group has sufficient funds available. The absence of appropriate headroom would limit the Group's land buying and operational capability, adversely affecting profitability and the Group's ability to deliver shareholder value.	working capital, cash flow facility headroom, surety bond requirements and compliance with banking covenants • Group policies require maintaining facility headroom of up to £150m	remain in compliance with these covenants for the foreseeable future, being at least 12 months from the date of approval.
Attracting and retaining high calibre employees*			
Inability to recruit and/or retain employees with appropriate skill sets or sufficient numbers of such employees.	The Group aims to attract, retain and develop a sufficiently skilled and experienced workforce in order to maintain high standards of quality and customer service. Not having employees with appropriate skill sets can lead to build delays, quality issues, reduced sales, poor customer care and reduced profitability.	• Comprehensive Human Resources programme led by the Group Human Resources Director including apprenticeship schemes, a graduate development programme, succession planning and training academies tailored to each discipline • Monthly monitoring of employee statistics including turnover and absence • Exit interviews • Annual employee engagement survey • Remuneration benchmarked against industry competitors	There continues to be high competition amongst employers in some regions, which has resulted in employee turnover increasing to 14% (2013: 13%). We have continued to invest in the training and development of our workforce in order to assist in both retention and succession planning. To help the Group address the skill shortage in the building industry, in 2013 we aspired to recruit 600 apprentices, graduates and trainees over a three year period. We have made rapid progress and aim to recruit around 1,100 apprentices, graduates and trainees over a three year period.
Availability of raw materials, subcontractors and suppliers*			
Shortages or increased costs of materials and skilled labour, the failure of a key supplier or the inability to secure supplies upon appropriate credit terms could increase costs and delay construction.	The Group relies upon affordable supplies of building materials from multiple sources and subcontractors to perform the majority of work on sites. This retains flexibility to commence work on new sites and enhances the Group's build cost efficiency. Adverse management of these suppliers and/or subcontractors could lead to	• Centralised team led by the Group Procurement Director procures the majority of the Group's materials from within the UK including subcontractor materials, ensuring consistent quality and costs and security of supply • All of our significant supply agreements are fixed in advance, usually for 12	During the year we saw some upward price pressure on materials, in particular for bricks and timber. A shortage of skilled labour did increase costs, with bricklaying the most affected area. However, these labour costs are a low proportion of our total cost base. Overall we have seen a low single digit increase in our build costs. Over the next

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2014
	build delays, cost increases and reduced profitability.	months • Seek to establish and maintain long term supplier and subcontractor partnerships • Group policies include tendering, the requirement for multiple suppliers for both labour contracts and material supplies and establish contingency plans should any key supplier fail • Professional approach to site management	twelve months we expect low single digit build costs inflation. During the year, we have invested in our materials forecasting systems to provide suppliers with visibility of our forecasted material requirements. We continue to renew our subcontractor and supplier agreements to ensure best pricing and the continuous availability of labour and materials.
Government regulation and planning policy*			
Inability to adhere to the increasingly stringent and complex regulatory environment, including planning and technical requirements affecting the housing market and regulatory requirements more generally.	The Group's land portfolio consists of land for the short and medium term as well as strategic land. Inability to obtain suitable consents, or unforeseen delays, could impact on the number or type of homes that we are able to build. We could also be required to fund higher than anticipated levels of planning obligations, or incur additional costs to meet increased regulatory requirements. All of these would have a detrimental impact on the contribution per plot. The Group seeks to meet regulatory and planning requirements to obtain the planning permission required to develop homes and communities.	• Consultation with the Government both directly and through industry bodies to highlight potential issues • Considerable in-house technical and planning expertise devoted to complying with regulations and achieving implementable planning consents • Rigorous design standards for the homes and places we develop • Policies and technical guidance manuals for employees on regulatory compliance and the standards of business conduct expected	The Group continues to see some improvements in this area both as a result of changes in Government policy and operational improvements within its business. Following the implementation of the Government's National Planning Policy Framework, there are stronger incentives for local authorities to put in place five year land supplies. That in turn is leading to an improved dialogue between local authorities and the Group's divisions. Nevertheless the planning process remains a lengthy one and on average it takes the Group around 70 weeks from commencing the formal pre-application process achieving planning consent. The length of the planning process will remain a restriction on the speed at which housing supply can increase. Since 1 January 2014, all new developments designed are required to meet with the Building for Life 12 development standard.
Construction and new technologies*			
Failure to identify and achieve key construction milestones, due to factors including the impact of adverse weather conditions, the failure to identify cost overruns promptly, design and construction defects, and exposure to environmental liabilities which could delay	The Group builds homes and communities in Britain ranging from houses to large-scale flatted developments. In the event we did not do so efficiently, or new technologies result in quality issues, the Group's profitability and ability to grow the business could be	• Executive Committee, regional and divisional weekly reviews of trading performance and key performance indicators • Progress with development projects (including joint ventures and consortia) is monitored regularly by divisional management teams,	The Group is currently undertaking an assessment of various modern methods of offsite construction and considering their suitability for utilisation within the business to reduce the risks inherent in the construction process.

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2014
construction, increase costs, reduce selling prices and result in litigation and uninsured losses. There are also risks associated with climate change and the use of new technology in the build process e.g. materials related to carbon reduction.	impacted negatively.	including through monthly board meetings and regular site visits • Any alternative forms of construction and building technologies and the quality of materials are subject to evaluation by external and internal technical experts, including the NHBC, to ensure compliance with all building and other regulations. • Quarterly site valuations and valuation reviews • Monitoring of environmental impact indicators • Maintenance of appropriate insurance cover	
Joint ventures and consortia			
Large development projects, some of which involve joint ventures or consortium arrangements and/or commercial developments, are complex and capital intensive and changes may negatively impact upon cash flows or returns.	Due to their scale, some projects may require joint venture or consortium arrangements. Failure of a joint venture or consortium partner to perform its financial and/or operational obligations can place additional capital or operational burdens upon the Group.	• All potential joint ventures are subject to formal appraisal, approval by the Group's Land Committee and the Board • Once operational, the performance of joint ventures and consortia arrangements are subject to regular operational and financial review	During the year, the Group has entered into a number of new joint ventures. A five year revolving credit facility of £120m has been arranged during the year for the Group's joint ventures with L&Q. This facility is available to the joint ventures for land and build expenditure, although the joint ventures continue to be primarily equity funded by Barratt and L&Q.
Safety, health and environmental*			
Health and safety or environmental breaches can result in injuries to employees, subcontractors and site visitors, delays in construction or increased costs, reputational damage, criminal prosecution and civil litigation.	Health and safety is a key issue in the housebuilding sector. Given the inherent risks, it is of paramount importance to the Group. Senior management and the Board review health and safety matters on a regular basis and seek to reduce injury incidence rates by implementing policies and procedures aimed at keeping staff and visitors free from injury. In addition to the possibly tragic impact of an accident on-site, there is potential for legal proceedings, financial penalties, reputational damage and delays to the site's progress.	• Health and safety department, independent of the management of the operating divisions • Regular health and safety audits and development monitoring visits with reports produced for divisional, regional, Health and Safety Committee, Executive Committee and Board review • Group health and safety and environmental policies and procedures	During the year, the Group's construction activity has increased. The Group has enhanced in its Health and Safety team to retain the frequency of the audit and monitoring of developments. The Group has also continued to develop and enhance its Safety, Health and Environmental systems and has established a Board Safety, Health and Environmental Committee.

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2014
IT			
Failure of the Group's IT systems (whether due to cyber attacks or other causes) in particular those relating to surveying and valuation, could adversely impact the performance of the Group.	The ability to optimise prices and ensure operational efficiency is essential to the Group's performance. The Group's integrated management systems enable the Group to maintain tight control, especially with regard to surveying and valuation. Adverse IT performance could cause delays in build and have an adverse impact on operational efficiency and profit.	• Centrally maintained IT systems • Fully-tested disaster recovery programme • Regular exercises completed to seek to reduce the risk of penetration through cyber attacks	The Group has continued to invest in its site based IT for sales and construction teams, customer websites, business systems and IT infrastructure.

* Sustainability risks are explored in more detail in our 2014 Sustainability Report, available at www.barrattdevelopments.co.uk

Details of the Group's management of liquidity risk, market risk, credit risk and capital risk in relation to financial instruments are provided in note 17.

Details of the Group's contingent liabilities are provided in note 22.

27. Directors' responsibility statements

The Directors' responsibility statements are made in respect of the Condensed Financial Statements and Management Report set out in this Annual Results Announcement.

This Annual Results Announcement complies fully with the United Kingdom's Financial Services Authority Disclosure Rules and Transparency Rules ('DTRs').

Each Director confirms that, to the best of their knowledge:

a) the Condensed Financial Statements contained in this Annual Results Announcement, which have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board, International Financial Reporting Interpretations Committee interpretations and Standing Interpretations Committee interpretations as adopted and endorsed by the European Union, and those parts of the Companies Act 2006 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 Annual Results Announcement includes a fair review of the development and performance 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 Barratt Developments PLC and their functions are listed below:

Robert Lawson, Non-Executive Chairman
Mark Clare, Group Chief Executive
Steven Boyes, Group Chief Operating Officer
David Thomas, Group Finance Director
Richard Akers, Non-Executive Director
John Allan, Non-Executive Director (appointed 1 August 2014)
Tessa Bamford, Non-Executive Director
Nina Bibby, Non-Executive Director
Roderick MacEachrane, Non-Executive Director (resigned 13 November 2013)
Mark Rolfe, Senior Independent Director

Approved by order of the Board on 9 September 2014

Mark Clare
Group Chief Executive
9 September 2014

David Thomas
Group Finance Director
9 September 2014

Registered office

Barratt Developments PLC,
Barratt House,
Cartwright Way,
Forest Business Park,
Bardon Hill,
Coalville,
Leicestershire,
LE67 1UF

Tel: 01530 278 278
Fax: 01530 278 279
www.barrattdevelopments.co.uk

Corporate office

Barratt Developments PLC,
Kent House,
1st Floor,
14-17 Market Place,
London,
W1W 8AJ

Tel: 020 7299 4898
Fax: 020 7299 4851

Company information

Registered in England and Wales. Company number 604574

The Annual Results Announcement and the presentation slides will be available on the Barratt Developments corporate website, www.barrattdevelopments.co.uk, from 9.00am today.