

4 September 2024

**BARRATT DEVELOPMENTS PLC**

**Annual Results Announcement for the year ended 30 June 2024**

**Solid delivery in a challenging market, well positioned for FY25**

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

"We are pleased to have delivered total home completions at the upper end of our expectations for the year, despite the challenging backdrop. I am grateful to our skilled and dedicated teams of employees, sub-contractors and suppliers for continuing to deliver high quality homes that people want to live in. We were delighted to complete the acquisition of Redrow plc in August and are now working constructively with the CMA to finalise competition clearance so that we can begin the integration process.

Whilst demand continues to be sensitive to mortgage affordability, and reduced land buying activity during the past two years has had a near-term impact on the number of outlets we are operating from, we are well-positioned to meet the strong underlying demand for new homes of all tenures in the UK. We welcome the Government's proposed reforms of the planning system as one of the key levers to increase housebuilding, drive economic growth and tackle the chronic undersupply of high-quality, sustainable homes."

<b>£m unless otherwise stated<sup>1,2</sup></b>	<b>Year ended 30 June 2024</b>	<b>Year ended 30 June 2023</b>	<b>Change</b>
Total completions (homes) <sup>3</sup>	14,004	17,206	(18.6%)
Revenue	4,168.2	5,321.4	(21.7%)
<b>Alternative performance measures:<sup>4</sup></b>			
Adjusted gross profit	689.0	1,130.4	(39.0%)
Adjusted profit before tax	385.0	884.3	(56.5%)
Adjusted gross margin	16.5%	21.2%	(470 bps)
Adjusted operating margin	9.0%	16.2%	(720 bps)
Adjusted basic earnings per share (pence)	28.3	67.3	(57.9%)
<b>Statutory results:</b>			
Gross profit	509.5	974.9	(47.7%)
Profit before tax	170.5	705.1	(75.8%)
Gross margin	12.2%	18.3%	(610 bps)
Operating margin	4.2%	13.3%	(910 bps)
Basic earnings per share (pence)	11.8	53.2	(77.8%)
ROCE <sup>4</sup>	9.5%	22.2%	(1,270 bps)
Net cash <sup>4</sup>	868.5	1,069.4	(18.8%)
Total ordinary dividend per share (pence)	16.2	33.7	(51.9%)
Tangible net asset value per share (pence)	452	467	(3.2%)

**Highlights**

- Total home completions of 14,004<sup>(3)</sup> (FY23: 17,206), at the upper end of our expected range for the year, but 18.6% lower than FY23, reflecting the lower private order book entering FY24 and lower average outlet numbers during the year.
- Maintained industry leadership in build quality, customer service and sustainability demonstrated through:
  - 20th consecutive year of achieving more NHBC Pride in the Job Awards than any other housebuilder;
  - 15th consecutive year of receiving the maximum HBF 5 Star customer satisfaction rating; and
  - Our membership of CDP's Climate Change A List for Leadership, one of fewer than 365 companies globally.
- Adjusted gross profit of £689.0m (FY23: £1,130.4m), mainly reflecting lower home completions and average selling prices, reduced margin due to site based fixed cost levels and build cost inflation.
- Adjusted profit before tax of £385.0m (FY23: £884.3m), slightly ahead of our interim expectations, reflecting home completion delivery at the upper end of the guided range.
- Adjusted items relating to costs associated with legacy properties of £192.1m (FY23: £179.2m) and acquisition-related transaction costs of £22.4m (FY23: nil), resulted in reported profit before tax of £170.5m (FY23: £705.1m).
- Strong balance sheet with net cash at 30 June 2024 of £868.5m (30 June 2023: £1,069.4m), after dividend payments of £270.6m, legacy properties remediation spend of £91.5m, and a further reduction in land creditors.
- ROCE declined to 9.5% (FY23: 22.2%), reflecting the decline in profitability in the year.

- In line with our stated policy, final ordinary dividend per share of 11.8p (FY23: 23.5p) which, together with the interim dividend of 4.4p (FY23: 10.2p), results in total ordinary dividend for the financial year of 16.2p (FY23: 33.7p).
- Completion of the acquisition of Redrow which, subject to obtaining CMA clearance, will create an exceptional UK housebuilder and positions the business well for future growth.

## Current trading

We entered FY25 with a solid forward sales position and as at 25 August 2024 we were 42%<sup>(5)</sup> forward sold with respect to private wholly owned home completions for FY25 (27 August 2023 for FY24: 45%<sup>(6)</sup>).

The net private reservation rate per active outlet per average week from 1 July 2024 through to 25 August 2024 was 0.58, (FY24: 0.42), including a contribution of 0.03 (FY24: 0.02) from the private rented sector and other multi-unit sales.

## Outlook

Whilst the housing market remains subdued due to affordability constraints, we welcome the Government's proposed reforms of the planning system as key to both unlocking economic growth and tackling the chronic undersupply of new homes. Underlying demand in the UK is strong and we look forward to working with Government and wider stakeholders to deliver the new homes, of all tenures, the country needs.

We were delighted to complete the acquisition of Redrow plc in August 2024 and are working constructively with the CMA to obtain competition clearance. As a combined group, we have created a leading British housebuilder focused on quality, service and sustainability which will deliver more homes across Great Britain than the two companies on a stand-alone basis, and we will also deliver significant cost synergies from the combination.

As outlined in our trading update of 10 July 2024, given the profile of land acquisition over the past 24 months, we expect to see a short-term reduction in average outlets which will result in the delivery of 13,000 to 13,500 homes in FY25. As new outlets come into production in the latter part of the year and early FY26, we expect average sales outlet numbers in FY26 to be ahead of FY24 levels.

Although the macro backdrop remains challenging, particularly demand sensitivity to current mortgage pricing and a lack of higher loan to value mortgage availability we have a strong balance sheet with significant net cash and a solid forward sales position, which allows us to enter FY25 with confidence.

1 Refer to Glossary for definition of key financial metrics.

2 Unless otherwise stated, all numbers quoted exclude JVs.

3 Including JVs in which the Group has an interest.

4 In addition to the Group using a variety of statutory performance measures, it also measures performance using alternative performance measures (APMs). Definitions of APMs and reconciliations to the equivalent statutory measures are detailed in the Glossary and Definitions. Net cash definition in Note 11.

5 Our forward sold position with respect to FY25 private home completions is based on the mid-point of wholly owned completions guidance at 12,650 (13,250 total completions less 600 JVs) and assumes high teens affordable home completion mix in FY25.

6 Our forward sold position with respect to FY24 is based on actual wholly owned private completions for the year (10,666 homes).

## Note on forward looking statements:

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

**There will be a results meeting presentation and Q&A session at the UBS Auditorium 5 Broadgate, London, EC2M 2QS at 9.00am today.**

**The presentation along with Q&A will also be webcast live. Please register and access the webcast using the following link: <https://broadcaster-audience.mediaplatform.com/event/66b9f3f60bfccce733acb432e>**

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

## For further information, please contact:

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The Group's next scheduled announcement of financial information is the AGM trading update on 23 October 2024.

**Barratt Developments PLC LEI: 2138006R85VEOF5YNK**

## Chair's Statement

### Making sustainable living a reality, creating strong communities

Since taking over as Chair on 30 June 2023, I have met many of our stakeholders, including employees, customers, shareholders, supply chain partners and sub-contractors.

It is evident that we have a strong culture and a desire to ensure colleagues can develop to their full potential within a diverse, safe and inclusive workplace and we are fully committed to delivering high-quality homes to our customers whilst protecting the environment.

Colleagues across the business are passionate and helped in the development and launch, earlier this year, of our new purpose: "Making sustainable living a reality, building strong communities". Our new purpose is also supported by refreshed values which reflect the ever-changing needs of our stakeholders, the environment and our desire to lead the future of housebuilding. Input was also sought from external stakeholders to help shape our new purpose and values.

### Our performance

Barratt has delivered a solid operational performance over the past 12 months, at the upper end our expectations against a tough trading backdrop encompassing political, economic and interest rate instability. Importantly, we have done so whilst maintaining our industry-leading quality, customer service and sustainability performance.

Our balance sheet remains strong, with net cash of £868.5m, and provides the financial strength and flexibility to ensure we can manage and deliver the optimal integration of the Redrow business, whilst maintaining a positive and proactive approach to organic growth opportunities.

I am incredibly proud of the external recognition we have received over the past 12 months:

- We were awarded the Home Builders Federation (HBF) five-star status for the 15th year in a row, making us the only national housebuilder to have achieved this.
- Our site managers secured 89 NHBC Pride in the Job awards, again more than any other housebuilder for a record 20th year.
- We maintained our position as the only UK housebuilder on the CDP Climate Change A List for Leadership, one of fewer than 365 companies worldwide.

### Sustainability

We have continued to deliver against our Building Sustainably framework which is designed to drive positive change for nature, places and people. This is enabling us to drive innovation, reduce costs and enhance our competitiveness.

The housebuilding industry's impact on climate change makes it imperative that we continually scrutinise and challenge the ways in which we operate and reduce our environmental impact. The successful opening of our new Oregon Timber Frame manufacturing facility near Derby has significantly expanded our capacity to build more homes using timber frame and will help towards meeting the requirements of the Future Homes Standard and reduce on-site labour requirements. It will also deliver benefits to the environment by reducing the embodied carbon used in build, and through thermal efficiency, reduce emissions generated when the home is occupied.

### Industry collaboration

I am also pleased that Barratt is playing a leading role in the Future Homes Hub with David Thomas, our Chief Executive, chairing the organisation. The Future Homes Hub is enabling collaboration between Government, housebuilders, supply chain partners, mortgage providers, valuers and planners to deliver both the country's legislated targets to 2050 and our own carbon emission reduction targets to 2040.

### Board changes

Nigel Webb joined the Board as a Non- Executive Director in October 2023, bringing a wealth of property, construction and land experience to the Board.

Subject to obtaining CMA clearance of the Redrow acquisition, Matthew Pratt, Geeta Nanda and Nicky Dulieu will join the Board in the coming months. Matthew will join as Chief Executive Officer, Redrow and Group Executive Director. Geeta and Nicky will join as independent Non-Executive Directors.

### Shareholder returns

The Board paid an interim dividend for FY24 of 4.4 pence per share (FY23: interim dividend 10.2 pence per share) and is pleased to recommend a final FY24 dividend of 11.8 pence per share (FY23: final dividend of 23.5 pence per share) in line with our dividend policy of maintaining cover at 1.75 times adjusted earnings per share. Subject to shareholder approval, the final dividend will be paid on 1 November 2024 to shareholders on the register at the close of business on 27 September 2024. The total proposed dividend for FY24, including the interim dividend, is 16.2 pence per share (FY23: 33.7 pence per share) – lower than last year reflecting the reduction in adjusted basic earnings per share.

The Board regularly reviews its approach to capital allocation. With the Redrow acquisition completed, but CMA clearance outstanding, we will assess the capital requirements for the enlarged group taking into account current market conditions, our obligations with respect to building safety and our desire to be active in the land market. We will provide an update on our policy along with our first half results in February 2025.

## **CMA Market Study and CMA investigation**

The CMA completed its Housing Market Study and issued its final report in February 2024. The CMA drew clear and fair conclusions on how the planning system has negatively impacted the housebuilding industry and its detrimental impact on new housing delivery across the country over successive decades.

On 26 February 2024, the CMA also launched an investigation into suspected breaches of competition law, relating to the exchange of competitively sensitive information by eight housebuilders, including Barratt and Redrow. This investigation remains in its early stages and we continue to co-operate with the CMA.

## **The future**

The housing market faces ongoing challenges. The current interest rate environment continues to impact mortgage affordability and the ability of many first-time buyers to unlock mortgage qualification through deposit savings. There also remain uncertainties around the speed and scale of future economic, employment and earnings growth, which will be key determinants on the future direction of consumer confidence and spending. We welcome the policy changes proposed by the new UK Government which suggest a real commitment to unlock the planning system, drive national targets for housebuilding growth and support the industry in delivering the homes, across all tenures, the country so desperately needs.

The Board recognises that it needs to manage Barratt through what may be another challenging year for the market whilst delivering a smooth, efficient and effective integration of the Redrow business once CMA clearance has been obtained. We remain focused on managing the risks and challenges within our control, whilst ensuring we are in the best possible position to create long-term value for all our stakeholders. Our operating disciplines, forward order book and strong financial position provide us with the platform to adjust to changes in the operating and political environment in the year ahead.

Finally, on behalf of the Board, I would like to express our thanks to all our colleagues, subcontractors and our supply chain partners for their commitment to the Group, both over the last year and as we look forward to the exciting opportunities ahead bringing together the Barratt and Redrow businesses. I look forward to meeting many more colleagues across the enlarged Group in the coming year.

**Caroline Silver**

**Chair**

**3 September 2024**

# Chief Executive's Statement

## Introduction

The past year has proved challenging for both the housebuilding industry and homebuyers, with cost-of-living pressures, much higher mortgage rates and limited consumer confidence having a negative impact on housing market activity. Against this backdrop, we have remained focused on delivering high-quality, energy-efficient and sustainable homes across the country. We have driven revenue to support our business as well as our supply chain partners to position us to meet the growing shortfall in new homes supply. We have been rigorous in controlling our build activity, managing our cost base and being highly selective in our land buying, whilst ensuring we continue to lead the industry through our unwavering commitment to build quality, customer service, social responsibility and sustainability.

We also launched our new purpose during the year which is anchored around sustainability and building strong communities. Our new values are focused on our customers, on doing it right and doing it together, and making things happen. This framework formalises the culture and principles which have driven our success to date.

## The acquisition of Redrow

Against this challenging backdrop, we have proactively considered opportunities to strengthen our business and give us an even stronger platform from which to deliver sustainable growth and meet housing needs throughout Great Britain. This process culminated in the announcement in February 2024 of the proposed acquisition of Redrow plc, which completed on 21 August 2024. We are working with the CMA to address the findings of its Phase 1 competition review which is expected to complete by mid-October 2024. We are excited about the opportunities for the combined group, which creates an exceptional UK housebuilder with strong quality, customer service and sustainability credentials.

## Performance summary

We delivered a solid operating performance in FY24, at the upper end of our expectations, supported by the commitment, flexibility and determination of our employees, sub-contractors and supply chain partners, including:

- Total home completions of 14,004 (FY23: 17,206).
- 16.5% adjusted gross margin (FY23: 21.2%) and adjusted gross profit of £689.0m (FY23: £1,130.4m). The reduction in adjusted gross profit reflected:
  - stabilisation of customer demand at lower levels;
  - softening house prices;
  - ongoing, but moderating, build cost inflation; and
  - the operational gearing impact of lower home completions.
- The impact of adjusting items, which reflected legacy property costs associated with building safety-related remediation activities resulted in a reported gross profit of £509.5m (FY23: £974.9m) and a reported gross margin of 12.2% (FY23: 18.3%).
- Adjusted profit before tax of £385.0m (FY23: £884.3m).
- Reported profit before tax, after deducting adjusting items, of £170.5m (FY23: £705.1m).
- Maintained balance sheet strength with year-end net cash of £868.5m (FY23: £1,069.4m) after dividend payments of £270.6m (FY23: £360.0m), legacy property related cash expenditure of £91.5m (FY23: £32.9m) and a £33.9m reduction in land creditors (FY23: £226.9m reduction).
- ROCE reduced to 9.5% (FY23: 22.2%) reflecting reduced profitability.

Anticipating a more challenging backdrop, we set four strategic priorities in summer 2023 which supported our performance through FY24.

## Strategic Priorities - FY24 progress

- 1. Driving revenue through the targeted use of incentives for private purchasers and increased sales into the private rented and social housing sectors:**
  - Price deflation slowed on our underlying private home reservations, from 5.6% in H1 to 2.7% in H2
  - Private rented sector home completions increased by 306.2% to 1,048 homes (FY23: 258 homes).
  - Multi-unit sales, including those to registered providers, increased by 46.9% to 767 homes (FY23: 522 homes).
- 2. Controlling build activity and managing our costs:**
  - We aligned our site-based construction activity to lower reservations, with an average of 257 equivalent homes (including JVs) constructed each week in FY24, 20.2% below the 322 average equivalent homes, built weekly, in FY23.

- We reduced our headcount by a cumulative 12% through to 30 June 2024 from 30 September 2022, delivered through our ongoing recruitment freeze. This compared with a 6% cumulative reduction from 30 September 2022 through to 30 June 2023.
- 3. Maintaining our highly selective approach to land buying:**
- We approved 58 net site additions, equating to 12,439 plots in the year with activity weighted to the second half of the year.
  - We continued to rigorously apply our long-standing hurdle requirements for new land investment, at a minimum gross margin of 23% and ROCE of 25%.
  - Through our long-standing relationships, and industry-leading reputation, we have concluded important deals with both public and private landowners, which will deliver significant development pipelines over the coming years.
- 4. Leading the industry around customer service, build quality, social responsibility and sustainability:**
- We maintained our five-star HBF customer satisfaction status with the latest rolling annual recommend score of 93%, the highest score for UK national housebuilders.
  - We also maintained our industry leadership position among the major UK housebuilders, registering the lowest NHBC Reportable Items per inspection at 0.13 through FY24 (FY23: 0.16).
  - The Barratt Foundation reached a significant milestone, delivering more than £10m of funding for local and national charities since its launch in 2021.
  - We were recognised, once again, as the leading national sustainable housebuilder by NextGeneration and received their Gold Award for the eighth consecutive year.

These priorities supported our solid operational and financial performance during FY24, protected our balance sheet and our strong financial position, and strengthened our credentials with our customers, building materials suppliers, landowners and wider stakeholders.

## Responsible development

### Keeping people safe

Our first priority is always to provide a safe working environment for all of our employees and subcontractors, and we are committed to achieving the highest industry health and safety standards.

We were deeply saddened by the tragic accidental death of a sub-contractor at one of our sites in November 2023.

During FY24, despite concerted campaigns to raise health and safety issues, our Injury incidence rate increased to 302 (FY23: 289) per 100,000 workers whilst we improved our SHE audit compliance to 97% (FY23: 96%).

We remain focused on improving our site-based processes and procedures, challenging unsafe behaviours and building on our health and safety performance through on-site induction training, safety awareness for all personnel and developing our site managers' vigilance to health and safety risks on site.

### Fire safety and external wall systems

We continue to make progress with the assessment and remediation of buildings covered under the Building Safety Self Remediation Terms and Contract, to which the Group became a signatory on 13 March 2023.

Around 53% of our portfolio under review has been assessed under the Fire Risk Assessment of External Walls ('FRAEW') and has an appropriate PAS 9980 assessment in place. Through inspections and testing in FY24, we identified a further 26 buildings requiring potential remedial works (FY23: 65 buildings) and 42 buildings were either successfully remediated or were assessed as not requiring remediation (FY23: 10 buildings). As a result, at 30 June 2024, we have an ongoing portfolio of 262 buildings across 92 developments under review (30 June 2023: 278 buildings across 89 developments).

Reflecting our commitment to dealing with these buildings as quickly and efficiently as possible, of the 262 buildings under review at 30 June 2024, 137 were in progress at tender, site mobilisation or remediation stage.

In the first half of the year, we recognised a charge of £56.4m to reflect higher than expected tender returns and cost increases on buildings being remediated by the Building Safety Fund. These generally related to buildings with atypical features and costs in relation to the remaining buildings are broadly in line with our initial estimates.

During the second half of the year we recognised a charge of £64.5m, following an initial £5.0m for fire testing recognised in the first half, in relation to a development of three buildings which we had previously disclosed as a contingent liability. We have been unable to develop a testing methodology under the FRAEW for these buildings due to the unique untested wall system in place, which we now assess will need to be replaced. The provision is based on the current expected method of remediation, designed to minimise disruption to residents, though due to the unique nature of the building, this estimate may vary as the process is further developed.

After incorporating the additional adjusted item charges for fire safety and external wall systems of £125.9m, as well as with remediation costs incurred during FY24 and time discounting adjustments, the provision in relation to fire safety and external wall

systems totalled £628.1m at 30 June 2024 (30 June 2023: £535.9m). This reflects our current best estimate of the extent and future costs of remediation work required and we will continue to review these estimates as we gather data and complete the remediation of buildings within our portfolio.

We signed the Scottish Government's Safer Building Accord on 31 May 2023. The process to agree a legally binding, long-form contract to give effect to the Principles of the Accord remains in progress with Homes for Scotland and the Scottish Government. As a result of this uncertainty, our existing provisions for Scottish buildings have been made on a consistent basis with England and Wales but are subject to change depending on the outcome of the contract negotiations.

### **Reinforced concrete frames**

We continued our remediation activities for concrete frame design and construction during FY24. Work on our developments proceeded in line with our plans and remediation is well advanced.

During FY23, structural issues were identified at two developments where reinforced concrete frames were designed for us by a different engineering firm to that employed at Citiscape. Having initially disclosed these as contingent liabilities, following further analysis during the second half of FY24, we now expect that remediation work will be required. Based on our current assessment of the required work, a further £56.6m has been provided and an additional £7.6m recognised as our share of the costs within joint ventures in respect of these two developments.

After the additional charge of £56.6m, as well as the costs incurred on concrete frame remediation during FY24 and time discounting adjustments, the provision for reinforced concrete frames totalled £102.2m at 30 June 2024 (30 June 2023: £76.4m) and reflects our current best estimate of the scope and future costs of remediation work required.

Building safety considerations are paramount in prioritising and scheduling remediation works. Our dedicated Building Safety Unit manages our ongoing building safety remediation programme, which we expect to deliver over the next five years.

## **Charitable giving and the Barratt Foundation**

As part of our purpose, building strong communities, we recognise we have a role to play both as a business and through the efforts of our employees in the communities in which they live and work across the country. We work with the Barratt Foundation to focus our charitable work on improving our impact across the communities we support. Thanks to Barratt Developments' core funding, every pound raised by the Foundation is available for charitable purposes.

The year has been an exceptional one for charitable giving, thanks to the Barratt Foundation and the fundraising and volunteering efforts of individuals and teams across the Group.

In November 2023, the Barratt Foundation celebrated a significant milestone: it has now delivered more than £10m of funding to more than 1,000 local and national charities since it launched in January 2021. In FY24, we donated £6.4m (FY23: £6.3m) to charitable causes through the Barratt Foundation and employee fundraising.

### **Our impact and reach**

In FY24, the Foundation has:

- supported over 500 charities, with more than £4m funds donated;
- supported around 400 local communities through funding and employee volunteering; and
- positively changed the lives of over 90,000 children and young people through national partnerships and grants.

The Barratt Foundation's activities – three areas of charity support:

#### **1. Our national charity partners**

The Foundation supports national charities that positively affect the lives of children, young people and those most disadvantaged in communities across the UK. During FY24, the Foundation donated over £2.5m to national partnerships and grants, including our six national charity partners: Whizz Kidz, Place2Be, The Outward Bound Trust, Bookmark Reading, Magic Breakfast and Street League.

#### **2. The Barratt and David Wilson Community Fund**

Through this fund, our divisions and Group offices can donate £1,500 each month to different local charities and organisations that really matter to them and which enhance the lives of people living in their area. Reflecting the additional challenges that communities face in the winter, we also provided a Winter Support Fund in FY24. Our divisions and teams supported 66 selected small and local charities such as hospices, homeless charities and food banks, which each received a donation of £3,000.

#### **3. Match funding for our employees fundraising activities**

In FY24, our employees and divisions raised a record £1.4m (FY23: £1.3m) to support local or national charities and good causes, with an additional £0.6m (FY23: £0.8m) from the Barratt Foundation, which provides matched funding of up to £12,000 per division and up to £1,000 per employee. We also partner with Payroll Giving in Action so our employees can make regular, tax-free donations to their chosen charities – UK or international.

### **Street League**

Street League, our new national charity partner, uses the power of sport to support young people into employment. With operations in 35 locations spanning London to Edinburgh, the charity works with unemployed 16 to 24 year olds who face tough life challenges

and personal barriers. Many of the deprived areas where Street League operates are the most disadvantaged communities in the UK, where youth unemployment is three times the national average and can exceed 20%.

The Foundation's initial donation of £300,000 in FY24 is targeted to fund at least 700 young people into employment, and is vital to enhancing their life chances, social inclusion and sense of worth and wellbeing.

### Employee volunteering

A key component to our charitable activities is our employee volunteering, where we made significant strides in FY24, notwithstanding a 100% increase in volunteering days during FY23. In FY24, our employees gave up 1,935 days to volunteer with projects in their local communities, an advance of 73% on FY23. The Big Barratt Cleanup in April 2024 was our first national volunteering campaign with CleanupUK. It gave our employees the opportunity to take part in a local litter pick to help transform their local community. More than 430 volunteered their time to take part in 25 Big Barratt Cleanup events, removing more than 500 bags of rubbish and litter from local landscapes – equivalent to 2.7 tonnes.

### Working together with our charity partners to help the Group deliver for our customers

As part of our drive to create inclusivity and build stronger communities, we aim to improve and enhance the play areas in our developments for children and young people with physical disabilities and neurodiverse conditions.

Through Whizz Kidz and the generous help of families supported by the charity, our designers were able to research, develop and test our newly enhanced play area designs for children with different needs. Specifically designed play areas and tailored play area equipment are set for rollout at various Barratt developments around the UK in FY25.

## Operational review

### Reservation activity

Our net private reservation rate in FY24 was 0.58 (FY23: 0.55). The 5.5% improvement across FY24 reflected a pick-up in activity as mortgage interest rates moved lower from August 2023. Month-to-month reservation rates thereafter showed relative stability, but with a greater degree of sensitivity to mortgage interest rate movements. This sensitivity reflected the mortgage affordability and qualification challenges faced by prospective homebuyers, the majority of whom depended on access to mortgages.

Net private reservation rate	H1	H2	FY
FY24 – reported private reservation rate	0.48	0.69	0.58
Of which: PRS and other multi-unit sales	0.06	0.10	0.08
Private reservation rate excluding PRS and other multi-unit sales	0.42	0.59	0.50
FY23 - reported private reservation rate	0.44	0.65	0.55
Of which: PRS and other multi-unit sales	0.05	0.13	0.10
Private reservation rate excluding PRS and other multi-unit sales	0.39	0.52	0.45
Change FY24 vs FY23			
Reported private reservation rate	9.1%	6.2%	5.5%
Of which: PRS and other multi-unit sales	20.0%	(23.1%)	(20.0%)
Private reservation rate excluding PRS and other multi-unit sales	7.7%	13.5%	11.1%

Reservation activity during the year reflected stabilising demand from first-time buyers. This, despite many first-time buyers finding it hard to both raise deposits, given cost of living pressures, and secure income and affordability qualification, given the higher mortgage rates available. Rental cost inflation has, however, also been a continuing challenge for first-time buyers and a key driver for those in rental accommodation looking to move into home ownership as and when mortgage qualification metrics are met.

There was resilient demand from existing homeowners with accrued equity in their current homes. Reservation activity from existing homeowners did, however, require additional sales support with 16% (FY23: 11%) of the Group's reservations in the year utilising part-exchange. At the end of the year we held 120 unsold part-exchange homes, lower than the 146 held at the end of the prior year.

Increased sales into the private rented sector, along with additional multi-unit sales to registered providers of social housing and others, partly mitigated the weakness in traditional private reservations, supported our construction activity and ensured more of our homes were made available for both the private rented and affordable homes markets. The net private reservation rate into the private rented sector, along with additional multi-unit sales contributed 0.08 (FY23: 0.10) to the reservation rate in the year.

### Sales outlets

During the year, we operated from an average of 346 active sales outlets (FY23: 367), including 9 active JV sales outlets (FY23: 8). Whilst average sales outlets were ahead in the first half, the decline in active outlets through the second half reflected two factors:

- A conscious decision within the Group to slow site openings to ensure our new sales outlets were launched to create maximum market impact. Notwithstanding this decision, as well as ongoing planning delays, we launched a total of 57 new sales outlets (including JVs) in the year (FY23: 104); and



- Whilst the average life of our sales outlets has been extended by the lower private sales rate experienced since Autumn 2022, we saw a significant proportion of these “extended” outlets close, as they sold through from late 2023 through to June 2024.

At 30 June 2024 we were operating from 326 active sales outlets (FY23: 389), including 10 JV outlets (FY23: 9).

As previously announced, in FY25 we expect average active sales outlets will reduce by approximately 9% due to lower land buying activity in 2022 and 2023 and the annualised impact of sales outlets closing in the second half of FY24. We expect this reduction to be temporary with significant net sales outlet growth in Q4 FY25 and throughout FY26 supporting average sales outlets for FY26 above FY24 levels.

## Home completions

Total home completions including JVs reduced by 18.6% in FY24 to 14,004 (FY23: 17,206). Our reduced private forward order book at the start of FY24, in combination with the ongoing rate of weekly reservation activity, crystallised a 24.2% decline in our private wholly owned home completions (excluding homes for PRS and other multi-unit sales). Our deliberate decision to seek growth through PRS and other multi-unit sales limited the decline in total home completions, with PRS home sales advancing 306.2% and other multi-unit sales completions increasing by 46.9%.

The affordable housing share of wholly owned home completions reduced to 20.8% (FY23: 23.9%). Many registered providers are facing operational and financial constraints due to the higher interest environment, as well as increased scrutiny on maintenance, repair and improvement of their existing housing portfolios. As a result, registered providers are less eager to secure additional affordable housing through the homes we deliver through Section 106 arrangements. In FY25 we anticipate the affordable housing share of wholly owned completions will be in the high teens.

Completions (homes) <sup>(2)</sup>	FY24	FY23	Change
Private excluding PRS and other multi-unit sales	8,851	11,676	(24.2%)
PRS	1,048	258	306.2%
Other multi-unit sales	767	522	46.9%
<b>Total private</b>	<b>10,666</b>	<b>12,456</b>	<b>(14.4%)</b>
Affordable	2,802	3,922	(28.6%)
<b>Wholly owned</b>	<b>13,468</b>	<b>16,378</b>	<b>(17.8%)</b>
JV	536	828	(35.3%)
<b>Total<sup>(3)</sup> (including JVs)</b>	<b>14,004</b>	<b>17,206</b>	<b>(18.6%)</b>

The average selling price (ASP) of wholly owned completions reduced by 4.0% to £306.8k (FY23: £319.6k). The total private ASP reduced by 6.4% to £343.9k (FY23: £367.6k).

Within our total private completions, we completed 1,048 PRS homes (FY23: 258). The ASP of these PRS completions was £285.1k (FY23: £280.9k) with the ASP movement reflecting the diverse geographic spread of the homes completed in the period.

We also completed 767 other multi-unit home sales (FY23: 522) including home completions for registered providers, meeting their demand for additional homes using Government grant funding, and incremental to affordable homes provided under Section 106 requirements. The ASP of other multi-unit sales completions was £292.3k (FY23: £284.7k), with geographic mix accounting for the larger part of the ASP movement.

The ASP of our affordable home completions reduced by 1.1% to £165.3k (FY23: £167.2k), reflecting a reduced proportion of completions from our London operations offset by site mix.

We expect the affordable ASP in FY25 will be similar to that reported in FY24.

## Our customers

Back in 2014, we first introduced Barratt Developments’ vision. It cemented our commitment to our customers by setting down our aims and ambitions: “To lead the future of housebuilding by putting customers at the heart of everything we do”. Over the past decade, this vision has been a constant: driving our actions and behaviours, our culture and our decision making – but first and foremost, it prioritised our unwavering commitment to our customers.

Yet, we recognise that the needs of our many customers are constantly changing, as well as the communities in which we operate and play a key role in creating, and that we have an increasing responsibility to protect our environment. Through engagement with customers, our employees and teams, as well as our wider stakeholders, we have formulated our new purpose: “Making sustainable living a reality, building strong communities.”

This evolution in our purpose is supported by our new values centred on “We do it for our customers” and “We do it right”. These values reflect not only the unwavering focus we have on our customers, but also a broadening of the expectations set by our customers and upon which we ourselves should aspire to meet and exceed.

We put our customers and their new homes, as well as their communities and local environment, at the heart of everything we do.

## Great choice for potential customers

Through our existing housebuilding brands, we offer a wide range of homes for our customers: from one-bedroom apartments to five and six-bedroom homes. Barratt London is our award-winning operation within the M25. Barratt Homes and David Wilson Homes operate across Great Britain outside London. Depending on the size of the development and local market dynamics, they operate single-branded sites or as dual-branded locations, creating greater variety and choice for potential homebuyers through development design, street scenes, house types and price points. As a result, dual-branded developments generate higher sales rates than those offering a single brand.

During FY24, we operated with 252 developments on average across Great Britain: 97 developments under the Barratt Homes brand; 54 under the David Wilson Homes brand; and 101 dual-branded developments with both Barratt and David Wilson Homes. We are continually looking to enhance choices for our customers and increase the variety and diversity of our developments through our branded house types.

The acquisition of Redrow, along with CMA approval, will support the further development of our portfolio of strong brands, with recognisable house types and reputations for great quality and customer service. It will also create greater choice for both Redrow and Barratt customers, accelerate the pace of housebuilding across our developments and is a key ingredient in making our land banks work efficiently for all stakeholders.

## Great service through the buying process and beyond

We believe our industry leadership in customer service is fundamental to our success. We are the only major housebuilder to have been awarded the maximum five-star rating by our customers in the HBF Customer Satisfaction Survey for 15 consecutive years, with our latest customer satisfaction rating at 93%.

We want our customers to receive the best possible service, not only throughout their home buying journey but also post-completion. We invest in training and workshops to enhance our service and our customers' experience beyond the handover of their new home.

## New Homes Quality Code

We operate under the New Homes Quality Code (the Code) as a registered developer with the New Homes Quality Board. Introduced in 2023, the Code covers the period from initial homebuyer enquiry through to completion and then two years post-occupation of the new home. It centres on fairness throughout the customer journey, and not simply the achievement of technical standards around build quality and defects. Since becoming a registered developer under the Code, there have been no adjudications required by the New Homes Ombudsman Service.

## New build advantages for our customers

We are continually seeking to improve the energy and water efficiency, as well as the sustainability of our homes and adapting our home designs to respond to both changing homebuyer demands, as well as the Future Homes Standard and other changes to building regulations. We aim to build high-quality homes that optimise internal space, deliver excellent energy and water efficiency and, as a result, unlock lower lifetime costs for our customers.

We actively promote the lower running costs and wider environmental benefits such as biodiversity features and transport connections of our homes across all our communication channels and in our sales centres. This is an increasingly important purchasing consideration for our customers. A typical Barratt or David Wilson house, built from June 2023 under latest Building Regulations, can unlock annual energy bill savings estimated at more than £2,570<sup>(5)</sup> annually when compared to an average existing house. In FY24 more than 99% of our home completions were EPC rated "B" or above, a level of energy efficiency shared by just 3.3%<sup>(6)</sup> of the existing housing stock.

In addition, all of our homes are designed to a water use standard of 105 litres per person per day, creating the potential to reduce consumption by 25% when compared to the national average<sup>(7)</sup> and creating further cost savings for our homeowners.

## Green mortgage development reflecting new build advantages

The financial and environmental advantages of new build homes have never been as significant as they are today, and we are committed to enhancing both the access and affordability of our new homes in partnership with both mortgage lenders and surveyors.

Mortgage lenders, driven by their own sustainability initiatives, the growing recognition of future retrofit costs in relation energy efficiency for existing homes, and the scale of annual savings from new build home ownership, are increasingly engaging with the housebuilding industry around green mortgages.

The surveying industry is critical in developing a consistent and enduring valuation framework that will allow the recognition of the financial and environmental advantages of high-quality, new build homes.

As the leading national sustainable housebuilder, we have a dual approach to green mortgage development:

- We work directly with mortgage lenders to develop enhanced mortgage products that recognise the advantages of our new build, energy-efficient homes. During FY24, Accord (The Yorkshire Building Society) joined The Leeds Building Society with the launch of a new green mortgage product. Both mortgage lenders recognise the advantages inherent in new energy efficient homes, and their mortgage products have the potential to unlock up to a 10% uplift in lending.
- We collaborate with the wider industry and the Government, notably through the Future Homes Hub. Barratt's Head of Mortgage Lender Relations also chairs the "Valuation Group", which is considering how the value of sustainable benefits of new homes can be recognised in the mortgage valuation process.

## Our people

We are seeking to build a diverse and inclusive workforce that reflects the communities in which we operate, delivering excellence for our customers by drawing on a broad range of life experience, talents and skills. This approach is embedded within our new purpose and values, our Building Sustainably Framework and in our Diversity and Inclusion Strategy, through which we aim to improve the representation of all groups across the business and drive an inclusive culture, where difference is valued.

### Engaging with our employees

Our annual employee engagement survey was completed in October 2023. It delivered an engagement score of 74.9% (2022: 84.4%), reflecting:

- our ongoing recruitment freeze, which has created additional workload and responsibilities; and
- the lower FY23 bonus compared to previous years.
- a return to more normal engagement levels following a strong score in 2022 which was supported by two cost-of-living support payments that ended in July 2023;

Following the 2023 engagement survey, we conducted workshops and consultations, reflecting our desire to respond positively and engage with our workforce to improve engagement. A follow-up shorter 'pulse' survey conducted in April 2024 showed a positive impact on engagement, which improved to 78.9%.

### Investing in development and training

Against a skills shortage backdrop in the industry, it is important we not only attract and retain the best people with a diverse range of skills and experience but also play a leading role in tackling industry recruitment and retention challenges.

We invest for the future through our numerous award-winning schemes including those for graduates, apprentices and former Armed Forces personnel. We have four Degree Apprenticeships delivered in partnership with Sheffield Hallam University, encompassing Construction, Quantity Surveying and Technical Design and Real Estate. Our development programmes included 353 participants at 30 June 2024 (FY23: 483), around 6% (FY23: 7%) of our workforce, highlighting our commitment to future talent development.

### Retaining the best talent

It is vital for us to retain the most talented people within our business to ensure we have the necessary skills for continued operational delivery and future growth. Identifying and supporting our leaders of the future, along with effective succession planning, are important elements in our long-term success. Our "Rising Stars" programme seeks to identify, motivate and develop our high-potential employees and in total 344 employees have attended our "Rising Stars" programme.

With the ongoing pause in recruitment, we continue to work to improve the visibility of our employees' career paths across all functions, through individual development plans, line manager development, developing over 500 managers through our management development programme to date, and the prioritising and tracking of internal promotions. Remuneration and benefits are an important element of employee retention. We continue to review our employee packages to ensure they are effective and industry competitive.

### Expanding share ownership for our employees

In April 2024, we invited all eligible employees to participate in the 16th grant under the Group's Sharesave scheme, which allows eligible employees to contribute a maximum of £500 per month in one or more Sharesave schemes. As at 30 June 2024, approximately 52.1% (FY23: 51.4%) of our employees participated in one or more of the active schemes. In recognition of the continued dedication and commitment of our employees, in FY24 the Board agreed that an annual share award would be made to all employees below Managing Director level. Accordingly, in July 2024, an award of shares equating to £750 (FY23: £1,250) was made to all qualifying employees. This award will vest in July 2026.

Reflecting the challenges faced by our industry and as well as our recruitment freeze throughout FY24, our total employee turnover reduced to 13% for the year to 30 June 2024 (FY23: 15%). Our target over the medium term remains at 15%.

### Accredited Living Wage Employer

We continue to operate as an accredited Living Wage Employer and we promote the payment of the real Living Wage within our UK supply chain through our standard subcontractor terms and conditions.

Our standard sub-contractor terms and conditions also mandate the payment of the real Living Wage within our supply chain. To ensure this real Living Wage commitment is adhered to, we implement spot checks on higher risk trades and operate internal remediation feedback reporting. Where we find instances of non-compliance, we require this to be rectified, with follow-up audits conducted to ensure full compliance. For those working in jurisdictions other than the UK, our expectation, included within our contract requirements, is that local statutory minimum wage terms are met.

### Employee networking

Our employee networks remain a key element of the wider work to listen to our people, helping us create a truly inclusive culture through peer-to-peer support, learning and feedback. We have six employee network groups: Gender; Women on sites; Ethnicity, Culture and Religion; Disability; Families (including carers); and LGBTQ+, offering a range of activities from webinars, face-to-face events, leading discussions, marking of key calendar events, religious festivals and signposting support.

All our networks are open to allies, and we have seen a strong increase in membership over the year. A member of the Executive Committee sponsors each network.

We recognise that our employees are all a unique blend of different identities. We encourage our networks to combine on actions in support of this.

### **Gender and ethnicity pay gap reporting**

In December 2023, we published our annual Gender Pay Gap Report and, for the second year, our Ethnicity Pay Gap Report, as part of our commitment to transparency and to support our Diversity and Inclusion Strategy to improve the representation of all groups across the business.

Despite our ongoing commitment to gender pay equality both our mean and median gender pay gaps increased compared to 2022, rising to 9.6% (from 8.8%) and 7.4% (from 6.3%), respectively. Challenging conditions in the wider housing market led to a 17% reduction in sales commissions, predominantly affecting our sales teams, where the majority of colleagues are female. The construction skills shortage also continues to impact the industry as a whole, with increasing demand for, and scarcity of, skilled site-based tradespeople, triggering a wage increase in the UK. This prompted us to raise hourly rates for trade roles in some of our regions, primarily occupied by male site-based colleagues. This helped to address external economic pressures but contributed to the pay gap increase.

Although our mean gender pay gap is smaller than the average for UK businesses in 2023 at 13.2%, as we navigate changes in the market, we remain committed to continuous improvement, implementing proactive measures to address any pay disparities and delivering against our 2025 Diversity and Inclusion Strategy.

Although we are not statutorily required to disclose our ethnicity pay gap data, we are committed to diversity and inclusion, as well as being transparent with our people and ensuring we measure our impact.

In 2023, the mean ethnicity pay gap decreased to 6.6% from 7.7%, and the median gap decreased to 3.6% from 5.9%. This shift was partly attributed to an increased willingness from colleagues to identify their self-declared ethnicity, notably a change in declaration from "Do not wish to state" to identifying with an Ethnic Minority Community (EMC). The median ethnicity pay gap has also reduced due to comparatively larger salary increases for middle managers within the EMC community compared to white colleagues.

To deliver change in both areas, we will continue to build on the work in place to support our teams through our recruitment processes, talent programmes, employee networks, succession planning and early careers development. We also remain committed to implementing proactive measures to address any pay disparities based on either gender or ethnicity.

### **Physical health and mental wellbeing**

As a market leader and responsible employer, we are continually exploring how we can best support our employees whilst positively influencing the construction industry and beyond. We have delivered programmes and services for a number of years to support and enhance the health and wellbeing of our people, including mental health. We have been signatories of the Building Mental Health Charter since 2022, a member of the Zero Suicide Alliance since 2023 and we are active members of the Home Building Skills Partnership Mental Health Awareness Group.

We also support our employees through a sector-leading benefits package, including pension with death in service benefit, access to discounts on fitness memberships, high street savings, the ability to purchase additional holiday, financial education, access to savings and loans through payroll and a suite of family-friendly policies.

Our new purpose and, in particular, the new values we seek to extol, emphasise a supportive culture based on positive behaviours, inclusion and respect.

### **Diversity and inclusion**

We are committed to developing an environment that is inclusive for everyone. We want everyone who works with us or for us to feel valued, that they are treated equally and fairly, and that they can succeed in their role – regardless of their background. We believe there are two elements that create a workplace where everyone feels valued and that they belong:

- Diversity is the representation of all of our differences, and how we differentiate ourselves as individuals and as groups. Striving for diversity provides the widest access to talent and reflects our customers and the communities we serve. We know our people want to see role models that reflect them across the organisation.
- Inclusion is about building a culture of belonging by actively inviting colleagues to contribute and participate, which is proven to increase business performance. We believe every person's voice adds value and it is vital that all our current colleagues, and any prospective colleagues, feel respected and valued.

We are committed to giving full, fair and transparent consideration to applications for employment made by those with disabilities and ensuring continued employment of those who may become disabled during their employment. As an organisation we seek to ensure that training, career development and promotion is fair in all circumstances.

### **Our Diversity and Inclusion Strategy**

Our Diversity and Inclusion Strategy aims to improve both the representation of all groups across the business, as well as our ability to listen and communicate to them all, and is focused on three key areas:

- **Talent:** increasing our representation through the attraction, recruitment and development of diverse skills and experience at all levels.

- **Leadership:** taking accountability for change and creating an inclusive environment where everyone can thrive.
- **Attitudes:** supporting our people to understand and value difference, with respect and kindness.

## Gender and ethnic diversity

Improving our gender and ethnic diversity is a key focus and we continue to ensure we have gender balanced and diverse recruitment shortlists, and provide inclusive hiring training for all recruiting managers. Additionally, to drive improvement, we:

- are measuring gender and ethnic representation in each function and level within the Group on a quarterly tracking basis;
- are operating with a specified group of preferred recruiters, who have all committed to provide balanced and diverse shortlists; and
- have increased the female and ethnic minority background cohorts on our Accelerated Leadership Programme, which is designed to identify our future Managing Directors.

## Catalyst

“Catalyst”, our long-standing development and support programme, designed to help high-potential female employees develop their careers within the Group, is a key part of our gender diversity strategy. This programme continues to show positive results with eight divisional directors who are alumni from the programme and 18% of the last cohort, in FY23, already promoted or having their roles extended. Our Catalyst programme in FY24 has been our largest, since inception, with 110 participants. As at 30 June 2024, women held 20% (FY23: 18%) of senior manager roles within the Group.

Increasing the ethnic diversity of our organisation remains a clear target for the Group's leadership teams and as at 30 June 2024, 8% (FY23: 7%) of employees were from ethnic minority backgrounds and 3% (FY23: 3%) of senior leadership positions were held by ethnic minority employees.

## Human rights and anti-bribery

Our respect for human rights is embedded within our new purpose and values. Our policies and procedures support the core values of the UN Universal Declaration of Human Rights and the UN Guiding Principles of Business and Human Rights, and we act in accordance with our principles regarding diversity and the Modern Slavery Act 2015.

Our non-financial KPIs for health and safety and employee engagement reflect our belief that it is a fundamental human right to work in a safe and supportive environment. Our employees undertake training on modern slavery, which was updated this year ready for launch in FY25. Concerns can be raised anonymously via our externally managed whistleblowing process which is available to agency staff and subcontractors as well as our employees and promoted in site welfare cabins.

This year we began to develop a framework for risk assessing and managing our supply chain human rights risks.

We have a strict Anti-Bribery and Corruption Policy and conduct our business in a fair, open and transparent manner. All our employees are required to undertake regular training on our Anti-Bribery and Corruption Policy, and it is a condition of all our supplier and subcontractor contracts that they comply with the Bribery Act and this policy.

## Our land position

Since stepping back from the land market in September 2022, we have adopted a highly selective approach to incremental investment in land. Our stance reflects our strong land bank position, uncertainty on house prices, build cost inflationary pressures and limited movement in wider market reported land prices to reflect these changed market dynamics. However, since the start of 2024, we have seen an uptick in the quantity of land made available that meets our rigorous land buying requirements and is centred on a minimum gross margin of 23% and 25% ROCE.

## Gross and net land approvals

As a result, gross site approvals have increased to 69 new sites during the year. These were partially offset by 11 previously approved sites no longer proceeding to purchase, resulting in a net increase of 58 site approvals in FY24 (FY23: net cancellation of two sites).

Approved sites along with planning amendments added 15,233 plots (FY23: 4,821), at a cost of £771.7m (FY23: £345.2m), with 2,794 plots (FY23: 5,633) removed for sites no longer proceeding, at an agreed cost of £124.8m (FY23: £360.1m). This resulted in a net increase of 12,439 plots in FY24 (FY23: net reduction of 812 plots) and a net increase in our land approval commitments of £646.9m (FY23: net decrease of £14.9m).

Given the subdued but more stable market backdrop and the growing number of land opportunities available we expect to increase our land approvals significantly in FY25 whilst maintaining our rigorous land investment requirements.

## Land investment

We invested £674.3m (FY23: £822.8m) on land acquisitions and the settlement of land creditors during FY24, and we currently expect to spend c. £800m on land in FY25.

We continue to target a regionally balanced land portfolio in the medium term with a supply of owned land of c. 3.5 years and a further c. 1.0 year of controlled land. We are broadly in line with this target, with our land bank comprising 4.3 years of owned land (30 June 2023: 3.6 years) and 0.6 years of controlled land at 30 June 2024 (30 June 2023: 0.7 years).

## Our land bank

Planning and ownership or control status	30 June 2024	30 June 2023
Plots with detailed planning consent	40,030	48,270
Plots with outline planning consent	15,239	9,658
Plots with resolution to grant and other	2,363	1,320
<b>Owned and unconditional land bank (plots)</b>	<b>57,632</b>	<b>59,248</b>
Conditionally contracted land bank (plots)	8,607	11,142
<b>Total owned and controlled land bank (plots)</b>	<b>66,239</b>	<b>70,390</b>
<b>Number of years' supply</b>	<b>4.9</b>	<b>4.3</b>
JVs owned and controlled land bank (plots)	4,631	4,356
Strategic land bank (acres)	16,865	16,431
Strategic land bank (plots)	106,516	101,784
Promotional land bank (plots)	105,359	96,844
Land bank carrying value (£m)	3,233.6	3,139.9

At 30 June 2024, the estimated ASP of plots in our owned land bank was £328k (30 June 2023: £331k) and the estimated gross margin in our land bank, based on current estimated sales prices and build costs at 30 June 2024 was 18.6% (30 June 2023: 19.7%).

## Land market activity

Notable development transactions in FY24:

- **ASDA Park Royal, London:** a major regeneration scheme in Ealing which, over a number of years, will see the development of 1,505 mixed tenure homes as well as a new ASDA superstore.
- **Fort Halstead, Kent:** a significant redevelopment of former MOD research facility to deliver 635 homes near Sevenoaks.
- **Durieshill village, Stirling:** a major new village development on the outskirts of Stirling to develop more than 1,500 homes in a 50:50 partnership with Springfield Properties.

## Planning permission activity

Despite the challenging planning backdrop across the country, we secured planning consents on 9,026 plots across 54 developments during the year (FY23: 12,969 plots on 81 developments). As well as standard applications, which received planning approval at a local level, we took three planning refusals to appeal and were successful in overturning them.

Whilst our business and the wider industry continue to experience significant challenges with the ineffective and highly unpredictable state of the planning system, more than 69% (30 June 2023: 81%) of our owned and unconditional land bank plots have detailed planning consent, supporting our sales outlets position and future home completions. We are also well positioned for the coming financial year with almost all budgeted FY25 home completions (FY24: all budgeted FY24 home completions) having outline or detailed planning consent.

## Strategic land

Our strategic land teams were focused on securing additional strategic land to support future growth and 4,477 plots across 30 strategic sites were approved during FY24 (FY23: 21,802 plots and 70 sites). Plots secured through our strategic land bank delivered 3,290 (FY23: 3,938) or 24% (FY23: 24%) of our wholly owned home completions in FY24. We converted 3,723 plots (FY23: 777) of strategic land into our owned and controlled land bank during FY24. After significantly expanding our strategic land bank over the past few years, our strategic land and planning teams (with input from Gladman) will now increasingly focus on securing planning consent by promoting strategic land through Local Plan reviews, as well as speculative planning applications.

At 30 June 2024, around 20% (30 June 2023: around 23%) of our strategic land is allocated or included in draft Local Plans.

We target around 30% of wholly owned completions from strategic and promotional land in the medium term. This reflects the development and planning prospects in our strategic land portfolio, our business model and our targeted land bank length and focus on ROCE.

## Land promotion

Our promotional land portfolio is held through Gladman Developments Limited (Gladman) and consists of 105,359 plots (30 June 2023: 96,844 plots), with Gladman operating at arm's length and as a standalone business within the Group.

Over FY24, Gladman secured an estimated 9,239 plots, (FY23: 9,453 plots) through new promotional agreements with landowners. Following several successful planning applications, Gladman received planning consents on 2,804 plots during the year (FY23: 2,437 plots). Whilst wider market demand for land remained weak in FY24, Gladman secured land sales equating to 773 plots (FY23: 1,813 plots), dominated by demand from smaller developers.

Gladman generated revenue of £13.1m and an operating profit, before amortisation of intangible assets, of £0.2m during FY24 (FY23: sales of £20.4m and operating profit, before amortisation of intangible assets, of £3.8m). The reduction in revenue and profitability reflected the low level of land market activity across the year as many housebuilders limited or paused their land buying plans. We expect Gladman's performance to recover as land market activity increases over the coming months.

Gladman, with the benefit of the Group's financial, legal and development resources, continues to engage with new and existing land promotion partners around the most attractive routes to unlock value from their land positions. Gladman also offers the ability to convert promotional agreements into option, hybrid or freehold sale arrangements for all, or part, of their land promotion partners' holdings, to meet their changing needs and aspirations.

## **Our build performance**

Maintaining the efficiency of our operations and controlling costs, whilst also retaining our capacity to deliver the homes that the country needs, has remained a key area of consideration throughout the year.

### **Managing site-based construction**

Coming into FY24, our reduced order book and limited improvement in the reservation rates necessitated further adjustments to construction activity. We also sought to manage customer commitments for home completions, our finished homes inventory and the investment in new site infrastructure to support future sales outlet openings. As a result, our annual build activity reduced by 20.2% to an average 257 (FY23: 322) equivalent homes (including JVs) built per week.

In FY25, we will seek to balance construction activity between the expansion in sales outlets for FY26 and the anticipated reduction in completion volumes.

### **Controlling our cost base**

We proactively managed our operating cost base throughout FY24, particularly in areas where activity levels have stepped materially lower. Our site-based teams have inherent flexibility through the use of our sub-contractor workforce. With respect to our directly employed team members, we began a headcount freeze in September 2022, which has reduced our number of employees by 12.2% cumulatively through to the year end (30 June 2023: 6.0% cumulatively).

Headcount reductions have been most significant across our divisional network of offices, where reduced activity has not warranted recruitment as team members have moved either to new opportunities or reached retirement. We have continued to invest in priority areas, including sustainability, building safety and our IT infrastructure. However, we are only recruiting where we need additional skills. We continue to scrutinise and limit discretionary spend in all areas.

### **Build quality**

Throughout FY24, we maintained our unwavering attention to build quality throughout our divisions. Once again – and for a fifth consecutive year – we were rated industry leader among the major housebuilders by the NHBC, registering the lowest Reportable Items (RIs) per NHBC inspection at 0.13 (FY23: 0.16)<sup>(8)</sup>.

The NHBC has also introduced a new Construction Quality Index (CQI), which takes into consideration the Reportable Items index, based on the five-stage inspection of our new homes as well as Construction Quality Reviews, which are an in-depth review of quality across a site and focus only on build stages available at the time of the review. NHBC views this new CQI measure as a valuable tool in managing quality across housebuilders' operations.

On this additional metric, we have ranked a clear industry leader among the major housebuilders throughout FY24. Our build quality was also recognised through the NHBC Pride in the Job Awards for site management. At the 2023 Regional NHBC Pride in the Job Awards, 30 of our site managers won "Seals of Excellence". At the NHBC Pride in the Job Supreme Awards in January 2024, Sean O'Regan, Site Manager at Waldmers Wood in our Manchester division, was named "Supreme Runner Up" in the "Large Builder" category.

At the 2024 National NHBC Pride in the Job Awards, 89 of our site managers secured awards, more than any other housebuilder for the 20th consecutive year. No other major housebuilder has achieved this level of consistent success, recognising our management of excellent site standards and build quality. All our sites operate under our certification to the Environmental Management System standard ISO 14001, and Health and Safety standard, OHSAS 18001.

### **MMC expansion through timber frame**

We are looking to drive construction efficiency through standardising our house types and increased use of modern methods of construction (MMC). The adoption of MMC, particularly timber frame construction, helps to mitigate the long-term challenges posed by the shortage of skilled workers within the industry, as well as increasing build efficiency, reducing embodied carbon and on-site construction waste. Our new timber frame facility, near Derby, continued to grow its timber frame production to support our growing migration to timber frame construction.

MMC	FY24	FY23
Timber frame	4,107	4,564
Roof cassettes	199	224
Offsite ground floors	268	560
Large format block	94	230
<b>Total<sup>A</sup></b>	<b>4,668</b>	<b>5,578</b>
Percentage of completions <sup>A</sup>	33%	32%

<sup>A</sup> Total and percentage of completions includes JVs and has been adjusted for homes where more than one technology has been used.

## Our supply chain and cost inflation

Our supply chain, on which our build activity relies, is robust and carefully managed. Approximately 95% of our building materials are sourced by our centralised procurement function and approximately 90% of our building materials are either manufactured or assembled in the UK. We are committed to our supply chain partners and seek to secure not only sustainable but also competitive pricing, whilst maintaining security of supply to support our site-based operations.

During FY24, overall building material cost inflation slowed sharply on a spot purchasing basis, moving to a relatively flat to slightly deflationary position at the half year with this position being broadly maintained through to year end. This recent purchasing position is complemented by our future supply agreements which cover 85% of our material requirements to 31 December 2024 (FY24: 73% to 31 December 2023) and 19% of our requirements until 30 June 2025 (FY24: 14% to 30 June 2024).

Whilst we saw the inflationary pressures around skilled labour recede during the year, the industry still has a longstanding need for skilled tradespeople, combined with limited access to overseas labour and more opportunities for workers to either shift to alternative sectors or to leave the industry. These factors, along with the broader cost of living backdrop, meant wage inflation proved stickier and we anticipate labour inflation will remain the more inflationary component of our total costs in FY25.

During FY24, total build cost inflation (including infrastructure costs, materials and labour) reported through our income statement was approximately 5%, with the rate of inflation moving sequentially lower throughout the year. Reflecting the current market backdrop, and assuming no further significant changes in the costs of key commodities or energy, we anticipate total costs will be broadly flat in FY25.

## Further improvement in our waste performance

Waste reduction and resource efficiency remain clear priorities within the Group targets. In FY24 we delivered a further improvement in our waste intensity with a 12% reduction to 3.83 tonnes per 100m<sup>2</sup> of housebuild equivalent build area (FY23: 4.34 tonnes per 100m<sup>2</sup> of housebuild equivalent build area). Over FY24, our absolute waste tonnage decreased by 29.1% (FY23: decreased by 17.1%).

We promote the segregation of waste and the efficient use of skips across our sites; our diversion of waste from landfill increased during the year to 97% (FY23: 96%).

## Future homes for our customers

Our Group Design and Technical team continues to develop plans to meet the requirements of the Future Homes Standard in 2025/2026. The team is developing and evolving our house types to meet a step change in the materials used in the homes we build, as well as the design of them, as a result of the new standard.

Our eHome2 project continues to provide invaluable insights and solutions. It is now providing data on how it is performing across various external temperatures and weather conditions, controlled within the Energy House 2.0 chamber at the University of Salford.

## Current trading and outlook

Long-term housing market fundamentals reflect a significant imbalance between housing supply and demand. Despite this imbalance, the market in FY24 remained constrained by significant macroeconomic headwinds, most notably higher interest rates and inflation. The higher interest rate environment is impacting mortgage affordability and qualification, as well as the cumulative cost-of-living squeeze, which has depressed real disposable incomes and constrained economic growth, employment, consumer confidence and discretionary spending.

Whilst the new Government has only been in place for two months, we are encouraged by early activity on housing and the focus on improving the planning system, as well as tackling the funding challenges in the affordable housing sector. They will create greater permissioned land supply, mortgage access, predictability and confidence for homebuyers. However, these supply-side changes will take time to be implemented effectively.

We entered FY25 with a solid forward sales position, and at 25 August 2024 we are 42% forward sold with respect to private wholly owned home completions for FY25 (27 August 2023 for FY24: 45%), with 52% of the private order book exchanged (27 August 2023: 51%).



Forward order book	25 August 2024		27 August 2023		Variance %	
	£m	Homes	£m	Homes	£m	Homes
Private	1,467.0	4,159	1,527.6	4,440	(4.0%)	(6.3%)
Affordable	579.6	3,519	752.0	4,691	(22.9%)	(25.0%)
<b>Wholly owned</b>	<b>2,046.6</b>	<b>7,678</b>	<b>2,279.6</b>	<b>9,131</b>	<b>(10.2%)</b>	<b>(15.9%)</b>
JVs	151.1	399	157.7	477	(4.2%)	(16.4%)
<b>Total</b>	<b>2,197.7</b>	<b>8,077</b>	<b>2,437.3</b>	<b>9,608</b>	<b>(9.8%)</b>	<b>(15.9%)</b>

Since the start of FY25, our net private reservation rate per active outlet per week through to 25 August 2024 has been 0.58 (FY24: 0.42). Whilst the prior year period was particularly impacted by available mortgage rates, the current year reservation rate reflects the continuing affordability challenges faced by potential homebuyers. During the period to 25 August 2024, reservations into the private rented sector and other multi-unit sales contributed 0.03 (FY24: 0.02) to the weekly reservation rate.

Based on trading year to date and current market conditions, we continue to target total home completions of between 13,000 and 13,500 in FY25, including c. 600 completions from our JVs, whilst ensuring we maintain our industry-leading standards of build quality and customer service. We also currently estimate that around 42% of our completions will be delivered in the first half of the financial year.

We were delighted to complete the acquisition of Redrow plc in August 2024 and are working with the CMA to obtain competition clearance. We look forward with confidence; we have created a leading UK housebuilder focused on quality, service and sustainability which will deliver more homes across the UK than the two companies on a stand-alone basis, as well as delivering significant cost synergies from the combination.

**David Thomas**

**Chief Executive**

**3 September 2024**

<sup>1</sup> Refer to Glossary for definition of key financial metrics.

<sup>2</sup> Unless otherwise stated, all numbers quoted exclude JVs.

<sup>3</sup> Including JVs in which the Group has an interest.

<sup>4</sup> In addition to the Group using a variety of statutory performance measures, it also measures performance using alternative performance measures (APMs). Definitions of APMs and reconciliations to the equivalent statutory measures are detailed in the Glossary and Definitions. Net cash definition in note 11.

<sup>5</sup> Data based on HBF "Watt a Save" report updated and published 19 August 2024 available at: <https://www.hbf.co.uk/policy/wattasave/>

<sup>6</sup> Based on EPC registrations to 30 June 2024, published 30 July 2024.

<sup>7</sup> Statista data at: <https://www.statista.com/statistics/1211708/liters-per-day-per-person-water-usage-united-kingdom-uk/>

<sup>8</sup> Measured by the NHBC amongst the 14 major housebuilders constructing more than 1,000 homes annually over the year to 30 June 2024.

# Chief Financial Officer's Review

Despite the UK housing market stabilising at significantly lower activity levels, following the sharp rise in mortgage interest rates in the Autumn of 2022 and the ongoing pressures created by the cost of living, we have delivered a solid financial performance.

Our financial results reflect the Group's clear operational priorities set at the start of the year centred around driving revenue, controlling costs, maintaining land buying discipline and continuing to lead the industry around customer service, build quality and sustainability.

Our disciplined operating framework has ensured that, despite the challenging trading conditions, the Group remains in a strong financial position, well placed to take operational and financial advantage of any market recovery.

## Results to 30 June 2024

### Income statement

Group revenue was £4,168.2m in FY24 (FY23: £5,321.4m), with Group wholly owned completions 17.8% lower at 13,468 (FY23: 16,378), reflecting our lower order book at the start of the year and ongoing slower rate of reservations throughout the financial year.

The average selling price of our wholly owned completions reduced by 4.0% to £306.8k (FY23: £319.6k), with a reduced proportion of affordable homes, accounting for 20.8% (FY23: 23.9%) of wholly owned completions, diluting the degree of reported ASP decline. Our private average selling price reduced by 6.4% to £343.9k (FY23: £367.6k), due to underlying house price decline, a reduced proportion of completions in London and the dilutive impact of PRS growth, offset by minor changes in product and geographic mix.

Adjusted gross profit reduced by 39% to £689.0m (FY23: £1,130.4m) and adjusted gross margin reduced by 470 bps to 16.5% (FY23: 21.2%). This was a result of the combined impact of increased sales incentives, build cost inflation and a decline in completion volumes, which reduced fixed cost efficiencies. In FY24, our contribution margin was c. 29% (FY23: c. 32%) after land and direct build costs.

After adjusted items charged through cost of sales, totalling £179.5m (FY23: £155.5m) and relating to legacy property costs, reported gross profit was £509.5m (FY23: £974.9m) and reported gross margin was 12.2% (FY23: 18.3%).

Administrative expenses before adjusting items were £314.5m (FY23: £270.8m) and included:

- Group-wide inflationary salary increases at an average of c. 5%, effective in FY24;
- A reduction in Building Safety Unit running costs as we insourced support;
- An increase in group-wide performance related pay compared to FY23;
- Project-related IT and digital investment; and
- Reduced sundry income of £14.8m, when compared with £16.7m in FY23.

After deducting administrative expenses before adjusting items and a modest net gain of £2.1m on part-exchange activities (FY23: £3.3m), the Group delivered an adjusted profit from operations of £376.6m (FY23: £862.9m), with an adjusted operating margin of 9.0% (FY23: 16.2%). The 720 bps decline in the adjusted operating margin reflected:

- **Completion volumes:** a decline in our wholly owned completion volumes of 17.8% or 2,910 homes created a 300 bps negative impact (FY23: 30 bps negative impact).
- **Net inflation:** adverse sales price movements compounded by higher underlying build cost inflation produced a 430 bps negative impact (FY23: 170 bps negative impact).
- **London:** a significant decrease in completions from our London operations to 2% in FY24 (FY23: 8%), where margins are lower than our regional business resulted in a 60 bps positive margin impact (FY23: 20 bps negative impact).
- **Completed developments provision:** after incurring significantly higher charges in FY23 due to lengthening timescales for local authority adoption of roads and public spaces on completed developments, a more normal movement in this provision created a 20 bps positive margin impact (FY23: 60 bps negative margin impact).
- **Mix and other items:** changes in sales mix, increased selling costs, reduced abortive costs in relation to land transactions no longer proceeding and other smaller items created a 30 bps positive impact (FY23: 70 bps negative impact).
- **Net administrative expenses:** the small decrease in part-exchange income and the increase in administrative expenses deducted 100 bps (FY23: deducted 30 bps) from the adjusted operating margin.

After deducting adjusted items, on a reported basis, profit from operations reduced to £174.7m (FY23: £707.4m), with a reported operating margin of 4.2% (FY23: 13.3%).

Net finance charges were £6.5m (FY23: £11.1m), reflecting increased interest received on cash balances throughout FY24. The cash component of the finance charge was an increased credit of £37.1m (FY23: £13.4m credit) with non-cash charges of £43.6m (FY23: £24.5m). The increase in non-cash finance charges reflected the impact of the increase in legacy property provisions and the higher discount rate applied to these provisions, arising from the movement in the gilt rate. In FY25, we expect finance costs will be c. £25m, reflecting a cash component credit of c. £15m and non-cash charges of c. £40m.

Our JVs delivered lower adjusted profit for the year of £14.9m (FY23: £32.5m). Including adjusted charges for JV legacy properties of £12.6m (FY23: £23.7m), JV reported profits reduced to £2.3m (FY23: £8.8m). Consequently, reported profit before tax for the year declined to £170.5m (FY23: £705.1m).

The Group's tax charge for the year reduced to £56.4m (FY23: £174.8m). This included the full year impact of the increase in the rate of corporation tax from 19% to 25%, effective from 1 April 2023. The tax charge comprised:

- A corporation tax charge on adjusted profit before tax of £104.7m (FY23: £188.1m);
- Residential Property Developer Tax of £6.1m (FY23: £26.0m); and
- A tax credit for adjusted items totalling £54.4m in FY24 (FY23: £39.3m credit).

Adjusted basic earnings per share decreased by 57.9% to 28.3 pence per share (FY23: 67.3 pence) due to a 56.5% decline in adjusted pre-tax profitability and a 6.0% impact from the increased corporate tax rate and was partially offset by a 2.8% benefit from the reduced average share count, reflecting the impact of our share buyback completed in June 2023.

Basic earnings per share reduced by 77.8% to 11.8 pence per share (FY23: 53.2 pence).

Reflecting the decline in adjusted profitability as well as the slowing in asset turn – notwithstanding the disciplined management of capital employed throughout the year – our ROCE declined to 9.5% (FY23: 22.2%).

### **Adjusted items**

Adjusted items recognised in the year related to costs associated with legacy properties of £192.1m (FY23: £179.2m), as well as initial costs in relation to the Redrow transaction of £22.4m, where the balance of transaction costs will be recorded in FY25. Of the total charge related to legacy properties, £125.3m (FY23: £117.7m) related to future fire safety and external wall systems commitments, with a further £66.8m (FY23: £51.5m) relating to remedial works arising from the review of reinforced concrete frames.

Our commitment to addressing fire safety and concrete frame design and construction is clear and evidenced by further investment in our dedicated Building Safety Unit, which manages our ongoing building safety remediation programme across the country. Whilst the regulatory backdrop and assessment regime remain subject to variability and subjective interpretation, we are focused on the efficient delivery of both suitable and sustainable remediation solutions, which we anticipate will be delivered over the next five years, with building safety considerations paramount in prioritising and scheduling remediation works.

### **Fire safety and external wall systems**

Reflecting our commitment to dealing with these buildings as quickly and efficiently as possible, of the 262 buildings under review at 30 June 2024, 137 were in progress at tender, site mobilisation or remediation stage.

In the first half of the year, we recognised a charge of £56.4m to reflect higher than expected tender returns and cost increases on buildings being remediated by the Building Safety Fund. These generally related to buildings with atypical features and costs in relation to the remaining buildings are broadly in line with our initial estimates.

During the second half of the year we recognised a charge of £64.5m, following an initial £5.0m for fire testing recognised in the first half, in relation to a development of three buildings which we had previously disclosed as a contingent liability. We have been unable to develop a testing methodology under the FRAEW for these buildings due to the unique unitised wall system in place, which we now assess will need to be replaced. The provision is based on the current expected method of remediation, designed to minimise disruption to residents, though due to the unique nature of the building, this estimate may vary as the process is further developed.

After incorporating the additional adjusted item charges for fire safety and external wall systems of £125.9m, as well as with remediation costs incurred during FY24 and time discounting adjustments, the provision in relation to fire safety and external wall systems totalled £628.1m at 30 June 2024 (30 June 2023: £535.9m). We believe this reflects our current best estimate of the extent and future costs of remediation work required and we will continue to review these estimates as we gather data and complete the remediation of buildings within our portfolio.

We signed the Scottish Government's Safer Building Accord on 31 May 2023. The process to agree a legally binding, long-form contract to give effect to the Principles of the Accord remains in progress with Homes for Scotland and the Scottish Government. As a result of this uncertainty, our existing provisions for Scottish buildings have been made on a consistent basis with England and Wales but are subject to change depending on the outcome of the contract negotiations.

### **Reinforced concrete frames**

Our remediation activities for concrete frame design and construction continued during FY24 with developments proceeding in line with our plans.

As highlighted earlier, in the Chief Executive's report, during FY23 and separate from the original concrete frame review, structural issues were found at two developments where reinforced concrete frames were designed for us by a different engineering firm to that employed at Citiscape. Following preliminary work on these developments and further analysis, undertaken during the second half of FY24, it is now considered probable that extensive concrete frame remediation will be required. Based on a high-level risk review, an additional £56.6m has been provided for by the Group and £7.6m recognised as a share of loss from joint ventures in respect of these two developments.

Whilst charges for legacy properties reflect our current best estimates of the extent and future costs of work required, we may have to update these figures as assessments and work progress.

## Cash flow

Net cash decreased to £868.5m at 30 June 2024 (30 June 2023: £1,069.4m). The main components of the change in net cash position were:

- a £96.2m net cash inflow from operating activities (FY23: £465.5m cash inflow);
- a £12.0m net cash inflow from investing activities (FY23: inflow of £55.4m), with the reduction reflecting reduced cash received from joint ventures; and
- a £308.6m net cash outflow from financing activities (FY23: outflow of £590.6m), principally reflecting dividends paid of £270.6m (FY23: £360.0m) and the absence of any share buyback activities in FY24 (FY23: £201.3m share buyback including stamp duty charges of £1.3m).

The major driver of the decline to £96.2m net cash inflow from operating activities in the year was the reduction in our profit from operations, which reduced to £174.7m (FY23: £707.4m). This was partially offset by a reduced net cash outflow from working capital and provisions of £12.0m (FY23: £64.9m outflow) and net interest and tax payments, which reduced to £73.7m (FY23: £196.3m outflow).

The net £12.0m outflow (FY23: £64.9m outflow) with respect to working capital and provisions included:

- A £38.0m outflow (FY23: £48.9m inflow) with respect to inventories where a reduction in construction work in progress of £77.7m was offset by additional net land investment of £93.7m and investment at Gladman and additional part-exchange property costs.
- A £87.2m decrease (FY23: £337.6m decrease) in payables, with land creditor balances reducing by a more modest £33.9m (FY23: £226.9m reduction) and a more modest reduction in trade and other payables of £53.3m (FY23: £110.7m).
- A £132.8m increase in provisions (FY23: £163.4m increase) created in large part by the additional legacy building safety charges incurred in FY24. During FY24, we spent £91.5m (FY23: £32.9m) on the remediation of legacy properties.

## Balance sheet

The Group's net assets at 30 June 2024 were £5,439.1m (30 June 2023: £5,596.4m) after the payment of dividends totalling £270.6m (30 June 2023: £360.0m).

Goodwill and intangible assets reduced to £1,037.4m (30 June 2023: £1,047.8m), reflecting amortisation charges in the year.

Our balance sheet assets showed limited movement over the year with:

- The investment in our land bank increasing by £93.7m to £3,233.6m (30 June 2023: £3,139.9m);
- Construction work in progress tightly controlled and reducing by £77.7m to £1,829.4m (30 June 2023: £1,907.1m);
- Increased investment in land promotion activity at Gladman resulting in a £13.8m increase in promotional agreement work in progress to £111.5m (30 June 2023: £97.7m); and
- Part-exchange properties and other inventories tightly controlled at £103.7m (30 June 2023: £93.3m).

Adjusted item charges in relation to legacy properties were the most significant factor impacting our balance sheet liabilities.

Our provisions on the balance sheet increased to £921.2m at 30 June 2024 (30 June 2023: £788.4m) and included £730.3m (30 June 2023: £612.3m) of provisions to cover future costs in connection with the remediation of external wall systems and reinforced concrete frames.

Net tangible assets were £4,401.7m (452 pence per share) at 30 June 2024 (30 June 2023: £4,548.6m; 467 pence per share). Land, net of land creditors, and work in progress totalled £4,590.2m (471 pence per share) at 30 June 2024 (30 June 2023: £4,540.3m; 466 pence per share).

At 30 June 2024, the Group held net cash balances of £868.5m (30 June 2023: £1,069.4m). Whilst we continue to defer payment for some land purchases to optimise ROCE, the pause in land buying has led to a reduction in land creditors. At 30 June 2024, land creditors were £472.8m (30 June 2023: £506.7m) and equated to 14.6% (30 June 2023: 16.1%) of the owned land bank.

Our minimal year-end total net indebtedness target was achieved with a net surplus of £395.7m at 30 June 2024 (30 June 2023: £562.7m net surplus).

During FY25, £307.8m of land creditors will fall due for payment (30 June 2023, during FY24: £321.5m). Land creditors due beyond 30 June 2025 totalled £165.0m at 30 June 2024 (30 June 2023: £185.2m due beyond 30 June 2024).

## Capital returns

The Board has reviewed capital allocation as is customary as part of its annual cycle. Having recently completed the Redrow acquisition, we will assess the capital requirements for the enlarged group taking into account current market conditions including the positive supply-side developments, our obligations with respect to building safety and our desire to be proactive in the land market. In principle we continue to believe that when appropriate, that excess capital will be returned to shareholders and the timing of any such returns remains under review.

## Operating framework and capital structure

Our operating framework and appropriate capital structure continue to deliver a stable and solid foundation for the Group. We target an appropriate capital structure as part of our disciplined operating framework, with shareholders' funds and land creditors funding the longer term land requirements of our business, and term loans and bank debt funding the shorter-term requirements for working capital.

Our highly selective approach to land buying since the summer of 2022 has limited investment in land and the creation of additional land creditor obligations. Reflecting the calendar-based settlement of previously agreed land creditor obligations, but the limited investment in new land up until the final quarter of FY24, land creditors have reduced to 14.6% of our land bank. This situation is expected to reverse as land buying activity increases over the medium term.

Our operating framework remains unchanged, and our performance against targets at 30 June 2024 and 2023 is summarised below:

	Operating framework	Position at 30 June 2024	Position at 30 June 2023
<b>Land bank</b>	c. 3.5 years owned and c. 1.0 year controlled	4.3 years owned and 0.6 years controlled	3.6 years owned and 0.7 years controlled
<b>Land creditors</b>	Maintain at 15 - 25% of the land bank over medium term	14.6%	16.1%
<b>Net cash</b>	Modest average net cash over the financial year	FY24: average net cash of £732.3m	FY23: average net cash of £759.1m
	Year-end net cash	£868.5m	£1,069.4m
<b>Total indebtedness</b>	Minimal year-end total indebtedness in the medium term	Total net surplus of £395.7m.	Total net surplus of £562.7m
<b>Treasury</b>	Appropriate financing facilities	£700m Revolving Credit Facility extended to November 2028 £200m US Private Placing Notes maturing August 2027	£700m Revolving Credit Facility extended to November 2027 £200m US Private Placing Notes maturing August 2027
<b>Dividend Policy</b>	Dividend cover of 1.75x adjusted basic earnings per share	FY24: total ordinary dividend of 16.2 pence per share	FY23: total ordinary dividend of 33.7 pence per share

In pursuing this clear framework we have ensured that, even through challenging trading conditions, the Group has remained in a strong financial position, ready to take both operational and financial advantage of both market recovery and organic investment opportunities looking forward.

### Treasury

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

Cash management and relationships with our banking partners are co-ordinated centrally by the Group Head of Treasury. During the year, we extended our £700m Revolving Credit Facility to November 2028 with one further one-year extension period through to November 2029 available, if agreed between the Group and its lenders.

### Tax

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

The rate of corporation tax, including RPDT, for the year ended 30 June 2024 was 33.1% (FY23: 24.8%), which, reflecting the impact of the non-deductible Redrow transaction expenses, was above the standard effective rate of tax of 29% (inclusive of RPDT at 4%) (FY23: 24.5% inclusive of RPDT at 4%).

Looking ahead, the Group's tax charge and underlying effective rate of tax is expected to be approximately 29.0% in FY25.

### Pensions

Defined contribution pension arrangements are in place for current employees. Defined contribution scheme charges for qualifying employees totalled £21.2m (FY23: £19.2m). Pension contributions are based upon a fixed percentage of each qualifying employee's pay and, once paid, the Group has no further obligations under these schemes.

## Guidance for FY25

Looking to FY25, for regulatory reasons we are unable to provide guidance for the combined group at the date of our Annual Report and Accounts. We provide below guidance with respect to Barratt Developments PLC as it would have applied on a standalone basis, before considering the potential impact of the acquisition of Redrow plc:

Completions	c. 13,000 – 13,500 total home completions including c. 600 JV completions Affordable mix expected to be in the high teens
Average sales outlet movement (inc. JVs)	c. 9% decline
Build cost inflation	c. Broadly flat
Adjusted administrative expenses	c. £310m, excluding integration costs, (including amortisation of intangible asset charges of c. £10m)
Interest cost	c. £25m charge (c. £15m cash credit, c. £40m non-cash charge)
Land approvals	Return to normal approval activity during the year
Land cash spend	c. £0.8bn
Year-end net cash	c. £0.5bn
Taxation	Effective underlying tax rate of 29%, reflecting current corporation tax rate at 25% and 4% RPDT
Ordinary dividend cover	1.75x ordinary dividend cover based on adjusted basic earnings per share

### Well placed for FY25, despite continuing economic and political uncertainties

Despite limited economic growth and the ongoing affordability challenges for our customers, the Group is in a strong position. We entered FY25 with an excellent net cash position, our forward sales position is solid, albeit reduced and we have maintained a strong land bank. Our operating framework and our strong financial position are the foundations for our divisions to focus on delivering high-quality, sustainable homes and developments throughout the country, as well as giving us the flexibility to react to changing market conditions and opportunities as they evolve.

**Mike Scott**

**Chief Financial Officer**

**3 September 2024**

# Consolidated Income Statement and Statement of Comprehensive Income

Year ended 30 June 2024

Continuing operations	Notes	2024 £m	2023 £m
<b>Revenue</b>	2	<b>4,168.2</b>	5,321.4
Cost of sales		<b>(3,658.7)</b>	(4,346.5)
<b>Gross profit</b>		<b>509.5</b>	974.9
Administrative expenses		<b>(336.9)</b>	(270.8)
Part-exchange income		<b>333.7</b>	140.0
Part-exchange expenses		<b>(331.6)</b>	(136.7)
<b>Profit from operations</b>	3	<b>174.7</b>	707.4
Finance income	5	<b>47.2</b>	23.8
Finance costs	5	<b>(53.7)</b>	(34.9)
Net finance costs	5	<b>(6.5)</b>	(11.1)
Share of post-tax profit from joint ventures		<b>2.3</b>	8.8
<b>Profit before tax</b>		<b>170.5</b>	705.1
Tax	6	<b>(56.4)</b>	(174.8)
<b>Profit for the year being total comprehensive income recognised for the year</b>		<b>114.1</b>	530.3
<b>Profit and total comprehensive income for the year attributable to the owners of the Company</b>		<b>114.1</b>	530.3
<b>Earnings per share from continuing operations</b>			
Basic	7	<b>11.8p</b>	53.2p
Diluted	7	<b>11.6p</b>	52.6p

There was no other comprehensive income in either year.

## Adjusted items:

	Notes	Gross profit		Profit from operations		Share of post-tax profit from joint ventures		Profit before tax	
		2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m	2024 £m	2023 £m
<b>Reported profit</b>		<b>509.5</b>	974.9	<b>174.7</b>	707.4	<b>2.3</b>	8.8	<b>170.5</b>	705.1
Cost associated with legacy properties	4	<b>180.0</b>	158.2	<b>180.0</b>	158.2	<b>12.6</b>	23.7	<b>192.6</b>	181.9
Legacy property recoveries	4	<b>(0.5)</b>	(2.7)	<b>(0.5)</b>	(2.7)	–	–	<b>(0.5)</b>	(2.7)
Costs incurred in respect of the all-share offer for the share capital of Redrow plc	4	–	–	<b>22.4</b>	–	–	–	<b>22.4</b>	–
<b>Adjusted profit</b>		<b>689.0</b>	1,130.4	<b>376.6</b>	862.9	<b>14.9</b>	32.5	<b>385.0</b>	884.3

# Statement of Changes in Shareholders' Equity

## Group

	Share capital (note 13) £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Own shares (note 14) £m	Share-based payments £m	Group retained earnings due to shareholders of the Company £m	Total Group retained earnings due to shareholders of the Company £m	Non-controlling interests (note 15) £m	Total equity £m
<b>At 1 July 2022</b>	102.2	253.4	1,109.0	–	(27.0)	29.0	4,163.9	4,165.9	0.8	5,631.3
Profit for the year being total comprehensive income recognised for the year ended 30 June 2023	–	–	–	–	–	–	530.3	530.3	–	530.3
Dividend payments (note 8)	–	–	–	–	–	–	(360.0)	(360.0)	–	(360.0)
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(0.3)	(0.3)
Issue of shares	–	0.1	–	–	–	–	–	–	–	0.1
Buyback and cancellation of shares	(4.8)	–	–	4.8	–	–	(201.3)	(201.3)	–	(201.3)
Share-based payments	–	–	–	–	–	10.2	–	10.2	–	10.2
Purchase of own shares by EBT	–	–	–	–	(14.0)	–	–	(14.0)	–	(14.0)
Transfers in respect of share options	–	–	–	–	17.8	(18.3)	(0.7)	(1.2)	–	(1.2)
Tax on share-based payments	–	–	–	–	–	(0.1)	1.4	1.3	–	1.3
<b>At 30 June 2023</b>	<b>97.4</b>	<b>253.5</b>	<b>1,109.0</b>	<b>4.8</b>	<b>(23.2)</b>	<b>20.8</b>	<b>4,133.6</b>	<b>4,131.2</b>	<b>0.5</b>	<b>5,596.4</b>
Profit for the year being total comprehensive income recognised for the year ended 30 June 2024	–	–	–	–	–	–	114.1	114.1	–	114.1
Dividend payments (note 8)	–	–	–	–	–	–	(270.6)	(270.6)	–	(270.6)
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(0.4)	(0.4)
Share-based payments	–	–	–	–	–	19.9	–	19.9	–	19.9
Purchase of own shares by EBT	–	–	–	–	(23.3)	–	–	(23.3)	–	(23.3)
Transfers in respect of share options	–	–	–	–	9.6	(12.1)	4.7	2.2	–	2.2
Tax on share-based payments	–	–	–	–	–	0.8	–	0.8	–	0.8
<b>At 30 June 2024</b>	<b>97.4</b>	<b>253.5</b>	<b>1,109.0</b>	<b>4.8</b>	<b>(36.9)</b>	<b>29.4</b>	<b>3,981.8</b>	<b>3,974.3</b>	<b>0.1</b>	<b>5,439.1</b>



# Balance sheet

At 30 June 2024

		<b>Group</b>	
	Notes	2024 £m	2023 £m
<b>Assets</b>			
<b>Non-current assets</b>			
Other intangible assets		184.5	194.9
Goodwill	9	852.9	852.9
Investments in jointly controlled entities		158.5	129.8
Property, plant and equipment		57.5	58.1
Right-of-use assets		41.2	45.1
Trade and other receivables		3.4	2.9
		<b>1,298.0</b>	<b>1,283.7</b>
<b>Current assets</b>			
Inventories	10	5,278.2	5,238.0
Trade and other receivables		201.9	182.1
Current tax assets		31.8	31.1
Cash and cash equivalents	11	1,065.3	1,269.1
		<b>6,577.2</b>	<b>6,720.3</b>
<b>Total assets</b>		<b>7,875.2</b>	<b>8,004.0</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	11	(200.0)	(200.0)
Trade and other payables		(172.0)	(188.7)
Lease liabilities		(29.4)	(33.1)
Deferred tax liabilities		(45.0)	(53.5)
Provisions	12	(543.2)	(477.9)
		<b>(989.6)</b>	<b>(953.2)</b>
<b>Current liabilities</b>			
Loans and borrowings	11	–	(3.4)
Trade and other payables		(1,055.1)	(1,127.4)
Lease liabilities		(13.4)	(13.1)
Provisions	12	(378.0)	(310.5)
		<b>(1,446.5)</b>	<b>(1,454.4)</b>
<b>Total liabilities</b>		<b>(2,436.1)</b>	<b>(2,407.6)</b>
<b>Net assets</b>		<b>5,439.1</b>	<b>5,596.4</b>
<b>Equity</b>			
Share capital	13	97.4	97.4
Share premium		253.5	253.5
Merger reserve		1,109.0	1,109.0
Capital redemption reserve		4.8	4.8
Total retained earnings		3,974.3	4,131.2
<b>Equity attributable to the owners of the Company</b>		<b>5,439.0</b>	<b>5,595.9</b>
<b>Non-controlling interests</b>	15	<b>0.1</b>	<b>0.5</b>
<b>Total equity</b>		<b>5,439.1</b>	<b>5,596.4</b>

# Cash Flow Statement

Year ended 30 June 2024

		<b>Group</b>	
	Notes	2024 £m	2023 £m
<b>Reconciliation of profit from operations to cash flow from operating activities</b>			
<b>Profit from operations</b>		<b>174.7</b>	<b>707.4</b>
Depreciation of property, plant and equipment		7.5	6.1
Depreciation of right-of-use assets		15.2	12.3
Amortisation of intangible assets		10.4	10.5
(Reversal of impairment)/impairment of inventories		(2.2)	4.7
Share-based payments expense		19.9	10.2
Imputed interest on long-term payables	5	(40.2)	(21.4)
Imputed interest on lease arrangements		(1.8)	(1.2)
Amortisation of facility fees	5	(1.6)	(1.9)
<b>Total non-cash items</b>		<b>7.2</b>	<b>19.3</b>
(Increase)/decrease in inventories		(38.0)	48.9
(Increase)/decrease in receivables		(19.6)	60.4
Decrease in payables <sup>1</sup>		(87.2)	(337.6)
Increase in provisions		132.8	163.4
<b>Total movements in working capital and provisions</b>		<b>(12.0)</b>	<b>(64.9)</b>
Interest paid		(10.1)	(10.4)
Tax paid		(63.6)	(185.9)
<b>Net cash inflow from operating activities</b>		<b>96.2</b>	<b>465.5</b>
<b>Investing activities:</b>			
Purchase of property, plant and equipment		(7.2)	(23.1)
Proceeds from the disposal of property, plant and equipment		0.3	0.1
Increase in amounts invested in jointly controlled entities		(38.3)	(18.1)
Repayment of amounts invested in jointly controlled entities		4.8	40.2
Distributions received from jointly controlled entities		7.1	34.8
Interest received		45.3	21.5
<b>Net cash inflow from investing activities</b>		<b>12.0</b>	<b>55.4</b>
<b>Financing activities:</b>			
Dividends paid to equity holders of the Company	8	(270.6)	(360.0)
Distribution made to non-controlling interest	15	(0.4)	(0.3)
Purchase of own shares for the EBT		(23.3)	(14.0)
Buyback and cancellation of shares		–	(201.3)
Proceeds from issue of share capital		–	0.1
Payment of dividend equivalents		(0.5)	(1.2)
Proceeds from the exercise of Sharesave options		2.7	–
Repayment of lease liabilities		(16.5)	(13.9)
<b>Net cash outflow from financing activities</b>		<b>(308.6)</b>	<b>(590.6)</b>
<b>Net decrease in cash, cash equivalents and bank overdrafts</b>		<b>(200.4)</b>	<b>(69.7)</b>
<b>Cash, cash equivalents and bank overdrafts at the beginning of the year</b>		<b>1,265.7</b>	<b>1,335.4</b>
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>11</b>	<b>1,065.3</b>	<b>1,265.7</b>

<sup>1</sup> The working capital movements in land payables include non-cash movements due to imputed interest. Imputed interest is included within non-cash items in the statement above.

## 1. Basis of preparation

### Cautionary statement

The Chairman's Statement and Chief Executive's Statement commentary contained in this Annual Results Announcement, including the principal risks and uncertainties (note 21), have been prepared by the Directors in good faith, based on the information available to them up to the time of their approval of this report, solely for the Company's shareholders as a body, so as to assist them in assessing the Group's strategies and the potential for those strategies to succeed. Accordingly, they should not be relied on by any other party or for any other purpose and the Company hereby disclaims any liability to any such other party, or for reliance on such information for any such other purpose.

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

### Basis of preparation

Whilst the financial information included in this Annual Results Announcement has been prepared in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted IFRS, this announcement does not itself contain sufficient information to comply with those standards. Full Financial Statements that comply with those standards are included in the 2024 Annual Report and Accounts, which will be made available at [www.barrattdevelopments.co.uk](http://www.barrattdevelopments.co.uk) during September 2024.

The financial information set out in this announcement does not constitute the Company's statutory accounts, within the meaning of section 430 of the Companies Act 2006, for the years ended 30 June 2024 or 2023, but is derived from those accounts.

The accounting policies adopted are consistent with those followed in the preparation of the Group's 2024 Annual Report and Accounts which have not changed from those adopted in the Group's 2023 Annual Report and Accounts except as disclosed below in the 'Application of accounting standards' section of this note.

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

Statutory accounts for the year ended 30 June 2023 have been delivered to the Registrar of Companies and those for the year ended 30 June 2024 will be delivered following the Company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

The auditors have consented to the publication of this Annual Results Announcement as required by Listing Rule 9.7a having completed their procedures under APB bulletin 2008/2.

### Critical accounting judgements and key sources of estimation uncertainty

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

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

#### Estimation of future income and costs to complete

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

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

Management has performed a sensitivity analysis to assess the impact of a change in estimated future costs or forecast selling prices for developments on which sales were recognised in the year. A 2% increase in the forecast costs to complete would increase site-cost allocation in cost of sales in 2024 by £24.9m, resulting in a reduction in gross margin of 60 bps. A 3% decrease in forecast private sales prices would increase site-cost allocation in cost of sales in 2024 by £43.6m, resulting in a reduction in gross margin of 100 bps.

## Costs associated with legacy properties

### External wall systems and associated review

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

	30 June 2023	Identified for review	Review confirmed no remediation, or remediation completed	30 June 2024
<b>Under review:</b>				
Buildings above 18 metres	168	6	(28)	<b>146</b>
Buildings between 11 and 18 metres	110	20	(14)	<b>116</b>
Total buildings	278	26	(42)	<b>262</b>
Developments	89	14	(11)	<b>92</b>

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

This is a complex area requiring significant estimates with respect to the estimates for the number of buildings affected, the individual remediation requirements of each building and the costs associated with that remediation (see also note 16).

Following contact from building owners regarding potential issues, a net further 26 buildings with a height of over 11 metres were added to the scope of works in the period (2023: 65 buildings). This reflects a reduction in the rate at which new buildings are being identified in comparison to the period immediately following the signature of the Self-Remediation Terms on 13 March 2023. At 30 June 2024, of the 262 buildings in the portfolio under review, 137 were at tender or site mobilisation or were in the process of being remediated (2023: 278 buildings, of which 63 were at tender or site mobilisation or were in the process of being remediated).

As investigations into, and remediation of, the remaining buildings in the programme continue under the PAS9980 regime, it is possible that a limited number will require more extensive remediation than initially expected, which will represent a higher cost per unit than the population average. Whilst existing provisions have more than covered the additional costs on such properties, we have received higher than expected tender returns in the year relating to future remediations. In addition, we have seen costs from the Building Safety Fund continue to be higher than initially communicated to us. The Group has increased its overall EWS provision by £56.4m to reflect its revised estimates.

During the second half of the year it was identified following further investigation that, due to the unique unitised curtain wall system used in their construction, there is no testing methodology available to certify under PAS9980 the fire safety of three buildings on one development. This wall system has not been used in any other of the Group's buildings. As a result, it is now expected that the wall system will need to be replaced, which will be undertaken in a manner that minimises disruption to residents. The cost of these works is estimated to be £69.5m based on the current expected method of remediation, though due to the unique nature of the building, this estimate may vary as the process is further developed.

It is now assumed that the majority of work will be completed over the next five years. This depends on a number of factors including timely engagement of building owners and remediation work being delivered in line with our estimated timings. Accordingly, the provision has been revalued to its present value, considering the effect of inflation and a discount rate of 4.0% based on gilt rates at the reporting date (2023: 4.7%), resulting in a release through cost of sales of £0.6m (2023: charge of £7.5m).

The investigation of the works required at many of the buildings is at an early stage and therefore it is possible that the scope of work required could change. If government legislation and regulation further evolve, or if the estimated timing of work is affected by building owner engagement or contractor availability, these estimates will change. In relation to the Group's obligations under the Scottish Safer Buildings Accord, signed on 31 May 2023, and the Housing (Cladding Remediation) (Scotland) Act, passed on 21 June 2024, the external wall provision is recorded on the basis that the standard of remediation required in Scotland is consistent with England and Wales. This will be determined when the final contract with the Scottish Government is signed (see note 16).

The estimates are based on key assumptions that will be updated as work and time progress. The sensitivity of the provision held at the balance sheet date to the following possible movements in key assumptions is shown below:

	<b>Increase/(decrease) in provisions at 30 June 2024 £m</b>
<b>Sensitivity</b>	
10% increase in estimated cost	60.8
5% increase in the number of buildings	28.5
100 bps increase in discount rate	(13.6)

### **Reinforced concrete frames**

As announced in July 2020, we took the decision to pay for required remedial action on the reinforced concrete frame at the Citiscape development in Croydon and undertook an associated review of 27 other developments designed by the same engineering firm or its associated companies. This review is substantially complete and remediation work is ongoing. As work progresses, estimates of costs to complete are reassessed and the provision updated accordingly.

In the prior year, structural issues were separately found at two developments where reinforced concrete frames were designed for us by a different engineering firm to that employed at Citiscape. Following further analysis undertaken during the second half of the year and as preliminary work on those developments has progressed, it is now considered probable that extensive remediation will be required. Based on a high-level risk review, an additional £56.6m has been provided at the reporting date. Further analysis must be undertaken to determine both the exact locations within the developments which will need to be remediated and the nature of the work to be performed in each case, which may result in revisions to the estimated costs and time frame of delivery.

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

### **Going concern**

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

The Group's business activities, together with factors that the Directors consider are likely to affect its development, financial performance and financial position, are set out in the Chief Executive's statement. The material financial and operational risks and uncertainties that may affect the Group's performance and their mitigation are outlined in note 21 to these financial statements, and financial risks including liquidity, market, credit and capital risks are outlined in note 18.

At 30 June 2024, the Group held cash of £1,065.3m and total loans and borrowings of £200.0m, comprising £200.0m Sterling USPP notes maturing in August 2027. These balances, set against pre-paid facility fees, comprise the Group's net cash of £868.5m, presented in note 11.

Should further funding be required, the Group has a committed £700.0m RCF, subject to compliance with certain financial covenants, that matures in November 2028, with a further one-year extension period through to November 2029, if agreed between the Group and its lenders.

As such, in consideration of its net current assets of £5,130.7m, the Directors are satisfied that the Group has sufficient liquidity to meet its current liabilities and working capital requirements.

Long-term housing market fundamentals reflect a significant imbalance between housing supply and demand. Despite this imbalance, the housing market in FY24 remained constrained by significant macro-economic headwinds including higher interest rates and inflation, affecting economic growth, consumer confidence and mortgage affordability. Whilst there are positive signs, including recent reductions in interest rates and positive political messaging on improving the

planning system and delivering new housing, uncertainty remains over the general economic outlook and the outcome of industry-specific challenges such as further building safety costs or greenhouse gas emissions legislation along with material cost inflation and supply chain disruption. These, and other disruptions, could result in flat or negative economic growth, reduced buyer confidence, reduced mortgage availability and affordability, falls in house prices or land values and cost increases associated with raw materials, suppliers, subcontractors and employees.

On 21 August 2024 the Group acquired the full share capital of Redrow plc in an all share transaction. In accordance with standard practice, the Competition and Markets Authority (the CMA) has issued an Initial Enforcement Order requiring the Barratt and Redrow businesses to continue to operate independently until the CMA has formally accepted the undertakings proposed by the parties in response to the findings of its phase 1 investigation, or otherwise agrees to integration taking place. The sharing of competitively sensitive information between the businesses is prohibited while the Enforcement Order is in place. In recognition of the need for the pre-acquisition business to be able to support itself independently, the Directors have considered the ability to continue trading of both the group of companies that existed prior to the acquisition (the 'Barratt group') and the new group including Redrow plc and its subsidiaries (the 'combined group').

To assess the Barratt group's resilience to more adverse outcomes, its forecast performance was sensitised to reflect a series of scenarios based on the Barratt group's principal risks and the downside prospects for the UK economy and housing market presented in the latest available external economic forecasts. The Directors consider the principal risks of the Barratt group to be applicable to the combined group. A combined group forecast was therefore sensitised to the same scenarios, with no synergies assumed. For the purposes of this assessment, it was assumed that the financing facilities available to the combined group were those currently available to the Barratt group, and that all associated financial covenants would apply. It was assumed that the combined group would undertake mitigating actions in response to the challenging circumstances modelled, primarily a reduction in investment in land and work in progress in line with the fall in expected sales, without preventing the combined group's ability to grow over the long term.

The above analysis included a reasonable worst-case scenario in which the principal risks manifest in aggregate to a severe but plausible level. This assumed that average private selling prices fall by 5%, sales volumes fall by 15% and construction costs increase by 2% in addition to the base forecasts, in addition to the implementation of a building safety levy, further increases in legacy property costs and the acceleration of regulatory changes to reduce indirect greenhouse gas emissions.

The effects were modelled over the 12 months from the date of the signing of these Financial Statements, alongside reasonable mitigation that the Barratt and combined groups would expect to undertake in such circumstances, primarily reductions in investment in inventories and uncommitted land spend in line with the fall in expected sales.

In all scenarios, including the reasonable worst case, the Barratt group and combined group are able to comply with the financial covenants, operate within current facilities and meet liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. The Group has a policy of maintaining a £150m headroom on its available facilities and both the Barratt group and combined group would remain in compliance with this policy throughout the review period.

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

### **Application of accounting standards**

During the year ended 30 June 2024, the Group has applied accounting policies and methods of computation consistent with those applied in the prior year.

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

- Amendments to IAS 1: Disclosure of material accounting policies;
- Amendments to IAS 8: Definition of accounting estimates;
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction; and
- Amendments to and initial application of IFRS 17: Insurance Contracts.

## 2. Revenue

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

	Residential completions <sup>1</sup>		Revenue	
	2024 number	2023 number	2024 £m	2023 £m
Revenue from private residential sales	10,666	12,456	3,668.5	4,578.5
Revenue from affordable residential sales	2,802	3,922	463.1	655.8
Revenue from commercial sales	–	–	21.9	64.7
Revenue from planning promotion agreements	–	–	12.9	20.4
Sundry revenue	–	–	1.8	2.0
	13,468	16,378	4,168.2	5,321.4

<sup>1</sup> Residential completions exclude JV completions of 536 homes (2023: 828) in which the Group has an interest.

## 3. Profit from operations

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

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

## 4. Adjusted items

	2024 £m	2023 £m
<b>Adjusted items in cost of sales:</b>		
Costs incurred in respect of legacy properties	180.0	158.2
Amounts in respect of legacy properties recovered from third parties	(0.5)	(2.7)
<b>Total adjusted items in cost of sales</b>	<b>179.5</b>	<b>155.5</b>
<b>Adjusted items in administrative expenses:</b>		
Costs incurred in respect of the all-share offer for the share capital of Redrow plc	22.4	–
<b>Adjusted items in share of post-tax profit from joint ventures:</b>		
Costs incurred in respect of legacy properties by joint ventures	12.6	23.7
<b>Total adjusted items</b>	<b>214.5</b>	<b>179.2</b>

### Costs incurred in respect of legacy properties

The adjusted costs in the year, associated with Group legacy properties, comprise additions to provisions of £182.5m, provision releases of £3.5m, a charge of £1.0m due to the revaluation of the provisions at the reporting date and reimbursements recognised directly in the income statement of £0.5m. In addition £12.6m of net costs in respect of JV legacy properties were incurred in the year. Further details of provisions movements are provided in note 12.

### Costs incurred in respect of the acquisition of Redrow plc

On 7 February 2024, the Group announced an offer to acquire the entire share capital of Redrow plc through an all-share transaction. The transaction was approved by the shareholders of both groups on 15 May 2024 and legally completed on 21 August 2024, as disclosed in note 19. In the course of progressing the transaction, during the year the Group has incurred £22.4m in adviser fees. The total costs that will be incurred are expected to be material in aggregate.

## 5. Net finance costs

### Recognised in the Consolidated Income Statement:

	2024 £m	2023 £m
<b>Finance income</b>		
Finance income on short-term bank deposits	(44.9)	(22.0)
Other interest receivable	(2.3)	(1.8)
	(47.2)	(23.8)
<b>Finance costs</b>		
Interest on loans and borrowings	9.4	9.3
Imputed interest on long-term payables	40.2	21.4
Finance charge on leased assets	1.8	1.2
Amortisation of facility fees	1.6	1.9
Other interest payable	0.7	1.1
	53.7	34.9
<b>Net finance costs</b>	<b>6.5</b>	<b>11.1</b>

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

	Group	
	2024 %	2023 %
USPP notes	2.8	2.8

## 6. Tax

All profits of the Group are subject to UK tax.

The current year tax charge has been provided for, by the Group, at a standard effective rate, inclusive of RPDT, of 29.0% (2023: 24.5%). The closing deferred tax assets and liabilities have been provided in these financial statements at a rate of 25.0% - 29.0% (2023: 20.5% - 29.0%) on the temporary differences giving rise to these assets and liabilities.

### Tax recognised in the Income Statement

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

### Analysis of the tax charge for the year

	2024 £m	2023 £m
<b>Current tax:</b>		
UK corporation tax on profits for the year	54.8	147.2
RPDT for the year	6.1	26.0
Adjustment in respect of previous years	3.2	(6.7)
	64.1	166.5
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(6.1)	1.8
Adjustment in respect of previous years	(1.6)	7.2
Impact of change in tax rates	-	(0.7)
	(7.7)	8.3
<b>Tax charge for the year</b>	<b>56.4</b>	<b>174.8</b>



## Factors affecting the tax charge for the year

The tax rate assessed for the year is higher (2023: higher) than the standard effective rate of tax in the UK of 29.0% (inclusive of corporation tax and RPDT) (2023: 24.5%). The differences are explained below:

	2024 £m	2023 £m
<b>Profit before tax</b>	<b>170.5</b>	705.1
Profit before tax multiplied by the standard rate of corporation tax of 29.0% (inclusive of corporation tax and RPDT) (2023: 24.5%)	<b>49.4</b>	172.7
Effects of:		
Other items including non-deductible expenses and non-taxable income	<b>8.0</b>	4.5
Additional tax relief for land remediation costs	<b>(2.6)</b>	(2.2)
Adjustment in respect of previous years	<b>1.6</b>	0.5
Impact of change in tax rates	<b>-</b>	(0.7)
<b>Tax charge for the year</b>	<b>56.4</b>	174.8

## Tax recognised in equity

In addition to the amount charged to the Consolidated Income Statement, a net current and deferred tax credit of £0.8m (2023: £1.3m) was recognised directly in equity.

## 7. Earnings per share

The earnings per share from continuing operations were as follows:

	2024 pence	2023 pence
Basic earnings per share	<b>11.8</b>	53.2
Diluted earnings per share	<b>11.6</b>	52.6
Adjusted basic earnings per share	<b>28.3</b>	67.3
Adjusted diluted earnings per share	<b>27.8</b>	66.5

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

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

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

	2024	2023
Profit attributable to ordinary shareholders of the Company (£m)	<b>114.1</b>	530.3
Adjusted items (£m)	<b>214.5</b>	179.2
Tax on adjusted items (£m)	<b>(54.4)</b>	(39.3)
Adjusted profit attributable to ordinary shareholders of the Company (£m)	<b>274.2</b>	670.2
Weighted average number of shares in issue (million)	<b>974.6</b>	1,000.1
Weighted average number of shares in EBT (million)	<b>(5.8)</b>	(3.8)
Weighted average number of shares for basic earnings per share (million)	<b>968.8</b>	996.3

Weighted average number of shares in issue (million)	<b>974.6</b>	1,000.1
Adjustment to assume conversion of all potentially dilutive shares (million)	<b>12.5</b>	8.4
Weighted average number of shares for diluted earnings per share (million)	<b>987.1</b>	1,008.5

## 8. Dividends

	<b>2024 £m</b>	2023 £m
<b>Amounts recognised as distributions to equity shareholders in the year:</b>		
Final dividend for the year ended 30 June 2023 of 23.5p (2022: 25.7p) per share	<b>228.0</b>	259.8
Interim dividend for the year ended 30 June 2024 of 4.4p (2023: 10.2p) per share	<b>42.6</b>	100.2
<b>Total dividends distributed to equity shareholders in the year</b>	<b>270.6</b>	360.0

	<b>2024 £m</b>	2023 £m
Proposed final dividend for the year ended 30 June 2024 of 11.8p (2023: 23.5p) per share <sup>1</sup>	<b>170.2</b>	227.9

<sup>1</sup> The cost of the proposed dividend is calculated based upon the number of shares ranking for dividend at the balance sheet date, as adjusted, in the current year, for the issue of shares used in the acquisition of Redrow plc.

## 9. Goodwill and other intangible assets

### Goodwill

	<b>Group</b>	
Goodwill	<b>2024 £m</b>	2023 £m
<b>Cost</b>		
At 1 July and 30 June	<b>877.4</b>	877.4
<b>Accumulated impairment losses</b>		
At 1 July and 30 June	<b>24.5</b>	24.5
<b>Carrying amount</b>		
At 30 June	<b>852.9</b>	852.9

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

In addition, the Group has goodwill of £47.0m relating to the Group's land promotion business, following the 2022 acquisition of Gladman Developments Limited.

### Other intangible assets

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

						<b>Group</b>	
Other intangible assets	<b>Brands</b>		<b>Customer contracts</b>		<b>Total</b>		
	<b>2024 £m</b>	2023 £m	<b>2024 £m</b>	2023 £m	<b>2024 £m</b>	2023 £m	
<b>Cost</b>							
At 1 July	<b>118.7</b>	118.7	<b>98.9</b>	98.9	<b>217.6</b>	217.6	
Acquired in the year	–	–	–	–	–	–	
Amounts written off	–	–	–	–	–	–	
At 30 June	<b>118.7</b>	118.7	<b>98.9</b>	98.9	<b>217.6</b>	217.6	
<b>Amortisation</b>							
At 1 July	<b>8.7</b>	8.1	<b>14.0</b>	4.1	<b>22.7</b>	12.2	
Amortisation in the year	<b>0.5</b>	0.6	<b>9.9</b>	9.9	<b>10.4</b>	10.5	
Amounts written off	–	–	–	–	–	–	
At 30 June	<b>9.2</b>	8.7	<b>23.9</b>	14.0	<b>33.1</b>	22.7	
<b>Carrying amount</b>							
At 30 June	<b>109.5</b>	110.0	<b>75.0</b>	84.9	<b>184.5</b>	194.9	

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

In 2022, the Group acquired brands valued at £10.8m and customer contracts valued at £98.9m with Gladman Developments Limited. The customer contracts are amortised on a straight-line basis over the expected life of the contracts; the brands acquired are amortised on a straight-line basis over a 20-year period.

The cost of brands disclosed above also includes £0.9m acquired with Oregon Timber Frame Limited in 2019 and £7.0m in respect of Wilson Bowden Developments Limited, both of which have been fully amortised or impaired in previous periods.

### **Impairment of goodwill and indefinite life brand**

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

### **Goodwill and indefinite life brand allocated to housebuilding**

An impairment review was performed at 30 April 2024 by comparing the value in use of the housebuilding business to the carrying value of its tangible and intangible assets and allocated goodwill.

The value in use was determined by discounting the expected future cash flows of the housebuilding business. The cash flows until 30 June 2027, being the three-year period aligned to the Group's operating cycle, were determined using the Group's approved detailed business plan and the cash flows for FY28 and FY29 were based on management projections based on expected volumes, selling prices and margins, taking into account available land purchases and work in progress levels. The cash flows for subsequent years were extrapolated in perpetuity using an estimated growth rate of 2.1% (2023: 1.0%).

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

- expected changes in selling prices for completed houses and the related impact on operating margin: these are determined on a site-by-site basis in the Group's approved business plan dependent upon local market conditions and product type. For subsequent years, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, considering external market forecasts;
- sales volumes: these are determined on a site-by-site basis in the Group's approved business plan dependent upon local market conditions, land availability and planning permissions. For subsequent years, these have been estimated at a Group level based on past experience and expectations of future changes in the market, taking into account external market forecasts;
- expected changes in site costs to complete: these are determined on a site-by-site basis in the Group's approved business plan dependent upon the expected costs of completing all aspects of each individual development. For

subsequent years, these have been estimated at a Group level based on past experience and expectations of future changes in the market, taking into account external market forecasts; and

- discount rate: this is a pre-tax rate reflecting the Group's target capital structure, risks appropriate to the housebuilding business and current market assessments of the time value of money. A rate of 14.2% (2023: 15.0%) is considered by the Directors to be the appropriate pre-tax discount rate.

The result of the value in use exercise concluded that the recoverable value of goodwill and intangible assets allocated to the housebuilding business exceeded its carrying value by £819.7m (2023: £1,176.0m) and there has been no impairment.

### Goodwill allocated to land promotion

An impairment review was performed at 30 June 2024 by comparing the value in use of the land promotion business to the carrying value of its tangible and intangible assets and allocated goodwill.

The value in use was determined by discounting the expected future cash flows of the land promotion business. The operating cycle for the land promotion business extends over a longer period than the housebuilding business, with land sales completing at the point in an economic cycle that generates the most profit. Inventories held at the current date may generate cash inflows in the medium to long term and, as a result, management's forecasts extend up to ten years from the reporting date. It is therefore appropriate to consider projections over a longer period in the value in use calculation. Cash flows until 30 June 2033 were determined using the business's approved forecast, dependent upon expected site permissions and best estimates for targeted site sales, anticipated spend and overhead inflation. Due to the sensitivity of cash flows of the land promotion business to the economic cycle, the cash flows for years subsequent to 2033 were based on an average sales receipts from the final five years of the forecast, adjusted for expected increases in cost, extrapolated in perpetuity using an estimated growth rate of 2.1% (2023: 1.0%).

The key assumptions for the value in use calculation were the expected sales values achieved under land promotion agreements, based on current market values for similar land, costs required to fulfil customer contracts, and the discount rate of 13.2% (2023: 14.3%), being a pre-tax rate reflecting the risks appropriate to the land promotion business and current market assessments of the time value of money.

The result of the value in use exercise concluded that the recoverable amount of goodwill allocated to the land promotion business exceeded its carrying value by £52.6m (2023: £13.1m) and there has been no impairment. An increase in the discount rate of 220 bps would reduce the headroom of the recoverable amount over the carrying value to £nil.

## 10. Inventories

	<b>Group</b>	
	<b>2024 £m</b>	2023 £m
Land held for development	<b>3,233.6</b>	3,139.9
Construction work in progress	<b>1,829.4</b>	1,907.1
Promotion agreements work in progress	<b>111.5</b>	97.7
Part-exchange properties and other inventories	<b>103.7</b>	93.3
	<b>5,278.2</b>	5,238.0

### Nature and carrying value of inventories

The Group's principal activities are housebuilding and commercial development. The majority of the development activity is not contracted prior to the development commencing. Accordingly, the Group has in its Balance Sheet at 30 June 2024 current assets that are not covered by a forward sale. The Group's internal controls are designed to identify any developments where the balance sheet value of land and work in progress is more than the projected lower of cost or net realisable value. During the year, the Group has conducted six-monthly reviews of the net realisable value of specific sites identified as at high risk of impairment, based upon a number of criteria including low site profit margins and sites with no forecast completions. Where the estimated net realisable value of a site was less than its current carrying value, the Group has impaired the land and work in progress value.

During the year, due to performance variations, changes in assumptions and changes to viability on individual sites, there were gross impairment charges of £9.2m (2023: £16.7m) and gross impairment reversals of £11.4m (2023: £12.0m), resulting in a net impairment reversal of £2.2m (2023: £4.7m charge) included within cost of sales.

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

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

Inventories include £9.0m (2023: £11.0m) in respect of properties currently occupied under the refugee support scheme.

### Expensed inventories

The value of inventories expensed in the year ended 30 June 2024 and included in cost of sales was £3,241.6m (2023: £3,907.3m).

## 11. Net cash

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

	<b>Group</b>	
	<b>2024 £m</b>	2023 £m
<b>Cash and cash equivalents</b>	<b>1,065.3</b>	1,269.1
<b>Drawn debt</b>		
<b>Borrowings:</b>		
Sterling US private placement notes	<b>(200.0)</b>	(200.0)
Bank overdrafts	–	(3.4)
<b>Total borrowings, being total drawn debt</b>	<b>(200.0)</b>	(203.4)
Prepaid fees	<b>3.2</b>	3.7
<b>Net cash</b>	<b>868.5</b>	1,069.4

<b>Total borrowings at 30 June are analysed as:</b>		
Non-current borrowings	<b>(200.0)</b>	(200.0)
Current borrowings	–	(3.4)
<b>Total borrowings, being total drawn debt</b>	<b>(200.0)</b>	(203.4)

Movement in net cash is analysed as follows:

	<b>Group</b>	
	<b>2024 £m</b>	2023 £m
<b>Net decrease in cash and cash equivalents</b>	<b>(203.8)</b>	(83.6)
<b>Repayment/(drawdown) of borrowings:</b>		
Loans and borrowings drawdowns	–	(3.4)
Loans and borrowings repayments	<b>3.4</b>	17.3
<b>Other movements in borrowings:</b>		
Movement in prepaid fees	<b>(0.5)</b>	0.5
Movement in net cash in the year	<b>(200.9)</b>	(69.2)
Opening net cash	<b>1,069.4</b>	1,138.6
<b>Closing net cash</b>	<b>868.5</b>	1,069.4

### Cash and cash equivalents

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

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

	<b>Group</b>	
	<b>2024</b>	2023
	<b>£m</b>	£m
Cash and cash equivalents	<b>1,065.3</b>	1,269.1
Bank overdrafts including loans and borrowings	–	(3.4)
<b>Cash, cash equivalents and bank overdrafts</b>	<b>1,065.3</b>	1,265.7

## Borrowings and facilities

All debt facilities at 30 June 2024 are unsecured.

The principal features of the Group's committed debt facilities at 30 June 2024 and 30 June 2023 were as follows:

	Facility	Amount drawn		Maturity
		30 June 2024	30 June 2023	
<b>Committed facilities:</b>				
RCF	£700.0m	–	–	17 November 2028
Fixed rate Sterling USPP notes	£200.0m	<b>£200.0m</b>	£200.0m	22 August 2027

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

Weighted average interest rates are disclosed in note 5.

## 12. Provisions

	<b>Group</b>			
	Costs in relation to completed developments £m	Legacy properties - EWS and associated review £m	Legacy properties – reinforced concrete frames £m	Total £m
At 1 July 2023	176.1	535.9	76.4	788.4
Additions	<b>67.7</b>	<b>125.9</b>	<b>56.6</b>	<b>250.2</b>
Sites reclassified to completed developments	<b>15.0</b>	–	–	<b>15.0</b>
Releases	<b>(20.5)</b>	–	<b>(3.5)</b>	<b>(24.0)</b>
Revaluation due to the present value and timing of cash flows	–	<b>(0.6)</b>	1.6	<b>1.0</b>
Imputed interest	–	<b>26.3</b>	3.2	<b>29.5</b>
Utilisation in the year	<b>(47.4)</b>	<b>(59.4)</b>	<b>(32.1)</b>	<b>(138.9)</b>
<b>At 30 June 2024</b>	<b>190.9</b>	<b>628.1</b>	<b>102.2</b>	<b>921.2</b>

	<b>Group</b>	
	<b>2024</b>	2023
	<b>£m</b>	£m
Current	<b>378.0</b>	310.5
Non-current	<b>543.2</b>	477.9
	<b>921.2</b>	788.4

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

## 13. Share capital

### Ordinary share capital

Allotted and issued ordinary shares	2024 £m	2023 £m
10p each fully paid: 974,592,261 (2023: 974,584,613) ordinary shares	97.4	97.4

Options over the Company's shares granted during the year	2024 Number	2023 Number
LTPP	4,497,287	4,028,187
Sharesave	2,549,465	6,637,568
DBP	107,057	920,887
ELTIP	1,972,714	1,792,966
	9,126,523	13,379,608

Allotment/cancellation of shares during the year	2024 Number	2023 Number
At 1 July	974,584,613	1,022,562,819
Buyback and cancellation of shares in the year	–	(47,985,293)
Issued to satisfy exercises under Sharesave schemes	7,648	7,087
<b>At 30 June</b>	<b>974,592,261</b>	<b>974,584,613</b>

## 14. Own shares reserve

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

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

	2024	2023
Ordinary shares in the Company held in the EBT (number)	8,063,747	4,998,602
Cost of shares held in the EBT (£m)	36.9	23.2
Market value of shares held in the EBT at 472.2p (2023: 413.5p) per share (£m)	38.1	20.7

During the year, the EBT purchased 5,000,000 (2023: 2,951,352) shares in the market and disposed of 1,351,813 (2023: 3,254,817) shares, which were used to satisfy the vesting of ELTIP and LTPP awards in both years and also the DBP awards in 2023. A further 583,042 shares were used in settlement of exercises under Sharesave schemes (2023: 18,101).

## 15. Non-controlling interests

	Group	
Movement in non-controlling interest share of net assets recognised in the Consolidated Balance Sheet	2024 £m	2023 £m
At 1 July	0.5	0.8
Distribution of profits to non-controlling partner	(0.4)	(0.3)
Share of profit for the year recognised in the Consolidated Income Statement	–	–
<b>At 30 June</b>	<b>0.1</b>	<b>0.5</b>

## 16. Contingent liabilities

### Contingent liabilities related to subsidiaries

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

In the normal course of business, the Group has given counter-indemnities in respect of performance bonds and financial guarantees. At 30 June 2024 the bonds and guarantees amount to £419.9m (2023: £412.7m) and at the date of these financial statements, the possibility of cash outflow is considered minimal and no provision is required.

### External wall systems

As disclosed in note 1, on 13 March 2023, the Group signed the Self-Remediation Terms and Contract and is continuing to undertake a review of all of its current and legacy buildings where it has used EWS or cladding solutions. Approved inspectors signed off all of our buildings, including the EWS or cladding used, as compliant with the relevant building regulations at the time of completion.

At 30 June 2024, the Group held provisions of £628.1m (2023: £535.9m) in relation to EWS and associated reviews, based on management's best estimate of the cost and timing of remediation of in-scope buildings. It is possible that as remediation work proceeds, additional remedial works are required which do not relate to EWS or cladding solutions. Such works may not have been identified from the reviews and physical inspections undertaken to date and may only be identified when detailed remediation work is in progress. Therefore, the nature, timing and extent of any such costs were unknown at the balance sheet date.

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

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

On 31 May 2023 the Group signed the Scottish Safer Buildings Accord, committing to resolve life-critical fire safety defects in multi-occupancy residential domestic or part-domestic buildings, over 11 metres, built by us as a developer in the period of 30 years to 1 June 2022. This Accord is not legally binding, but we are committed to working in good faith with the Scottish Government to agree a legal form contract. The Group has undertaken preliminary cost assessments at multi-occupancy buildings over 11 metres in Scotland at which fire safety defects have been identified. The Group's EWS provision at 30 June 2024 reflects the outcome of these assessments. The estimates are based on the assumption that the standard of remediation required in Scotland is consistent with that in England and Wales. The Housing (Cladding Remediation) (Scotland) Act 2024, which became law on 21 June 2024, has provided a framework on which the remediation programme in Scotland can be based, but requires secondary legislation and further contractual agreement with developers to determine the details. The estimated cost may vary depending on the final form of the developer remediation contract agreed with the Scottish Government.

During the year, warranty providers received claims under warranties for building safety matters on three developments historically delivered by the Group. Further investigation is required to determine whether the nature and extent of any remediation work is incremental to that already expected and we expect this process to be completed within the next financial year.

### Reinforced concrete frames

As disclosed in note 1, the Group is undertaking remediation at developments designed by certain engineering firms or associated companies. The financial statements have been prepared based on currently available information; however, the detailed review is ongoing and the extent and cost of any remedial work may change as this work progresses.

We are actively seeking to recover costs from third parties in respect of EWS and reinforced concrete frames; however, there is no certainty regarding the extent of any financial recovery.

### Contingent liabilities related to JVs

The Group has given counter-indemnities in respect of performance bonds and financial guarantees to its JVs totalling £5.0m at 30 June 2024 (2023: £9.5m).

The Group has also given a number of performance guarantees in respect of the obligations of its JVs, requiring the Group to complete development agreement contractual obligations in the event that the JVs do not perform as required under the terms of the related contracts. At 30 June 2024, the probability of any loss to the Group resulting from these guarantees is considered to be remote.



## Contingent liabilities related to legal claims

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

## Contingent liability in respect of the investigation by the Competition and Markets Authority

On 26 February 2024, the Competition and Markets Authority (CMA) launched an investigation under Chapter I of the Competition Act 1998 into suspected breaches of competition law by eight housebuilders, relating to the exchange of competitively sensitive information, including the Company and its subsidiaries. We continue to cooperate with the CMA in its investigation. The timing of the conclusions of this investigation and any potential impact on the Group is unknown.

## 17. Related party transactions

### Directors of Barratt Developments PLC and remuneration of key personnel

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

Disclosures related to the remuneration of key personnel as defined in IAS 24 will be provided in note 5 of the 2024 Annual Report and Accounts.

There have been no related party transactions as defined in Listing Rule 11.1.5R for the year ended 30 June 2024.

### Transactions between the Company and its subsidiaries and a former JV

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

	Company	
	2024 £m	2023 £m
<b>Transactions between the Company and its subsidiaries and a former JV during the year:</b>		
Charges in respect of management and other services provided to subsidiaries	158.0	142.7
Net interest paid by the Company on net loans from subsidiaries	16.9	18.4
Dividends received from subsidiary undertakings	516.0	500.0
Distribution received from a former JV of the Company <sup>1</sup>	–	0.1
<b>Balances at 30 June:</b>		
Amounts due by the Company to subsidiary undertakings	91.3	354.2
Amounts due to the Company from subsidiary undertakings	245.1	79.0

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

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

## Transactions between the Group and its JVs

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

	<b>Group</b>	
	<b>2024 £m</b>	2023 £m
<b>Transactions between the Group and its JVs during the year:</b>		
Charges in respect of development management and other services provided to JVs	<b>10.3</b>	8.4
Net interest charges in respect of funding provided to JVs	<b>2.1</b>	1.6
Dividends received from JVs	<b>7.1</b>	34.8
<b>Balances at 30 June:</b>		
Funding loans and interest due from JVs net of impairment	<b>86.3</b>	66.5
Other amounts due from JVs	<b>27.8</b>	37.1
Loans and other amounts due to JVs	<b>(0.6)</b>	(0.5)

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

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

## 18. Financial risk management

The Group's approach to risk management and the principal operational risks of the business are detailed in note 21.

The Group's operations and financing arrangements expose it to a variety of financial risks, of which the most material are: liquidity risk, the availability of funding at reasonable margins, credit risk and interest rates. There is a regular, detailed system for the reporting and forecasting of cash flows from operations to senior management including Executive Directors to ensure that liquidity risks are promptly identified and appropriate mitigating actions are taken by the Treasury department. These forecasts are further stress tested at a Group level on a regular basis to ensure that adequate headroom within facilities and banking covenants is maintained. In addition, the Group has a risk management programme that seeks to limit the adverse effects of the other risks on its financial performance.

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

### Liquidity risk

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

The Group's borrowings are typically cyclical throughout the financial year and peak in April to May, and October to November of each year, due to seasonal trends in income. Accordingly, the Group maintains sufficient facility headroom to cover these requirements. On a normal operating basis, the Group has a policy of maintaining a minimum headroom of £150.0m. The Group identifies and takes appropriate actions based on its regular, detailed system for the reporting and forecasting of cash flows from its operations. The Group's drawn debt, excluding fees, represented 22.2% (2023: 22.6%) of available committed facilities at 30 June 2024. In addition, the Group had £1,065.3m (2023: £1,269.1m) of cash and cash equivalents.

The Group was in compliance with its financial covenants at 30 June 2024. The Group's resilience to its principal risks has been modelled, together with possible mitigating actions, over a three-year period, considering the prospects of the combined group. At the date of approval of these financial statements, the Group's internal forecasts indicate that it will be able to operate within its current facilities and remain in compliance with these covenants for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

One of the Group's objectives is to minimise refinancing risk. The Group has a policy that the average maturity of its committed bank facilities and private placement notes is a minimum of two years with a target of two to three years. At 30 June 2024, the average maturity of the Group's committed facilities was 4.1 years (2023: 4.4 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:

	<b>Group</b>	
<b>Expiry date</b>	<b>2024 £m</b>	<b>2023 £m</b>
In more than two years but not more than five years	<b>700.0</b>	700.0

In addition, the Group had undrawn, uncommitted overdraft facilities available at 30 June 2024 of £37.0m (2023: £37.0m).

## **Market risk (price risk)**

### ***Interest rate risk***

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

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

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

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

<b>Group</b>	<b>Floating rate financial liabilities £m</b>	<b>Fixed rate financial liabilities £m</b>	<b>Non-interest bearing financial liabilities £m</b>	<b>Total £m</b>
<b>2024</b>				
Financial liability exposure to interest rate risk	–	<b>200.0</b>	<b>1,068.7</b>	<b>1,268.7</b>
<b>2023</b>				
Financial liability exposure to interest rate risk	–	200.0	1,169.1	1,369.1

The Group retained a strong cash position throughout the year and, therefore, the Group did not draw on its RCF during the year and the use of other facilities was minimal. No interest was paid by the Group on floating rate borrowings in 2024 or 2023.

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

### ***Sensitivity analysis***

In the year ended 30 June 2024, if UK interest rates had been 1.0% higher/lower (considered to be a reasonably possible change based on forecast Bank of England interest rates) and all other variables were held constant, the Group's pre-tax profit would increase/decrease by £7.8m, the Group's post-tax profit would increase/decrease by £5.9m and, as such, the Group's equity would increase/decrease by £5.9m.

### **Credit risk**

In the majority of cases, the Group receives cash on legal completion for private sales and receives advance stage payments from registered providers for affordable housing. The Group has £1,065.3m (2023: £1,269.1m) on deposit or in current accounts with 14 (2023: 14) financial institutions. Other than this, the Group has no significant concentration of credit risk, as its exposure is spread over a large number of counterparties and customers.

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

The maximum exposure to any counterparty at 30 June 2024 was £141.2m (2023: £181.3m) of cash on deposit with a financial institution. The carrying amount of financial assets recorded in these financial statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

### **Capital risk management (cash flow risk)**

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

The Group manages its share capital as equity, as set out in the Statement of Changes in Shareholders' Equity, and its bank borrowings (being overdrafts and bank loans) and its private placement notes as other financial liabilities. The Group is subject to the prevailing conditions of the UK economy and the quantum of the Group's earnings is dependent upon the level of UK house prices. UK house prices are determined by the UK economy and economic conditions, employment levels, interest rates, consumer confidence, mortgage availability and competitor pricing. The Group's approach to the management of the principal operational risks of the business are detailed in note 21.

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

## 19. Post balance sheet events

On 21 August 2024, the Company acquired the full share capital of Redrow plc in an all share transaction. On 23 August 2024, the Company issued 476,309,120 new ordinary shares as consideration for this transaction.

In accordance with standard practice, the CMA has issued an Initial Enforcement Order requiring the Barratt and Redrow businesses to continue to operate independently until the CMA has formally accepted the undertakings proposed by the parties in response to its limited concerns, or otherwise agrees to integration taking place.

Due to the short time between the completion of the acquisition and the signing of these Financial Statements, the fair values of the consideration and the assets and liabilities acquired are still being assessed.

## 20. Statutory accounts

The financial statements for the year ended 30 June 2024 have been approved by the Directors and prepared in accordance with UK adopted IAS in conformity with the requirements of the Companies Act 2006 and UK adopted IFRS.

Barratt Developments PLC's 2024 Annual Report and Accounts will be made available to shareholders and published on its website [www.barrattdevelopments.co.uk](http://www.barrattdevelopments.co.uk) in September 2024. The financial information set out herein does not constitute the Company's statutory accounts for the year ended 30 June 2024 (as defined in Sections 434 and 436 of the Companies Act 2006) but is derived from the 2024 Annual Report and Accounts and the accounts contained therein. Statutory accounts for 2024 will be delivered to the Registrar of Companies prior to the Company's Annual General Meeting, which will be held on 23 October 2024. 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 2023 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 2023 report of the auditor is unqualified and does not contain statements under Section 498 (2) or (3) of the Companies Act 2006.

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

## 21. Risk management

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

The risks which the Group faces could have a material adverse effect on the implementation of the its strategy, its business operations, its financial performance, shareholder value and returns, and its reputation. Changes in the economic or trading environment including geopolitical events can affect the likelihood and potential impact of risks, and may create new and emerging risks meaning we must continually manage our risk exposure.

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

Under the Group's enterprise risk management framework, risk workshops are held between regional management and Group functional experts to provide a robust "bottom-up" assessment of the risks being experienced by the business. The outputs inform the determination of the Group level key risks by the Executive Risk Committee, which are then reviewed and challenged by the Board, with support from third-party experts, to arrive at the final principal risks. The Board has also refreshed its risk appetite approach during FY24 to ensure that the Board's appetite for each of the principal risks is clear and can be used to determine appropriate mitigating actions across the Group. The Board now categories risk appetite for each principal risk using the following methodology:

- Averse — Minimise risk as much as possible, limited tolerance of potential exposure to risk consequence in pursuit of related benefits.

- Cautious — A balanced and informed approach to risk taking, moderate tolerance of potential exposure to risk consequence in the pursuit of related benefits.
- Opportunistic — A more receptive approach to adaptability; taking risk for increased benefits/returns or to achieve strategic goals.

As we continue our continuous improvement over risk management activities in FY25 we will refresh our approach to key risk indicators.

As part of our risk identification processes emerging risks were identified through external and internal risk processes including the regional and functional risk workshops, discussions with the Executive, and external benchmarking. The emerging risks are formally reviewed by the Board and Executive as part of their ongoing activities.

During our FY24, executive management has reviewed the policies and methodologies behind our risk management framework to ensure that our procedures suitably allow key risks and the specific events that may cause them to be identified.

The Group continues to assess the potential physical impact of climate change as well as the regulatory and social measures that may be adopted to mitigate it. The Board recognises that sustainability is integral to the delivery of the business strategy and has taken substantial steps to embed sustainability across all our processes and business activities. Therefore the Board has removed sustainability as a standalone principal risk and will manage sustainability activities as an embedded part of its risk management processes, for example considering sustainability in its supply chain or Government regulation risks.

Business continuity has been removed as a principal risk. Due to the nature of our operations covering a large number of sites and our continued operational resilience embedded throughout the Group, for example throughout the pandemic, we do not feel business continuity is high risk. Therefore, we will continue to monitor operational resilience as part of our management of individual key risks.

The existing legacy properties principal risk has been expanded to reflect both the ongoing risk with quality of build for high-rise and complex structures, as well as the effective remediation of issues already identified in legacy properties. This has also reduced our construction quality and innovation risk on a net basis due to it no longer incorporating build quality over high-rise and complex projects.

A new risk has been added to cover the Redrow integration. The integration offers significant synergies which we are confident in achieving but by recognising the risks associated with the integration early, we will ensure that we implement appropriate activities to safeguard these synergies over the medium to long term.

In July the Government published a revised draft of the National Planning Policy Framework (NPPF) which guides local councils on the location, type and amount of new homes required. The policies within the new NPPF reduce Barratt's level of land and planning risk by reason of, (a) increased Government targets for new homes, (b) new requirement to release sites currently within Green Belt, and (c) enforcement of the presumption in favour of approving planning applications in areas without a 5-year supply of housing. The new policies should lead to a greater supply of consented land. As these actions materialise they will help to support a reduction in our risk exposure in the near future.

On 26 February, the CMA launched an investigation into suspected breaches of competition law, relating to the exchange of competitively sensitive information, by eight housebuilders, including Barratt and Redrow. We continue to cooperate with the CMA in its investigation. This is considered within our government regulation and political risk principal risk.

The health, safety and environment risk has also been decreased on a residual basis due to the Board being comfortable with our existing mitigation and the priority that it is given across the Group.

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

### **Overall assessment**

The Board has completed its assessment of the Group's principal and emerging risks, including those that could threaten its business model, future performance, solvency or liquidity.

The current risk profile is within our tolerance range as the Group is willing to accept a moderate level of operational risk to deliver financial returns.

There may be instances where these risks could have a moderate adverse impact on the Group – either financially or operationally. To ensure the Group's business model remains resilient over the medium and long term, the Group has

modelled these scenarios alongside achievable mitigating actions. The results will be available in the Viability Statement of the Group's Annual Report.

Risk	A Economic environment	B Land and planning	C Government regulation and political risk	D Construction quality and innovation	E High-rise and complex structures
<b>Risk level</b> Change from previous year	High risk No change	High risk No change	High risk No change	Low risk Decrease	High risk No change
<b>Risk appetite</b> <b>Risk velocity</b>	Cautious Rapid	Cautious Moderate	Averse Moderate	Cautious Moderate	Averse Moderate
<b>Link to strategic priorities</b>	Customer first	Great places	Great places	Leading construction	Leading construction
	Significant changes in the UK macroeconomic environment or continuing major geopolitical events and uncertainty may lead to falling demand, tightened mortgage availability, lack of funding for housing associations, or reduced purchaser liquidity, especially in the first time buyer market. This could reduce the affordability of our homes for private and rental customers, resulting in reduced sales volumes and our ability to provide profitable growth.	Lack of developable land due to delays in planning approval, failure of a clear and consistent Government policy or insufficient consented land and strategic land options at appropriate cost and quality could affect our ability to grow sales volumes and/or meet our margin and site ROCE hurdle rates.	The housebuilding industry is subject to increasingly complex legislation and regulation, Government intervention and policy changes, for example climate change, building regulation, legal, NHQC, competition law and sustainability regulation. Deviation from current regulations or failure to implement the changes effectively within our processes could lead to financial penalties, damage to the Group's reputation or increased costs due to inefficient processes.	Failure to achieve excellence in housebuilding construction and product quality, through insufficient quality assurance programmes, or inability to develop, evaluate and implement new and innovative construction methods, or to be a market leader with changes in technology advancement, could increase costs, expose the Group to future remediation liabilities, and result in poor product quality and reputational damage.	Failure to build high-rise and complex structures in line with building regulations or remediate existing legacy quality issues effectively could result in remediation delays, reputational damage, increased provisions or further future remediation liabilities.
<b>Responsibility</b>	Executive Committee	Land Committee	Operations Committee	Operations Committee	Operations Committee
<b>Response/mitigation</b>	<ul style="list-style-type: none"> <li>Continual monitoring of the market at Board, Executive Committee, regional and divisional levels, leading to amendments in the Group's forecasts and planning as necessary.</li> <li>Comprehensive sales policies, regular reviews of pricing in local markets and development of good relationships with mortgage lenders.</li> <li>Disciplined operating framework with an appropriate capital structure and strong Balance Sheet.</li> </ul>	<ul style="list-style-type: none"> <li>All land acquisitions are subject to formal appraisal and approval by the Land and Development Leadership Group.</li> <li>Group, regional and divisional review of land currently owned, committed and identified against strategic requirements.</li> <li>Regular meetings with external stakeholders including land agents, promoters and land owners.</li> <li>Review by Land and Development Leadership Group and management on strategic land and sites.</li> <li>Robust review of land appeals before resubmission.</li> </ul>	<ul style="list-style-type: none"> <li>Robust and rigorous design standards for the homes and places we develop that exceed current and expected statutory requirements.</li> <li>Policies and technical guidance for employees on regulatory and legal compliance and the standards of business conduct expected.</li> <li>Dedicated compliance team.</li> <li>Consultation with Government agencies and membership of industry groups to help monitor, understand and plan for proposed regulation change.</li> </ul>	<ul style="list-style-type: none"> <li>Continuous review of design and materials, which are evaluated by technical experts including the NHBC, to ensure compliance with all regulations.</li> <li>Monitoring and improving the environmental and sustainability impact of construction methods and materials.</li> <li>Implementation of modern methods of construction by design and technical teams.</li> <li>Detailed build programmes supported by robust quality assurance.</li> </ul>	<ul style="list-style-type: none"> <li>Hired senior technical expertise into the business.</li> <li>Use of qualified engineers through an approved panel including structural engineer peer review process.</li> <li>Third-party liability insurance.</li> <li>Detailed build programmes supported by robust quality assurance.</li> <li>A dedicated Building Safety Unit (BSU) which undertakes independent reviews and investigations of legacy buildings and, where necessary, conducts remediation work.</li> <li>Assumptions on the estimated financial costs for remediation have been tested and challenged robustly.</li> </ul>

<b>Risk</b>	<b>A Economic environment</b>	<b>B Land and planning</b>	<b>C Government regulation and political risk</b>	<b>D Construction quality and innovation</b>	<b>E High-rise and complex structures</b>
<b>Key risk indicators</b>	Internal: Gross and operating margins, PBT, ROCE, EPS, TSR, total home completions.  External: GDP growth, CPI inflation, mortgage approvals, mortgage affordability, new housebuilding site starts.	Land approvals (plots), UK quantum of consented housing units per year, UK quantum of applications decided within statutory periods.	Regulatory violations, audit findings, data breach incidents	Customer service, total home completions, gross margin, operating margin, PBT, ROCE, EPS, construction waste intensity and carbon intensity, NHBC Reportable Items and Builder Responsible Items.	Independent third-party assessors' results, NHBC Reportable Items and Builder Responsible Items, EPS, customer satisfaction surveys.

<b>Risk</b>	<b>F Supply chain resilience</b>	<b>G Safety, health and environment</b>	<b>H Attracting and retaining high- calibre employees</b>	<b>I Information technology</b>	<b>J Redrow integration</b>
<b>Risk level</b> Change from previous year	Medium risk No change	Low risk Decrease	Medium risk No change	Medium risk No change	Medium risk New risk
<b>Risk appetite</b> <b>Risk velocity</b>	Cautious Moderate	Averse Moderate	Opportunistic Slow	Cautious Rapid	Cautious Slow
<b>Link to strategic priorities</b>	Leading construction	Investing in our people	Investing in our people	Underlying all priorities	Underlying all priorities
<b>Risk description</b>	Not adequately responding to shortages or increased costs of materials and skilled labour including those events caused by geopolitical uncertainty, or the failure of a key supplier in the current economic environment, may lead to increased costs and delays in construction.	Health and safety or environmental incidents or compliance breaches can impact employees, sub-contractors, customers and site visitors, and undermine the creation of a great place to work and visit.	Increasing competition for skills may mean we are unable to recruit and/or retain the best people. Having sufficient skilled employees is critical to delivery of the Group's strategy of volume growth whilst maintaining excellence in all of our other strategic priorities.	Failure of any of the Group's key systems, particularly those for financial and customer information, surveying and valuation, through a successful cyber attack or lack of investment leading to outdated systems, could restrict operations and disrupt progress in delivering strategic priorities.	Without careful management, there is a risk that synergies that are initially achieved as part of the merger may not be maintained over the medium to long term leading to higher costs than forecast. There is further risk that revenue opportunities arising from the multi-branded portfolio are not realised.
<b>Responsibility</b>	Operations Committee	Safety, Health and Environment Operations Committee	Executive Committee	Executive Risk Committee	Executive Committee

Risk	F Supply chain resilience	G Safety, health and environment	H Attracting and retaining high-calibre employees	I Information technology	J Redrow integration
<b>Response/ Mitigation</b>	<ul style="list-style-type: none"> <li>• Centralised team procures most materials from UK suppliers, ensuring consistent quality and cost.</li> <li>• Development of multiple supplier relationships for labour and material supplies, with contingency plans should any key supplier fail.</li> <li>• Clear tendering policies and procedures.</li> <li>• Robust due diligence procedures to ensure quality of products and ethical suppliers.</li> <li>• Build and material cost controls throughout build programmes to allow supply chain planning.</li> <li>• Monitoring of supplier performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Clear roles and responsibilities for SHE across the Group.</li> <li>• SHE management system supports and reinforces documented SHE policies and procedures.</li> <li>• Employee and sub-contractor relevant and appropriate SHE training.</li> <li>• Monthly operational Divisional Board reporting on SHE performance.</li> <li>• Second line team of SHE compliance managers provide support and guidance.</li> <li>• Board-level SHE Committee and SHE Operations Committee review and monitor.</li> </ul>	<ul style="list-style-type: none"> <li>• Company values relaunched and embedded across all areas of the business.</li> <li>• Comprehensive HR programmes covering apprenticeships, graduate development, succession planning and training academies.</li> <li>• Personal development plans for all employees.</li> <li>• Monitoring of employee turnover, absence statistics and independent feedback from exit interviews.</li> <li>• Annual employee engagement survey to measure employee satisfaction.</li> <li>• Remuneration benchmarking.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular external reviews to reduce the risk of successful cyber attacks, including vulnerability and penetration tests by third parties.</li> <li>• Adoption of the recognised NIST control framework.</li> <li>• Group-wide compliance and policies on passwords and transferring data to third parties.</li> <li>• Mandatory information security training programme for all employees.</li> <li>• Cyber security insurance policy.</li> <li>• IT disaster recovery plan.</li> <li>• Continued investment in IT infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>• Tracking, monitoring and reporting of expected and achieved synergies.</li> <li>• Dedicated Integration Management Office.</li> <li>• Executive and Board oversight of integration through Integration Steering Committee.</li> </ul>
<b>Key risk indicators</b>	Customer service, gross and operating margin, PBT, ROCE, EPS, TSR, total home completions.	Health and Safety (SHE) audit compliance	Employee engagement score.	Customer service, gross and operating margin, PBT, ROCE, EPS.	EPS and PBT



## Statement of Directors' Responsibilities

The responsibility statement set out below has been prepared in connection with (and will be set out in) the Annual Report and Accounts of the Company for the year ended 30 June 2024, which will be available to shareholders and published on its website [www.barrattdevelopments.co.uk](http://www.barrattdevelopments.co.uk) in September 2024.

### Financial Statements and accounting records

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

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

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

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

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

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

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

### Fair, balanced and understandable

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

### Directors' responsibility statement

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

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

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

By order of the Board

David Thomas

**Chief Executive**

3 September 2024

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

The Group uses a number of APMs that are not defined within IFRS. The Directors use these APMs, along with IFRS measures, to assess the operational performance of the Group as detailed in the Strategic report in the Annual Report and Accounts. These APMs may not be directly comparable with similarly titled measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. Definitions of adjusted items are presented in note 4 and adjusted performance measures are reconciled to IFRS measures underneath the Consolidated Income Statement and Statement of Comprehensive Income. Definitions and reconciliations of the other financial APMs used to IFRS measures are included below:

**Gross margin** is defined as gross profit divided by revenue:

	2024	2023
Revenue per Income Statement (£m)	4,168.2	5,321.4
Gross profit per Income Statement (£m)	509.5	974.9
<b>Gross margin</b>	<b>12.2%</b>	18.3%

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

	2024	2023
Revenue per Income Statement (£m)	4,168.2	5,321.4
Adjusted gross profit per Income Statement (£m)	689.0	1,130.4
<b>Adjusted gross margin</b>	<b>16.5%</b>	21.2%

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

	2024	2023
Revenue per Income Statement (£m)	4,168.2	5,321.4
Profit from operations per Income Statement (£m)	174.7	707.4
<b>Operating margin</b>	<b>4.2%</b>	13.3%

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

	2024	2023
Revenue per Income Statement (£m)	4,168.2	5,321.4
Adjusted profit from operations per Income Statement (£m)	376.6	862.9
<b>Adjusted operating margin</b>	<b>9.0%</b>	16.2%

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

	2024 £m	2023 £m
Profit attributable to ordinary shareholders of the Company	114.1	530.3
Net cost associated with legacy properties per note 4	179.5	155.5
Costs incurred in respect of the all-share offer for the share capital of Redrow plc per note 4	22.4	–
Cost associated with JV legacy properties per note 4	12.6	23.7
Tax impact of adjusted items	(54.4)	(39.3)
<b>Adjusted earnings</b>	<b>274.2</b>	670.2

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

	<b>2024 £m</b>	2023 £m
Profit from operations	<b>174.7</b>	707.4
Amortisation of intangible assets	<b>10.4</b>	10.5
Net cost associated with legacy properties	<b>179.5</b>	155.5
Costs incurred in respect of the all-share offer for the share capital of Redrow plc per note 4	<b>22.4</b>	–
Share of post-tax profit from JVs and associates	<b>2.3</b>	8.8
Adjusted cost related to JV legacy properties	<b>12.6</b>	23.7
<b>Earnings before amortisation, interest, tax and adjusted items</b>	<b>401.9</b>	905.9

	<b>30 June 2024 £m</b>	31 December 2023 £m	30 June 2023 £m	31 December 2022 £m	30 June 2022 £m
Group net assets per Balance Sheet	<b>5,439.1</b>	5,439.6	5,596.4	5,656.6	5,631.3
Less:					
Other intangible assets per Balance Sheet	<b>(184.5)</b>	(189.7)	(194.9)	(200.1)	(205.4)
Goodwill per Balance Sheet	<b>(852.9)</b>	(852.9)	(852.9)	(852.9)	(852.9)
Current tax (assets)	<b>(31.8)</b>	(27.3)	(31.1)	(0.1)	(9.9)
Deferred tax liabilities	<b>45.0</b>	50.4	53.5	44.0	45.1
Cash and cash equivalents	<b>(1,065.3)</b>	(949.9)	(1,269.1)	(1,166.5)	(1,352.7)
Loans and borrowings	<b>200.0</b>	200.3	203.4	202.0	217.3
Provisions in relation to legacy properties	<b>730.3</b>	646.0	612.3	485.3	479.5
Prepaid fees	<b>(3.2)</b>	(3.8)	(3.7)	(4.6)	(3.2)
<b>Capital employed</b>	<b>4,276.7</b>	4,312.7	4,113.9	4,163.7	3,949.1
<b>Three point average capital employed</b>	<b>4,234.4</b>		4,075.6		

	<b>2024</b>	2023
<b>Earnings before amortisation, interest, tax and adjusted items (from table above) (£m)</b>	<b>401.9</b>	905.9
<b>Three point average capital employed (from table above) (£m)</b>	<b>4,234.4</b>	4,075.6
<b>ROCE</b>	<b>9.5%</b>	22.2%

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

	<b>30 June 2024 £m</b>	31 December 2023 £m	30 June 2023 £m	31 December 2022 £m	30 June 2022 £m
Capital employed (from ROCE table above)	<b>4,276.7</b>	4,312.7	4,113.9	4,163.7	3,949.1
Adjust for land payables	<b>472.8</b>	367.2	506.7	622.3	733.6
<b>Capital employed adjusted for land payables</b>	<b>4,749.5</b>	4,679.9	4,620.6	4,786.0	4,682.7
<b>Three point average capital employed adjusted for land payables</b>	<b>4,683.3</b>		4,696.4		

	<b>2024</b>	2023
<b>Earnings before amortisation, interest, tax and adjusted items (from table above) (£m)</b>	<b>401.9</b>	905.9
<b>Three point average capital employed adjusted for land payables (from table above) (£m)</b>	<b>4,683.3</b>	4,696.4
<b>Underlying ROCE</b>	<b>8.6%</b>	19.3%

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

	30 June 2024 £m	31 December 2023 £m	30 June 2023 £m	31 December 2022 £m	30 June 2022 £m
Capital employed (from ROCE table above)	4,276.7	4,312.7	4,113.9	4,163.7	3,949.1
Adjust for land	(3,233.6)	(2,979.1)	(3,139.9)	(3,253.7)	(3,339.9)
Adjust for land payables	472.8	367.2	506.7	622.3	733.6
Adjust for trade payables	252.7	186.9	310.3	220.4	324.0
Adjust for inventories currently occupied under the refugee support scheme	(9.0)	(11.3)	(11.0)	-	-
<b>Capital employed adjusted for land, land payables, trade payables and inventories currently occupied under the refugee support scheme</b>	<b>1,759.6</b>	<b>1,876.4</b>	<b>1,780.0</b>	<b>1,752.7</b>	<b>1,666.8</b>
<b>Three point average capital employed adjusted for land, land payables, trade payables and inventories currently occupied under the refugee support scheme</b>	<b>1,805.3</b>		<b>1,733.2</b>		

**Net cash** is defined in note 11.

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

	2024	2023
Net cash (£m)	(868.5)	(1,069.4)
Land payables (£m)	472.8	506.7
<b>Total indebtedness</b>	<b>(395.7)</b>	<b>(562.7)</b>

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

## Glossary

Active outlet	A site with at least one plot for sale
AGM	Annual General Meeting
APM	Alternative performance measure
ASP	Average selling price
Barratt	Barratt Developments PLC and its subsidiary undertakings
BRIs	Builders' Reportable Items
Building Regulations	The requirements relating to the erection and extension of buildings under UK Law
Capital Employed	Average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, prepaid fees, provisions in respect of legacy properties and derivative financial instruments
CDP	Charity that runs the global system for disclosure of environmental impacts for investors, companies, cities, states and regions
CMA	Competition and Markets Authority
DBP	Deferred Bonus Plan
EBT	Barratt Developments Employee Benefit Trust
ELTIP	Employee Long Term Incentive Plan
EMC	Ethnic Minority Communities
EPC	Energy Performance Certificate
EPS	Earnings per share
EWS	External Wall System
Foundation	The Barratt Developments PLC Charitable Foundation
FRAEW	Fire Risk Appraisals of External Wall construction
FY	Refers to the financial year ended 30 June
Gross margin	Gross profit divided by total revenue
Group	Barratt Developments PLC and its subsidiary undertakings
HBF	Home Builders Federation
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IIR	Injury incidence rate
ISO	International Organisation for Standardisation
JVs	Joint ventures
KPI	Key performance indicator
LGBTQ+	Lesbian, gay, bisexual, transgender, queer and other gender expressions
LTPP	Long Term Performance Plan
MMC	Modern methods of construction
Net cash	Cash and cash equivalents, bank overdrafts, interest-bearing borrowings and prepaid fees

Net tangible assets	Group net assets less other intangible assets and goodwill
NHBC	National House Building Council
OHSAS	Occupational Health and Safety Assessment Series
Operating margin	Profit from operations divided by revenue
Oregon	Oregon Timber Frame Limited, Oregon Timber Frame (England) Limited and Oregon Contract Management Limited
PAS9980	Code of practice setting out a method for the completion of a Fire Risk Appraisal of External Wall construction
PRS	Private rented sector
RCF	Revolving Credit Facility
RIIs	Reportable items - defects found during NHBC inspections
ROCE	Return on capital employed ('ROCE') is calculated as earnings before amortisation, interest, tax and operating adjusting or exceptional items for the year, divided by average net assets adjusted for goodwill and intangibles, tax, net cash, derivative financial instruments and provisions in relation to legacy properties
RPDT	Residential Property Developer Tax
Sharesave	Savings-Related Share Option Scheme
SHE	Safety, Health and the Environment
Site ROCE	Site operating profit (site trading profit less allocated administrative overheads) divided by average investment in site land and work in progress
SONIA	Sterling Overnight Interest Average
the Barratt group	Barratt Developments PLC and its subsidiary undertakings prior to the acquisition of Redrow plc
the combined group	The new group of companies comprising the Barratt group as defined above, and Redrow plc and its subsidiaries
the Company	Barratt Developments PLC
the Financial Statements	Refers to the complete Financial Statements of Barratt Developments PLC and its subsidiaries, rather than the condensed consolidated financial statements (the 'financial statements') included in this document
the Group	Barratt Developments PLC and its subsidiary undertakings as at 30 June 2024
Total completions	Unless otherwise stated, total completions quoted include JVs
Total indebtedness	Net (cash)/debt and land payables
TSR	Total shareholder return
Underlying ROCE	ROCE as defined above, with net assets also adjusted for land payables
USPP	US Private Placements