



BARRATT
DEVELOPMENTS PLC

Building Excellence

Barratt Developments PLC
Annual Report and Accounts 2015



Front and inside cover:
Woodlands, Bedford,
a range of beautifully
designed three and four
bedroom traditional homes.



Welcome to Barratt Developments

Our vision is to lead the future of housebuilding by putting **customers first** and at the heart of everything we do.

By **investing in our people**, we are **leading construction** to create **great places** where people aspire to live, and generating sustainable returns for our shareholders.

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Notice regarding limitations on Director liability under English law

Under the Companies Act 2006, a safe harbour limits the liability of Directors in respect of statements in, and omissions from, the Strategic Report contained on pages 2 to 45 and the Directors' Report contained on pages 46 to 102. Under English Law the Directors would be liable to the Company (but not to any third party) if the Strategic Report and/or the Directors' Report contains errors as a result of recklessness or knowing misstatement or dishonest concealment of a material fact, but would not otherwise be liable.

Strategic Report and Directors' Report

Pages 2 to 45 inclusive comprise the Strategic Report and pages 46 to 102 inclusive comprise the Directors' Report, both of which have been drawn up and presented in accordance with, and in reliance upon, English Company Law and liabilities of the Directors in connection with the reports shall be subject to the limitations and restrictions provided by such law.

Cautionary statement regarding forward-looking statements

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

Strategic Report

A snapshot of our business

We are the nation's **leading housebuilder** operating across Britain with 27 housebuilding divisions delivering **16,447 homes** this year.

Homes legally completed¹

16,447

[2014: 14,838]

Average active sites²

380

[2014: 364]



Housebuilding divisions

27

[2014: 27]



Owned and controlled land bank plots

70,523

[2014: 66,570]



Employees

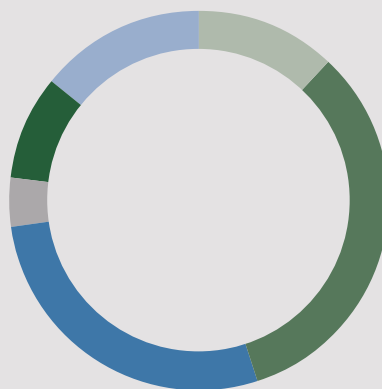
5,971

[2014: 5,755]

→ Our homes

We are a HBF 5 Star housebuilder and create great places to live. We aspire to meet Building for Life 12 standards³ on all of our developments.

2015 completions by unit type

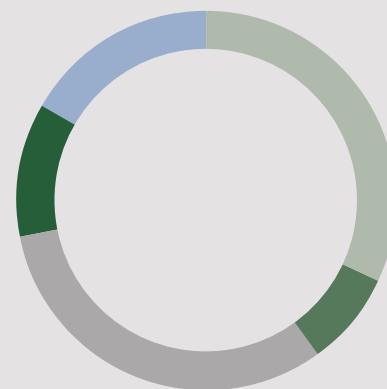


	2015	2014
1 and 2 bedroom houses	12%	12%
3 bedroom houses	33%	35%
4 bedroom houses	28%	26%
5 and 6 bedroom houses	4%	4%
Flats London	9%	7%
Flats non-London	14%	16%

→ Our customers

We put our customers first. We build great homes and aim to provide customer service that exceeds expectations.

2015 completions by deal type



	2015	2014
Help to Buy	31%	31%
Part Exchange	8%	8%
NewBuy/Mi New Home	0%	2%
Other Private	32%	31%
Investor	11%	12%
Affordable	18%	16%

¹ Total completions, including joint ventures, were 16,447 (2014: 14,838) for the year. Private completions for the year were 12,746 (2014: 11,936). Affordable completions for the year were 2,853 (2014: 2,255) and JV completions in which the Group had an interest were 848 (2014: 647).

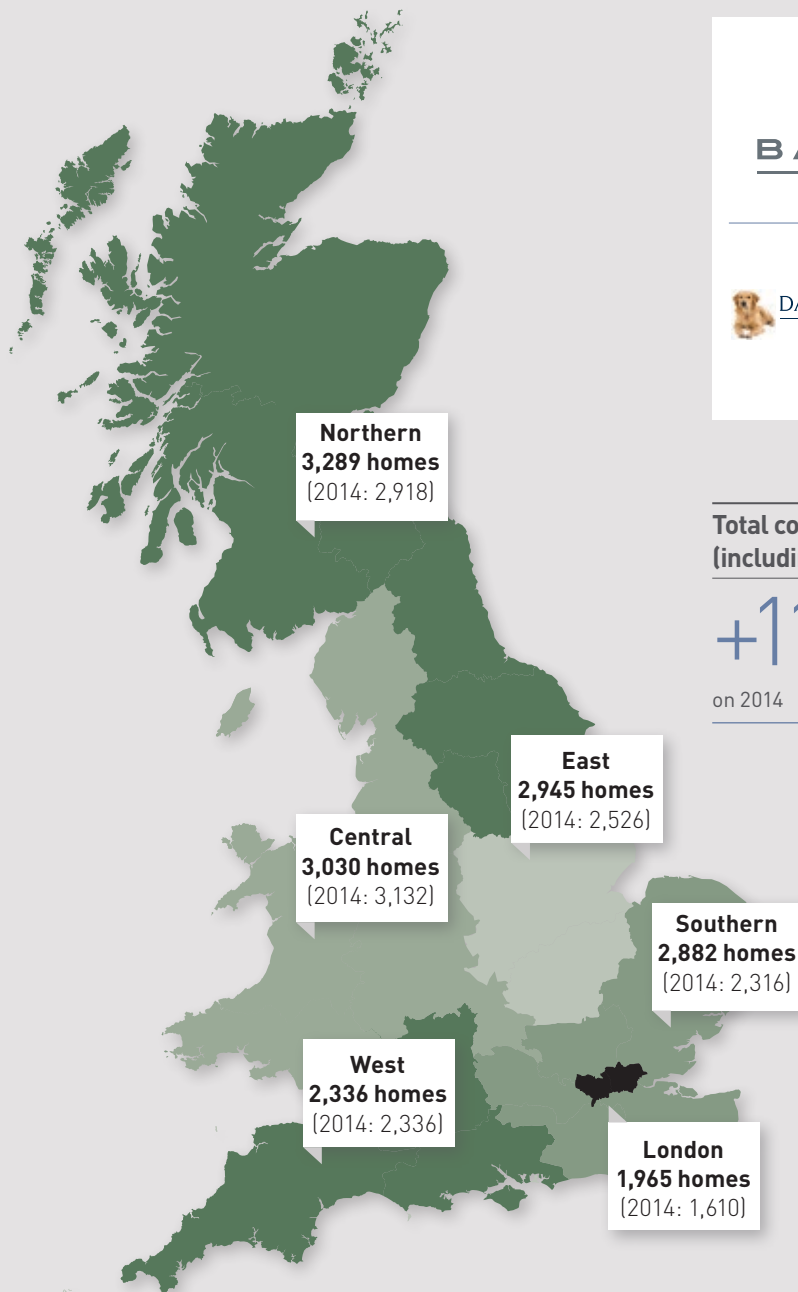
² Unless otherwise stated, all numbers quoted exclude joint ventures ('JV') and are as at 30 June 2015 throughout this Annual Report and Accounts.

³ Building for Life 12 is the industry standard, endorsed by the Government, for well-designed homes and neighbourhoods that local communities, local authorities and developers are invited to use to stimulate conversations about creating good places to live.

⁴ Housebuilding contributes 98.5% (2014: 99.5%) of revenues. We also have a commercial developments business which contributes 1.5% (2014: 0.5%) of revenues.

→ Our geographic spread

We are the nation's leading housebuilder committed to operating throughout Britain⁴.



→ Our brands

We have three main brands – Barratt Homes, David Wilson Homes and Barratt London. Commercial developments are delivered by Wilson Bowden Developments.



Total completions
(including joint ventures)

+11%

on 2014

Strategic Report

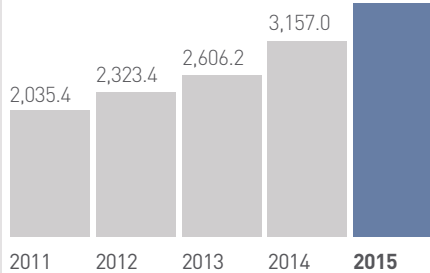
Our performance and financial highlights

It has been a **record year**. We delivered our highest ever profit before tax and a strong performance against all our key metrics.

Revenue £m

£3,759.5m

+19.1%



Target

Controlled growth in completion volumes

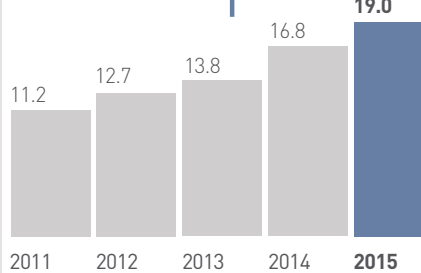
Status

On target

Gross margin %

19.0%

+220bps



Target

At least 20% by FY17

Status

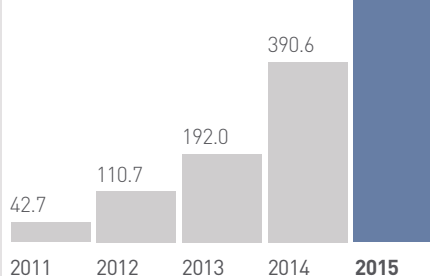
On target

KPI

Profit before tax¹ £m

£565.5m

+44.8%



Target

£530.0m profit before tax in line with consensus at the start of the financial year

Status

Achieved

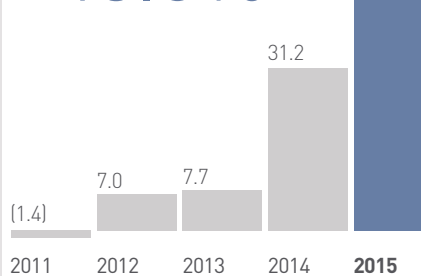
¹ Profit before tax in 2011-2013 is calculated before exceptional items.

KPI

Earnings per share pence

45.5p

+45.8%



Target

42.5p in line with consensus at the start of the financial year

Status

Achieved

KPI

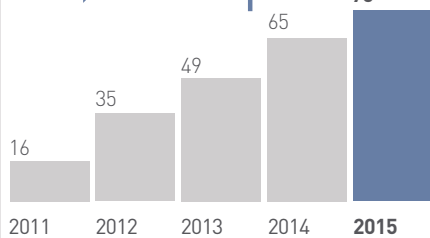
Total shareholder return for the
three years ended 30 June 2015

362.9%

Completions from more
recently acquired land %

76%

+1,100bps



Target

95% of completions from more recently
acquired land for FY17

Status

On target

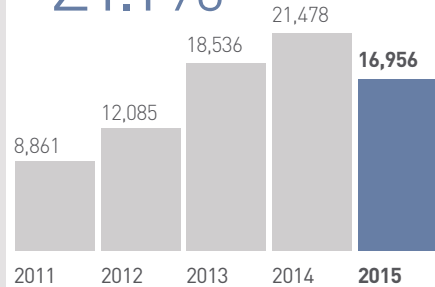
Total capital return per share²

25.1 pence

Land approvals plots

16,956

-21.1%



Target

15,000–17,000 plots approved
for purchase

Status

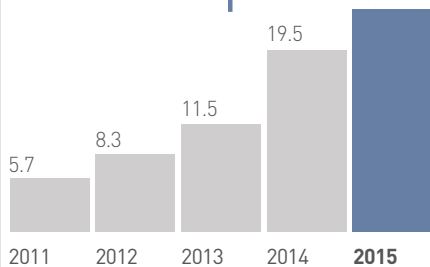
Achieved

KPI

Return on capital employed³ %

23.9%

+440bps



Target

At least 25% by FY17

Status

On target

² The Board proposes a final dividend of 10.3 pence per share in addition to the interim dividend of 4.8 pence per share. A further special cash payment equating to 10.0 pence per share under the special cash payment programme is also proposed.

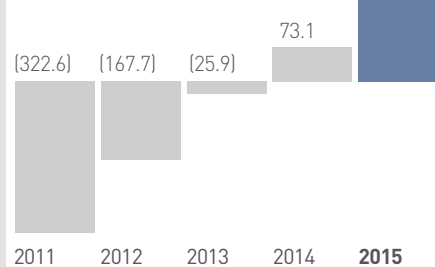
³ Return on capital employed ('ROCE') is calculated as earnings before interest, tax, operating charges relating to the defined benefit pension scheme and operating exceptional items, divided by average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, retirement benefit obligations and derivative financial instruments.

KPI

Year end net cash/(debt) £m

£186.5m

+£113.4m



Target

Minimal year end net cash

Status

Achieved

Strategic Report

How we create and preserve value

Our business model focuses on **delivering value** across the housebuilding value chain, creating sustainable returns for shareholders and **making a positive difference** in the communities in which we operate.

Resources and Relationships critical to our business model

> Availability of financial capital

 See Ensuring the financial health of our business on page 38

> Outstanding people

 See Investing in our people on page 30

> Good relationships with land agents and land owners to secure sufficient land in prime locations

> Strong relationships with local government and obtaining effective planning permissions

> Affordable mortgages being available for our customers

> Availability of sufficient high quality building materials

> Availability of sufficient labour and skilled subcontractors

 See Being a trusted partner on page 35

> Good relationships with communities in which we operate

 See Building strong community relationships on page 36

Resources and Relationships critical to our business model

→ What we do

Targeted land buying and effective planning



- > Purchase land in targeted locations which at least meets our hurdle rates of 20% gross margin and 25% ROCE
- > Work with local communities and authorities to deliver effective planning permissions

Outstanding design



- > Design outstanding homes and places for our customers, using standard house designs, developed using customer research

Construction excellence and efficiency



- > Build quality homes efficiently, with centralised procurement and sharing of best practice, while ensuring high standards of health and safety

Innovative sales and marketing



- > Constantly innovate our sales and marketing methods to customers
- > Ensure our brands have carefully defined market positions

Industry leading customer experience



- > Focus on maintaining the very highest levels of quality
- > Seek to understand customer needs and provide a first class customer experience

→ What differentiates us?

- > Geographically diverse, managing risk by operating throughout Britain
- > Capability to deliver developments of all levels of complexity from standard housing to large and highly complex London schemes
- > Proven track record in delivering successful JV partnerships

→ The associated risks

- > Economic environment, including housing demand and mortgage availability
- > Land purchasing
- > Liquidity
- > Government regulation and planning policy
- > Joint ventures and consortia
- > Attracting and retaining high-calibre employees
- > IT

- > Quality well designed homes that fit our customers' lifestyles
- > Developments that enhance their local community with our aim that all new developments meet Building for Life 12 standards

- > Government regulation and planning policy
- > Construction and new technologies
- > Safety, health and environmental
- > Attracting and retaining high-calibre employees

- > Outstanding, efficient operational delivery through experienced teams
- > Ability to deliver complex London developments
- > Centrally contracted, long standing relationships with material suppliers managing our cost base and ensuring continuity of supply
- > Strong, long standing relationships with local subcontractors

- > Economic environment, including housing demand and mortgage availability
- > Land purchasing
- > Construction and new technologies
- > Availability of raw materials, subcontractors and suppliers
- > Safety, health and environmental
- > Joint Ventures and consortia
- > Attracting and retaining high-calibre employees
- > IT

- > Strong, well recognised brands – Barratt Homes, David Wilson Homes and Barratt London
- > Efficient sales teams using targeted marketing and our continued investment in IT to deliver strong sales rates

- > Economic environment, including housing demand and mortgage availability
- > Attracting and retaining high-calibre employees
- > IT

- > Only national housebuilder to achieve 5 Star HBF rating for customer satisfaction for six consecutive years

- > Attracting and retaining high-calibre employees
- > Availability of raw materials, subcontractors and suppliers
- > IT

→ The value this creates for shareholders

- > Increasing margins and return on capital employed

FY17 targets: At least

25%

Return on capital employed

20%

Gross margin

- > Ability to achieve the best possible prices for the homes we sell, driving returns
- > Successful development enhances local relationships and reputation, helping source future sites, obtain effective planning permissions, community support and customers

- > Improving return on capital employed through capital efficiency
- > Security of materials and subcontractor supply

- > Good sales rates and revenues delivering improved returns

- > Improved revenues and improved efficiency through reduced remedial costs

→ The value this creates for customers and society

- > Delivery of quality housing to help address Britain's housing shortage
- > Investment in local facilities and infrastructure resulting from development
- > Regeneration of brownfield sites

- > Positive legacy for local communities by building great places to live
- > Efficient house design reduces energy consumption and helps to provide a more sustainable future

- > High standards of health and safety on our sites
- > Job creation through over 12,000 supplier and subcontractor companies that we help support
- > Helping address the construction industry skills shortage through employing and training apprentices and graduates and improving industry reputation
- > Efficient sales process enhances the customer journey from reservation through to completion

- > Customers who are satisfied with their new homes and would recommend us to their friends

Long term sustainable returns

Three times dividend cover

£400m special cash payment programme from November 2015 to November 2017

In total £987m¹ Capital Return Plan to November 2017

See pages 40 to 45

1 See page 9 for further details.

Strategic Report

Chairman's statement



Another year of excellent progress.

John Allan
Chairman



Ordinary dividend

15.1p

per share (2014: 10.3p)



Capital Return Plan

£987m

over three years ending November 2017
based on consensus earnings

Delivering performance

This has been another year of excellent progress for the Group, delivering significantly improved financial returns, a consistently strong operating performance and continuing to invest in a disciplined way to underpin future growth.

It has also been a year of Board changes for us, successfully managing the succession of David Thomas as our new Chief Executive, and the appointment of Neil Cooper as Chief Financial Officer Designate.

The market for new homes remains strong across Britain, with demand continuing to exceed supply. The mortgage market has continued to improve both in terms of availability and rates, as well as Government support for the new build market.

Against this strong market backdrop we are delivering ongoing improvements in our own performance across all aspects of our operations.

We continue to focus on a rapid asset turn business model that is successfully driving up returns.

Our production capability was underlined as we increased completions by 11% to 16,447 during the year, overcoming a number of well publicised housing market challenges, particularly labour shortages.

The fact that we delivered our highest completion volumes for seven years whilst continuing to lead the industry in terms of quality and customer service standards, is a great testament to the resilience of our operating model, our build programme and the dedication of our people.

For the sixth consecutive year over 90% of our home buyers would recommend us to a friend – an outstanding achievement.

As a result of the excellent operating performance, we were able to increase profit before tax by 45% and we finished the year with a net cash balance of £186.5m. We are well on the way to hitting our FY17 targets of a gross margin of at least 20%, and a ROCE of at least 25%.

Investing for the future

At the same time as delivering an excellent financial performance, we have continued to invest for the future. The land market has remained attractive in all regions and during the year we approved £957m of operational land commitments for 16,956 plots. All of our land approvals continue to meet or exceed our investment hurdle rates of a 20% gross margin and a 25% site ROCE.

During the year we have also made good progress in securing a stronger pipeline of longer term strategic land.

Promoting housebuilding

The UK Government recognises the importance of additional housing as a public policy objective.

Help to Buy (Equity Loan) in England will be continued through to 2020 which provides good visibility in terms of our land investment strategy. The Government has increased its land release programme and measures to improve the planning system are being systematically implemented.

We will continue to work with the Government on their Starter Home Scheme that is aimed at supporting 200,000 homes over the next five years.

By building more homes we are not only helping to address the housing shortage but also generating substantial economic activity. During the year we estimate that we supported 53,000 jobs either directly, indirectly or induced.

Improving returns for our shareholders

The Board is pleased to propose a final dividend of 10.3 pence per share (2014: 7.1 pence per share). Under our Capital Return Plan, special cash payments are proposed in addition to ordinary dividends with the first special cash payment of £100m to be paid in November 2015, which equates to 10.0 pence per share.

The total proposed capital return for the year is therefore 25.1 pence per share (2014: 10.3 pence per share).

Our employees

The outstanding progress made during the year would not have been possible without the capability and dedication of our employees.

I am delighted that so many of our team now share in our success through our Share Save scheme.

Our site managers were awarded 81 NHBC Pride in the Job Awards. This is the 11th year in succession that we have secured more Pride in the Job Awards than any other housebuilder.

We are also reliant for our success on over 12,000 subcontractors and suppliers. However, a shortage of high quality, skilled labour continues to test the industry and limit its output. We remain committed to investing in the skills and capability of our own employees and working with the industry, particularly our subcontractors, to address the longer term skill shortages the industry faces.

The Board

During the year there have been a number of significant changes to the Board.

Bob Lawson who led the Group with distinction as Chairman for six years retired from the Board on 12 November 2014. We would like to thank him for his excellent service.

Mark Clare, who had been Group Chief Executive since 2006, decided that after nearly nine years he wished to retire from executive life and develop his non-executive career. The Board is grateful to Mark for the legacy he leaves in terms of the financial strength and operational capability of the Group; we wish him well for the future. Mark was succeeded as Chief Executive on 1 July 2015 by David Thomas, who joined us as Group Finance Director in 2009. We were pleased to have such a strong successor in place.

Neil Cooper has been appointed to succeed David and will join the Board on 23 November 2015 as Chief Financial Officer ('CFO'). Neil is currently Group Finance Director of William Hill PLC and was Group Finance Director of Bovis Homes Group PLC from 2007 until 2010, so he has a strong CFO track record as well as good knowledge of the housebuilding sector.

The Board is confident that the Executive Directors – David Thomas, Steven Boyes and Neil Cooper – supported by an exceptional senior management team, will lead the Group effectively.

The future

The market outlook is strong, we have a clear strategy in place and the management and operational capability to continue delivering improved returns. We look forward to another year of outstanding performance.

John Allan
Chairman

8 September 2015

Capital Return Plan¹

	Ordinary dividend £m	Special cash payment £m	Total Capital Return £m	Total pence per share
Paid to date²	118	–	118	11.9p
Proposed payment				
November 2015	102	100	202	20.3p
Year to November 2016	175 ^{3,4}	125	300	30.2p ⁴
Year to November 2017	192 ^{3,4}	175	367	36.9p ⁴
Total proposed payment	469^{3,4}	400	869	87.4p⁴
Total Capital Return Plan	587	400	987	99.3p⁴

1 All final dividends and the special cash payment programme are subject to shareholder approval. The first special cash payment will be subject to shareholder approval at the Annual General Meeting in November 2015 and subsequent special cash payments will be subject to shareholder approval.

2 Comprises FY14 final dividend of 7.1 pence per share (£70m) and FY15 interim dividend of 4.8 pence per share (£48m).

3 Based on Reuters consensus estimates of earnings per share of 52.7 pence for FY16 and 57.9 pence for FY17 as at 4 September 2015 and applying a three times dividend cover in line with previously announced policy.

4 Based upon 30 June 2015 share capital of 995,452,663 shares for proposed payments.

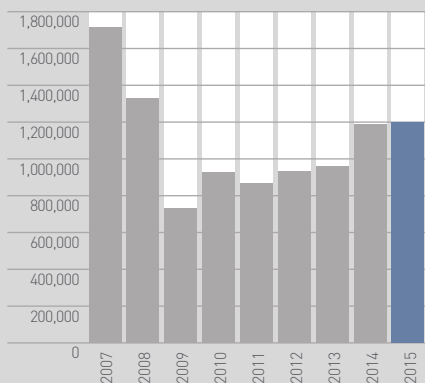
Strategic Report

Key aspects of our market

The market for new homes **remains strong** across Britain, with the housing market as a whole being characterised by **continued demand and under supply**.

UK residential transactions
over £40,000

Year to 30 June



Source: HMRC.

New housing starts 2015¹

136,320



(2014: 137,540)

Source: DCLG.

UK average house prices 2015²

£200,280



(2014: £183,180)

Source: Halifax.

The UK economy and housing market

The UK economy continued to grow in the 12 months to 30 June 2015, with most economic indicators showing improvements on the prior year.

The UK housing market has continued to show strength with UK residential housing transactions for the year to 30 June 2015 increasing by 1% on the prior year to 1.2 million transactions (source: HM Revenue & Customs ('HMRC')³). The market for new homes remains strong across Britain with the housing market as a whole being characterised by continued demand and under supply.

Housing supply

The supply of new housing has decreased slightly, with 136,320 new housing starts in the year to 30 June 2015 in England, a decrease of 1% on the prior year (source: Department for Communities and Local Government ('DCLG')), although housing completions were up 15% on the previous year to 131,060 (2014: 114,060)¹. Whilst this represents a positive move, new housing starts remain over 40,000 lower than the pre-downturn peak and significantly lower than that required to meet demand. DCLG estimates that 221,000 homes need to be built per annum until 2021 to meet the demand from new household creation.

Obtaining planning permission continues to be a constraint for new build developments. A number of amendments have been made to the planning system in recent years, with an increase of 15% in planning approvals to 227,374 in the year to March 2015 across Great Britain (source: Home Builders Federation ('HBF')⁴).

Help to Buy and mortgage availability

Help to Buy (Equity Loan) continues to be an important enabler for new housebuilding, supporting 22,222 purchases in England in the ten months to April 2015 with 78% of purchasers using the scheme being first time buyers (source: DCLG). However, the scheme has had a limited impact on the wider housing market in the UK as it represented only 2.6%⁵ of HMRC residential housing transactions in England for the same period.

Average quoted household interest rates remain at affordable levels and mortgage transaction volumes have remained broadly constant over the last year. The number of mortgage approvals for house purchases fell by 5% to 756,540 approvals in the year to 30 June 2015 and the value of mortgage approvals for house purchases fell by 1% to £125,217m (source: Bank of England⁶).

Leithfield Park is a development of 2, 3, 4 and 5 bedroom new homes in Milford, Surrey.



¹ DCLG House Building Release June Quarter 2015, England.

² Halifax House Price Index June 2015.

³ HMRC UK Property Transaction Statistics June 2015.

⁴ HBF New Housing Pipeline Q1 2015 Report.

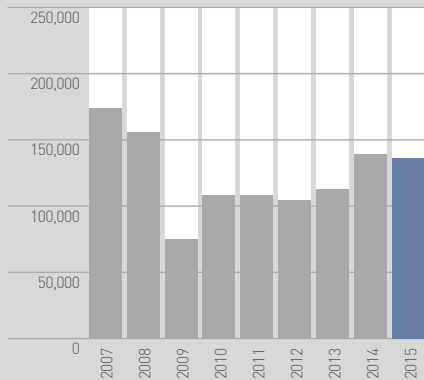
⁵ DCLG Help to Buy (Equity Loan) purchases divided by HMRC residential transactions in England for the 10 months ending 30 April 2015.

⁶ Bank of England Approvals for lending secured on dwellings.

⁷ Office of National Statistics House Price Index June 2015.

New housing starts – England

Year to 30 June

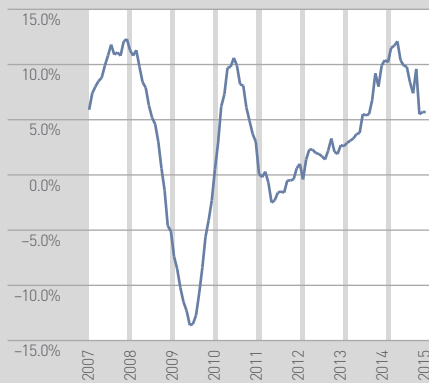


Source: DCLG.

ONS house price index

12 month percentage change

Year to 30 June



Source: ONS.

House prices

The shortfall in the supply of housing stock and a continued availability of mortgage finance at low interest rates meant that house prices rose in the year. The ONS house price index rose by an average of 5.7% per annum across the UK in the year to June 2015⁷. The increase was particularly marked in the East and the South East of England, where the ONS house price index rose by 9.2% and 7.7% respectively in the year to June 2015. Outside of London and the South East, the ONS house price index rose by 5.2%. According to the Halifax, the UK average house price in June 2015 was £200,280, which was £17,100 higher than at June 2014.

Housing outlook

The underlying demand for new housing is expected to remain strong as supply is unlikely to meet demand in the medium term. We are committed to do our part to help address the existing undersupply in the market.

The Government is committed to increasing the supply of new homes, we have greater clarity on housing policy, and in particular believe the extension of the Help to Buy (Equity Loan) scheme through to 2020 in England will support an increase in new housing supply.



The Rise Scotswood, Newcastle, Building for Life 12 Outstanding development and winner of the RICS Award for regeneration.

Strategic Report

Chief Executive's statement



Our improved financial results have been driven by a strong and disciplined operational performance.

David Thomas
Chief Executive



Profit before tax

£565.5m



(2014: £390.6m)

Return on capital employed

23.9%



(2014: 19.5%)

Our results

This has been another very successful financial year for the Group and we have delivered strong improvement across all our key financial metrics.

We increased profit before tax by 44.8% to £565.5m and our operating margin improved by 230 basis points to 15.3%. ROCE was up by 440 basis points to 23.9% as we continued to develop our fast asset turn model of a shorter owned land bank, deferred land payments, standardised product and the ability to sell through both our national brands on larger sites.

We have also significantly strengthened our balance sheet, ending the year with net cash of £186.5m (2014: £73.1m).

£m unless otherwise stated	Housebuilding	Commercial	Total
Total completions including JV's (plots)	16,447	-	16,447
Revenue	3,702.3	57.2	3,759.5
Gross margin (%)	19.0%	19.6%	19.0%
Profit from operations	570.7	6.1	576.8
Operating margin (%)	15.4%	10.7%	15.3%
Share of post-tax profit/(loss) from joint ventures and associates	45.9	(0.2)	45.7

Our businesses

Our improved financial results have been driven by a strong and disciplined operational performance in both our housebuilding and commercial developments businesses.

Housebuilding

With a good level of demand for new homes across all six of our operating regions, our housebuilding business has focused on optimising sales volumes, getting the best prices for the homes we build, thereby driving financial performance. The sales rate for the year was 0.64 (2014: 0.69) net private reservations per active site per week, with a sales rate in the second half of 0.70 (2014: 0.71) net private reservations per active site per week.

There was strength across all regional markets, and in particular our Northern region delivered a year on year uplift in sales rate in the second half, despite a strong prior year performance.

We achieved a significant uplift in the rate of new site openings in the financial year. In total, the Group launched 176 (2014: 136) new developments including JV's and at 30 June was operating from 9% more sites with 399 (2014: 366) active sites (including JV's). Looking ahead, we expect to see further controlled growth in site numbers in FY16 of around 3%.

Completions for the full year including JV's were up 11% at 16,447 (2014: 14,838). Private completions increased by 7% to 12,746 (2014: 11,936), affordable completions were 2,853 (2014: 2,255), and JV completions in which the Group had an interest were 848 (2014: 647). This represents our highest level of completions in seven years, and Barratt London completed a record volume of 1,965 units including JV's.

Oak Court, Bishop Sutton, a development of 3, 4, and 5 bedroom Barratt Homes in the Chew Valley, Somerset.



We continue to increase the proportion of completions that are on more recently acquired higher margin land and these accounted for 76% (2014: 65%) of the total in the year. We have also continued to take advantage of the stronger market conditions to increase the rate of sale on older lower margin sites. This will bring forward our exit from these sites and help to drive up returns in the medium term.

Help to Buy (Equity Loan) has provided a very attractive opportunity for our customers, especially for first time buyers. During the year 31% (2014: 31%) of our total completions (excluding JV's) used the scheme. The contribution from investor sales, which are predominantly in our London region, fell slightly in the year to 11% (2014: 12%) of total completions.

Our total average selling price ('ASP') increased by 7% to £235,000 (2014: £219,900) in the financial year with our private average selling price increasing by 9% to £262,500 (2014: £241,600). This year on year increase reflects both further mix changes and underlying house price inflation. We expect to see some further increase in ASP driven by changes in mix in FY16, with the total ASP in our owned land bank increasing to £252,000 as at 30 June 2015 (2014: £227,000).

Affordable average selling price increased by 7% to £112,300 (2014: £105,300) reflecting changes in mix, with affordable completions increasing to 18% (2014: 16%) of total completions.

Our JV's have performed well and our share of profits from JV's in FY15 for the housebuilding business increased to £45.6m (2014: £40.8m). As at 30 June 2015 we were selling from 16 (2014: 8) JV sites and expect the share of profits from JV's to increase to around £60m in FY16. For our London region, the proportion of completions from JV sites versus non-JV sites is expected to increase significantly in FY16, in particular driven by completions from Fulham Riverside in Fulham, Enderby Wharf in Greenwich and Nine Elms Point in Vauxhall.

Targeted land buying

A key driver of the transformation of our business in recent years has been our land investment strategy. Since 2009 we have approved the investment of £4.8bn in land for new homes and this has boosted returns and led to increased completion volumes.

During the year conditions in the land market remained encouraging in terms of the availability of attractive high return sites across all regions. We successfully continued our investment strategy of targeting high quality operational land that meets or exceeds our minimum hurdle rates set on acquisition; a 20% gross margin and a 25% site ROCE. In the year we committed to land expenditure of £957.0m (2014: £1,198.1m) covering 16,956 plots (2014: 21,478 plots), the appropriate level to maintain our controlled land bank at our target of c. 4.5 years. As at 30 June 2015 our owned and controlled land bank stood at 70,523 plots equating to 4.5 years of production.

Strategic Report – Chief Executive's statement continued

Private ASP

£262,500



(2014: £241,600)

Approved land purchases

£957.0m



(2014: £1,198.1m)

Fulham Riverside,
a development of 472 flats
and townhouses on the
River Thames in London.



Public land remains an excellent source of land for the Group. The Government has increased its commitment to releasing public sector land with 150,000 plots to be delivered by 2020. In the more competitive South East and London land markets, public land is an important alternative source of land supply. Barratt is very well positioned to maximise this opportunity with our unique public sector land team and membership of all HCA Delivery Partner Panels. We have the expertise and the capability to secure and deliver what are often large and highly complex developments. Our track record demonstrates this with 70% of bids won over the past year. Our public land developments achieve at least 20% hurdle rate gross margin with ROCE generally significantly higher than our 25% hurdle rate, reflecting the attractive deferred payment terms often available.

As we progress the transformation of our operational land bank, the Group is focused on securing our longer term land supply. Through the acquisition of options over strategic land we are focused on securing our land pipeline out to 2020 and beyond, whilst minimising risk and capital employed. We made further good progress in the year, with a strategic portfolio of 71,600 plots (2014: 69,200 plots) equating to 284 sites (2014: 260 sites). We have seen a significant step up in the delivery of strategic land, with 17% (2014: 10%) of total completions being delivered from strategically sourced land in the year, progressing towards our target of 20% in FY17.

We have been encouraged by the capability of our business to bring forward land through the planning system within the context of the National Planning Policy Framework. We now have full or outline planning permission in place for all of our expected completions in FY16 and 89% of expected production in FY17.

Improving efficiency and reducing costs

Improving the efficiency of our operations and controlling costs has continued to be a high priority for the Group in a recovering market. We are pleased that overall build cost inflation for FY15 has been limited to c. 3.5%, in line with expectations, and for FY16 we expect build costs to increase by a similar amount.

We have a robust and carefully managed supply chain with 85% of our build materials sourced through our centralised procurement function. We have effectively sourced the raw materials required to underpin our controlled volume growth and over 90% of our material costs are now fixed until the end of FY16.

On labour, whilst we have seen an increase in the supply of skilled subcontractors over the past year, there remains an industry shortage, with increases in labour costs remaining the largest driver of overall build cost inflation. We are well placed and continue to have the necessary labour to meet our operational and quality requirements. We are also seeking to increase efficiency through the use of timber frame on some of our sites and the use of alternative off-site manufacturing options, including closed panel roof solutions.

More generally on costs, we have continued to focus on the broader efficiency of our business with process reviews being undertaken in the areas of commercial, sales and marketing.

Commercial developments

Outside London and the South East, the commercial occupier market is showing signs of increasing confidence. Since the downturn, demand has been mainly satisfied by the availability of second-hand space and with this accommodation now largely filled, occupiers have turned their attention to new commercial build. This is presenting cost challenges as a result of the reduction in construction capacity following the downturn.

Demand is currently driven by e-commerce logistics requirements and in the last 12 months we have seen the return of institutional funding to this sector. We have used institutional funding for 600,000 sq. ft. of logistics buildings, with a further 200,000 sq. ft. in the immediate pipeline. Wilson Bowden Developments is also now focusing on mixed use residential and leisure schemes, such as in Hounslow, where together with Barratt London, it has entered into a conditional contract with the Local Authority to deliver 120,000 sq. ft. of commercial leisure facilities and 530 flats.

Commercial development revenue was £57.2m (2014: £14.4m) with an operating profit of £6.1m (2014: loss of £1.0m). Our Hinckley scheme, which comprises 200,000 sq. ft. of retail and leisure space, achieved completion of the foodstore element during the year with full project completion due in FY16 along with our Derby development, which comprises a hotel and 46 flats.

Going forward our commercial division will work closely with our housebuilding business to develop mixed-use schemes, and will seek to develop independent commercial schemes where they can be forward funded by third parties prior to commencement.

Our objectives

Our strategic objectives remain clear – to continue to build the Group's profitability, drive return on capital employed and maintain an appropriate capital structure, whilst offering attractive cash returns to our shareholders.

We have made further good progress against these objectives in the year with gross margin increasing by 220 basis points to 19.0% (2014: 16.8%) and ROCE increasing by 440 basis points to 23.9% (2014: 19.5%). The Group ended the year with net cash of £186.5m (2014: net cash £73.1m) and land creditors at 35% (2014: 33%) of the owned land bank.

We continue to make very good progress towards achieving our FY17 targets of at least 20% gross margin and at least 25% ROCE and are committed to delivering them as early as possible. In particular, the run-down of the Group's low or zero margin legacy assets will drive improvements in ROCE.

This strong financial performance supports the Group's Capital Return Plan and dividend policy. We are delighted to propose a final dividend of 10.3 pence per share (2014: 7.1 pence per share) resulting in a total ordinary dividend for the year up 46.6% to 15.1 pence per share (2014: 10.3 pence per share) and the first of our special cash payments totalling £100m, equivalent to 10.0 pence per share, payable in November 2015. This reflects our ordinary dividend policy of the dividend being covered three times by earnings, supplemented by the special cash payments to November 2017 totalling £400m.

Health and safety

Increased activity levels across the industry in terms of site openings and production volumes combined with shortages of skilled staff has increased the risks of accidents on sites. In the twelve months to 30 June 2015 we had 381 (2014: 379) reportable incidents per 100,000 employees. We remain focused on continuing to enhance health and safety performance across our business. We have established a Board level Safety, Health and Environment Committee in the year, had our safety management status independently assessed by the British Safety Council which awarded us five star status, and introduced a number of new initiatives including our 'Five Steps to Safety' programme to promote the importance of a safe working environment.

Our priorities

To continue to deliver leading financial performance and maximise sustainable returns for our shareholders by focusing upon our clear set of priorities – Customer First, Great Places, Leading Construction and Investing in our People.

Each of these priorities has a work plan to drive improvements across the business and they are supported by a set of principles that underpin all of our operations.

Customer first

We place customers at the heart of our business by building outstanding homes and anticipating the changing needs of home buyers.

We are the only major national housebuilder to achieve the Home Builders Federation Five Star quality status for six consecutive years, with over 90% of customers being prepared to recommend us to a friend.

We are continuing to improve the quality and efficiency of the way in which we deal with customers through the sales process. During the year new customer service systems were rolled out to divisions to speed up and improve the efficiency of our service and a new customer contact centre was put in place.

We have introduced a 'Future Homes' project to inform design direction in terms of customer trends and preferences. As well as carefully defining customer segments and their design preferences, we are working with The Architects' Journal to select new house design features to meet these requirements.

Great places

A key focus of the organisation continues to be building relationships with landowners to ensure that we can acquire the right land and then create outstanding places to live. Our objective is to be the partner of choice for landowners by demonstrating our ability to achieve planning permission and create value.

During the year we made significant progress in terms of securing the right operational land, continued our success in winning public sector land and increased investment in longer term strategic sites.

We are now using the Design Council/CABE Building for Life process extensively and are winning more design awards than any other major housebuilder. We have now achieved Building for Life awards on 33 sites.

Strategic Report – Chief Executive's statement continued

Leading construction

We are focused on a 'right first time' approach as the most efficient way of operating across all aspects of our building processes with a continuous focus on improving build quality. During the year we analysed thousands of comments from our customers and used them to identify where we needed to enhance the quality of some components. This 'getting it right first time' approach will drive improved efficiency through reducing remedial costs and improve customer satisfaction.

We are implementing a number of quick wins in terms of lowering build costs, for example we expect to build c. 1,300 timber frame homes in FY16. Other innovations in the build process implemented during the year include new roofing and flooring solutions and we have started to trial other new products having assessed over 100 off-site construction suppliers. We are also looking to embrace the best methods of on and off-site construction to increase efficiency.

Our site managers continue to lead the industry and during the year we won 81 NHBC Pride in the Job awards. This was the 11th year in succession that our site managers have won more of these awards than any other company.

Ian and Jane Jennings, pictured with sales adviser Catherine Moane, chose a new home at Serenity, Doncaster, allowing them to downsize and be closer to their family.

**Investing in our people**

The building and construction industry continues to face a shortage of skilled workers and attracting and retaining the best people is an important priority for the business. We aim to have a diverse workforce that reflects the communities in which we operate, delivering excellence for our customers and business by drawing on a diverse range of talent, skills and experience.

We have continued with our graduate and apprentice programmes and have recruited our largest ever intake of future talent. In addition, we have trained or are training 60 employees through our Foundation Degree Programme with Sheffield Hallam University.

We are piloting a Regional Academy in our East region targeting a wider mix of potential employees and are continuing to support the wider industry focus on addressing the skills shortage.

Current trading

The sales performance across the Group has been strong for the first 10 weeks of FY16, with net private reservations per week of 257 (FY15: 224), resulting in average net private reservations per active site per week of 0.68 (FY15: 0.62).

Our total forward sales (including JV's) as at 6 September 2015 were up 32.2% on the strong prior year figures at a value of £2,321.9m (7 September 2014: £1,755.7m), equating to 10,755 plots (7 September 2014: 8,507 plots).

We expect FY 16 full year completion volumes for the Group to be around 15,750, plus around 1,000 completions delivered through our JV portfolio giving total completions of around 16,750 (FY15: 16,447) in line with our target of controlled volume growth.

Forward sales

	6 September 2015		7 September 2014		Variance %
	£m	Plots	£m	Plots	
Private	1,332.3	4,788	1,145.6	4,458	16.3
Affordable	512.2	4,487	360.3	3,224	42.2
Sub total	1,844.5	9,275	1,505.9	7,682	22.5
JV	477.4	1,480	249.8	825	91.1
Total	2,321.9	10,755	1,755.7	8,507	32.2

Outlook

The fundamentals for the market remain very positive with strong demand for new housing across Britain. The lending environment is supportive with the borrowing rates on offer to our customers remaining at extremely low levels. The Government is committed to increasing the supply of new homes, we have greater clarity on housing policy, and in particular believe the extension of the Help to Buy (Equity Loan) Scheme through to 2020 in England will support an increase in new housing supply. The land market remains attractive and we continue to secure excellent new development opportunities across all regions that at least meet our minimum hurdle rates.

I am proud to lead our first class team and we are all determined to build on our outstanding operational and financial performance and to drive further efficiencies across the business. Current trading is strong, we are confident on the outlook, and expect to make further good progress in the current financial year.

David Thomas
Chief Executive

8 September 2015

→ Our priorities

Customer firstsee page **18****Great places**see page **22****Leading construction**see page **26****Investing in our people**see page **30**

→ Our principles

Keeping people safe

see page **34**

Being a trusted partner

see page **35**

Building strong community relationships

see page **36**

Safeguarding the environment

see page **37**

Ensuring the financial health of our business

see page **38****Delivering sustainable shareholder value**

Strategic Report – Priorities in action



Building Excellence by putting
**customers
first**

→ Our strategy

- Our priority is building great homes and providing an outstanding customer experience. We seek to anticipate our customers' evolving needs by continuously improving the homes and places we build.

We carefully consider customer preferences in the development of our product ranges. Our layouts are designed with free-flowing living areas and natural light.



→ KPI

5 ★★★★★

HBF 5 Star Homebuilder¹



→ Key highlights

- Mortgage market continues to improve
- Only national housebuilder to be awarded HBF 5 Star status for six consecutive years
- Continue to invest in customer service
- Acting upon research into customer needs

¹ Key performance indicator used to assess performance for annual incentive scheme.

Strategic Report – Priorities in action continued



All of our team
are responsible for
delivering customer
satisfaction.

**Jemma Booker
and Robert Bennie
purchased their
first home at
The Hedgerows,
Thurcroft.**

The challenge

Britain needs more homes to address its housing shortage, with growing demand in the market and continued undersupply of new homes. Home buyers are supported by an improving mortgage market in terms of both availability and rates, as well as the Government's Help to Buy (Equity Loan) scheme in England.

The industry is seeking to increase volumes, maintain customer satisfaction and build quality and at the same time address the constraint created by a shortage of skilled people.

Affordability of homes and accessibility to home ownership

We build a wide range of product, from homes for first time buyers to larger family homes. Our private average selling price for the year was £262,500 (2014: £241,600); £246,800 (2014: £222,200) outside of London.

During the year the mortgage market has remained positive. Our customers have access to mortgage finance that allows them to buy with a 5% deposit in England through the Help to Buy (Equity Loan) scheme and there is also an increase in the range of higher loan to value products which do not use the Help to Buy scheme available. We continue to work with a broad set of lenders through our approved brokers to ensure that our customers have access to independent advice and a wide range of mortgage products.

We delivered 2,853 (2014: 2,255) affordable homes built for registered providers, equating to 18% (2014: 16%) of our total completions in the year. We have a team which engages with housing association partners at local, regional and national levels.



Jack and Rose Ducker and their children moved to a larger home at Paddock View in Leicestershire using Help to Buy.

Customer satisfaction

We place customers at the heart of everything we do, with their satisfaction being a key performance indicator at all levels of management. All of our team are responsible for delivering customer satisfaction and we have developed a Customer Service Academy comprising both classroom and online training to ensure that our employees understand how to deliver right first time, every time. During the year, 513 employees have participated in this programme. We have also launched a new Code of Conduct for our subcontractors to support customer satisfaction.

We are pleased that we have increased our completions delivery, including JV's, by 11% during the year whilst retaining our HBF 5 Star status for the sixth successive year, the only national housebuilder to do so. We regularly review the results from the NHBC customer survey with the insights gained being used to aid our decision making.

We continue to drive customer service, investing in technology from developments to our customer service systems and our onsite systems to aid our quality control inspections. Each home we build is repeatedly inspected at key stages and, as a minimum, is approved by the site manager, contracts manager and sales staff before handover to our customers. Management throughout the business are responsible for customer service and monitor customer satisfaction survey performance on a weekly basis.

Increasing customer insight

To ensure that we continuously reflect our customers' needs we have undertaken customer research in a number of areas during the year including demographics and home design. In response to our research we have launched a downsizer range to meet the needs of older property owners approaching retirement. We are considering current and future trends in home design to influence our design strategy and have also conducted a competition for architects with The Architects' Journal to design future features for our homes.



We place customers at the heart of everything we do.



Above: The Bartram family purchased their new home at Orchid Fields in Kempton.

Left: Gary Chan recently bought an apartment at Greenland Place, London using Help to Buy.

Strategic Report – Priorities in action continued

Building Excellence by developing

great
places

→ Our strategy

► Our strategy is building long term relationships to secure good value land where people aspire to live. We design developments which look great, are a pleasure to live on, and will enhance local communities for years to come.

A view of the David Wilson Ashcroft Place development in the village of Thundersley, Essex, taken from the Aaron Lewis Memorial Park.

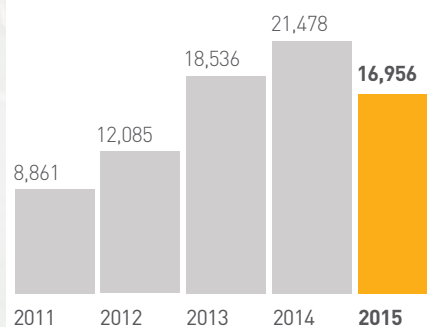


→ KPI

Owned and controlled land bank

4.5 years

(2014: 4.7 years)¹

Land approvals plots¹

→ Key highlights

- ▶ Continue to see high quality land opportunities across all regions
- ▶ Transformation of our land bank to more recently acquired higher margin land is well progressed
- ▶ Detailed or outline planning permission on all of FY16 expected completions and 89% of FY17 expected completions
- ▶ All new developments designed using the Design Council Building for Life criteria

¹ Key performance indicator used to assess performance for annual incentive scheme.

Strategic Report – Priorities in action continued

The challenge

The future of our business depends upon securing the right land in the right place that achieves our investment hurdle rates.

ROCE on completed new sites acquired since 2009

38%

Acres of strategic land

c. 11,100

[2014: c. 10,900]

Securing the best land

We continue to see high quality land opportunities across all regions that at least meet our required hurdle rates of a gross margin of 20% and a site ROCE of 25%¹.

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

We continue to target a regionally balanced land portfolio with a supply of owned and controlled land of approximately 4.5 years. As at 30 June 2015, we achieved our target with a 4.5 year land supply (excluding JV's) comprising 3.3 years of owned land, and 1.2 years of conditionally contracted land.

Land approved for purchase

	Year ended 30 June 2015	Year ended 30 June 2014
Total	£957.0m	£1,198.1m
Total (plots)	16,956	21,478
Location		
– South : North (by value) ²	52% : 48%	45% : 55%
– South : North (by plots) ²	40% : 60%	35% : 65%
Government : Private (by plots)	30% : 70%	18% : 82%
Houses : Flats (by plots)	82% : 18%	84% : 16%

- 1 Site ROCE on land acquisition is calculated as site operating profit (site trading profit less overheads less allocated administrative overheads) divided by average investment in site land, work in progress and equity share.
- 2 South relates to Southern, West and London regions, North relates to Northern, Central and East regions as set out on page 3.

The Orchards in Hardwicke, Gloucestershire offers homes from the Barratt core product range.



Our customers want to live in great places.

Our land bank

The transformation of our land bank from older low margin land to more recently acquired high margin land is well progressed. As at 30 June 2015, 90% (2014: 84%) of our owned and controlled land is high margin, newer land. On sites completed to date that were acquired since 2009 we have generated a gross margin of 21% and a 38% site ROCE, demonstrating sustained delivery above our hurdle rates upon more recently acquired land.

Whilst maintaining a first class operational land bank, we are also focused on securing a longer term land pipeline, in particular through the acquisition of options over strategic land. In the year, 5,239 plots (2014: 5,205 plots) were transferred from strategic land to our owned land bank. With 17% of FY15 completions from strategically sourced land, we are on track to deliver our target of c. 20% of our completions to be delivered from strategic land in FY17.

We use land creditors to defer payments for land acquisition where possible to drive a higher ROCE and as at 30 June 2015, the land creditor position totalled £999.0m (30 June 2014: £779.4m) representing 35% (30 June 2014: 33%) of the owned land bank. We are targeting land creditors at around one third of the owned land bank for FY16.

Effective planning permission

An important part of bringing land into production is the planning process. Following the implementation of the Government's National Planning Policy Framework, we welcome the further measures put in place to ensure local authorities have a five-year land supply. This is leading to an improved dialogue between local authorities and our divisions. Nevertheless, the planning process remains a lengthy one and affects the speed at which housing supply can increase.

We have maintained good momentum in achieving planning consents, and during the year we secured planning on 17,092 plots (2014: 21,004 plots). We now have full or outline planning permission in place for all of our expected completions in FY16 and 89% of expected production in FY17.

Designing great places

Designing great places is fundamental to our business: our customers want to live in great places; the vendors of the land we purchase want to work with developers who leave behind a legacy of design quality; and local people want developments that enhance their communities. We are focused upon placemaking throughout our business and use the Design Council/CABE Building for Life process in the design of all new developments, as well as our internal 'Great Places' guidance and the expertise of our urban design team. We also review our development layouts to ensure they achieve both design quality and efficient land use.

We have been awarded Building for Life commendations on 33 sites, significantly more than other housebuilders.



Designing great places is fundamental to our business.



The Sidings, Swindon, a former Great Western Railway site.

Our land bank

	30 June 2015	30 June 2014
Owned and unconditional land bank (plots)	51,640	47,892
Conditionally contracted land bank (plots)	18,883	18,678
Owned and controlled land bank (plots)	70,523	66,570
Number of years' supply based upon completions in the financial year	4.5 years	4.7 years
JV's owned and controlled land bank (plots)	6,325	7,163
Approved land (plots)	4,625	5,326
Strategic land (acres)	c. 11,100	c. 10,900
Potential delivery from strategic land (plots)	c. 71,600	c. 69,200
Land bank carrying value	£2,826.1m	£2,348.4m
Average housebuilding cost per plot	£52,200	£46,400
Cash expenditure on land in the financial year	£970.0m	£814.0m



Strategic Report – Priorities in action continued



Building Excellence by
**leading
construction**

→ Our strategy

- We deliver the highest quality homes by focusing on excellence across all aspects of construction. We are embracing the best new methods of on and off-site construction to increase build efficiency.

Nine Elms Point is an award winning development of 645 flats, located next to the future Zone 1 Nine Elms underground station in London.



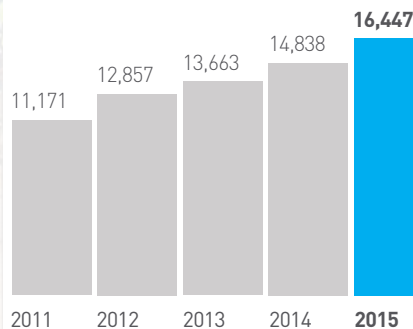
→ KPI

Total completions including joint ventures units

+11%

on 2014

Total completions including joint ventures units



→ Key highlights

- Focused on a 'right first time' approach to drive operating efficiency
- Long term relationships with suppliers and subcontractors
- Considering and implementing new construction methods where appropriate

Strategic Report – Priorities in action continued



Kirk Raine, a site manager in our Mercia division, has won NHBC Pride in the Job Awards in each of the last five years and a National NHBC Health & Safety Award in 2014.



Our site managers continue to lead the industry, winning 81 NHBC Pride in the Job Awards.

The challenge

The housing shortage has increased demand for the building of new homes, which has resulted in pressures upon the availability of materials and skilled labour and subcontractors.

Delivering high quality homes

We put customer satisfaction at the heart of our construction processes with a focus upon getting it right first time, which also drives operating efficiencies in the build process. Our site managers continue to lead the industry, winning 81 NHBC Pride in the Job Awards. This is the 11th consecutive year that we have won more of these awards than any other housebuilder.

NHBC Pride in the Job Award winners

81

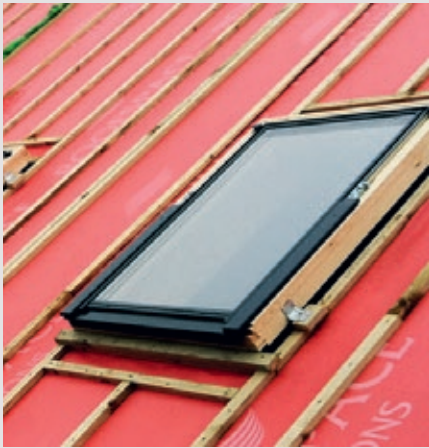
for 2015

Partnering with our supply chain

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

We engage in continuous communication with our suppliers and hold regular performance and business reviews, training days and an annual supplier conference. We are a signatory of the Prompt Payment Code.

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



Closed panel roof systems installed at our sites at Beechwood in the North East, above, and Kibworth Green in the North Midlands, below.

Innovating to improve efficiency

We constantly review the latest available technologies to assist us in meeting evolving regulations, increases in predicted demand and material availability.

The majority of our homes are built with traditional brick and block construction, although we are increasing the use of timber frame on some of our sites and expect to build c. 1,300 homes using this method during FY16.

To increase efficiency we are also looking to embrace new construction methods and have assessed over 100 off-site suppliers. An example of an innovation in the build process that we have implemented during the year is the use of closed panel roofs to replace attic trusses or traditional trusses on some sites. These have a number of benefits:

- Health and safety – the amount of work carried out at height is significantly reduced;
- Efficiency – the process reduces waste generated on site, helps to reduce on site traffic movements and is less impacted by inclement weather;
- Speed – taking a roof from wall plate to watertight will generally take a day compared to a week using traditional means;
- Quality – factory controlled quality assurance; and
- Extra floor space – additional space is created.

We have engaged with our suppliers to find, understand and consider innovative products and services from across the supply chain.

We are also researching smart technologies and their use in future homes to improve the ability of customers to save energy and are currently undertaking divisional pilots of smart thermostats, which give customers the ability to remotely control their heating systems.



In order to increase efficiency we are looking to embrace new construction methods.



Strategic Report – Priorities in action continued

Building Excellence by
**investing in
our people**

→ Our strategy

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

Jack Livingstone, one of our apprentices, and James Evinson at work at Bedford Meadows.



→ KPI

Upper quartile employee engagement^{1,2}

78%

(2014: 78%)

→ Key highlights

- > Continue to invest in our 'Future Talent' strategy
- > Committed to providing an inclusive working environment
- > Award winning apprenticeship training programme

¹ Assessed against the UK all sectors comparator group by IBM Kenexa.

² Key performance indicator used to assess performance for annual incentive scheme.

Strategic Report – Priorities in action continued**Investing in talent**

792

graduates, apprentices and paid interns
recruited from FY14 to the end FY16**Awarded****BT Macro Employer
of the Year 2014**National Apprenticeship scheme BT Macro
Employer of the Year for employers with over
5,000 employees

We are
committed to
the development
of our people.

The challenge

The building and construction industry continues to face a shortage of skilled workers and attracting and retaining the best people is a key priority for our business.

Attracting people to our industry

Together with other housebuilders we are working with the HBF and the Construction Industry Training Board to improve the image of housebuilding as a career choice and promote the career opportunities in the sector through the recruitment of experienced workers, targeted online resources, a regional academy pilot and by becoming a patron of the West Midlands Construction Industry University Technical College.

Employee retention

During the year staff turnover increased to 19% (2014: 16%) reflecting the demand and opportunities for skilled employees. We therefore continue to focus upon developing talent within our business, including succession planning, to ensure that we have the necessary skills within our business for continued operational delivery.

Developing talent

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

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

We continue to invest in and develop our 'Future Talent' strategy. In February 2014, we targeted the recruitment of 1,100 graduates, apprentices and paid interns over three years. Whilst we have not yet achieved this target, we have made good progress having recruited 792 including those who will join us during FY16.

Our apprentice scheme was externally recognised through the award of the 2014 National Apprenticeship scheme BT Macro Employer of the Year for employers with over 5,000 employees.



Above: Darren Frost, a third year apprentice electrician at Trumpington Meadows, Cambridge.

Left: Our 2014 graduate intake.

Our two-year graduate programme continues to be a success. We were delighted to be ranked first in The Job Crowd's 'Top Companies For Graduates To Work For' across all companies in 2014.

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

We also have 'accelerated programmes' in sales or construction for graduates who want to fast-track their learning in a job role, with the aim of progressing through to management positions in the future.

Engaging our people

As a business we believe that an engaged workforce is critical to our success. We conduct an annual employee engagement survey in order to gain valuable insight into how our people feel about working for us. We are delighted that in our annual employee engagement survey we achieved our upper quartile target with an index of 78%, which is above the UK employers' norm of 72%. We develop and implement action plans following each survey to strengthen our business and to continue our position of being an employer of choice.

We have a 'Get Recognised' programme which allows our people to be rewarded by colleagues for a job well done with instant awards of £100 cash or a days holiday. We also recognise the outstanding contributions of our people through quarterly awards for sales staff, apprentices and site managers as well as via individual and team excellence awards. Around 1,000 awards were made through these schemes in the last year.

Diversity and inclusion

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

The table below shows the number of men and women employed, as at 30 June 2015, across our business split between PLC Directors, Senior Managers and Employees.

The diversity policy relating to the appointment of PLC Directors is set out on page 99.

A diversity and inclusion regional pilot increased applications from, and the recruitment of, a more diverse workforce in our East region. We now plan to apply this across our business during the next year to help increase the diversity of our people.

Human rights

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



Our 81 2015 Pride in the Job Award winners at a celebratory dinner.

Men and women employed

	30 June 2015					30 June 2014				
	Men		Women		Total	Men		Women		Total
	Number	%	Number	%		Number	%	Number	%	
PLC Directors	6	75	2	25	8	6	75	2	25	8
Senior Managers	250	87	37	13	287	238	88	34	12	272
Employees	3,875	68	1,801	32	5,676	3,674	67	1,801	33	5,475
Total workforce	4,131	69	1,840	31	5,971	3,918	68	1,837	32	5,755

Strategic Report – Our principles

Keeping people safe

→ Our strategy

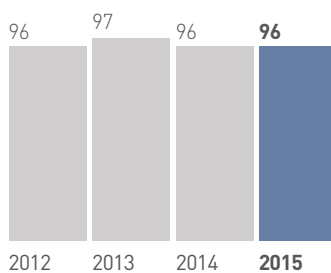
We are committed to achieving the highest industry health and safety standards. Health and safety is a key principle for which all of our people are responsible.

→ KPI

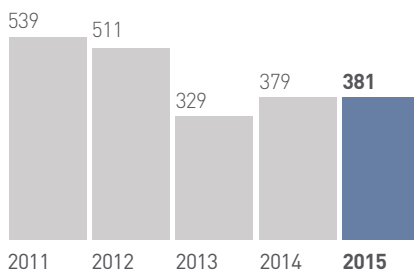
- > Health and safety compliance rate 96% (2014: 96%)¹
- > Reportable injury incidence rate per 100,000 employees including subcontractors 381 (2014: 379)

¹ Key performance indicator used to assess performance for annual incentive scheme.

Health and safety compliance rate %



Reportable injury incident rate per 100,000 employees (including subcontractors)



→ Key highlights

- > Achieved target health and safety compliance rate
- > Achieved five star status in British Safety Council Occupational Health and Safety Audit
- > Received seven commended and one highly commended NHBC Health and Safety Awards and a special award for our 'Five Steps to Safety' initiative

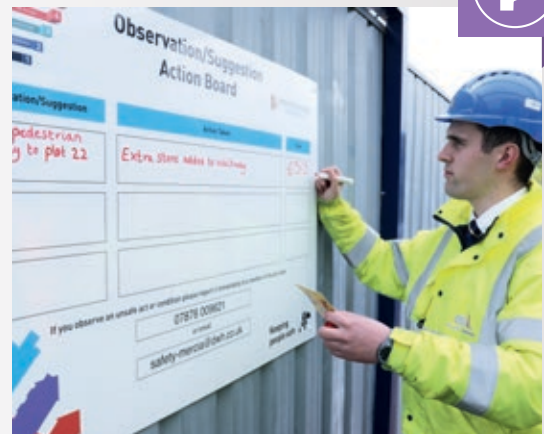
The challenge and our response

Increased activity levels across the industry in terms of both site openings and production volumes combined with shortages of skilled staff has increased the risks of accidents on sites. We seek to maintain stringent safety standards and a continuous focus on health and safety issues. Getting the basics right, good leadership, and commitment to health and safety from all levels of management is what delivers good health and safety performance in our business. In order to enhance the leadership of health and safety in our business, a Board level Safety, Health and Environmental Committee was established in July 2014.

Our Safety, Health and Environmental management system ('SHE') is subject to continuous review and improvement. All of our trading divisions are certified to OHSAS 18001 and adhere to our SHE guidelines with their ongoing compliance being verified by a programme of internal and external audits. During the year, we carried out 6,269 (2014: 5,788) monitoring visits and achieved an average compliance rate of 96% (2014: 96%).

Our overall aim is to have an injury free working environment, and whilst we believe that all injuries are avoidable, our objective for the year was to have an improvement in our reportable Injury Incidence Rate ('IIR'). During the year, our IIR increased by 1% to 381 (2014: 379) per 100,000 persons employed (including subcontractors). Whilst we are disappointed that our IIR has not reduced during the year, we have continued to introduce new initiatives to improve our health and safety performance including a 'Five Steps to Safety' programme for site workers. We also engaged the British Safety Council to conduct an Occupational Health and Safety Audit during the year, and following this we were awarded five star status. This audit highlighted the importance of a proactive approach to safety management and encouraging the promotion of outstanding individual site initiatives.

Site Manager Jak Harper providing feedback on a matter identified on site as part of our Five Steps to Safety initiative.



Being a trusted partner

→ Our strategy

We build meaningful, long term relationships that make us the developer of choice for our partners. We are innovating with our supply chain to drive efficiency and meet our customers' needs.

→ KPI

Percentage of land plots approved for purchase from public sector sources

30%

(2014: 18%)

→ Key highlights

- > Continue to work with a variety of partners to bring forward land for development
- > Proven track record of delivery of challenging public sector sites
- > Continue to invest in the relationship with our suppliers and subcontractors

The challenge and our response

Housebuilding is a long term business and the development of sustained business partnerships with landowners, suppliers and subcontractors, is critical to our success.

We continue to work with private landowners, operators and agents to identify and bring forward land for development. Divisional land teams continue to work hard to try and ensure we are regarded as the housebuilder of choice by the local landowning and agency community.

We also form long term partnerships with the public sector and work to unlock challenging sites by finding solutions, sharing best practice and transferring knowledge. We have worked extensively with the Homes & Communities Agency ('HCA') and Greater London Authority ('GLA') to deliver new housing. In the period 2011-2015, we approved purchases of 22 sites from the HCA and GLA, which will accommodate c. 3,800 homes with a development value of c. £1.0bn.

We have also acquired sites from many other Government departments, local authorities and NHS bodies. This year, 3,950, 25% (2014: 3,928, 28%) of our housing completions were developed on public land. We have 5,113 plots (2014: 3,913) approved for purchase, representing a development value of c. £1.3bn (2014: c. £1.0bn).

Our suppliers and subcontractors are critical to the delivery of our strategic objectives and we invest in our relationships with them. We hold a national supply chain conference and regular review meetings with our suppliers and seek to develop long term business relationships. We also work with our suppliers to help them to introduce the new technologies that we need to meet increasingly challenging building standards, and with our subcontractors to help them to improve their environmental and safety performance.

Neil Clarke, leader of Rushcliffe Borough Council starts the build process at Hollygate Park on the site of Cotgrave's former colliery. He is pictured with John Reddington, Managing Director of David Wilson Homes East Midlands, Stephen Ward, Land Director, and John Dillon, Managing Director of Barratt Homes North Midlands.



Strategic Report – Our principles continued

Building strong community relationships

→ Our strategy

We engage fully with local communities and customers when creating new developments. We seek to ensure that our work creates a positive legacy that helps local communities to thrive.

→ KPI

Percentage of active developments that have held a public consultation

54%

(2014: 46%)

→ Key highlights

- > Estimated that our activities support around 53,000 jobs directly, indirectly or induced in the economy
- > Work closely with local authorities
- > Actively engage with local communities

The challenge and our response

Housebuilding has a direct impact upon local communities. It is therefore important that they are engaged in the creation process and that our development creates a positive legacy.

As a Group we contribute social and economic benefits to the communities in which we are working, which are far reaching and long lasting. By building more homes we are generating substantial amounts of economic activity and we estimate that during the year we supported around 53,000 jobs either directly, indirectly or induced.

We work closely with local planning authorities to negotiate and deliver or fund social infrastructure such as highways and public transport improvements, new schools and school places, sports facilities and medical centres.

Engagement with local communities to seek to address any impact that our developments may have on the environment is also important. By holding public consultations, we invite stakeholders to talk to our specialist planners and architects about their concerns and aspirations for our developments. We believe that a genuinely collaborative approach will deliver more land and housing. 54% (2014: 46%) of our active developments have held a public consultation.

Community engagement activities at our Newbury Racecourse site.



Our research shows that homeowners in new build developments are more likely to socialise with their neighbours. We therefore support a range of local initiatives, community websites and resident days to strengthen these links on our developments and help members of new communities to get to know each other.

We continue to support and promote a wide range of charitable giving and community volunteering initiatives with each division focusing on the charitable activities that best reflect the needs of their local community and the issues that impact upon their employees. Our graduates actively engage with communities across the UK through the Prince's Trust and for the second consecutive year they have won the Million Makers award for innovation and entrepreneurship with their initiative to produce a 'Building Careers Workshop'.



Bee friendly planting at the award winning Trumpington Meadows development in Cambridge with Gary Nott, Site Manager and children from Fawcett Primary School.



School children from St James' C of E Primary School visited the Ribble Meadow development in Clitheroe, where they were given a tour by Barry Barratt.

Safeguarding the environment

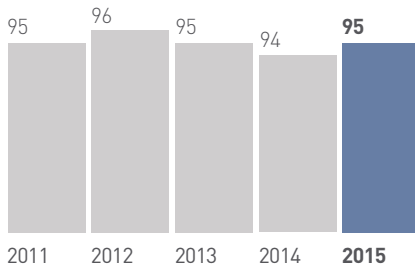
→ Our strategy

We strive to minimise the environmental impact of our operations and supply chain, which increases the energy and resource efficiency of our homes. We seek to enhance habitats, biodiversity and local environments across all of our developments.

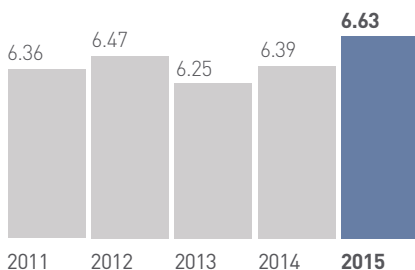
→ KPI

- > Construction waste segregated on site for recycling 95% (2014: 94%)
- > Total waste generation per legal completion 6.63 tonnes (2014: 6.39 tonnes)

Construction waste segregated onsite for recycling



Total waste generated per legal completion tonnes



→ Key highlights

- > Committed to developing the sustainability features of our homes through a 'Fabric First, Fit and Forget' strategy
- > Focused on waste reduction and energy performance improvements in the year
- > Recruited a biodiversity adviser as part of our national partnership with the RSPB

The challenges and our responses

Increasing the energy efficiency of the homes we build

We are committed to delivering energy efficient homes that are both economically and environmentally sustainable, providing real benefits to our customers and the community. During the year, we have continued to develop the sustainability features of our homes and developments. Our strategy for delivery remains 'Fabric First, Fit and Forget', minimising the need for complicated renewable technologies and helping our customers experience the benefits of energy and water efficiency with minimal complexities.

Minimising our environmental impact

We seek to minimise the environmental impact of our operations by using resources efficiently and reducing waste and carbon in our construction processes. This year we have focused upon the waste and energy performance of our divisions with divisional sustainability action plans being created.

We segregate waste for recycling as standard across our sites and have achieved a recycling rate of 95% (2014: 94%) for the year. We remain focused on the quantity of waste generated, which disappointingly has increased to 6.63 tonnes (2014: 6.39 tonnes) per legal completion this year. We have also developed a cross discipline Waste Reduction Plan to seek to reduce waste and are reviewing our waste policy.

Our direct and indirect operational greenhouse gas emissions are shown in the table below. This is based on the energy used in our offices, on our live developments and for business travel.

Greenhouse gas emissions (Tonnes CO ₂ e)	Year ended 30 June 2015	Year ended 30 June 2014
Scope 1 emissions	18,224	17,315
Scope 2 emissions	11,843	14,053
Scope 3 emissions	9,150	8,981
Total	39,217	40,349
Tonnes of emissions per 1,000 sq. ft.	2.36	2.78

Our operational greenhouse gas emissions per 1,000 sq. ft. have reduced to 2.36 (2014: 2.78) tonnes of emissions per 1,000 sq. ft. this year. We continue to drive awareness and seek to improve energy and greenhouse gas performance across our business.

Enhancing habitats, biodiversity and local environments across our developments

During the year we built 57% (2014: 63%) of our homes on brownfield sites.

We have recruited a biodiversity adviser as part of our national partnership with the RSPB, the UK's largest nature conservation charity. We have revised our internal landscape design guidance and our 'Great Places' guide for our operating divisions with ecology and biodiversity at its core, to help ensure that they are considered from project inception through to completion. During the year within our developments, 634 (2014: 611) hectares of open space were created and 554,819 (2014: 866,819) trees or shrubs were planted or retained.

Landscaped open space at White Sands, Camber, on the East Sussex coast.



Strategic Report – Our principles continued

Ensuring the financial health of our business

→ Our strategy

Our people take individual responsibility for driving the financial management and performance of the business. We maintain financial discipline across all aspects of our operations.

→ KPI

- > Profit before tax £565.5m (2014: £390.6m)¹
- > Earnings per share 45.5 pence (2014: 31.2 pence)²
- > Return on capital employed 23.9% (2014: 19.5%)²
- > Total shareholder return² for the three years ended 30 June 2015 362.9% (three years ended 30 June 2014: 239.3%)
- > Year end net cash £186.5m (2014: £73.1m)
- > Land creditors as a percentage of owned land bank 35% (2014: 33%)

¹ Key performance indicator used to assess performance for annual incentive scheme.

² Key performance indicator used to assess performance for long term incentive schemes.

→ Key highlights

- > Continued to build profitability, increasing gross margin by 220 basis points to 19.0%
- > Achieved a 440 basis points increase in ROCE to 23.9%
- > On track for our FY17 targets of at least a 20% gross margin and at least a 25% ROCE
- > Maintained an appropriate capital structure

Our performance

We aim to deliver sustainable shareholder value through the implementation of our priorities and the delivery of our key financial objectives of building the Group's profitability, driving return on capital employed and maintaining an appropriate capital structure. We have made significant progress on these objectives during the year, achieving a 220 basis points increase in gross margin, a 44.8% increase in profit before tax and a 440 basis points improvement in ROCE to 23.9%.

Profit for the year

The improved performance in both our housebuilding and commercial developments businesses resulted in an operating profit of £576.8m (2014: £409.8m) at an operating margin of 15.3% (2014: 13.0%).

The finance charge for the year was £57.0m (2014: £59.7m), consisting of a cash finance charge of £27.4m (2014: £26.7m) and £29.6m (2014: £33.0m) of non-cash charges.

Profit before tax for the year was £565.5m (2014: £390.6m), the highest profit the Group has ever achieved. The increase of £174.9m was driven by increased completion volumes, a greater proportion of completions from more recently acquired land and some underlying house price inflation.

The tax charge for the year was £115.2m (2014: £85.2m). The rate of tax assessed for the year is slightly below the standard effective rate of corporation tax at 20.75% (2014: 22.5%).

Profit after tax for the year was £450.3m (2014: £305.4m), and a basic earnings per share of 45.5p (2014: 31.2p).

Return on capital employed

The Group's fast asset turn model of a shorter consented land bank, deferred payment terms, standardised product, and the ability to sell through both our national brands on larger sites is focused on driving ROCE.

For FY15 ROCE increased by 440 basis points to 23.9% (2014: 19.5%), and we are confident of delivering further good progress on ROCE, and achieving our FY17 target of at least 25% ROCE, as we continue the transformation of the land bank, and run down the Group's low or zero margin legacy assets.



Fairmilehead, on the outskirts of Edinburgh offers 2 bedroom flats and 3 and 4 bedroom homes close to the Pentland Hills.



Castlewell, Ellon, Aberdeenshire, award winning houses and flats designed in the local style.

Total shareholder return for the three years ended 30 June 2015

362.9%

(2014: 239.3%)

Earnings per share

45.5p

(2014: 31.2p)

Net cash and capital structure

We maintain an appropriate capital structure, with land and long term work in progress funded by shareholders' funds and land creditors, and minimal net cash at our year end. During the year we generated £184.0m (2014: £242.3m) of cash from our operations resulting in net cash at 30 June 2015 of £186.5m (2014: £73.1m). At 30 June 2015 land creditors were 35% (2014: 33%) of the owned land bank.

On 17 December 2014 the Group amended its financing agreements relating to the £700m revolving credit facility ('RCF'), £100m term loan and \$80m (£48m) private placement notes. This resulted in slightly improved commercial terms than in the original agreements. The RCF now extends to 17 December 2019 (previously 14 May 2018) and the step down in the facility from £700m to £550m is now extended to 29 December 2017 (previously 30 June 2016). Our covenant package is appropriate and our facilities provide appropriate headroom above our current forecast requirements.

As we make scheduled payments on agreed new land and build work in progress to deliver spring 2016 completions, we expect net debt at 31 December 2015 to be in line with normal seasonal trends (December 2014: £134.2m). It remains our objective for FY16 to maintain an appropriate capital structure with minimal year end net cash and land creditors at around a third of the owned land bank.

Capital Return Plan

The Board proposes to pay a final ordinary dividend of 10.3 pence (2014: 7.1 pence) per share for the financial year ended 30 June 2015, which subject to shareholder approval, will be paid on 20 November 2015 to shareholders on the register at the close of business on 30 October 2015. Together with the interim ordinary dividend of 4.8 pence per share, which was paid in the year, this gives a total ordinary dividend for the year of 15.1 pence per share (2014: 10.3 pence per share). The ordinary dividend was covered around three times by basic earnings per share.

Under the special cash payment programme the Board is proposing a payment of £100m (10.0 pence per share), which subject to shareholder approval, will be paid by way of a special cash payment on 20 November 2015 to shareholders on the register at the close of business on 30 October 2015. The Board anticipates further payments of £125m proposed with our FY16 results payable in November 2016, and £175m proposed with our FY17 results payable in November 2017.

In combination, the Capital Return Plan is expected to return around £987m of cash through ordinary dividends (based on consensus earnings) and special cash payments to the Company's shareholders over the three years ending November 2017.



Poppy Fields, a development of 4 and 5 bedroom David Wilson Homes in the village of Charing near Ashford.

Strategic Report

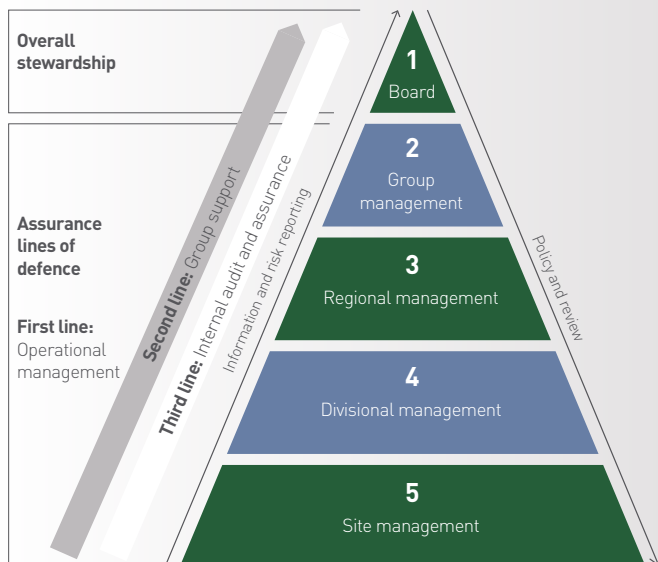
Risk management

Effective risk management is critical to the achievement of our strategic objectives. Risk management controls are integrated into all levels of our business and across all of our operations. We continually assess our exposure to risk and seek to ensure that risks are appropriately mitigated.

Roles and responsibilities

The Board is responsible for the overall stewardship of our system of risk management and internal control. It has established the level of risk that is appropriate for our business and acceptable in the pursuit of our strategic objectives and has set appropriate policies. It has also set delegated authority levels to provide the framework for assessing risks and ensuring that they are escalated to the appropriate levels of management, including up to the Board where appropriate, for consideration and approval.

The roles and responsibilities of the Board, its committees and all levels of management from a risk management perspective are summarised as follows:



1. Board	Board
	Audit Committee
	Nomination Committee
	Remuneration Committee
	Safety, Health and Environmental Committee
2. Group management	Executive Committee
	Operations Committee
	Health and Safety Operating Committee
	Risk Committee
	Treasury Operating Committee
	Land Committee
3. Regional management	Regional management
4. Divisional management	Divisional management
5. Site management	Site management
Group support functions	Support functions
Internal audit and assurance	Internal audit
	Health and safety
	Group architects

Responsibilities	Actions undertaken
<ul style="list-style-type: none"> > Strategic leadership > Determining the level of risk acceptable, assessing key risks and seeking to ensure that they are appropriately managed and mitigated > Setting delegated authority levels > Approving policies and procedures 	<ul style="list-style-type: none"> > Set the strategic direction for the Group > Issue and review risk management policy > Annually review effectiveness of risk management and internal control systems > Review key risks and responses > Individual and collective site visits
<ul style="list-style-type: none"> > Reviewing the effectiveness of internal controls, including systems to identify, assess and monitor risks 	<ul style="list-style-type: none"> > Review key areas of accounting judgement > Receive regular reports on internal and external audit > Biannually assess risk management and internal control systems
<ul style="list-style-type: none"> > Ensuring an appropriate balance of skills, knowledge and experience on the Board 	<ul style="list-style-type: none"> > Review the composition of the Board and manage succession planning
<ul style="list-style-type: none"> > Ensuring the appropriate incentivisation of the Executive Directors and Senior Management 	<ul style="list-style-type: none"> > Review the remuneration of the senior executives and the appropriateness of incentive schemes
<ul style="list-style-type: none"> > Ensuring the stewardship of safety, health and environmental performance 	<ul style="list-style-type: none"> > Review Group performance and initiatives to enhance our safety record
<ul style="list-style-type: none"> > Monitoring performance and changes in key risks facing the business and provides regular reports to the Board > Responsible for ensuring that the risk management policy is implemented and embedded within the business and appropriate actions are taken to manage risks 	<ul style="list-style-type: none"> > Implement strategic direction of the Group > Three year plan process incorporating annual budgeting > Regular performance reviews > Biannual review of internal assessment of risk management and control self-certification > Review results of assurance activities
<ul style="list-style-type: none"> > Reviewing regional operating performance 	<ul style="list-style-type: none"> > Review of regional performance, risks and mitigation plans
<ul style="list-style-type: none"> > Reviewing the effectiveness of health and safety policies and establishing controls and procedures to manage these risks 	<ul style="list-style-type: none"> > Implement health and safety policies and procedures approved by the Board > Review results of assurance activities and safety first initiatives
<ul style="list-style-type: none"> > Consideration of identified risks and their mitigation 	<ul style="list-style-type: none"> > Review Group and operational risk action plans
<ul style="list-style-type: none"> > Management of liquidity and counterparty risk and ensuring that treasury policies are implemented and embedded within the business 	<ul style="list-style-type: none"> > Implement treasury policies and procedures approved by the Board
<ul style="list-style-type: none"> > Reviewing and authorising all proposed land acquisitions to manage land acquisition risk 	<ul style="list-style-type: none"> > Review of land acquisition proposals and post-investment appraisals
<ul style="list-style-type: none"> > Responsible for risk identification, management and control within their region > Ensuring that divisional risk management responsibilities are appropriately discharged 	<ul style="list-style-type: none"> > Review divisional performance including regular site visits with review and assessment of performance, risks and their mitigation > Biannual review of divisional risk management and control self-certification
<ul style="list-style-type: none"> > Business planning to support strategic objectives > Maintaining an effective system of risk management and internal control within their division 	<ul style="list-style-type: none"> > Monthly board meetings and regular site reviews to review performance, risks and their mitigation > Quarterly site valuation and valuation reviews > Biannual risk management, control self-certification and risk escalation
<ul style="list-style-type: none"> > Maintaining an effective system of risk management and internal control upon their site including construction risks, subcontractor risks and health and safety 	<ul style="list-style-type: none"> > Day-to-day management of their site
<ul style="list-style-type: none"> > Providing guidance and advice to operational management to help with risk identification, quantification and mitigation, including customer care, health and safety, legal and regulatory requirements, product design and technical specifications, human resources, commercial, IT, land and planning, procurement, finance, insurance, environmental and sustainability 	<ul style="list-style-type: none"> > Provide guidance, support and challenge for management including: regular customer satisfaction; financial, health and safety and operational performance reviews; environmental and climate change updates; the review and authorisation of product design/technical specifications; and training, guidance and policies > Centrally maintained IT systems > Centralised procurement for key material supplies > Develop and implement approved strategy for insurable risk
<ul style="list-style-type: none"> > Independent review of the effectiveness of risk management and compliance with internal controls > Reporting to the Audit Committee upon the effectiveness of key controls > Reporting to the Audit Committee on whistleblowing 	<ul style="list-style-type: none"> > Regular operational, financial and commercial audits > Regular reports to the Audit Committee and meetings with the Audit Committee without management present > Review of biannual risk management and control self-certification
<ul style="list-style-type: none"> > Independent audit of health and safety procedures and controls on sites and within divisional offices 	<ul style="list-style-type: none"> > Regular site audits > Regular reports to Health and Safety Committee, Board, Executive and Operations Committees > Attend divisional Board meetings
<ul style="list-style-type: none"> > Ensuring all properties are designed in accordance with relevant legislation (including carbon reduction and climate change) and best practice design 	<ul style="list-style-type: none"> > Regular site audits > Approval process for non-standard properties

Strategic Report – Risk management continued

Principal risks and uncertainties

Our performance is subject to a number of risks, of which the principal risks and the changes impacting on them are set out in the table below. The Board has conducted a robust assessment of the principal risks facing the business. No new principal risks have emerged during the financial year.


Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2015
<p>Economic environment, including housing demand and mortgage availability</p> <p>Changes in the UK and European macroeconomic environments, including unemployment, flat or negative economic growth, buyer confidence, availability of mortgage finance particularly for higher loan to values including Government backed schemes, the ability of purchasers to repay equity share loans, interest rates, competitor pricing, falls in house prices or land values, may lead to a fall in the demand for houses, which in turn could result in impairments of the Group's inventories, goodwill and intangible assets.</p> 	<p>The majority of homes built by the Group are purchased by individuals who rely on the availability of mortgages. The confidence of buyers and their ability to obtain mortgages or other forms of financing are impacted by the macroeconomic environment. Accordingly, customer demand is sensitive to changes in economic conditions.</p> <p>The Group's ability to grow its business partly depends on securing land or options over sites and having adequate resources to build sufficient homes to meet demand. The Group's ability to do this can be impacted by cash and profit constraints which, in turn, would have an adverse effect upon net operating assets and net debt (see also the liquidity, land and construction risks sections below).</p>	<ul style="list-style-type: none"> ➤ Executive Committee, regional and divisional weekly reviews of trading performance and key performance indicators ➤ Monthly Board report on trading performance and the economic environment, including mortgage affordability statistics ➤ Internal systems identify the impact of sales price changes on margins ➤ Quarterly site valuations and reviews ➤ Half yearly net realisable reviews of inventories and annual asset impairment reviews for goodwill and intangible assets ➤ Comprehensive sales policies and procedures including transparency towards mortgage lenders ➤ Head of Mortgage Lender Relations works with key mortgage lenders to seek to ensure that appropriate products are available for customers 	<p>The UK economy continued to grow in the 12 months to 30 June 2015, with most economic indicators showing improvements on the prior year.</p> <p>Average quoted household interest rates remain at affordable levels and mortgage transaction volumes have remained broadly constant over the last year.</p> <p>Government support for the UK housebuilding industry has remained strong. The Government has extended Help to Buy (Equity Loan) in England until 2020. We expect Help to Buy in England to remain a very attractive opportunity for our customers, particularly first time buyers. Help to Buy in Scotland has ended and Wales ends 2016.</p> <p> See pages 10 and 11</p>
<p>Land purchasing</p> <p>The ability to secure sufficient consented land and strategic land options at appropriate cost and quality to provide profitable growth.</p> 	<p>The Group needs to purchase sufficient quantities of good quality, consented land at attractive prices in order to be in a position to achieve its annual construction forecasts and enhance the Group's ability to deliver profit growth.</p> <p>Acquiring poor quality or mispriced land would have an adverse impact on profitability and revenue.</p>	<ul style="list-style-type: none"> ➤ All potential land acquisitions are subject to formal appraisal, approval by the Group's Land Committee and must meet minimum hurdle rates of 20% gross margin and 25% site ROCE ➤ Divisional, regional and Group monthly analysis of land currently owned, committed and identified against requirements ➤ Regular divisional land meetings 	<p>The Group continues to see a good range of opportunities for current and strategic land for investment in its targeted locations. This is without undue concentration and without relaxing the Group's site hurdle rates of 20% gross margin and 25% site ROCE. However, there remains a strong demand for conventional and low complexity sites particularly in London and the South East.</p> <p> See pages 22 to 25</p>
<p>Liquidity</p> <p>Unavailability of sufficient borrowing facilities to enable the servicing of liabilities (including pension funding) and the inability to refinance facilities as they fall due, obtain surety bonds, or comply with borrowing covenants. Furthermore, there are risks to management of working capital such as conditional contracts, build costs, joint ventures and the cash flows related to them.</p> 	<p>The Group maintains committed facilities of different duration that are designed to ensure that the Group has sufficient available funds for operations. The Group's borrowings are cyclical during the financial year and peak around April/May and October/November each year. Due to our seasonal trends in income, these are the calendar points when the Group has the highest working capital requirements.</p> <p>The Group maintains sufficient committed debt facility headroom and in addition has a number of trade finance and surety facilities that are designed to ensure the Group has sufficient funds available. The absence of appropriate headroom would limit the Group's land buying and operational capability, adversely affecting profitability and the Group's ability to deliver shareholder value.</p>	<ul style="list-style-type: none"> ➤ Committed bank facilities and private placement notes of around £850m with maturities ranging from 2016 to 2021 ➤ Regular forecasts including working capital, cash flow facility headroom, surety bond requirements and compliance with banking covenants ➤ Group policies require maintaining facility headroom of up to £150m 	<p>The Group is in compliance with its borrowing covenants and, at the date of approval of the 2015 Annual Report and Accounts, the Group's internal forecasts indicate that it will remain in compliance with these covenants for the foreseeable future, being at least 12 months from the date of approval.</p> <p>During the year the Group amended its financing arrangements relating to its £700m revolving credit facility, £100m term loan and c. £50m of US private placements notes. This has resulted in slightly improved commercial terms.</p> <p> See pages 39 and 112</p>

Change in the risk in FY15:

 Increased
  Decreased
  Same

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2015
<p>Attracting and retaining high-calibre employees *</p> <p>Inability to recruit and/or retain employees with appropriate skill sets or sufficient numbers of such employees.</p> <p></p>	<p>The Group aims to attract, retain and develop a sufficiently skilled and experienced workforce in order to maintain high standards of quality and customer service.</p> <p>Not having employees with appropriate skill sets can lead to build delays, quality issues, reduced sales, poor customer care and reduced profitability.</p>	<ul style="list-style-type: none"> ➤ Comprehensive Human Resources programme led by the Group Human Resources Director including apprenticeship schemes, a graduate development programme, succession planning and training academies tailored to each discipline ➤ Monthly monitoring of employee statistics including turnover and absence ➤ Exit interviews ➤ Annual employee engagement survey ➤ Remuneration benchmarked against industry competitors 	<p>There continues to be high competition amongst employers in some regions, which has resulted in employee turnover increasing to 19% (2014: 16%). We have continued to invest in the training and development of our workforce in order to assist in both retention and succession planning.</p> <p>To help the Group address the skill shortage in the building industry, we have recruited 792 apprentices, graduates and trainees from FY14 to FY16.</p> <p>In addition, we have introduced a strategy to assist in addressing diversity across the Group.</p> <p> See pages 30 to 33</p>
<p>Availability of raw materials, subcontractors and suppliers *</p> <p>Shortages or increased costs of materials and skilled labour, the failure of a key supplier or the inability to secure supplies upon appropriate credit terms could increase costs and delay construction.</p> <p></p>	<p>The Group relies upon affordable supplies of building materials from multiple sources and subcontractors to perform the majority of work on sites. This retains flexibility to commence work on new sites and enhances the Group's build cost efficiency. Adverse management of these suppliers and/or subcontractors could lead to build delays, cost increases and reduced profitability.</p>	<ul style="list-style-type: none"> ➤ Centralised team led by the Group Procurement Director procures the majority of the Group's materials from within the UK including subcontractor materials, ensuring consistent quality and costs and security of supply ➤ All of our significant supply agreements are fixed in advance, usually for 12 months ➤ Seek to establish and maintain long term supplier and subcontractor partnerships ➤ Group policies include tendering, the requirement for multiple suppliers for both labour contracts and material supplies and establish contingency plans should any key supplier fail ➤ Professional approach to site management 	<p>During the year we saw overall build cost inflation of c. 3.5%. We have a robust and carefully managed supply chain with 85% of our build materials sourced through our centralised procurement function. We have seen an increase in the supply of skilled subcontractors over the past year, however there remains an industry shortage, with increases in labour costs remaining the largest driver of overall build cost inflation.</p> <p>We continue to renew our subcontractor and supplier agreements to ensure best pricing and the continuous availability of labour and materials.</p> <p> See page 14</p>

Strategic Report – Risk management continued

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2015
<p>Government regulation and planning policy*</p> <p>Inability to adhere to the increasingly stringent and complex regulatory environment, including planning and technical requirements affecting the housing market and regulatory requirements more generally.</p> 	<p>The Group's land portfolio consists of land for the short and medium term as well as strategic land. Inability to obtain suitable consents, or unforeseen delays, could impact on the number or type of homes that we are able to build. We could also be required to fund higher than anticipated levels of planning obligations, or incur additional costs to meet increased regulatory requirements. All of these would have a detrimental impact on the contribution per plot. The Group seeks to meet regulatory and planning requirements to obtain the planning permission required to develop homes and communities.</p>	<ul style="list-style-type: none"> ➤ Consultation with the Government both directly and through industry bodies to highlight potential issues ➤ Considerable in-house technical and planning expertise devoted to complying with regulations and achieving implementable planning consents ➤ Rigorous design standards for the homes and places we develop ➤ Policies and technical guidance manuals for employees on regulatory compliance and the standards of business conduct expected 	<p>Following the implementation of the Government's National Planning Policy Framework, we welcome the further measures put in place to ensure local authorities have a five-year land supply. This is leading to an improved dialogue between local authorities and our divisions. Nevertheless, the planning process remains a lengthy one and affects the speed at which housing supply can increase.</p> <p> See page 25</p>
<p>Construction and new technologies*</p> <p>Failure to identify and achieve key construction milestones, due to factors including the impact of adverse weather conditions, the failure to identify cost overruns promptly, design and construction defects, and exposure to environmental liabilities, which could delay construction, increase costs, reduce selling prices and result in litigation and uninsured losses. There are also risks associated with climate change and the use of new technology in the build process e.g. materials related to carbon reduction.</p> 	<p>The Group builds homes and communities in Britain ranging from houses to large-scale flatted developments. In the event we did not do so efficiently, or new technologies result in quality issues, the Group's profitability and ability to grow the business could be impacted negatively.</p>	<ul style="list-style-type: none"> ➤ Executive Committee, regional and divisional weekly reviews of trading performance and key performance indicators ➤ Progress with development projects (including joint ventures and consortia) is monitored regularly by divisional management teams, including through monthly board meetings and regular site visits ➤ Any alternative forms of construction and building technologies and the quality of materials are subject to evaluation by external and internal technical experts, including the NHBC, to ensure compliance with all building and other regulations ➤ Quarterly site valuations and valuation reviews ➤ Monitoring of environmental impact indicators ➤ Maintenance of appropriate insurance cover 	<p>The Group is continuing an assessment of various modern methods of offsite construction and considering their suitability for utilisation within the business to reduce the risks inherent in the construction process.</p> <p> See pages 26 to 29</p>

Change in the risk in FY15:

 Increased
  Decreased
  Same

Risk and description	Relevance to strategy	Mitigation	Changes in factors impacting on the risk in 2015
<p>Joint ventures and consortia</p> <p>Large development projects, some of which involve joint ventures or consortia arrangements and/or commercial developments, are complex and capital intensive and changes may negatively impact upon cash flows or returns.</p> <p></p>	<p>Due to their scale, some projects may require joint venture or consortium arrangements. Failure of a joint venture or consortium partner to perform its financial and/or operational obligations can place additional capital or operational burdens upon the Group.</p>	<ul style="list-style-type: none"> > All potential joint ventures are subject to formal appraisal and approval by the Group's Land Committee and the Board > Once operational, the performance of joint ventures and consortia arrangements are subject to regular operational and financial review 	<p>During the year, the Group has entered into one new joint venture.</p> <p> See page 13</p>
<p>Safety, health and environmental *</p> <p>Health and safety or environmental breaches can result in injuries to employees, subcontractors and site visitors, delays in construction or increased costs, reputational damage, criminal prosecution and civil litigation.</p> <p></p>	<p>Health and safety is a key issue in the housebuilding sector. Given the inherent risks, it is of paramount importance to the Group. Senior management and the Board review health and safety matters on a regular basis and seek to reduce injury incidence rates by implementing policies and procedures aimed at keeping staff and visitors free from injury.</p> <p>In addition to the possibly tragic impact of an accident on-site, there is potential for legal proceedings, financial penalties, reputational damage and delays to the site's progress.</p>	<ul style="list-style-type: none"> > Health and safety department, independent of the management of the operating divisions > Regular health and safety audits and development monitoring visits with reports produced for divisional, regional, Safety, Health and Environment Committee, Executive Committee and Board review > Group health and safety and environmental policies and procedures 	<p>During the year, the Group's construction activity has continued at an increased level. The Group has invested in its health and safety team to retain the frequency of the audit and monitoring of developments. The Group has introduced an enhanced series of measures to draw awareness to site safety and to risks inherent in the construction process.</p> <p>The Group has also continued to develop its Safety, Health and Environmental systems and has established a Board Safety, Health and Environmental Committee.</p> <p> See page 34</p>
<p>IT</p> <p>Failure of the Group's IT systems (whether due to cyber attacks or other causes) in particular those relating to surveying and valuation, could adversely impact the performance of the Group.</p> <p></p>	<p>The ability to optimise prices and ensure operational efficiency is essential to the Group's performance. The Group's integrated management systems enable the Group to maintain tight control, especially with regard to surveying and valuation.</p> <p>Adverse IT performance could cause delays in build and have an adverse impact on operational efficiency and profit.</p>	<ul style="list-style-type: none"> > Centrally maintained IT systems > Fully-tested disaster recovery programme > Regular exercises completed to seek to reduce the risk of penetration through cyber attacks 	<p>The Group has continued to invest in its site based IT for sales and construction teams, customer websites, business systems and IT infrastructure.</p> <p> See page 21</p>

* Sustainability risks are explored in more detail in our 2015 Sustainability Report, available at www.barrattdevelopments.co.uk

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

Details of the Group's contingent liabilities are provided in note 34 to the Financial Statements.

The Strategic Report on pages 2 to 45 was approved by the Board and is signed on its behalf by:

David Thomas
Chief Executive

8 September 2015

Governance

The Board

John Allan

Non-Executive Chairman

**Appointment to the Board:**

John joined the Board as a Non-Executive Director on 1 August 2014 and became Chairman on 12 November 2014.

Committee membership:

Chairman of the Nomination Committee and a member of the Remuneration Committee.

Career and experience:

John brings a broad range of business and retail experience to the Board. He became Chairman of Tesco PLC on 1 March 2015 and also of London First on 1 January 2015. He is also a Non-Executive Director of Worldpay and a regent of the University of Edinburgh. Until recently, John was Deputy Chairman of Dixons Carphone PLC, a Non-Executive Director of Royal Mail PLC and Chairman of Dixons Retail plc (2009-2014) when it merged with Carphone Warehouse Group plc to form Dixons Carphone plc. He was also Chief Executive and CFO of Deutsche Post until 2009, and of Exel plc, until 2005. He was also a Non-Executive Director of National Grid plc (2005-2011), 3i plc (2009-2011) and of various other public companies in the UK, Germany and Denmark.

David Thomas

Chief Executive/Group Finance Director

**Appointment to the Board:**

David joined as an Executive Director and the Group Finance Director on 21 July 2009 and was appointed Chief Executive on 1 July 2015.

Committee membership:

Member of the Nomination Committee with effect from 1 July 2015.

Career and experience:

David brings a wealth of financial and leadership experience acquired over a number of years in senior positions. He is an Associate of the Institute of Chartered Accountants in England and Wales. He was formerly the Group Finance Director and the Deputy Chief Executive of The GAME Group plc (2004-2009). Before that he was the Group Finance Director at Millennium and Copthorne Hotels plc (1998-2004) and held senior financial roles with House of Fraser plc and Forte plc.

Steven Boyes

Chief Operating Officer

**Appointment to the Board:**

Steven joined the Board as an Executive Director on 1 July 2001 and was appointed as the Group's Chief Operating Officer on 5 July 2012 with responsibility for all of the Group's housebuilding operations.

Committee membership:

Member of the Safety, Health and Environmental Committee.

Career and experience:

Steven has over 37 years' experience in the housebuilding industry having joined Barratt in 1978 as a junior quantity surveyor and progressing through the business to assume the roles of Technical Director and Managing Director of Barratt York before being appointed Regional Director for Barratt Northern in 1999.

Tessa Bamford

Non-Executive Director

**Appointment to the Board:**

Tessa was appointed as a Non-Executive Director on 1 July 2009.

Committee membership:

Member of the Audit, Nomination and Remuneration Committees.

Career and experience:

Tessa brings a broad business experience to the Board. She is currently a Non-Executive Director of Wolseley plc and a consultant at Spencer Stuart. Tessa was formerly a Director of Cantos Communications Limited (2001-2011) and a Director of J Henry Schroder & Co with whom her career spanned over 12 years in various roles (1986-1998).

Nina Bibby

Non-Executive Director

**Appointment to the Board:**

Nina joined the Board as a Non-Executive Director on 3 December 2012.

Committee membership:

Member of the Audit, Nomination and Remuneration Committees.

Career and experience:

Nina brings marketing experience to the Board and is currently the Marketing and Consumer Director at O2 UK, Telefonica. She was formerly the Global Chief Marketing Officer at Barclaycard, the payments subsidiary of Barclays plc until 30 May 2013. Prior to Barclaycard, Nina was SVP Global Brand Management at InterContinental Hotels Group plc (2006-2009) and worked at Diageo (1997-2006), latterly as Commercial Strategy Director.

Mark Rolfe

Senior Independent Director

**Appointment to the Board:**

Mark was appointed as a Non-Executive Director with a strong financial and retail background. He is currently a Non-Executive Director of Debenhams plc and a Fellow of the Institute of Chartered Accountants in England and Wales. Mark was formerly a Non-Executive Director of The Sage Group plc (2007-2013) and Hornby plc (2008-2014), Chairman of Lane Clark & Peacock LLP (2008-2014), and Finance Director of Gallaher Group Plc (2000-2007). His career with Gallaher spanned 20 years during which time he served in various finance and executive roles.

Committee membership:

Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees.

Career and experience:

Mark is an experienced Non-Executive Director with a strong financial and retail background. He is currently a Non-Executive Director of Debenhams plc and a Fellow of the Institute of Chartered Accountants in England and Wales. Mark was formerly a Non-Executive Director of The Sage Group plc (2007-2013) and Hornby plc (2008-2014), Chairman of Lane Clark & Peacock LLP (2008-2014), and Finance Director of Gallaher Group Plc (2000-2007). His career with Gallaher spanned 20 years during which time he served in various finance and executive roles.

Tom Keevil

Group General Counsel and Company Secretary

**Appointment to the Board:**

Tom was appointed Group General Counsel and Company Secretary on 1 April 2011.

Committee membership:

Member of the Safety, Health and Environmental Committee.

Career and experience:

Tom is a Non-Executive Director of FM Insurance Company Limited and a Fellow of the Chartered Institute of Arbitrators. He was previously the Group General Counsel and Company Secretary of United Utilities Group PLC (2007-2011) and Gallaher Group Plc (2001-2007). Prior to this, he was a partner at international law firm Simmons and Simmons, which he joined in 1984.

Richard Akers

Non-Executive Director

**Appointment to the Board:**

Richard joined the Board as a Non-Executive Director on 2 April 2012.

Committee membership:

Chairman of the Remuneration and the Safety, Health and Environmental Committees and a member of the Audit and Nomination Committees.

Career and experience:

Richard has a broad range of property knowledge and experience. He is a Non-Executive Director of Emaar Malls Group PJSC, a member of the Advisory Board for Battersea Power Station Development Company and a Fellow of the Royal Institution of Chartered Surveyors. Richard was a senior executive of Land Securities Group plc (1995-2014), joining the main Board in May 2005 following his appointment as Managing Director of the Retail Portfolio. He was also a Director and President of the British Council of Shopping Centres (2009-2012), the main industry body for retail property owners.

Other Directors who served during FY15:**Mark Clare**

Group Chief Executive until 30 June 2015



Mark Clare joined the Board as Group Chief Executive on 2 October 2006. He stepped down from this position on 30 June 2015 and subsequently as Executive Director on 31 July 2015.

Bob Lawson

Non-Executive Chairman until 12 November 2014



Bob Lawson joined the Board as a Non-Executive Director on 1 June 2008 and became Non-Executive Chairman on 1 July 2008. He stepped down as Chairman of the Company at the conclusion of the 2014 AGM on 12 November 2014.

Governance

Chairman's introduction

John Allan
Chairman



“The Board is focused on ensuring good governance is embedded in our culture in order to help promote the long term success of the Group.”

→ Key achievements of the Board during FY15

Financial health

- > Led the Group to deliver a record profit before tax of £565.5m;
- > Agreed the payment of ordinary dividends totalling £117.7m; and
- > Recommending both a final ordinary dividend of 10.3 pence per share equating to £102.3m and the first special cash payment of £100m to shareholders under our Capital Return Plan.

Board succession

- > I received a full and tailored induction;
- > Effectively used succession planning to manage Mark Clare's retirement and the promotion of David Thomas to the position of Chief Executive; and
- > Appointed Neil Cooper as Chief Financial Officer Designate.

Stewardship

- > Undertook individual health and safety site reviews with the Group Safety, Health and Environmental Director to promote our safety first culture; and
- > Visited sites and divisions individually and collectively, holding Board meetings at two regional locations.

Best practice

- > Reviewed the effectiveness of the internal control and principal risk assessment processes; and
- > Reviewed and updated our key policies, the schedule of matters reserved and terms of reference as well as those of the Board's Committees.

→ Areas of focus for the Board in FY16

- > Review the Group's strategy and appetite for risk;
- > Determine key objectives for FY17 and agree to whom each of the objectives should be assigned for successful delivery;
- > Subject to shareholder approval at the 2015 AGM and beyond, continue with the Capital Return Plan;
- > To fully comply with the UK Corporate Governance Code issued September 2014;
- > Support David Thomas and Neil Cooper as they transition into their new roles;
- > Deliver the action plan arising from the FY15 performance evaluation; and
- > Undertake an externally facilitated performance evaluation of the Board and its Committees.

I am pleased to present my first corporate governance report for the Company since taking over as Chairman in November 2014.

During the 2014/15 financial year your Company fully complied with the main and supporting principles of the UK Corporate Governance Code (the 'Code'), issued in September 2012 (a copy of which is available from www.frc.org.uk). We describe how we have applied the main principles throughout pages 51 to 95. It has also made good progress towards achieving full compliance with the UK Corporate Governance Code issued in September 2014 which will apply for FY16. The Company has also complied with the requirements under the Disclosure and Transparency Rules, the Listing Rules and the BIS Directors' Remuneration Reporting regulations and narrative reporting requirements.

The Board recognises that good corporate governance requires more than just awareness and adherence to the Code. It is focused on seeking to ensure that good governance is embedded in our culture and that high standards of corporate governance apply across all areas of the business to support the long term success of the Group. The Board receives regular updates on changes in corporate governance requirements and strives to respond to such changes in advance of mandatory application as and when it is practicable to do so.

Retirements from the Board

As reported last year, Bob Lawson stepped down from his position as Chairman after six years' service on 12 November 2014. After nine years with the Company, Mark Clare stepped down from his position as Chief Executive on 30 June 2015 and from the Board on 31 July 2015.

Appointments and succession

Following Mark Clare's informal indication that he was considering retiring, the Board, through its Nomination Committee, began the search for a new Chief Executive supported by an external search consultant. Candidates for the position were considered from both inside and outside the business. David Thomas, Group Finance Director of the Company, was identified as the most suitable candidate for the position. As a result, the search for a new Group Finance Director commenced using different external search consultants. On 18 June 2015, we announced the appointment of Neil Cooper to the position of Chief Financial Officer Designate. Full details of the recruitment process can be found on page 64. Until Neil Cooper commences his role as Chief Financial Officer, David Thomas will fulfil both this and the Chief Executive role. The Chairman and the Board are conscious of the need to maintain good governance practices throughout this period. They have, therefore, assessed the robustness and effectiveness of the Group's internal controls and procedures to ensure that they remain appropriate to mitigate against any significant risks arising during the period David assumes this dual role.

Risk management and internal controls

Given the risks inherent with building and construction, there is appropriate awareness of risk amongst Directors. Board members are fully cognisant of the individual and collective responsibility of the Board to: (i) determine the nature and extent of the risks the Board is willing to take to achieve the Company's strategic corporate objectives; and (ii) to review the effectiveness of the risk management systems and internal controls (in conjunction with the Audit Committee). The commentary on the management of risk and the review of principal risks and uncertainties on pages 40 to 45 contains an analysis of how the risks affecting the Group have changed in the financial year. Given the focus on continuously improving our health and safety performance, we established a Safety, Health and Environmental Board Committee (the 'SHE Committee'), chaired by Richard Akers, at the beginning of the 2015 financial year to assist the Board with discharging its responsibilities in this area moving forward. Details of the work they have undertaken in their first year are set out on pages 73 to 74.

Shareholder engagement

As a Board we remain focused on delivering long term value to our shareholders, whilst ensuring that we continue to promote sustainable developments and homes. Accordingly, we place continuing importance upon maintaining strong relationships with our shareholders and other key stakeholders. Full details on how we engage with our shareholders are provided on pages 60 to 61.

Fair, balanced and understandable

Having established a robust process for determining if the 2014 Annual Report and Accounts were 'fair, balanced and understandable', the same process was adopted to the assessment of the 2015 Annual Report and Accounts. The process is detailed on page 69 and the Board's formal statement on the Annual Report and Accounts is contained within the Directors' Responsibility Statement on page 102.

The following pages set out our governance structures, processes and the work undertaken by the Board and its Committees during FY15.

John Allan
Chairman

8 September 2015

Governance – Chairman's introduction continued

Overview

→ Leadership

Your Board is collectively responsible for the long term success of your Company. Accordingly, the Directors constructively challenge proposals relating to strategy, performance, responsibility and accountability. This seeks to ensure that all decisions are well considered, justified and of the highest quality.

This section details the structure and composition of the Board and its Committees, how responsibilities are divided amongst the Board, its Committees and individual directors, the main activities of the Board during FY15 and its main focus areas for FY16.

 See pages 51 to 55

→ Effectiveness

Your Board continuously reviews its balance of skills, experience, independence and knowledge to ensure that they remain appropriate to enable it to discharge its duties and responsibilities effectively. The Board undertakes an annual evaluation of its own effectiveness and that of its Committees and of individual Directors.

This section outlines the Board evaluation process undertaken in FY15, the outcomes and progress made with the actions arising from the FY14 evaluation. It also sets out the induction process used for new directors.

 See pages 56 to 58

→ Accountability

Your Board is mindful of the risk environment in which it operates when making any decisions. It maintains sound risk management and internal control systems and regularly reviews the principal risks and assesses the appropriate appetite for risk in striving to achieve the Company's strategic objectives.

This section provides details on the Board's approach to risk management, its internal controls and risk management systems and its processes for evaluating reporting on the Company is fair, balanced and understandable.

 See page 59

→ Relations with shareholders

Your Board recognises the importance of maintaining open dialogue with its shareholders, both private and institutional. A number of events and communications take place on an annual basis to regularly communicate with shareholders and to encourage their participation.

This section summarises how the Board and individual Directors engaged with shareholders throughout FY15 and how the shareholders can communicate with the Company.

 See pages 60 to 61

→ Remuneration

The Board, through its Remuneration Committee, has established a formal and transparent procedure for developing its policy on executive remuneration. The Group's Remuneration Policy was presented to, and approved by, shareholders at the 2014 AGM and is designed to promote the long term success of the Group. No changes are proposed to the policy for FY16.

This section summarises the Group's Remuneration Policy, how the policy operated during FY15 and how it will be applied in FY16.

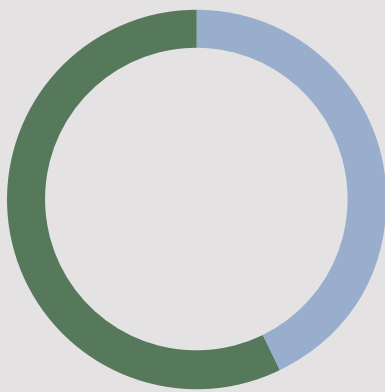
 See pages 75 to 95

Corporate governance report

Leadership

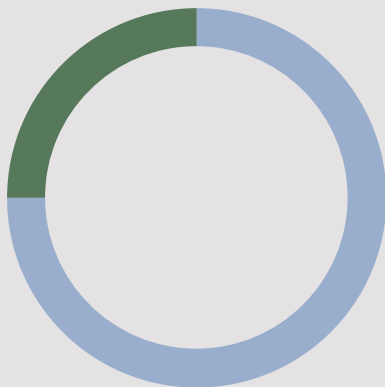
Board composition, diversity and experience (as at 30 June 2015)

Board composition (excluding the Chairman)



● Executive Directors	3
● Independent Non-Executive Directors	5

Gender split



● Male	75%
● Female	25%

See page 65 for details on Board diversity

See page 33 for details on diversity in the workforce

Non-Executive Director tenure (including the Chairman)

40%

0-3 years

60%

3+ years

Experience

Business



Housebuilding/ Construction



Finance



Marketing



Retail development



Commercial development



Governance – Corporate governance report – Leadership continued

Board balance

The names, responsibilities and other details of each of the Directors of the Board are set out on pages 46 and 47 with the composition of the Board on page 51. Currently, the Board believes that it has an appropriate balance of Executive and independent Non-Executive Directors having regard to the size and nature of the business. In addition, the combination of the experience and calibre of the Non-Executive Directors collectively, having regard to their diverse backgrounds and experience and their varying lengths of service, further enhances this balance thereby mitigating against the risk of ‘group think’.

Board independence

The Company recognises the importance of its Non-Executive Directors remaining independent throughout their appointment, which enables them to provide objective advice and guidance to the Executive Directors (and senior managers) through the use of their wide business, commercial experience and diverse backgrounds. The Non-Executive Directors are also able to constructively challenge and scrutinise the performance of the Executive Directors, assisting them to assess the integrity of the financial information considered by the Board and disclosed to the Company’s shareholders. In addition, their independence is of utmost importance when considering the appointment or removal of Executive Directors and in the determination of succession planning for the Board and other key individuals within the Group. All of the Non-Executive Directors remained independent during the financial year; they have no business or other relationships with the Group that might influence their independence or judgement (confirmed as part of the annual conflict of interests review) (see page 65). Details of their interests as shareholders are contained in **Table 15** on page 88 of the Remuneration report.

John Allan joined the Board in August 2014 and was appointed Non-Executive Chairman of the Company with effect from 12 November 2014. He was considered to be independent on his appointment to the Board and subsequently as Chairman. During the year, the Nomination Committee considered John Allan’s other significant commitments, as set out on page 46. Taking into account John Allan’s decision to step down from the Boards of Dixons Carphone Plc in February 2015, Royal Mail and the DHL Foundation in April 2015 and as Chairman of Worldpay in September 2015, the Nomination Committee concluded that his remaining other commitments do not impinge upon his availability to fulfil his duties to the Company. His other commitments were also considered during the annual review of effectiveness of the Chairman led by the Senior Independent Director and the same conclusion was reached.

Key responsibilities of the Board

The Board has overall responsibility for:

- ▶ promoting the long term success of the Group;
- ▶ the conduct of the business of the Group;
- ▶ ensuring that the obligations to its shareholders and others are understood and met;
- ▶ setting the strategic direction of the Group; and
- ▶ ensuring that the Company has adequate resources and appropriate controls, values and standards in place to deliver its strategy within a framework that enables risk to be identified and managed.

→ The Board has an annual standing agenda which has been set in accordance with its terms of reference and matters reserved specifically to it, see the Company’s website at www.barrattddevelopments.co.uk/investors/corporate-governance/governance-policies

Membership and attendance at Board meetings

Members of the Board throughout the financial year and attendance at each of its scheduled meetings are set out in **Table 1**.

Table 1

Member	Role	Number of meetings attended
Bob Lawson ¹	Chairman	3/3
John Allan ²	Chairman	8/8
Mark Clare ³	Group Chief Executive	9/9
David Thomas	Group Finance Director	9/9
Steven Boyes	Chief Operating Officer	9/9
Richard Akers	Non-Executive Director	9/9
Tessa Bamford	Non-Executive Director	9/9
Nina Bibby ⁴	Non-Executive Director	7/9
Mark Rolfe ⁵	Senior Independent Director	8/9

- 1 Bob Lawson stepped down from his position as Chairman of the Company on 12 November 2014.
- 2 John Allan joined the Board as a Non-Executive Director and Chairman Designate on 1 August 2014. He became Chairman of the Company on 12 November 2014.
- 3 Mark Clare stepped down from his position as Group Chief Executive on 30 June 2015 and as a Director on 31 July 2015.
- 4 Nina Bibby was unable to attend two Board meetings due to jury service and her attendance being required at O2 immediately following the announcement of the proposed acquisition by Hutchison Whampoa. Nina reviewed the papers for each of the meetings and provided her comments to the Chairman prior to the meetings.
- 5 Mark Rolfe was unable to attend a meeting due to unavoidable personal circumstances. Mark Rolfe reviewed the papers and provided his comments to the Chairman prior to the meeting.

Note:

- 9/ Number of meetings attended whilst a Director.
/9 Number of meetings held whilst a Director.

An additional meeting was held in March 2015 to approve the appointment of David Thomas as Chief Executive, following the recommendation of the Nomination Committee. Full details can be found on page 64.

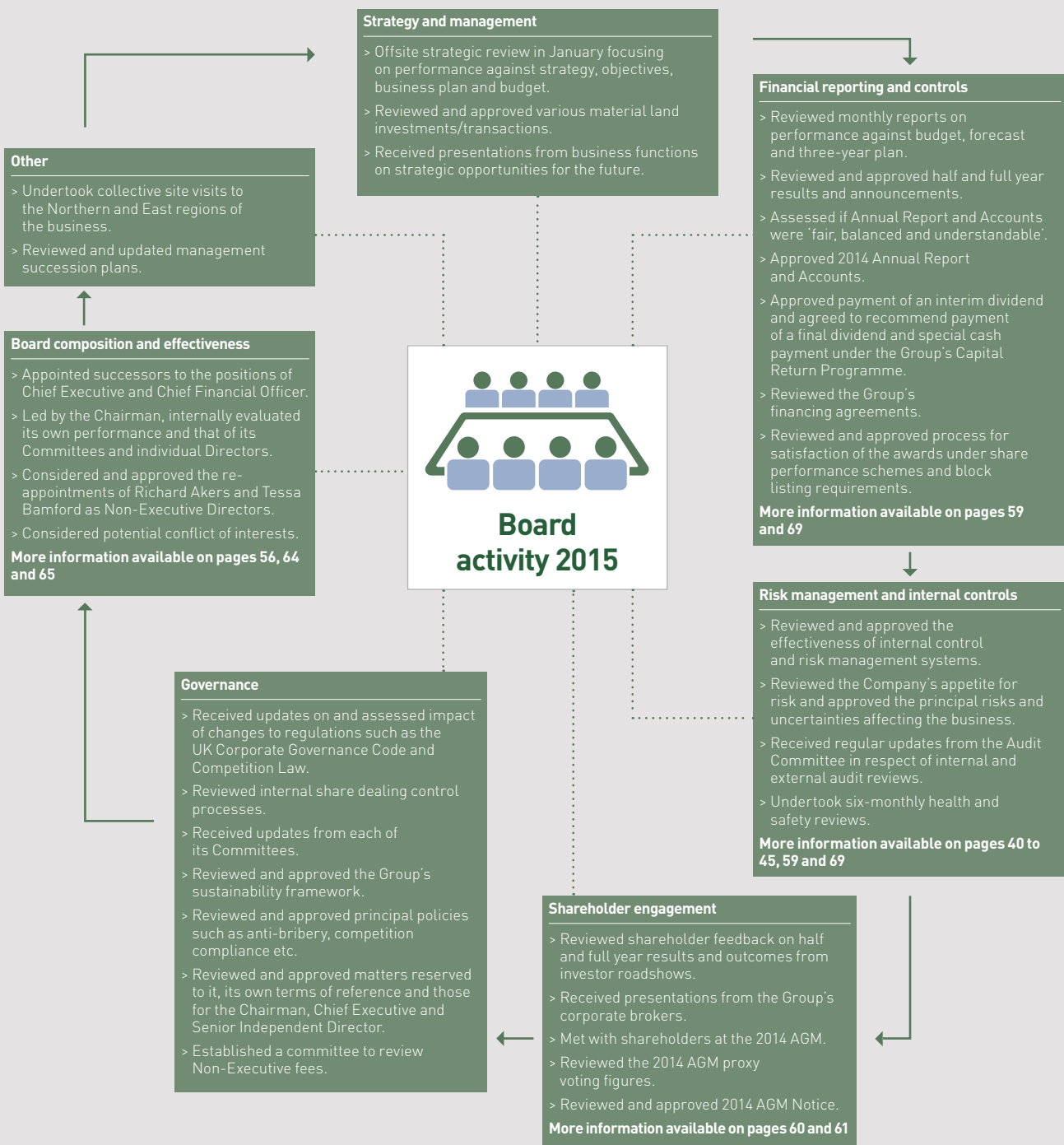
How the responsibilities of the Board are divided

The Chairman	<ul style="list-style-type: none"> > Leads the Board in the determination of strategy and in the achievement of its objectives; > Facilitates the effective contribution of the Non-Executive Directors and constructive relations between Executive and Non-Executive Directors; > Makes certain that the continued development needs of the Directors are identified and addressed; and > Ensures effective communication with shareholders.
Chief Executive	<ul style="list-style-type: none"> > Responsible for delivery of the Board strategy; > Responsible for the day-to-day leadership and management of the operational activities of the Group in accordance with overall strategy and policy as determined by the Board; > Recommends Group strategy to the Board; and > Chairs the Executive Committee through which he carries out his duties.
Group Finance Director	<ul style="list-style-type: none"> > Responsible for devising and implementing the Group's financial strategy and policies.
Chief Operating Officer	<ul style="list-style-type: none"> > Responsible for the Group's housebuilding operations.
The Senior Independent Director	<ul style="list-style-type: none"> > Responsible for evaluating the performance of the Chairman, at least annually; > Responsible for ensuring that, where required, he is available to shareholders to: <ul style="list-style-type: none"> (i) address any material issues or concerns which the Chairman and/or Chief Executive have failed to resolve; and (ii) listen to their views in order for the Company to gain a balanced understanding of their issues and concerns; and > Act as a sounding board for the Chairman and, if necessary, an intermediary for the other Directors.
Independent Non-Executive Directors	<ul style="list-style-type: none"> > Constructively challenge the Executive Directors; > Develop proposals on strategy; and > Monitor the implementation of the Group's strategy within its risk and control framework.
Group General Counsel and Company Secretary	<ul style="list-style-type: none"> > Supports the Chairman and Chief Executive in fulfilling their duties; > Available to all directors for advice and support; > Keeps the Board regularly updated on governance matters; > Ensures Group policies and procedures are maintained and updated on a regular basis; and > Attends, and maintains a record of the matters discussed and approved at, Board and Committee meetings.

Governance – Corporate governance report – Leadership continued

Main activities undertaken during the financial year (including Matters Reserved)

The Board had nine scheduled meetings during the financial year to review and approve various key business proposals including those matters specifically reserved to it. The key responsibilities of the Board and its multi-dimensional work programme throughout the year are set out below:



How the Board fulfils its responsibilities

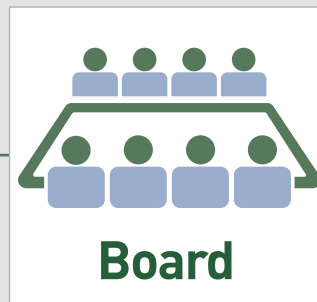
Board Committees

Audit Committee
Responsible for monitoring the effectiveness of the Group's financial statements and its systems for internal control and risk management. It also monitors the independence, objectivity and tenure of the external auditor and considers whether the Annual Report and Accounts are fair, balanced and understandable.
See page 66 for full report

Nomination Committee
Responsible for monitoring the composition and balance of the Board to ensure that it has the correct skills, experience and diversity to successfully deliver the strategy of the Group.
See page 62 for full report

Remuneration Committee
Responsible for designing and implementing the Group's overall remuneration strategy and policy and for setting the remuneration of the Executive Directors and members of Senior Management directly below the Board.
See page 75 for full report

Safety, Health and Environmental Committee
Responsible for the stewardship of the safety, health and environmental issues impacting the business including, but not limited to, the Group's compliance with the safety, health and environmental management system. It also monitors any significant safety, health and environmental risks and exposure to the business and the steps taken to mitigate against these.
See page 73 for full report



Group Management Committees

The Risk Committee
Reviews the effectiveness of the Group's internal control policies and procedures for the identification, assessment and reporting of risks and assessing individual key risks on a rolling basis.

The Land Committee
Reviews and approves all Land acquisition proposals across the Group. Depending on the value of the land acquisition or its complex nature e.g. high rise apartments or joint venture arrangements, Board approval may also be required.

The Treasury Operating Committee
Reviews the Group's funding requirements and approval of new debt facilities. Additional approval from the Board may be required for certain types of funding and where the level of funding is over and above the levels delegated to the Treasury Operating Committee.

The Allotment Committee
Responsible for approving the allotment of shares within dilution limits and the authority obtained from shareholders.

The Health and Safety Operations Committee
Develops the health and safety strategy for the Group; ensures that health and safety policies and procedures are adequately implemented and adhered to throughout the Group; monitors the effectiveness of the Group's health and safety systems and keeps abreast of changes in legislation surrounding safety, health and the environment.

The Operations Committee
Responsible for managing operational performance.

Chief Executive Officer

Executive Committee
Supports the Group Chief Executive in carrying out the day-to-day management of the activities of the Group.

Chief Operating Officer

Governance – Corporate governance report continued

Effectiveness

Board performance evaluation

In accordance with the Code, the Board is responsible for undertaking a formal and rigorous annual evaluation of its own performance and that of its Committees. The Chairman is responsible for carrying out the evaluation of individual Director's performance. An external consultant undertook the performance evaluation of the Board and its Committees for the 2012/13 financial year. Accordingly, an internal process was used for the 2014/15 evaluation. This was led by the Chairman supported by the Group General Counsel and Company Secretary. An externally facilitated evaluation will be undertaken in respect of the 2016 financial year.

Evaluation of the Chairman and Non-Executive Directors

In accordance with the requirements of the Code, the Chairman met with the Non-Executive Directors independently of the Executive Directors. The Non-Executive Directors, led by the Senior Independent Director, met without the Chairman being present, to assess the performance of the Chairman and provided feedback from the process. There were no issues of any substance arising from the Non-Executive Directors' only review or from the review of the Chairman's performance and there was unanimous support for him. In addition, the Chairman met with each Director individually to discuss their contribution to the Board and their performance during the year under review. In addition to these specific meetings the Non-Executive Directors also meet without the Executive Directors being present either immediately prior to or immediately following committee meetings, of which they are all members.

Information and support

The Chairman, with the assistance of the Group General Counsel and Company Secretary, ensures that the Board receives accurate, timely and clear information. Each Director is issued with an agenda, briefing papers and comprehensive operating and financial management reports for the period under review, generally five working days before any Board meeting. The Group General Counsel and Company Secretary attends all Board and Committee meetings and all Directors have access to his advice and, if necessary, to independent professional advice at the Company's expense to assist with the discharge of their responsibilities as Directors.

All Directors are provided with a rolling three-year schedule of proposed meeting dates. Any Director who is unable to attend a meeting is invited to provide their views to the Chairman ahead of that meeting, having reviewed the agenda, briefing papers and management information. Reasons for non-attendance are recorded by the Group General Counsel and Company Secretary and either he or the Chairman will, thereafter, meet with any absent Director to go through any action points which are of relevance to that Director. Formal minutes of each Board meeting are prepared, circulated and submitted for approval at the next meeting.

Development

In January of each year the Board meets for a full day to review and develop the overall business strategy of the Group which includes presentations from Senior Management within the Group as well as external professionals. The areas of focus for this review are set out on page 54.

A number of internal presentations and updates were provided to Directors on matters impacting the business. These included modern methods of construction; best practice on assessing if a company's report is fair, balanced and understandable; considering the approach to adopt when undertaking a longer term viability assessment in the context of the Company's three-year plan; changes to the Code, model Code requirements in respect of share dealings by Directors; and other statutory and regulatory changes relevant to the business. The Chairman regularly reviews training requirements of, and annually agrees development needs with, individual Directors.

Induction

On joining the Company, each new Director participates in a full and formal induction process. The aim of the induction is to assist the Director to familiarise himself with the business and the roles and responsibilities of the Board and members of Senior Management. John Allan took part in this process which included health and safety training, site visits, meetings with all Board members and the Group General Counsel and Company Secretary, key external advisers and Senior and Operational Management teams across the business. He was also provided with an induction pack containing general and specific information relating to his role such as a schedule of meetings, copies of Board minutes and various policies and procedures, details of his duties as a Director of a listed plc and other obligations under the various regulations governing the Company.

As part of his induction, the new Chief Financial Officer Designate will undergo a tailored programme of presentations and meetings with management along with visits to key offices and sites throughout the business to gain a greater understanding of our products, processes and policies.

John Allan induction

From May to November 2014, John Allan visited a total of 20 sites throughout our six regions. These varied from residential to mixed-use sites and represented each of the Group's brands. He also visited the Group Support Centre in Leicestershire and spent time with each of the Group functions. During his visits John spoke to as many teams as possible ranging from divisional management to the sales teams. He also received an overview of the region he was visiting and various detailed presentations on key developments and issues such as customer service and strategic land.



John Allan visiting the sales office at our Great Denham development in the South Midlands.

Governance – Corporate governance report – Effectiveness continued

Areas included in the FY15 evaluation

- > The performance of the Board and its principal Committees generally and individually;
- > Board contribution to strategy and shareholder accountability;
- > Risk management;
- > Financial and operating reporting;
- > Succession planning (including diversity);
- > Inter-relationships between the Board and its Committees and between the Executive and Non-Executive Directors; and
- > Board Committees and decision making.

Table 2 highlights the progress made during the year against the actions arising from the FY14 review and findings from the evaluation undertaken in respect of FY15.

Table 2

	Board composition	Succession planning	Board meetings	
2014 Findings	Ensure satisfactory skills, experience and knowledge are maintained to help deliver the Company's long term strategy and objectives.	Continue to monitor and refresh succession plans in line with the needs of the business, not just at Board level but at Senior Management level too.	Maintain the disciplines enshrined into the Board processes such as streamlined papers and pre-allocation of sufficient time to consider and discuss matters fully.	
Progress in 2015	Appointment of new Chief Executive and Chief Financial Officer Designate announced on 27 March 2015 and 18 June 2015 respectively.	Internal appointment of new Chief Executive.	Agendas allocate adequate time for items to be discussed. Action list and timetable for review of strategic items and actions explored at the Board annual review considered at each meeting. Standing agendas regularly reviewed to ensure items are spread out throughout the year and are not concentrated to one or two meetings.	
Actions for 2016	Continue to monitor tenure of Non-Executive Directors and skills and experience required to deliver the Group's strategy and objectives. Review diversity throughout the business.	Increase focus on succession plans for Non-Executive Directors (and most notably for the Chairman of the Audit Committee) and the Senior Management population below Board level.	Continue to monitor the level of information provided in briefing papers and the number of items to be discussed/considered at each meeting. Assess the balance between operational and strategic issues to be considered at each meeting.	
	Nomination Committee	Audit Committee	Safety, Health and Environmental Committee	Remuneration Committee
2015 Findings	All Committees are operating effectively with members understanding what is expected of them to undertake and discharge their responsibilities as well as their regulatory requirements.			
Actions for 2016	Focus on succession planning of Board and Committee members as well as Senior Management.	Assess, in conjunction with the Nomination Committee and the Board, succession planning of Committee members to ensure that there is not an over reliance on the relevant and recent financial expertise of the Audit Committee's Chair.	Oversee embedding of a pro-active Health, Safety and Environmental plan implemented in FY15 and delivery of our goal to maintain a 5 Star Health and Safety Standard award by the British Safety Council.	Assess the level of interaction with remuneration consultants in respect of governance issues. Review fixed and variable remuneration structures as retention tools for key employees in the context of the annual policy review.

Accountability

Internal controls and risk management

In accordance with principle C.2.1. of the Code the Board regularly reviews the effectiveness of the Group's system of internal controls, including those related to material financial, operational and compliance performance and the risk management systems (see the Audit Committee report on pages 66 to 72). A risk framework has been developed for all business processes by the internal audit function and approved by the Audit Committee. This framework forms the basis of the internal control audit plan for the year ahead, which tests if controls are being applied effectively in each operating division. Material issues identified during internal audits and follow-up action plans are reviewed by the Executive Directors and by the Board on a quarterly basis. Any necessary actions are immediately taken to remedy any significant failings in the internal control system.

The Group's system of internal controls is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate those risks entirely. The system of internal controls therefore provides only reasonable, not absolute, assurance against material misstatement or loss. The system of internal controls does, however, provide reasonable assurance that potential issues can be identified promptly and appropriate remedial action taken. Further details can be found in the Risk management section of the Strategic Report (pages 40 to 45).

The Group operates internal controls to ensure that the Group's Financial Statements are reconciled to the underlying financial ledgers. A review of the consolidated accounts and Financial Statements is completed by management to ensure that the financial position and results of the Group are appropriately reflected.

The Board has not identified nor been advised of any failings or weaknesses which it has determined to be significant. Therefore, a confirmation of necessary actions has not been considered appropriate.

Fair, balanced and understandable

As part of its considerations, the Board reflected upon the feedback shareholders provided in respect of our 2013/14 Annual Report and Accounts (including the Remuneration Policy). It established an appropriate timetable to provide adequate time to review and discuss significant areas of the 2014/15 Annual Report and Accounts.

The Board also assessed the tone, balance and language of the documentation, being mindful of the requirements of the Code and the need for consistency between the narrative section of the Report and the Financial Statements in arriving at its conclusion in respect of fair, balanced and understandable. The Board's formal statement on the Annual Report and Accounts being fair, balanced and understandable is contained within the Directors' Responsibility Statement on page 102.

See page 69 for the process undertaken by the Audit Committee to assist the Board in assessing if the Annual Report and Accounts were fair, balanced and understandable.

Governance – Corporate governance report continued

Relations with shareholders

2014
Activity

July	August	September	October	November	December
<ul style="list-style-type: none"> > Post year end trading update. > Private client brokers roadshow. 	<ul style="list-style-type: none"> > Full year results preparation. > Annual update on remuneration to major investors and principal investor advisory groups. 	<ul style="list-style-type: none"> > Full year results announcement and analyst presentation. > UK and US roadshow following the full year results announcement. > Institutional broker sales desk briefings. 	<ul style="list-style-type: none"> > Bank of America Merrill Lynch Building & Infrastructure Conference. > Institutional broker sales desk briefings. > Private client brokers roadshow. 	<ul style="list-style-type: none"> > Q1 interim management statement and Annual General Meeting. > Citi Building Conference. > Institutional broker sales desk briefings. > Top shareholders and key investor roundtable chaired by CEO and senior management team. > AGM. 	<ul style="list-style-type: none"> > Private client brokers group meeting.
Ad hoc meetings with existing and potential investors and sell-side analysts.					

The Board recognises the importance of having an effective relationship with its shareholders and other stakeholders. The Group has arrangements in place which enable it to communicate effectively with shareholders in respect of matters such as business strategy, governance, remuneration and any senior management or Board changes. It also conducts regular institutional investor meetings after the release of the Annual and Interim results and following the publication of each interim management statement.

In order to ensure that all Directors are aware of, and have a clear understanding of, the views of major shareholders, the Group Finance Director reports regularly to the Board on the Company's investor relations activities. Additionally, the Company's brokers presented an analysis of investor feedback to the July 2015 board meeting.

Any announcement published via the Regulatory Information Service including the interim and annual reports, interim management statements and trading updates and Company announcements can be found on the Company's website at www.barrattdevelopments.co.uk/investors.

The Group Chief Executive and the Group Finance Director meet regularly with investors and analysts in order to convey an understanding of the market and the Group's operations and objectives. These meetings take place throughout the year but particularly after the annual and interim results announcements. In FY15, the Directors attended a total of 222 investor meetings (142 one to one meetings and 80 group meetings). In addition they attended a number of conferences and investor roadshows in the UK and the US. The Chairman and other Non-Executive Directors also have the opportunity to attend meetings with major shareholders at the request of either party. The Senior Independent Director is available to meet with major shareholders, as and when required, to gain an understanding of any issues and concerns.

During the year, the Chairman of the Remuneration Committee consulted with major investors and the principal investor advisory groups on the proposed remuneration outcomes for FY15 and the Group's approach to remuneration, in accordance with the remuneration policy approved at the 2014 AGM, for FY16.

All Directors, including the Chairmen of the Committees, attend the AGM and are available to answer shareholder questions. The notice of each AGM and related papers are circulated to all shareholders at least 20 working days before the meeting.



January	February	March	April	May	June
<ul style="list-style-type: none"> > Post half year end trading update. > Institutional broker sales desk briefings. 	<ul style="list-style-type: none"> > Half year results announcement and analyst presentation. > UK roadshow following the half year results announcement. > Institutional broker sales desk briefings. 	<ul style="list-style-type: none"> > Institutional broker sales desk briefings. 	<ul style="list-style-type: none"> > Private client brokers roadshow. 	<ul style="list-style-type: none"> > Q3 trading update. > Institutional broker sales desk briefings. 	<ul style="list-style-type: none"> > Credit Suisse European Building Conference. > UBS UK Housing Seminar. > Investor and sell-side analyst perception studies.
Ad hoc meetings with existing and potential investors and sell-side analysts.					

Major shareholders

In accordance with the UKLA's Disclosure and Transparency Rules (the 'DTRs'), all notifications received by the Company are published on the Company's website www.barrattdevelopments.co.uk and via a Regulatory Information Service.

As at 30 June 2015, the persons set out in **Table 3** have notified the Company, pursuant to DTR 5.1, of their interests in the voting rights in the Company's issued share capital.

Table 3 – Notifiable Interests

Name	Number of voting rights ¹	% of total issued share capital when notified	Nature of holding
Capital Research and Management Company	109,303,356	11.019	Indirect
FMR LLC	34,579,199	8.24	Indirect
Standard Life Investments Ltd	47,711,714	4.94	Direct & Indirect

¹ Represents the number of voting rights last notified to the Company by the respective shareholder in accordance with DTR 5.1.

Between 1 July 2015 and 8 September 2015 the following changes in respect of interests in the voting rights in the Company's issued share capital have been notified to the Company:

Name	Number of voting rights ¹	% of total issued share capital ¹	Nature of holding
Capital Research and Management Company	109,053,397	10.955	Indirect

¹ Based on the Total Voting Rights as at the relevant notification dates.

The Total Voting Rights of the Company as at the date of this Annual Report and Accounts, as announced on 1 September 2015, are 995,862,989.

On behalf of the Board

Tom Keevil

Group General Counsel and Company Secretary

8 September 2015

Governance

Nomination Committee report

Statement from the Chairman of the Nomination Committee

John AllanNomination Committee
Chairman

→ Key achievements in FY15

- > Selected and recommended the promotion of David Thomas to the position of Chief Executive;
- > Selected and recommended the appointment of Neil Cooper as the Chief Financial Officer Designate; and
- > Reviewed and recommended the re-appointment of Richard Akers and Tessa Bamford.

→ Areas for focus in FY16

- > Review succession plans for Board members (in particular Non-Executive Directors) and senior management; and
- > Facilitate an external performance evaluation of the Board and its Committees.

“It has been a busy year for the Nomination Committee in terms of changes to the composition of the Executive Directors. The key focus has been on ensuring that any new appointments complement the skills, experience and diversity of the current Board members whilst addressing any skills gaps and contributing to the continued refreshment of the Board.”

I am pleased to present my first report as the Chairman of the Nomination Committee. The Nomination Committee plays a vital role within the business ensuring that the Company is headed by an effective Board which is collectively responsible for the long term success of the Company.

The role of the Nomination Committee entails:

- > monitoring the composition, structure and size of the Board;
- > evaluating the balance of skills, experience, independence and knowledge of each of the members;
- > making recommendations to the Board in respect of any changes required;
- > leading the process for board appointments;
- > regularly reviewing the time commitment required from the Chairman and the Non-Executive Directors to satisfactorily fulfil their roles; and
- > considering and, if deemed appropriate, authorising conflict of interests.

→ Nomination Committee Terms of Reference:
www.barrattdevelopments.co.uk/investors/corporate-governance/governance-policies

John Allan

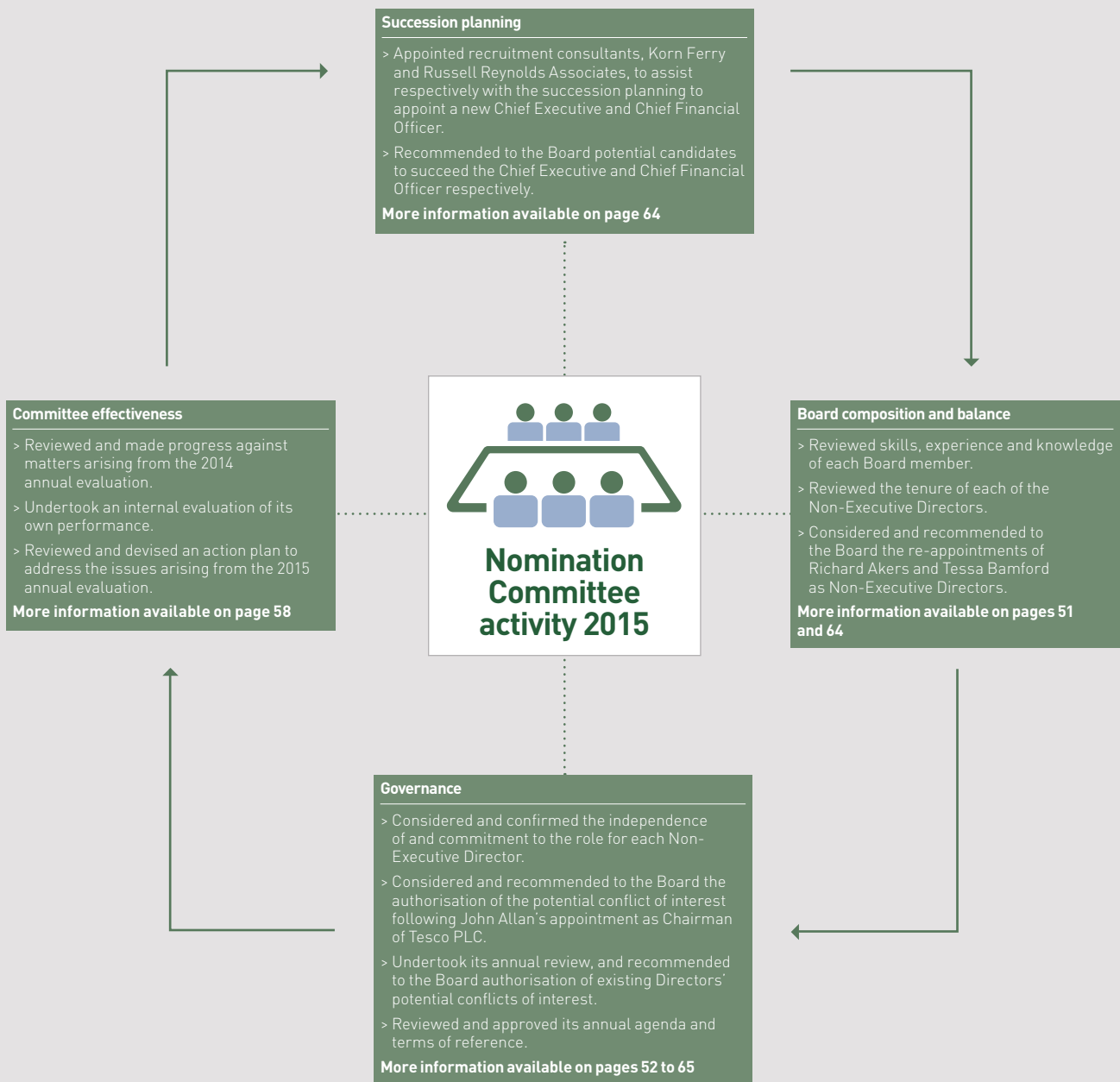
Chairman of the Nomination Committee

8 September 2015

Main activities undertaken during the financial year

The Nomination Committee met formally on four occasions during the year primarily to progress the appointments of a new Chief Executive and a new Chief Financial Officer Designate. A number of informal meetings, conference calls and discussions also took place between Nomination Committee members, search consultants and potential candidates throughout the recruitment process.

The main areas focused on by the Nomination Committee during the year were as follows:



Governance – Nomination Committee report continued

Membership and attendance at meetings

The membership of the Nomination Committee and the attendance at each of its scheduled meetings is set out in **Table 4**. I became a member of the Nomination Committee on 1 August 2014 and succeeded Bob Lawson as its Chairman with effect from 12 November 2014. I chair all meetings, unless they relate to the appointment of my own successor. In accordance with Code provision B.2.1., I confirm that the majority of Board members (including the Non-Executive Directors) are considered independent by the Company.

Table 4

Member	Role	Number of meetings attended
Bob Lawson ¹	Chairman	1/1
John Allan ²	Chairman	2/2
Richard Akers	Member	3/3
Tessa Bamford	Member	3/3
Nina Bibby	Member	3/3
Mark Clare ³	Member	3/3
Mark Rolfe ⁴	Member	2/3

1 Bob Lawson stepped down from his position as Chairman on 12 November 2014.

2 John Allan became a member on 1 August 2014 and Chairman on 12 November 2014.

3 Mark Clare did not attend any meetings or parts thereof, at which the appointment of his successor was being discussed.

4 Mark Rolfe was unable to attend a meeting due to unavoidable personal circumstances. Mark Rolfe reviewed the papers and provided his comments to the Chairman prior to the meeting.

Note:

4/ Number of meetings attended whilst a Director.

/4 Number of meetings held whilst a Director.

Appointment and re-appointment of Directors

The Nomination Committee leads the process for appointments to the Board and makes recommendations to the Board when suitable candidates have been identified. When a vacancy arises the Nomination Committee evaluates the balance of skills, experience, independence and knowledge on the Board. It then prepares a description of the roles and capabilities required for that appointment. The search for Board candidates is carried out, and appointments are made, based on merit having regard to the need to maintain a balance of skills and experience on the Board, diversity and, where appropriate, refreshment of Board memberships. External recruitment consultants are used where appropriate.

Appointment of Chief Executive and Chief Financial Officer Designate

During the year the Nomination Committee undertook a process to identify a suitable candidate to take over as Chief Executive from Mark Clare when he retired from this position on 30 June 2015. An informal meeting of the Non-Executive Directors took place in October 2014 to discuss succession planning in light of Mark Clare's informal notification to the Chairman that he was considering stepping down as Chief Executive in 2015. As part of this meeting, the Non-Executive Directors assessed the skills and experience required to fulfil the Chief Executive's role. Korn Ferry, an independent recruitment firm, was duly appointed to assist with the search for a new Chief Executive. A list of

candidates of both genders was prepared and reviewed by the Nomination Committee in early 2015. At an additional meeting in March 2015, the Nomination Committee proceeded to arrive at a shortlist and after consideration unanimously concluded that David Thomas, then Group Finance Director, was the best candidate to succeed Mark Clare as the Chief Executive and to make such recommendation to the Board.

Following this decision, the Nomination Committee proceeded to search for a new Group Finance Director. Russell Reynolds Associates, another leading executive research practice, were appointed as search consultants. A list of potential candidates, both internal and external, was created and filtered down into a short list. Interviews were initially conducted by David Thomas and Rob Tansey, the Group's HR Director. The shortlisted candidates then met all members of the Nomination Committee and Steven Boyes. It was unanimously agreed by the Nomination Committee that the appointment of Neil Cooper as Chief Financial Officer Designate be recommended to the Board.

Both appointments were recommended to, and unanimously approved by the Board. The Nomination Committee confirms that neither Korn Ferry nor Russell Reynolds have any other connections with the Company.

Re-appointment of Non-Executive Directors

Non-Executive Directors are appointed, subject to re-election by shareholders and statutory provisions relating to the removal of Directors, by the Board, for an initial three-year term and normally serve a second three-year term. Beyond this a third term of up to three years may be served subject to particularly rigorous review and taking into account the need for progressive refreshment of the Board. The Articles, in accordance with the Code, require any Non-Executive Director who has served nine years or more on the Board continuously to be subject to annual re-appointment.

The letters of appointment of all Non-Executive Directors are available for inspection by any person at the Company's registered office during normal office hours or via the Company's website www.barrattdevelopments.co.uk, copies will also be available at the 2015 AGM for 15 minutes before and throughout the meeting. The letters of appointment clearly set out the time commitment expected from each Non-Executive Director to ensure they satisfactorily perform their duties. Each Non-Executive Director confirms that they are able to allocate the time commitment required at the time of their appointment and thereafter as part of their individual annual effectiveness review undertaken by the Chairman.

During the year, the Nomination Committee considered the re-appointment of Richard Akers (having served three years) and Tessa Bamford (who has served six years) to the Board. The Nomination Committee was satisfied that both Richard and Tessa, remained independent and would be able to continue to dedicate sufficient time to fulfil their roles as Non-Executive Directors of the Company. Accordingly, they were re-appointed for a further three-year term, being a second three-year term for Richard and a third three-year term for Tessa.

Retirement and re-election of Directors

The Articles currently require Directors to submit themselves for re-election by shareholders at the first AGM following their initial appointment to the Board and thereafter at intervals of no more than three years. All Board members will, however, in accordance with the Code, stand for re-election by the shareholders at the 2015 AGM irrespective of their date of appointment and length of service on the Board.

Biographical details of each of the Directors and supporting statements for their re-election are set out on pages 46 and 47 of this report and in the Notice of the 2015 AGM. Details of the Executive Directors' service contracts can be found in the Remuneration report on page 81.

Each of the Directors has been subject to a formal performance evaluation process and the Nomination Committee, and the Board, are satisfied that they each continue to be effective in, and demonstrate commitment to, their respective roles. The Board, therefore, recommends that shareholders approve the resolutions to be put forward at the 2015 AGM relating to the re-election of all Directors.

Directors' conflicts of interest

On 1 October 2008, the Companies Act 2006 (the 'Act') codified the duty to avoid conflicts of interest, by which Directors have a duty to avoid a situation in which they have, or may have, a direct or indirect conflict of interest or possible conflict of interest with the Company. This duty applies to the exploitation of any property, information or opportunity regardless of whether the Company could have taken advantage of it. The Articles were amended at the AGM held on 18 November 2008 to include a general power for the Board to authorise such conflicts.

The Board has, in accordance with the Articles and best practice guidance, authorised the Nomination Committee to oversee the process for reviewing and making recommendations to the Board concerning any actual or potential conflicts of interest which arise or may arise in relation to each member of the Board, including details of any terms and conditions which it deems necessary to impose on any authorisation given. This process was carried out satisfactorily during the year in respect of all Directors, including Neil Cooper, prior to his appointment becoming effective.

The Group General Counsel and Company Secretary maintains a register of Directors' conflict of interests which is reviewed annually. Following this review he will make recommendations to the Board in respect of any changes to the authorisations, or terms and conditions applied, that may be required. Each Director is responsible for notifying, and is aware of their responsibility to notify, the Chairman and/or the Board of any new conflict or possible conflict and of any change in circumstances relating to authorisations already given. The Board, when authorising any conflict or possible conflict of interest, does not count in the quorum the Director whose conflict or possible conflict is being discussed and reserves the right to exclude a Director from a meeting whilst a conflict or possible conflict is being considered. The Board may revoke or vary any authorisation at any time.

Board gender diversity policy

During the year, the Nomination Committee reviewed the Group's policy on Gender Diversity in light of the recommendations contained within Lord Davies' report, 'Women on Boards', as part of its annual effectiveness exercise. This policy was in turn also considered by the Board. The Nomination Committee's primary goal remains to identify the most appropriate candidates to join the Board and other senior positions within the Group. However, in accordance with its terms of reference it also seeks to ensure that in considering succession planning it has due regard to the benefits of diversity for the Board, including gender. Accordingly, the Board will continue to work only with recruitment search consultants who have adopted a voluntary code of conduct addressing gender diversity. The Board has agreed not to impose a quota regarding gender balance. The Nomination Committee and the Board do however recognise the need to ensure that the business reflects a diverse workforce, at all levels of seniority, when considering Board appointments and internal promotions, whilst always seeking to ensure that each post is offered strictly on merit to the best available candidate. Promoting diversity more generally at a Senior Management level and more generally within the workforce is an objective for the Chief Executive and HR Director.

→ Barratt Developments PLC – Diversity Policy
www.barrattdevelopments.co.uk/sustainability/our-policies

See page 51: Gender split and page 33: Diversity and Inclusion.

This report forms part of the Corporate governance report and is signed on behalf of the Nomination Committee by:

John Allan

Chairman of the Nomination Committee

8 September 2015

Governance

Audit Committee report

Statement from the Chairman of the Audit Committee

Mark RolfeAudit Committee
Chairman

→ Key achievements in FY15

- Continued to shift emphasis in risk management towards operational risk as the business continues its strong profitable growth trend, supported by management presentations on valuation methodology, joint venture processes, shared equity portfolio management and taxation. Audit Committee briefing papers streamlined accordingly;
- Worked closely with our internal and external audit teams to ensure that our internal control processes remain robust and our financial reporting clear and accurate; and
- Monitored best practice implementations of the 2012 UK Corporate Governance Code through benchmarking our 2014 Report and Accounts in the context of the Financial Reporting Council's 'Clear and Concise' initiative. Assessed the implications of new reporting standards on Revenue Recognition (IFRS 15) and Financial Instruments (IFRS 9) and the implications of the 2014 UK Corporate Governance Code changes on principal risks, going concern and viability.

→ Areas for focus in FY16

- Implement the 2014 UK Corporate Governance Code changes in full, having concluded on appropriate assumptions for the longer term viability statement; and
- Monitor emerging practice in respect of the auditor's enhanced audit report.

“The Audit Committee has continued to oversee carefully the business risk and internal control framework during this period of rapid growth, whilst addressing the pipeline of governance and accounting standard developments. We have worked hard to keep our financial reporting ‘fair, balanced and understandable’ so that it remains relevant and useful to our stakeholders.”

I am pleased to present the Audit Committee report for the financial year ended 30 June 2015. The main role of the Audit Committee is to:

- monitor the integrity of the Group's financial statements and any proposed formal announcements relating to the Group's financial performance, including any significant financial reporting judgements and whether the Annual Report and Accounts are 'fair, balanced and understandable';
- monitor and review the effectiveness of the internal audit function;
- review the Company's principal risks, systems of internal control and risk management; and
- keep under review the relationship between the Group and the external auditor, including their re-appointment, independence and objectivity and the effectiveness of the external audit process, whilst continually monitoring and, where required, challenging the ratio between audit and non-audit fees.

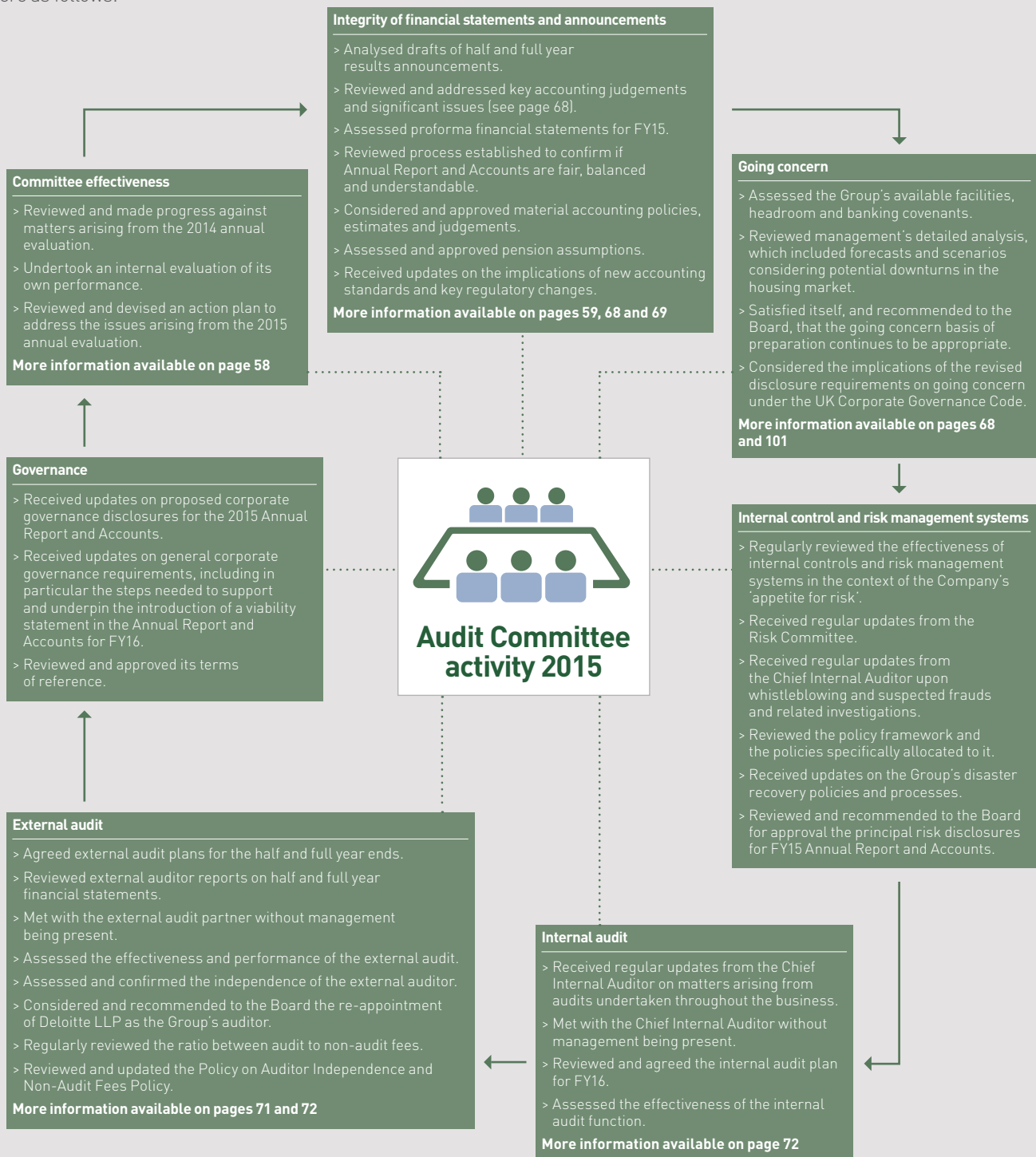
→ Audit Committee terms of reference –
www.barrattdevelopments.co.uk/investors/corporate-governance/governance-policies

The following section details the work undertaken by the Audit Committee in respect of the financial year under review.

Mark Rolfe
Chairman of the Audit Committee
8 September 2015

Main activities undertaken during the financial year

The Audit Committee follows an annual work programme, which covers the principal responsibilities as set under its terms of reference which was fully completed during the year. The main areas focused on by the Audit Committee during the year were as follows:



Governance – Audit Committee report continued

Membership and attendance at Audit Committee meetings

In order to provide the Audit Committee with an appropriate mix of skills and experience, including financial expertise, all Non-Executive Directors sit on the Audit Committee. I can confirm that, in accordance with Code provision C.3.1, each of the members is considered to be independent and, the Board is satisfied that, as I am a chartered accountant and have many years' experience in various financial roles, I have recent and relevant financial experience. There were four scheduled meetings during the year. Details of the members and attendance at each of the meetings is shown in **Table 5**.

Member	Role	Number of meetings attended
Mark Rolfe	Chairman	4/4
Richard Akers	Member	4/4
Tessa Bamford	Member	4/4
Nina Bibby	Member	4/4

Note:
4/ Number of meetings attended whilst a Director.
/4 Number of meetings whilst a Director.

In addition to the Group General Counsel and Company Secretary, representatives from Deloitte LLP and the Chief Internal Auditor attended each of the Audit Committee meetings. They met with members of the Audit Committee independently of management and the Chairman of the Board. The Chief Executive, the Group Finance Director and other members of Senior Management also attended meetings (or parts thereof), by invitation, as required. After each meeting, I have reported to the Board upon business undertaken to ensure that all Directors are informed of the Audit Committee's work.

→ Significant issues considered during the financial year

The significant issues considered by the Audit Committee during the financial year and how each of them was addressed is as follows:

Going concern

The Audit Committee:

- ▶ assessed the Group's available facilities, headroom and banking covenants;
- ▶ reviewed management's detailed analysis, which included forecasts and scenarios considering potential downturns in the housing market;
- ▶ satisfied itself, and subsequently the Board, that the going concern basis of preparation continues to be appropriate in the context of the Group's funding and liquidity position; and
- ▶ considered the revised disclosure requirements on going concern under the Code.

Further details upon the Group's going concern assessment can be found on page 112.

Financial reporting

The Audit Committee reviewed the integrity of the Financial Statements of the Group and the Company and all formal announcements relating to the Group's and Company's financial performance. This process included the assessment of the following primary areas of judgement and took into account the views of Deloitte LLP.

Significant financial judgements for 2015**Carrying value of land and work in progress**

Land and work in progress ('WIP') are the most significant assets of the Group and at 30 June 2015 were valued at £4,113.5m. We undertake housebuilding and commercial development and the majority of activity we carry out is not forward sold before we commence development. Accordingly, there is a risk that land and WIP may be held at a value more than the lower of cost and net realisable (sale) value. The Group conducts half yearly reviews of land and WIP carrying value and if the estimated net realisable value is lower than the carrying value, it impairs the land and WIP value.

Available for sale financial assets

The Group holds £107.0m of available for sale financial assets which principally comprise interest free loans made to purchasers upon the sale of a property and secured by way of a second charge. These loans are held at fair value and the valuation of them requires a number of judgements including the expected market value of the property at the date of repayment, the date the loan will be repaid and the appropriate rate that should be used to discount the value of these loans.

Goodwill and intangible assets impairment review

The Group has £792.2m of goodwill and £100.0m of intangible assets which arose upon the acquisition of Wilson Bowden. The Group reviews the carrying value of these assets on an annual basis to ensure that the present value of the future cash flows that the housebuilding business is expected to generate is greater than the carrying value of these assets. This review includes a number of judgements around the estimation of future cash flows and the determination of an appropriate rate to discount these cash flows.

How the Audit Committee addressed those judgements**Carrying value of land and work in progress valuation**

The Audit Committee considered land and WIP accounting judgements papers at its February, June and September meetings. These outlined the review process undertaken and the judgements made with regards to the estimation of further sales process and further build costs. Deloitte LLP reported upon land and WIP valuation at the February and September meetings in the context of the half year review and year end audit. Following detailed consideration of the accounting judgements papers and the findings of Deloitte LLP, the Audit Committee agreed with the judgements made by management and concluded that the valuation of our land and WIP remains appropriate.

Available for sale financial assets

The Audit Committee considered available for sale financial asset accounting judgements papers at its February and September meetings. These outlined the assumptions made, the sources for these assumptions, and the resulting valuation. Deloitte LLP reported upon available for sale asset valuation at the February and September meetings in the context of the half year review and year end audit. Following detailed consideration of the accounting judgements papers and the findings of Deloitte LLP, the Audit Committee agreed with the judgements made by management and concluded that the valuation of available for sale financial assets remains appropriate.

Goodwill and intangible assets impairment review

The Audit Committee considered a goodwill and intangible assets accounting judgements paper at its September meeting. This outlined the assumptions made, the sources for these assumptions, and the resulting valuation. Deloitte LLP reported upon goodwill and intangible assets valuation at the September meeting in the context of the year end audit. Following detailed consideration of the accounting judgements paper and the findings of Deloitte LLP, the Audit Committee agreed with the judgements made by management and concluded that the valuation of goodwill and intangible assets remains appropriate.

Fair, balanced and understandable

The Audit Committee also undertook a detailed process to consider whether the 2015 Annual Report and Accounts were fair, balanced and understandable. It considered the feedback provided by shareholders in respect of the 2014 Annual Report and Accounts, the Group's trading updates and the information that the Board had received throughout the year. The Audit Committee received an early draft of the 2015 Annual Report and Accounts (including the risk management statement and principal risks disclosure) to allow itself sufficient time to review the disclosures therein. It also received a report from the Group General Counsel and Company Secretary which confirmed that: (i) the Annual Report and Accounts had been reviewed by the Group Executive Directors; and (ii) the Company had received confirmation from its external advisers, that the Annual Report and Accounts adhered to the requirements of the Code and relevant rules and regulations. The Audit Committee then assessed, at its September 2015 meeting, whether the Annual Report and Accounts were fair, balanced and understandable. It reviewed the processes underpinning the compilation and assurance of the Annual Report and Accounts, in relation to the financial and non-financial management information. It also reviewed the internal processes underpinning the Group's reporting governance framework and the reviews and findings of the Group's external legal advisers and the auditor. The Audit Committee concluded that the 2015 Annual Report and Accounts were fair, balanced and understandable and recommended as such to the Board.

The effectiveness of internal controls and the risk management process

The Audit Committee plays a vital role in managing the effectiveness of internal controls and the risk management process on behalf of the Board. The key aspects of the Group's system of internal control and risk management framework are as follows:

- i) a clear organisational structure with defined levels of authority and responsibility for each operating division;
- ii) financial and management reporting systems under which financial and operating performance is consistently reviewed against budget and forecasts at divisional, regional and Group levels on a monthly basis;
- iii) identification and review of principal operational risk areas to ensure they are embedded in the Group's monthly management reporting system. This is so that the identification and control of risk are a routine aspect of management responsibility.

Amongst other matters, the risks reviewed by management, the Audit Committee and the Board include:

- > economic environment, including housing demand and mortgage availability;
- > land and strategic land option purchasing;
- > liquidity;
- > attracting and retaining high-calibre employees;
- > availability of raw materials, suppliers of products of the quality required and suitably qualified subcontractors and labourers;
- > Government regulation, housebuilding and planning policy;
- > construction and new technologies;
- > joint ventures and consortia;
- > safety, health and environmental; and
- > IT.

Details of the management of risk system utilised and the principal risks and uncertainties and their relevance to the operations and financial performance of the Group are set out in Risk management on pages 40 to 45 of the Strategic Report; and

- iv) assessment of compliance with the internal control and risk management systems. This assessment is supported by the Group's internal audit team which is responsible for undertaking an annual audit plan, ad hoc audits and reporting to the Audit Committee, and, if necessary, the Board, on the operation and effectiveness of those systems and any material failings with them. The planned programme of audit appraisals across Group operations is approved by the Audit Committee. It includes full divisional audits and targeted audits of key risk areas such as the land viability process, land acquisition cost controls and monitoring WIP and subcontractor payment controls. Where the internal audit team does not have the expertise or resources required to conduct complex audits they use external expertise.

Governance – Audit Committee report continued

The Group's operations and financing arrangements expose it to a variety of financial risks that include the effects of changes in borrowing and debt profiles, government policy, market prices, credit risks, liquidity risks and interest rates. The most significant of these to the Group is liquidity risk. Accordingly, there is a regular, detailed system for the reporting and forecasting of cash flows from the operations to Group management to ensure that risks are promptly identified and appropriate mitigating actions taken. These forecasts are further stress tested at a Group level on a regular basis to ensure that adequate headroom within facilities and banking covenants is maintained. In addition, the Group has in place a risk management programme that seeks to limit the adverse effects of the other risks on its financial performance, in particular by using financial instruments, including debt and derivatives, to hedge interest and currency rates. The Group does not use derivative financial instruments for speculative purposes. Activities are delegated, by the Board, to a centralised Treasury Operating Committee, which in turn reports to the Board. The treasury department implements guidelines that are established by the Board, in accordance with approved treasury policies, and the Treasury Operating Committee.

During the year the Audit Committee:

- reviewed the effectiveness of risk management and internal controls in relation to material financial risks;
- reviewed a number of process improvements and confirmed that the risk management and internal control systems had been in place throughout the year ended 30 June 2015 and that they and their effectiveness accord with the Code;
- provided regular reports to the Board in respect of its findings on the effectiveness of the internal controls and risk management process, in order to assist the Board with its assessment that sound risk management and internal control systems have been maintained throughout the year which seek to safeguard shareholders' investments as well as the Group's assets (in accordance with principle C.2 of the Code);
- assisted the Board to determine the nature and extent of the significant risks that it is appropriate for the Group to take to achieve its strategic objectives and to be assured that Executive Directors and Senior Management continue to implement and maintain the Group's internal control and risk management systems within the governance and policy framework approved by the Board;
- spent time with management below Board level to understand risks and controls in a number of areas of the business including: cascading of internal control and risk management policies within the business; onsite IT systems; risk of cyber attacks to the business; supply chain risks; and the enhancement of financial control following the continued increase in volume of homes built;

- reviewed in detail the output of the six monthly controls self-certification process from each of the divisions;
- considered all whistleblowing and suspected fraud reports and actions;
- reviewed all internal audit results and action plans;
- received regular reports from the Risk Committee in respect of the work it had undertaken to review the effectiveness of the Group's internal control policies and procedures for the identification, assessment and reporting of risks and for assessing individual key risks on a rolling basis;
- reviewed the concurrency of the principal risks and the risk management framework to determine if the descriptions of their operation were up to date, the system of internal control remains effective and reported their findings to the Board when considering the draft interim and full year Financial Statements; assisted the Executive Committee to prioritise the risk framework by identifying the risks considered most significant to the Group and assessed their potential impact on the business of any risks identified; and
- assessed the structure deployed by the Group when assessing risks. This is set out in Risk management on pages 40 to 45 of the Strategic Report.

The Audit Committee is pleased with the progress with its short and medium term work programmes to date, and recognises that work will need to be continued in these areas during the next financial year.

Review of accounting policies

The Audit Committee considered the impact of the accounting standards adopted in the year and reviewed the Group's progress on projects to consider the impact of both IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from contracts with customers' upon the Group's accounting policies and financial statements. Further information on the impact of accounting standards is on page 118.

External auditor**i) Re-appointment of auditor**

The Audit Committee considered the re-appointment of Deloitte LLP as the auditor to the Company and whether to tender the external audit in respect of the 2015/16 financial year. In arriving at its conclusion, the Audit Committee took into account:

- feedback on the effectiveness of the external audit from divisional, regional and Group management who were closely involved in both the interim and year end reporting process;
- the Code's requirement to put the external audit out to tender every ten years. Deloitte LLP was appointed as the auditor of the Company through an external tender process in 2007;
- the appointment of Mark Goodey as the lead audit partner during FY13;
- FRC guidance and the Code which suggest that the tendering should normally align with the five-yearly cycle of partner rotation;
- Deloitte LLP's objectivity and independence;
- Deloitte LLP's performance against the audit plan for the 2014/15 financial year; and
- the quality of advice and assistance brought to bear and received throughout the year.

The Audit Committee concluded that Deloitte LLP's performance as auditor to the Company continues to be satisfactory and that it was not necessary to consider a tender process this year. Mark Goodey will continue to act in this capacity until the conclusion of the 2017 audit subject to satisfactory performance. The Audit Committee will assess its tendering arrangements towards the conclusion of Mark Goodey's period in office, or earlier if it has reason to do so. Accordingly, it recommended to the Board that a resolution re-appointing Deloitte LLP as the auditor to the Company be proposed at the 2015 AGM. That recommendation was subsequently endorsed by the Board.

There are no contractual obligations which restrict the Audit Committee's choice of External Auditor.

ii) Audit effectiveness

The Audit Committee assessed the effectiveness of the external audit and concluded that the audit process as a whole had been conducted robustly and that the team selected to undertake the audit had done so thoroughly and professionally. In coming to this conclusion the Audit Committee reviewed amongst other matters:

- Deloitte LLP's fulfilment of the agreed audit plan and the absence of any variations from it;
- reports highlighting the material issues and accounting judgements that arose during the conduct of the audit;
- feedback from Group and Regional management finance functions and the Chief Internal Auditor evaluating the performance of the audit; and
- the report from the FRC's Audit Quality Review Team.

iii) Auditor independence and non-audit fees policy

The Audit Committee formally reviewed the policy which the Company has implemented on Auditor Independence and Non-Audit Fees (the 'Policy') during the year. The Policy sets out the duties of the Audit Committee and the limited range of services which the auditor may provide without requiring prior approval of the Audit Committee. Any services outside this scope must be approved by the Audit Committee in order to maintain auditor independence and to monitor non-audit fees incurred by the Group. The Policy also sets out a number of services which the External Auditor is excluded from providing to the Group. These include:

- bookkeeping or other services related to the accounting records or Financial Statements;
- financial information systems design and implementation relating to the Financial Statements or accounting records;
- appraisal or valuation services, fairness opinions, or contributions-in-kind;
- actuarial services;
- internal audit outsourcing services;
- management functions or human resources;
- broker or dealer, investment adviser, or investment banking services;
- legal services and expert services unrelated to the audit; and
- executive recruiting.

Under the Policy the Company is required to, and does, obtain written confirmation from Deloitte LLP that they remain independent on an annual basis. Deloitte LLP have also provided a comprehensive report to the Audit Committee verifying that they have performed their audit and audit-related services in line with independence requirements and assessing why Deloitte LLP believe they remain independent within the requirements of the applicable regulations and their own professional standards, which were conclusions that the Audit Committee endorsed.

Governance – Audit Committee report continued

In reaching these conclusions the Audit Committee reviewed, amongst other matters:

- a report from Deloitte LLP describing their arrangements to identify, report and manage any conflicts of interest;
- the extent of the non-audit services provided by Deloitte LLP; and
- the ratio of audit to non-audit fees.

As part of its review of the policy, the Audit Committee took the opportunity to tighten the restrictions on the recruitment of employees from Deloitte LLP, so that no employee (at whatever level of seniority) involved in the Company's audit for a two-year preceding period can be hired without the pre-approval of each of the Chairman of the Company, the Chair of the Audit Committee and the Chief Financial Officer.

iv) Non-audit services

The Audit Committee continually monitored the ratio between audit to non-audit fees to ensure that they remained within the 1:1 ratio prescribed in the policy. At the end of FY15, non-audit fees represented 71% of audit fees. Further details of the audit (including audit-related) and non-audit fees incurred by the Group can be found on page 123.

The Audit Committee noted that the majority of the non-audit fees related to audit-related assurance services which principally comprise the review of the Group's interim report, taxation compliance (for which Deloitte LLP were appointed on 1 December 2010 following a competitive tender process in which four of the leading audit firms took part), and also taxation advice on various land acquisitions and disposals during the year. Accordingly, the Audit Committee was satisfied that the work performed by Deloitte LLP was appropriate in the context of ensuring their independence as auditor, particularly given that the audit-related assurance services, relating to the review of the Group's interim report, can only be conducted by the Group's auditor and that the tax advisory services had been managed by a partner who has no involvement with the audit of the Group. Consequently, the Audit Committee concluded that the level of non-audit fees was justified and did not raise any concerns in terms of Deloitte LLP's independence as auditor to the Group. Deloitte LLP have also confirmed, in writing, that they are in agreement with this conclusion.

The Audit Committee confirms that there are no independence issues in respect of the auditor and that the policy has been appropriately complied with throughout the year under review.

Internal Audit function

During the year, the Audit Committee received reports from the Chief Internal Auditor on the findings of internal audits conducted throughout the business, together with details of the proposed actions to rectify any issues identified. In addition, the Audit Committee monitors and reviews the systems and processes adopted by the internal audit function to ensure that they remain fit for purpose.

Audit Committee effectiveness

The Audit Committee successfully implemented the recommendations arising from its 2014 performance evaluation and once again, evaluated its own performance and that of its members through an internal process led by the Chairman of the Audit Committee. The outcome of the review was positive, particularly in respect of each member having a clear understanding of what is expected of them to undertake and discharge their responsibilities. The key area of focus identified related to succession planning for members of the Audit Committee, in particular, its Chairman.

Whistleblowing

The Chief Internal Auditor updated the Audit Committee on new whistleblowing incidents, ongoing investigations and the outcome of any completed investigations. On the back of these updates the Audit Committee assessed the adequacy of the Group's whistleblowing policy in accordance with the requirements of the Code. It reviewed the whistleblowing procedure adopted by the Group, including steps that can be taken to enhance awareness of it, to ensure it remains appropriate and adequately allows individuals who become aware of possible improper, unethical or even illegal behaviour to raise the matter with their manager or alternatively refer the matter to a confidential and independent telephone number (the 'Whistleblowing Number').

The Whistleblowing Number is available to all employees (together with sub-contractors and suppliers) 24 hours a day, seven days a week. Any issues reported to the Whistleblowing Number are immediately brought to the attention of the Chief Internal Auditor. The Chief Internal Auditor reviews and investigates the issue, and at his sole discretion can seek guidance from appropriate individuals within the Group, such as the Group General Counsel and Company Secretary, as and when he deems necessary.

This report forms part of the Corporate governance report and is signed on behalf of the Audit Committee by:

Mark Rolfe

Chairman of the Audit Committee

8 September 2015

Safety, Health and Environment Committee report

Statement from the Chairman of the Safety, Health and Environment Committee

Richard Akers

Safety, Health and Environment Committee Chairman



“The SHE Committee was established on 1 July 2014 to enhance the oversight and stewardship of SHE operational performance. Accordingly, it has been a busy first year focused on reviewing and enhancing the Group’s SHE systems and processes.”

→ Key achievements in FY15

- Agreed and implemented in full its terms of reference;
- Agreed and oversaw delivery of a 29 step proactive plan to promote ‘Safety First’ including external benchmarking, a ‘Five Steps to Safety’ programme and mandatory annual SHE visits by all Board members to set the tone at the top;
- Maximum 5 Star status awarded by the British Safety Council following an audit of our safety management systems;
- Development of a consolidated training programme for all site based employees, supported by the use of electronic forms and e-learning modules; and
- Stabilising the IIR at 381 for FY15 (FY14: 379).

→ Areas for Focus in FY16

- Review longer term impact of the implementation of the Safety First proactive plan;
- Ensuring maintenance of a 5 Star system of safety audit and review the outcome of a follow up audit by the British Safety Council;
- Monitor and enhance initiatives and processes put in place to assist with addressing the Group’s IIR and Reportable Injury Incident rates; and
- Review SHE performance targets and objectives set for the business to ensure they remain appropriate.

Governance – Safety, Health and Environment Committee report continued

This is the first report for the Safety, Health and Environment ('SHE') Committee, having been established on 1 July 2014. There has been SHE Operations Committee in place for over five years, although, last year the Board decided that given the continuing increase in unit production, the turnover in sub-contractors and a consequent increase experienced in our Injury Incident Rate ('IIR'), that it should enhance the oversight and stewardship of SHE operational performance. Accordingly, the SHE Committee came into effect. Its primary role is to:

- ▶ oversee the Group's compliance with the SHE management system;
- ▶ review any significant SHE risks or exposures and assess ways to mitigate against these;
- ▶ establish and maintain policies in respect of all areas relating to safety, health and environment such as safety of employees, customers, contractors and the general public; and
- ▶ assess the outcome of annual SHE internal and external audits and agree necessary actions with the Group SHE Director.

The SHE Committee has agreed and implemented terms of reference which fully set out its duties and how the SHE Committee will operate.

The key achievements of the SHE Committee are set out on the previous page together with the areas that it will focus on during FY16.

→ SHE Committee terms of reference – www.barrattdevelopments.co.uk/investors/corporate-governance/governance-policies

Richard Akers

Chairman of the SHE Committee

8 September 2015

Membership and attendance at SHE Committee meetings

The Directors who are members of the SHE Committee and their attendance at the three scheduled meetings during the year are shown in **Table 6**. Tom Keevil, Group General Counsel and Company Secretary, is also a member.

Only members of the SHE Committee have the right to attend meetings, however individuals such as the Group SHE Director may be invited to attend all or part of any meeting where it is deemed appropriate.

Table 6

Member	Role	Number of meetings attended
Richard Akers	Chairman	3/3
Steven Boyes	Member	3/3

Note:

3/ Number of meetings attended whilst a Director.

/3 Number of meetings whilst a Director.

The SHE Operations Committee reports directly to the SHE Committee with the Group Safety, Health and Environmental Director presenting direct reports to these Committees and to the Board. The Group SHE Operations Committee continues to operate and is responsible for implementing and oversight of the overall SHE improvement strategy for the Group.

Remuneration report

Annual statement from the Chairman of the Remuneration Committee

Richard Akers
Remuneration
Committee Chairman



“The remuneration outcomes for FY15 reflect the significant improvements made by the Group across all operating metrics. They also take into account the excellent progress made by the Executive Directors and Senior Management in delivering the Company’s strategy.”

→ Key achievements in 2015

- Continuing engagement with shareholders and governing bodies in respect of remuneration policy with 99% of those voting at the 2014 AGM approving our policy;
- Agreed the fixed and variable remuneration for the new Chief Executive and Chief Financial Officer Designate;
- Negotiated a reduced pension supplement for all Executive Directors;
- Agreed retirement arrangements for Mark Clare; and
- Agreed the simplification of the structure of, and the targets for, the bonus scheme for FY16.

→ Areas for focus in 2016

- Medium and long term Senior Management retention;
- Targets for, and the level of awards of, any LTTPP grant; and
- Implementation of matters identified in the effectiveness review.

I am pleased to present the Remuneration report for the financial year ended 30 June 2015 on behalf of the Remuneration Committee. The Remuneration report comprises this statement, the Directors’ Remuneration Policy (the ‘Policy’) and the Annual report on remuneration. Each of these parts has been prepared in accordance with the requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendments) Regulations 2013 and of the 2012 UK Corporate Governance Code (the ‘Code’). No changes are proposed to the Policy for FY16 and it will not, therefore, be re-presented to shareholders at this year’s AGM. The Annual report on remuneration (including this Annual Statement) will, as in previous years, be subject to an advisory vote.

The main role of the Committee is to design and implement a remuneration framework which is aligned to the interests of the shareholders and allows the Group to recruit and retain Executive Directors and Senior Management who are fully focused, and motivated, to achieve and deliver the key elements of the Company’s business strategy. The Committee operates within terms of reference (the ‘Terms of Reference’) and governance policies approved annually by the Board and in accordance with the Code.

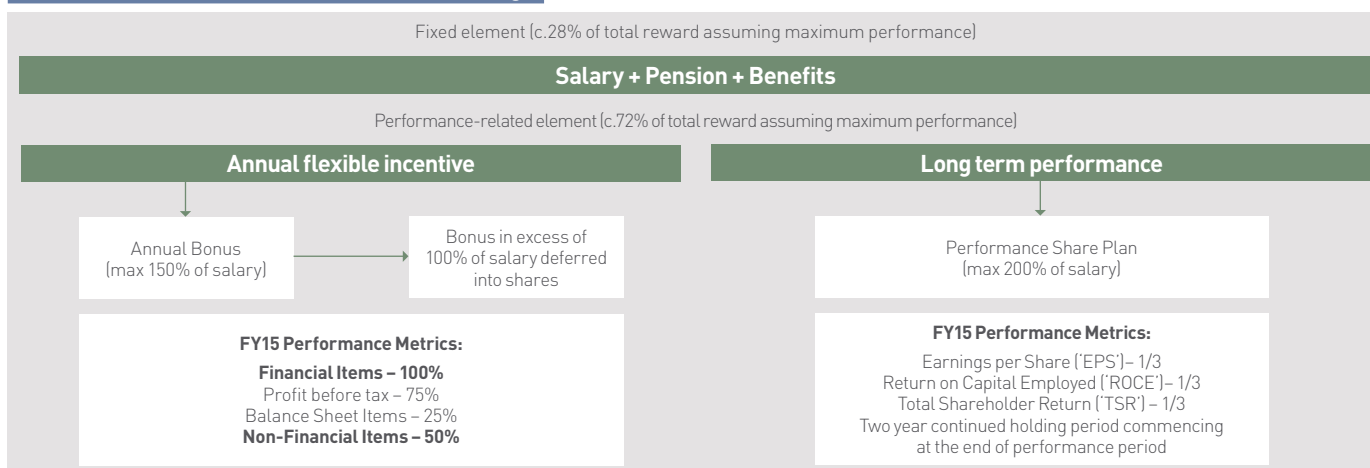
→ Remuneration Committee terms of reference – www.barrattdevelopments.co.uk/investors/corporate-governance/governance-policies

Governance

Remuneration report
Overview

Below is a summary of the remuneration package for Executive Directors throughout FY15, together with the targets set for variable remuneration, our performance against such targets and the resulting remuneration outcomes. Full details can be found in the Annual report on remuneration on pages 84 to 95.

FY15 Executive Directors' Remuneration Package



Our performance in FY15

	FY15	FY14	FY13 (restated) ¹
Profit before tax (£m)	565.5	390.6	104.5
EPS (pence)	45.5	31.2	14.5 ²
ROCE (%)	23.9	19.5	11.5
Land bank owned (years)	3.3	3.4	3.4
Net cash/(debt) (£m)	186.5	73.1	(25.9)
Total capital return (pence) ³	25.1	10.3	2.5

1 The Consolidated Income Statement has been restated following the adoption of IAS 19 (Revised) 'Employee Benefits' during FY14.

2 Adjusted earnings per share before exceptional items. Basic earnings per share 7.7 pence.

3 Includes interim dividend of 4.8 pence per share paid in May 2015 and the proposed final dividend of 10.3 pence per share and special cash payment of 10.0 pence per share for FY15, both of which are subject to shareholder approval.

FY15 Executive Directors' remuneration outcomes

Annual Bonus:

Performance Metric	Potential maximum bonus (% of salary)	Bonus achieved (% of salary)
Profit before tax	75.0	70.8
Land commitment	25.0	25.0
Health & safety	15.0	15.0
Customer service	15.0	10.0
Employee engagement	10.0	10.0
Personal objectives	10.0	9.0
Total bonus	150.0	139.8

LTPP grant in October 2012:

Performance Metric	Targets	Achievement	Level of Vesting (%)
EPS (pence)	Minimum 20 On target 24 Maximum 28	45.5 ¹	100
TSR (%)	Median 81.9 Upper quartile 137.2	362.9	100
Total Level of Vesting			100

1 Rebased as explained on page 86 to 44.5 pence for the purpose of calculating the vesting level.

Our remuneration strategy

Our strategy is to ensure that Executive Directors' remuneration (and that of Senior Management) is clearly linked to the delivery of sustainable shareholder value and that they are appropriately rewarded for performance against the Group's key objectives.

Aims of our remuneration policy:

- ▶ promote the long term success of the Company and be fully aligned with the performance and strategic objectives of the Group applicable for any financial year;
- ▶ reward the delivery of profit, the maintenance of an appropriate capital structure and the continued improvement of return on capital employed by the business whilst ensuring that Executive Directors and Senior Management adopt a level of risk which is in line with the risk profile of the business as approved by the Board;
- ▶ reflect the interests and expectations of shareholders and other stakeholders;
- ▶ attract, retain, motivate and competitively reward Executive Directors and Senior Management with the requisite experience, skills and ability to support the achievement of the Group's key strategic objectives in any financial year;
- ▶ take account of pay and employment conditions of employees across the Group; and
- ▶ ensure that there is no reward for failure; termination payments (if any) are limited to those that the Executive Director (or member of Senior Management) is contractually entitled to; and in exercising its discretion, the Committee robustly applies the 'good' and 'bad' leaver provisions as defined in the rules of each of the share schemes operated by the Group.

For full details see page 70 of our 2014 Annual Report and Accounts.

Our performance and FY15 remuneration outcomes

As illustrated on page 76, the Group has once again seen significant improvements across all operating metrics. Given that management has continued to make excellent progress in delivering the Company's strategy whilst maintaining a strong position for the future, the Committee has approved the following remuneration for Executive Directors in respect of FY15.

Annual bonus

In July 2014, the Committee established a profit before tax target level of £530m, with a minimum threshold for the bonus at £510m and a maximum threshold of £570m against a market consensus of £530m. Performance against each of the annual bonus targets, including profit before tax, is set out on page 86. Based on this performance, the Committee has approved a bonus award of 139.8% of base salary (2014: 150%) for Executive Directors. The bonus earned in excess of 100% of base salary will be deferred into shares for a period of three years and will be subject to a continued employment condition.

Long Term Performance Plan

The performance period for the award made on 24 October 2012 (the '2012/13 LTPP') ended on 30 June 2015. Both the total shareholder return and earnings per share performance conditions applicable to this award were tested thereafter and 100% of each element will vest on 24 October 2015. Details of the achievement against the specific targets can be found on page 87. Each participant of the 2012/13 LTPP will therefore receive 100% of the award granted to them in October 2012. The relevant number of shares (following settlement of any tax and national insurance liabilities) will be issued to each participant in October 2015.

Management changes

Following Mark Clare's decision to retire from his position as Group Chief Executive with effect from 30 June 2015 and as an Executive Director as of 31 July 2015, the Committee discussed and approved his retirement arrangements. Details can be found on page 95. The Committee also considered the structure of the remuneration packages for David Thomas and Neil Cooper in respect of their appointments to the roles of Chief Executive and Chief Financial Officer Designate respectively. Full details are set out on pages 93 and 94.

Governance – Remuneration report continued

Remuneration for FY16

Taking into account the continuing improvement in the business environment, the Company's evolving strategy and feedback received from shareholders on the Company's remuneration policy, the Committee undertook a detailed review of the remuneration for Executive Directors and Senior Management in December 2014. The key components of Executive Directors' remuneration for FY16 are summarised below:

Base salaries

Executive Directors' salaries, including that of Steven Boyes, have been set so as to reflect the change of roles and responsibilities in light of the changes in management. See page 92 for further details.

Annual bonus

The maximum bonus potential has been maintained at 150% of base salary for any bonus earned in respect of FY16. Any bonus in excess of 100% will be deferred into shares in the Company for a period of three years and subject to a continued employment condition. The Committee has however revised the performance measures and their weightings by reducing the weighting of profit before tax, increasing the weighting of balance sheet items and personal objectives and by removing employee engagement. This reflects a significant simplification of the annual bonus structure for Executive Directors and Senior Management to improve its effectiveness as an incentivisation and retention tool. Full details of the FY16 bonus performance measures and their respective weightings are set out on page 93.

2015/16 LTPP award

Consistent with the approach taken last year, the Committee intends to make awards to Executive Directors and Senior Management under the LTPP during FY16 (the '2015/16 LTPP'). The level of the award to be granted will continue to be no more than 200% of base salary for Executive Directors. The award will be subject to three performance targets: total shareholder return, absolute earnings per share and return on capital employed. Each element will represent one-third of the total award. The 2015/16 LTPP will also be subject to a two-year continued holding period, commencing from the completion of the performance period. Further details on the 2015/16 LTPP can be found on page 94.

Shareholding requirements

Following feedback from shareholders, the shareholding requirements introduced on 1 July 2014 for Executive Directors and Senior Management have been further enhanced. Executive Directors must now retain a minimum percentage of 'owned shares' and to be classified as a 'good leaver' are required to hold shares for a period of two years after they leave the business. Details can be found on page 93.

Conclusion

Throughout the year, the Committee complied with those aspects of the Code relevant to its business. The Committee continues to demonstrate its accountability on executive remuneration to shareholders through this report and through regular dialogue. As in previous years, the Committee engaged with key institutional investors and shareholder representative bodies in respect of the intended application of the policy for Executive Directors and Senior Management for the forthcoming year. Feedback from this process and the remuneration guidelines and guidance issued by the Investment Association, the National Association of Pension Funds and Pensions Investment Research Consultants, were taken into account when setting Executive Directors' remuneration.

I would like to thank all shareholders for their support of our remuneration policy to date. I hope that you will continue to support the Remuneration report at this year's AGM by voting in favour of the Annual report on remuneration.

Richard Akers

Chairman of the Remuneration Committee

8 September 2015

Remuneration report

Directors' remuneration policy – summary

The Policy is summarised in the tables below and on pages 81 to 83. The Policy was approved by shareholders at the 2014 Annual General Meeting held on 12 November 2014. No changes are proposed to the Policy for FY16.

The full version of the Policy can be found on pages 64 to 74 of the 2014 Annual Report and Accounts which is available on our website at www.barrattdevelopments.co.uk/investors/results-reports-and-presentations/rp-2014.

A description of how the Company implemented the Policy in FY15 can be found on pages 84 to 92 and details of how the Policy is intended to be applied in FY16 are set out on pages 92 to 95.

Element of pay	How operated in practice	Additional information
Base salary To help promote the long term success of the Company, attract and retain high-calibre Executive Directors and reflect the roles and responsibilities of each of the Executive Directors.	Salaries are paid monthly in arrears. The aim is to provide a competitive salary relative to comparable companies in terms of size and complexity.	Normally reviewed annually and fixed for 12 months with effect from 1 July. See page 92 for Executive Directors' salaries with effect from 1 July 2015.
Benefits (taxable) To support the health and well-being of Executive Directors whilst they undertake their roles.	Benefits include: <ul style="list-style-type: none"> > company car; > annual medical screening; > private medical insurance; > some telephone costs; and > contributions towards obtaining independent tax advice. 	The Committee does have the discretion to offer other benefits, if it deems appropriate, to secure the appointment of a new Executive Director and to ensure that the benefits package for existing Executive Directors remains competitive in the market.
Pension To assist Executive Directors plan for retirement.	In accordance with legislation, Executive Directors are enrolled into a workplace pension. If Executive Directors choose to opt-out of the workplace pension they can elect to either: <ul style="list-style-type: none"> > participate in the Company's money purchase pension plan; or > receive a salary supplement. Executive Directors are also eligible for an insured lump sum of up to five times pensionable salary on death in service.	The defined benefit section of the Group's pension scheme closed to new entrants in 2001 and future accrual of defined benefits for current members ceased to be offered on 30 June 2009. Steven Boyes remains a member of this part of the scheme. Each of the Executive Directors received a salary supplement equal to 30% of their salary for FY15.
Annual bonus To motivate and reward Executive Directors and Senior Management for the achievement of demanding financial objectives and key strategic measures over the financial year.	Executive Directors are eligible to an annual bonus which is discretionary and is not pensionable. The level of bonus awarded to each Executive Director is dependent on the achievement of a number of Group and individual performance targets. Bonuses up to 100% of base salary are paid in cash. Any bonus earned in excess of this (up to a maximum of 50% of base salary) is compulsorily deferred into shares under the Deferred Bonus Plan ('DBP'), see below.	When setting bonus targets, the Committee considers the effect of corporate performance on environmental, social and governance risks and sustainability issues generally to ensure that remuneration structures do not inadvertently motivate irresponsible behaviour. The performance targets set are stretching whilst having regard to the nature and risk profile of the Company and the interests of its shareholders. Performance conditions are based on a mixture of financial and non-financial targets. Performance against FY15 targets can be found on page 85.
Long Term Performance Plan ('LTPP') To motivate and reward Executive Directors and Senior Management for the delivery of the long term performance of the Group. To facilitate share ownership by Executive Directors and Senior Management.	Executive Directors are eligible to participate in the Company's LTPP. Annual LTPP awards can be equal to a maximum of 200% of base salary and are for a period of three years with a two-year continued holding period attached to the end of the performance period.	LTPP awards are usually granted in October each year. The Committee sets performance targets for each award and ensures that targets, whilst stretching, are realistic and attainable; for the long term benefit of the Group; and do not encourage inappropriate business risks. Performance so far against the targets for the awards made in FY15 can be found on page 86. Details of the awards due to be granted in October 2015 are set out on page 94. These awards will, as in previous years, be subject to performance conditions relating to EPS, TSR and ROCE.

Governance – Remuneration report – Directors' remuneration policy – summary continued

Element of pay	How operated in practice	Additional information
Deferred Bonus Plan ('DBP')		
To encourage long term focus and to further align interests of the Executive Directors and Senior Management with those of shareholders and discourage excessive risk taking.	Any annual bonus which is deferred into shares is held in this plan for a period of three years and is subject to a continued employment condition. Deferred shares may be forfeitable if an individual leaves prior to the release date. Deferred shares do not accrue dividends.	The Committee utilises the rules of the Group's Co-Investment Plan (the 'CIP') for the purposes of the DBP. Under these rules the Committee has a discretion which allows it to award matching shares (the 'Matching Award') should it deem appropriate to do so. Details of any bonus deferred into shares for FY15 can be found on page 85.
Executive Share Option Scheme ('ESOS')		
To encourage or facilitate the holding of shares in the Company by or for the benefit of bona fide employees and former employees of the Company and its subsidiaries.	No awards can be granted under the ESOS in the same financial year as an award is granted under the LTTPP. The Committee retains the discretion to make future awards under the ESOS should market conditions dictate that it is more appropriate to grant under the ESOS than the LTTPP.	The last award, made under the ESOS in December 2009, vested in December 2012. Executive Directors have until 19 December 2019 to exercise their vested option, after which time it will lapse. Mark Clare and Steven Boyes exercised their ESOS options during the year. Details can be found on pages 87 and 88.
Savings Related Share Option Scheme ('Sharesave')		
To promote long term share ownership amongst all employees of the Group in a tax-efficient way, linking employee benefits to the performance of the Group and to aid retention of staff.	Under the standard terms of the Sharesave, all employees with a minimum of six months' service as at the invitation date are eligible to participate in the Sharesave. Employees can elect to save between a minimum of £5 and the maximum monthly savings limit as approved by the Committee and the Board, for a period of three or five years. At the end of the savings period the employee has six months in which to exercise their option.	The three-year Sharesave granted in March 2012 matured on 1 June 2015. Mark Clare exercised his option during the year. Steven Boyes has until 30 November 2015 to exercise his. Steven Boyes was granted an option under the 2015 Sharesave. Further information can be found on page 88.
Shareholding requirement		
To further align the interests of Executive Directors and Senior Management to those of shareholders.	Executive Directors are required to build and retain a shareholding in the Company's shares within five years of being appointed to the Board. Shareholdings will be valued by reference to the higher of the share price paid on acquisition or vesting and the share price at the close of business of the London Stock Exchange on 30 June annually. The salary will be the participant's salary applicable for the financial year under review.	The Chief Executive and other Executive Directors are required to build up and retain a total shareholding in the Company's shares equivalent to 200% and 150% of base salary respectively (the 'Total Shareholding'). Shares that qualify as 'Total Shareholdings' (included net of income tax except for Owned Shareholdings) <ul style="list-style-type: none"> ▶ All 'Owned Shareholdings' (see page 93); ▶ Shares held under a vested but unexercised option; ▶ Shares held under the Deferred Bonus Plan; and ▶ Vested shares under LTTPPs subject to ongoing restrictions.

Clawback provisions apply to all short and long term variable remuneration in the event of material misconduct and/or material misstatement or error of financial results. For full details see page 83.

Summary of the remuneration policy for Non-Executive Directors

Element of pay	How operated in practice	Additional information
Non-Executive Directors' fees (including the Chairman)		
To reflect the time commitment and the skills and experience required for the role.	The remuneration of the Chairman and the Non-Executive Directors is reviewed annually taking into account the fees paid by other companies in the housebuilding sector. Non-Executive Director fees are paid monthly in arrears. No additional fees are payable for membership of Board Committees however, additional fees are paid to the Chairmen of the Audit, the Remuneration and the Safety, Health and Environmental Committees and to the Senior Independent Director. See page 95 for full details.	The remuneration of the Non-Executive Directors is set by the Board on the recommendation of a Committee of Executive Directors and the remuneration of the Chairman is set by the Board on the recommendation of the Committee. Non-Executive Director fees were increased to £56,000 with effect from 1 July 2015. See page 95 for further details. The Non-Executive Directors do not participate in any performance related schemes (e.g. annual bonus or incentive schemes) nor do they receive any pension or private medical insurance or taxable benefits other than the potential to receive gifts at the end of a long-standing term of appointment and travel/hospitality benefits related to their role as Directors.

Executive Directors' service contracts

Details of the Executive Directors' service contracts are included in **Table 7** and their emoluments are shown in **Table 10** on page 84. The Company's policy is for all Executive Directors' (including new appointments) service contracts to be for a rolling 12 month period which can be terminated by 12 months' notice given by either the Company or by the Executive Director at any time. The service contracts entitle Executive Directors to the provision of a company car, annual medical screening, private medical insurance, some telephone costs and contributions to the cost of obtaining independent tax advice. The Committee regularly reviews the contractual terms for Executive Directors to ensure that they continue to reflect best practice.

All Executive Directors' appointments and subsequent re-appointments are subject to election and annual re-election by shareholders at the Company's Annual General Meeting.

Table 7 – Executive Directors' service contracts

Executive Director	Service contract date	Date of appointment	Notice period
Mark Clare ¹	12 November 2012	2 October 2006	12 months
David Thomas	16 January 2013	21 July 2009	12 months
Steven Boyes	21 February 2013	1 July 2001	12 months

¹ Mark Clare stepped down from his position as Group Chief Executive on 30 June 2015 and as a Director on 31 July 2015.

Executive Directors' service contracts are available for inspection by any person at the Company's registered office during normal office hours and on the Company's website at: www.barrattdevelopments.co.uk.

Chairman and Non-Executive Directors' letters of appointment

The Chairman and each of the Non-Executive Directors are appointed under terms set out in a letter of appointment. They do not have service contracts and their appointments can be terminated (by the Board) without compensation for loss of office and by giving the appropriate length of notice as prescribed in their respective letters of appointment.

The notice period applicable, from either party, for the Chairman is three months and for each of the other Non-Executive Directors is one month. Under governance policies approved by the Board, Non-Executive Directors are appointed for a three-year term and usually serve a second three-year term subject to performance review and re-election by shareholders. Beyond this a further term of up to three years may be served subject to rigorous review by the Chairman and the Nomination Committee and re-election by shareholders. Details of Non-Executive Directors' letters of appointment can be found in **Table 8**.

Table 8 – Non-Executive Directors' letters of appointment

Non-Executive Director	Date elected/ re-elected at AGM	Date first appointed to the Board	Date last re-appointed to the Board
Bob Lawson	N/A	1 June 2008	1 June 2014 ¹
John Allan ²	12 November 2014	1 August 2014	N/A
Tessa Bamford	12 November 2014	1 July 2009	1 July 2015
Mark Rolfe	12 November 2014	1 May 2008	1 May 2014
Richard Akers	12 November 2014	2 April 2012	2 April 2015
Nina Bibby	12 November 2014	3 December 2012	N/A

¹ As announced on 11 March 2014, Bob Lawson stepped down from his position as Chairman of the Board at the conclusion of the 2014 AGM. His letter of appointment was renewed for the period up to and including 12 November 2014.
² John Allan joined the Board on 1 August 2014 as a Non-Executive Director and Chairman Designate and succeeded Bob Lawson as Chairman of the Board with effect from the conclusion of the 2014 AGM.

The letters of appointment for Non-Executive Directors are available for inspection by any person at the Company's registered office during normal office hours and on the Company's website at: www.barrattdevelopments.co.uk.

Membership and attendance at Committee meetings

Membership of the Committee and attendance at each of its scheduled meetings during the year is set out in **Table 9**.

Table 9

Member	Role	Number of meetings attended
Richard Akers	Chairman	5/5
John Allan ¹	Member	4/4
Tessa Bamford	Member	5/5
Nina Bibby	Member	5/5
Bob Lawson ²	Member	2/2
Mark Rolfe ³	Member	4/5

¹ John Allan joined the Remuneration Committee on 1 August 2014, when he joined the Board as a Non-Executive Director and Chairman Designate.
² Bob Lawson stepped down as Chairman of the Board and from the Committee on 12 November 2014.
³ Mark Rolfe was unable to attend a meeting due to unavoidable personal circumstances. Mark Rolfe reviewed the papers and provided his comments to the Chairman prior to the meeting.

Note:
5/ Number of meetings attended whilst a Director.
/5 Number of meetings whilst a Director.

The Group General Counsel and Company Secretary, Tom Keevil, acts as Secretary to the Committee.

In accordance with Code provision D.2.1, each of the Non-Executive Directors on the Committee (including John Allan at the date of his Board appointment) is considered to be independent with no financial interest in the Committee's decisions, other than as shareholders and the fees paid to them. Details of their shareholdings and fees can be found on pages 88 and 95 respectively.

Governance – Remuneration report – Directors' remuneration policy – summary continued**Recruitment of Executive Directors**

The Committee will determine the remuneration for any new Executive Director in accordance with the Policy as set out in the Future Policy Table on pages 64 to 69 of the 2014 Annual Report and Accounts and will take into consideration each of the following elements:

Salary and benefits – the Committee will take into account: market data for the scope of the job; remuneration for the relevant role; salaries of, and benefits provided, to existing Executive Directors; and the new Executive Director's experience, location and current base salary and benefits package. In the event an Executive Director is recruited at below market levels, their base salary may be re-aligned over a period of time (e.g. two to three years) subject to their performance in the role. The Committee may also agree to cover relocation costs, if it is deemed appropriate.

Pension – Executive Directors will be auto-enrolled from the date of recruitment unless they opt-out. If an Executive Director chooses to opt-out they may elect to receive a pension supplement in cash. The Committee has discretion to determine the level of pension supplement to be awarded to each Executive Director, up to a maximum of 30% of base salary, having regard to the pension supplement given to existing Executive Directors. Alternatively, the Executive Director may choose to join the defined contribution money purchase pension plan provided they meet all of the eligibility criteria. The Executive Director also has the option to receive some of their pension entitlement in cash and have the remainder contributed to the defined contribution money purchase pension plan, provided this does not, in aggregate, exceed 30% of base salary.

LTPP – new Executive Directors may be able to participate in the LTPP on terms to be considered by the Committee on a case by case basis. Any award made to the new Executive Director will usually be on the same terms as set out in the Policy. The level of the award will be no greater than that made to existing Executive Directors and will be pro-rated based on the remaining time span of the relevant performance period.

The Committee may also consider buying out incentive awards which an individual would forfeit upon leaving their current employer, again this would be reviewed on a case by case basis. The Committee would however in all cases seek validation of the value of any potential incentive that is being forfeited and take into account the proportion of the performance period remaining of the award, the type of award (i.e. cash/shares) and the performance achieved (or likely to be achieved). Replacement share awards, if any, will be capped at the amount forfeited and will be subject to the performance conditions applicable under the terms of the Company's Executive Director share scheme in operation at the time.

Where an individual is recruited internally to the position of Executive Director, the Company will honour any pre-existing contractual commitments.

Executive Directors' policy on payment on loss of office

Historically, there have been no specific provisions for compensation on early termination (except for payment in lieu of holidays accrued but untaken) or loss of office due to a change of ownership of the Company. The Committee also reserves the right to make additional payments where such payments are made in good faith: (a) in discharge of an existing legal obligation (or by way of damages for breach of such an obligation); or (b) by way of settlement or compromise of any claim arising in connection with the termination of an Executive Director's office or employment. The Committee will apply mitigation against any contractual obligations as it deems fair and reasonable and will seek legal advice on the Company's liability to pay compensation. It also seeks to reduce the level of any compensation payable and takes into account, amongst other factors, the individual's and the Group's performance; the Director's obligation to mitigate their own loss; and the Director's length of service when calculating termination payments. The Committee reserves the right to phase any such payments if it deems that it is appropriate to do so. Any amount that the Committee decides to pay an Executive Director will be based on the main elements of Executive Remuneration namely, base salary, annual bonus (subject to the Committee's discretion), benefits and pension.

The Committee also takes into account the rules of the annual bonus and LTPP Schemes when determining any payments for loss of office as follows:

Annual bonus – in terms of the annual bonus, in accordance with the provisions contained within the service contracts, Executive Directors are not usually entitled to any bonus payment (other than in circumstances where they are deemed by the Committee as a 'good leaver', which includes but is not limited to redundancy, retirement, ill-health or disability or any other circumstance which the Committee may decide), unless they remain employed and are not under notice as at the payment date. Any bonus payment for a 'good leaver' will be based on the individual performance of the Executive Director concerned, as well as the Company's performance during the relevant period. Such payment will be pro-rated depending on the proportion of the bonus period worked by the relevant individual.

Deferred bonus – for any bonus deferred into shares, if the Executive Director is deemed to be a 'good leaver' (as defined above), he will be entitled to retain the shares subject to settling any tax and national insurance liability that may become due on release of the shares. In all other cases, the shares will lapse immediately on the date that the Executive Director's employment with the Company ends and there is no entitlement to any compensation for the loss of the shares.

In the event any Matching Awards have been granted to the Executive Director, these will lapse immediately unless the individual is leaving for a 'permitted reason' (this includes, but is not limited to, redundancy, retirement, ill-health or disability). If the Executive Director is leaving for a permitted reason, the unvested award will become vested and the number of shares subject to the award will be pro-rated based on the remaining time span of the performance period that have been completed and the level of the performance conditions that have been met up to that date.

LTPP – under the rules of the LTPP, unless the Executive Director is deemed by the Committee to be a 'good leaver' (as previously defined) any LTPP awards held by him will lapse on cessation of his employment. If he is a 'good leaver', the number of shares subject to the award will be pro-rated based on the remaining time span of the relevant performance period completed by him. No shares will, however, be released to the Executive Director, until the normal vesting date, being three years from the date of grant. During this time the shares will continue to be subject to the relevant performance conditions until the end of the performance period, at which point the Committee will test the performance conditions and determine how much, if any, of the remaining shares will vest.

Change of control – the rules of each share scheme operated by the Company contain provisions relating to a change of control. In the event that a change of control does occur any unvested options/awards will become vested on the date of the relevant event. However, the number of options/awards that vest will be pro-rated depending on the remaining time span of the relevant performance period and the level of performance conditions achieved during that period. Options/awards which have already vested as at the date of the relevant event may still be exercised within the prescribed timescales set out in the rules.

Non-Executive directorships

Subject to Board approval, Executive Directors are permitted to accept one Non-Executive directorship outside the Company and retain any fees received from such a position. Executive Directors are not allowed to take on the Chairmanship of any FTSE 100 company. Board approval will not be given for any non-executive position where such appointment would lead to a material conflict of interest or would have an adverse effect on the Director's ability to perform their duties to the Company.

Gifts to Directors on leaving employment

The Committee reserves the discretion to approve gifts to long serving Directors who are retiring or who are 'good leavers' e.g. those leaving office for any reason other than dismissal or misconduct. The value of the gift for any one Director shall be limited to a maximum of £5,000 and where a tax liability is incurred on such a gift the Committee has the discretion to approve the payment of such liability on behalf of the Director in addition to this maximum limit.

Legacy arrangements

In approving the Policy, authority is given to the Company to honour any previously disclosed commitments entered into with current or former Directors including, but not limited to, payment of pensions or the vesting/exercise of past share awards.

Clawback

Both the annual bonus (including any deferred bonus and any matching element) and the LTPP are subject to the Company's power of clawback (the 'Clawback') for a period of two years following vesting. The Clawback is applicable in respect of any annual bonus paid/deferred and to any share awards granted under the LTPP or the ESOS from 30 June 2010 onwards, subject in the case of HMRC approved options, to such approval. In addition, Clawback will also apply to any awards granted under any Senior Management share schemes.

The Clawback can be invoked if:

- it is necessary to restate the Group's accounts used to calculate a participant's entitlement to bonus or share awards in circumstances where the original over-statement has led to a bonus being paid/deferred or share awards being granted which would not otherwise have been paid or granted; or
- the participant is found guilty of any criminal activity in connection with his or her employment and this related to an act which led to a bonus being paid/deferred or share awards being granted to him or her.

In such circumstances, the Committee may determine that the bonus and/or share award will be retrospectively recalculated. If bonus monies have been paid, the participant will be required to reimburse the Company for an amount up to the total amount of the net bonus paid, less any bonus that the Committee determines would have been paid regardless of the event in question. If share awards have been granted, the number of awards or options granted will be reduced accordingly. If the award has vested and shares have been issued to the participant, the participant will be required to repay the value of the relevant number of shares based on the Company's closing share price as at the date the shares were issued.

Governance

Remuneration report

Annual report on remuneration

In this section, we describe how the Policy has been implemented throughout FY15 together with the resulting payments to Directors and how the Policy will be applied in FY16. The Annual report on remuneration will be subject to an advisory vote at the 2015 AGM.

→ Directors' remuneration outcomes for FY15

Single figure of remuneration

The total remuneration for each of the Directors for the financial year ended 30 June 2015 is as set out in **Tables 10** and **11** below:

Table 10 – Executive Directors' single figure of remuneration (Audited)

	Salary £000		Benefits ¹ (taxable) £000		Annual Bonus ² £000		LTTP £000	Pension Benefits £000		Sharesave Scheme ³ £000		2015 Total £000	2014 Total £000	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14		2014/15 ⁴	2013/14 ⁴	2014/15	2013/14			2014/15
Mark Clare ⁶	701	681	44	43	980	1,021	4,704	4,481	210	204	34	–	6,673	6,430
David Thomas	454	441	15	15	635	661	3,046	2,845	136	132	–	–	4,286	4,094
Steven Boyes	454	441	30	28	635	661	3,046	2,720	136	132	34	–	4,335	3,982
Total	1,609	1,563	89	86	2,250	2,343	10,796	10,046	482	468	68	–	15,294	14,506

1 Benefits (taxable) include the provision of a company car, annual medical screening, private medical insurance, some telephone costs and contributions towards obtaining independent tax advice.

2 Includes amount deferred for David Thomas and Steven Boyes (see **Table 13** on page 85). Mark Clare will receive his entire bonus in cash in accordance with the retirement arrangements agreed.

3 Performance conditions tested after 30 June 2015 and 100% of the award is due to vest in October 2015. The market price of shares has been calculated based on an average market value over the three months to 30 June 2015 (£5.6992 per share).

4 Re-calculated using share price of £4.05 per share being the market value of the shares on the vesting date, 20 October 2014, as opposed to the market price of £3.6916 per share calculated based on an average market value over the three months to 30 June 2014 as disclosed in last year's remuneration report.

5 The Sharesave Scheme, granted in March 2012, was subject to a continued employment condition and matured on 1 June 2015. The value is calculated using a share price of £5.96 per share being the market value of a share on the date of maturity.

6 Mark Clare retired from his position as a Director of the Board on 31 July 2015.

Table 11 – Non-Executive Directors' single figure of remuneration (Audited)

	Fees £000		Benefits ¹ (taxable) £000		2015 Total £000	2014 Total £000
	2014/15	2013/14	2014/15	2013/14		
Bob Lawson ¹	98	270	11	–	109	270
John Allan ²	203	–	–	–	203	–
Richard Akers	63	58	–	–	63	58
Tessa Bamford	48	48	–	–	48	48
Nina Bibby	48	48	–	–	48	48
Mark Rolfe	63	63	–	–	63	63
Total	523	505³	11	4³	534	509³

1 Bob Lawson stepped down from his position as Chairman of the Company at the conclusion of 2014 AGM on 12 November 2014. Benefits (taxable) relates to the value of the gift (£5,000) and the tax payable thereon (£6,000 including VAT), presented to Bob by the Board to reflect the significant contribution he made during his period of service.

2 John Allan joined the Board as a Non-Executive Director on 1 August 2014 with a fee of £48,000 per annum which increased to £300,000 per annum on 12 November 2014 when he took over as Chairman of the Company.

3 Includes Director's fees (£18,000) paid to Rod MacEachrane and the value of the gift vouchers including tax (£4,000) presented to him, by the Board, when he stepped down from his position as a Non-Executive Director at the conclusion of the 2013 AGM. The gift vouchers were presented to Rod as a leaving gift by the Board.

Annual bonus

For the year under review, Executive Directors had the potential to earn an annual bonus of up to 150% of base salary, 140% is based on the attainment of Group performance targets and 10% on personal objectives, both of which are linked directly to the Group's strategy. Any bonus earned in excess of 100% of base

salary will be deferred into shares for a period of three years. All targets, Group and personal, were agreed at the beginning of the financial year. The Group performance targets which applied to the bonus for FY15 and the level of bonus achieved were as follows:

Table 12 – Annual bonus (Audited)

Bonus target	Strategic objective	Targets	Maximum proportion of total bonus available	Actual performance	Bonus achieved	Cash/deferred	
			% of salary	Achievement	% of salary	Payable in cash % of salary	Payable in shares % of salary
Profit before tax	Increase profitability	Threshold: £510m	15%	£565.5m	70.8%	31.0%	39.8%
		Target: £530m	37.5%				
		Maximum: £570m	75%				
Land Commitment	To ensure appropriate future land supply	Land bank owned: 3.3 – 3.6 years	6.25%	3.3 years	25.0%	25.0%	–
		Net Debt: Zero	6.25%	Net cash			
		Land creditors: <35% of owned land bank less net cash	6.25%	28.7%			
		Land approvals: 15,000 to 17,000 plots	6.25%	16,956			
Health and safety	To create a safe environment for employees and other stakeholders	SHE compliance: 94% or above	5%	96.0%	15.0%	15.0%	–
		85% or less: No more than 0.6% of sites	5%	0.33%			
		H&S Committee Discretion: up to 5% for pro-activity	5%	5%			
Customer service	To increase focus on providing a high quality service to our customers and maintain 5 Star status	HBF/NHBC Star rating: 5 Star	5%	5 Star	10.0%	10.0%	–
		Net Promoter Score: Minimum 50%	5%	50.3%			
		Defects over 28 days: Less than 300	5%	1,150			
Employee engagement ¹	To attract and retain the highest calibre of individuals	Maximum: 77% and above	10%	78%	10.0%	10.0%	–
Personal objectives	To focus individuals to achieving the Group's strategic objectives	Threshold: 2%	10%	Mark Clare 9%	9.0%	9.0%	–
		Target: 5%		David Thomas 9%			
		Maximum: 10%		Steven Boyes 9%			

¹ Assessed by reference to IBM's Kenexa survey.

Table 13 – Executive Directors' deferred bonus

	2014/15 Deferred Bonus			2013/14 Deferred Bonus		
	% of total bonus deferred ¹	Amount deferred £000	Number of Shares ²	% of total bonus deferred ¹	Amount deferred £000	Number of Shares ²
Mark Clare	–	–	–	50	340	88,160
David Thomas	39.8	181	TBC ³	50	220	57,091
Steven Boyes	39.8	181	TBC ³	50	220	57,091

¹ The Executive Directors earned a total bonus of 150% and 139.8% of base salary for FY14 and FY15 respectively. The bonus earned in excess of 100% of base salary will be deferred into shares.

Mark Clare will receive all of his bonus in cash in accordance with his retirement arrangements.

² Shares are held in the CIP for a period of three years commencing from the date of the award and subject to a continued employment condition.

³ The number of shares will be determined based on the share price calculated by averaging the closing middle-market quotations, as derived from the Daily Official List of the London Stock Exchange, for the first five dealing days following the date on which the Group announces its FY15 annual results. The actual number of shares awarded in respect of the FY15 deferred bonus was not therefore available as at the date of this report and will be disclosed in next year's report.

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Long Term Performance Plans

Vesting of 2012/13 LTPP (included in 2014/15 Single Figure) (Audited)

The 2012/13 LTPP award granted on 24 October 2012 was based on performance to the year ended 30 June 2015 and will vest on 24 October 2015. The performance conditions for this award and the resulting vesting level is as follows:

Metric	Performance condition	Threshold target	Stretch target	Actual	% Vesting
EPS	Absolute EPS growth for the financial year ended 30 June 2015.	20p ¹	28p ¹	Basic EPS 45.5p ²	100 ²
TSR	TSR against the constituents of the FTSE 250 index (excluding investment trusts). 25% of this element vests for median performance and 100% of this element vests for upper quartile performance or above. TSR measured over three financial years with a three month average at the start and end of the performance period.	Median ranking of 94.5 (TSR of 81.9%)	Upper quartile of 47.5 (TSR of 137.2%)	Rank of 2 (TSR of 362.9%)	100
Total vesting					100

- 1 Following the Company's refinancing during FY13, the Committee informed each participant of the 2012/13 LTPP that it would be adjusting the vesting levels, at the end of the plan period, 30 June 2015, to ensure that participants did not benefit from the expected positive impact upon EPS arising from the refinancing for the relevant parts of those plan periods. Accordingly, the EPS threshold and stretch targets were increased by 2 pence each from 18 pence and 26 pence respectively.
- 2 The actual earnings per share of 45.5 pence has been rebased using the corporation tax rate applicable at the date on which the 2012/13 LTPP targets were set, as the subsequent reduction to the rate of corporation tax was not performance related. The actual earnings per share has also been rebased using the same number of shares in issue as used in the 2012/13 LTPP targets. The rebased earnings per share used for the purpose of determining vesting, which is directly comparable to the 2012/13 LTPP targets, was 44.5 pence.

The Committee considered the underlying financial performance of the Group and was satisfied that given the continued improvement in the Group's financial results as illustrated on page 76, the above level of vesting of the 2012/13 LTPP was justified. Accordingly, the award details for each of the Executive Directors are as follows:

Executive Director	Number of shares at grant	Number of shares to vest ¹	Number of shares to lapse	Dividends on shares to vest	Total	Estimated value ² (£000)
Mark Clare	825,357	825,357	0	N/A	825,357	4,704
David Thomas	534,493	534,493	0	N/A	534,493	3,046
Steven Boyes	534,493	534,493	0	N/A	534,493	3,046

- 1 The relevant number of shares will be released to each participant as soon as is practicable in October 2015, following the vesting date.
- 2 The estimated value of the vested shares is based on the average share price during the three months to 30 June 2015 (£5.6992 per share).

LTPP granted during the year (the '2014/15 LTPP') (Audited)

On 20 October 2014, the following 2014/15 LTPP awards were granted to Executive Directors:

Executive Director	Type of award	Basis of award granted	Share price at date of grant (pence)	Number of shares over which award was granted	Face value of award (£000)	% of face value that would vest at threshold performance	Vesting determined by performance over
Mark Clare	Nil cost option	200% of salary £701,018	372.00	376,891	1,402	25	Three financial years to 30 June 2017
David Thomas	Nil cost option	200% of salary £454,000	372.00	244,086	908	25	
Steven Boyes	Nil cost option	200% of salary £454,000	372.00	244,086	908	25	

The 2014/15 LTPP is subject to three performance conditions, one-third TSR, one-third EPS and one-third ROCE. The levels of vesting against TSR are measured over a three-year period commencing 1 July 2014, and against EPS and ROCE for the financial year ending 30 June 2017. Given the commercial sensitivity of the EPS and ROCE targets to the Group's future strategy, the Committee agreed that it would not publish these targets prospectively but would set out performance against the targets on an annual basis. Accordingly, if the performance period of the 2014/15 LTPP was for one year, commencing 1 July 2014 and the award had vested on 30 June 2015, the level of vesting would be as follows:

Performance target	Performance as at 30 June 2015	Level of vesting had the award vested as at 30 June 2015
TSR	59.1% (Upper quartile)	33.3%
EPS	45.5 pence	-
ROCE	23.9%	13.3%
Total		46.6%

Statement of Directors' shareholding and share interests (Audited)

For the financial year ended 30 June 2015 Executive Directors were required to hold shares in the Company equivalent in value to 200% for the Chief Executive and 150% for the other Directors. As at 30 June 2015, all of the Executive Directors had met the shareholding requirement (see **Table 15** on page 88).

The interests of the Directors serving during the financial year and their connected persons in the ordinary share capital of the Company at the beginning and end of the year are shown in **Table 15** on page 88. No notification has been received of any change in the interests below during the period 30 June 2015 to 8 September 2015 inclusive, with the exception of the shares to be deferred in respect of the bonus earned in excess of 100% of base salary by Executive Directors for the financial year ended 30 June 2015 as described on page 85.

Table 14 – Executive Directors' conditional awards and share options (Audited)

Details of the conditional awards and share options over shares held by the Executive Directors who served during the year are as follows:

	Date of grant	Unvested shares (number)	Vested shares (number)	Granted (number)	Exercised (number)	Lapsed (number)	Outstanding shares as at 30/06/15 (number)	Market price on award (pence)	Exercise price (pence)	Market price at exercise/ vesting (pence)	Gain receivable (£000)	Date from which exercisable/ capable of vesting ¹	Expiry Date
Mark Clare													
Conditional share options													
ESOS ²	10.12.2009	-	340,456	-	(340,456)	-	-	-	121.39	527.00	1,381	10.12.2012	09.12.2019
Sharesave	28.03.2012	-	7,200	-	(7,200)	-	-	-	125.00	595.39	34	01.06.2015	30.11.2015
Conditional awards													
LTPP ³	20.10.2011	-	1,154,786	-	(1,106,401)	(48,385)	-	83.47	-	408.80	4,523	20.10.2014	-
DBP	12.10.2012	184,123	-	-	-	-	184,123	170.14	-	-	-	12.10.2015	-
LTPP ⁴	24.10.2012	825,357	-	-	-	-	825,357	160.90	-	-	-	24.10.2015	-
DBP	02.10.2013	101,560	-	-	-	-	101,560	326.90	-	-	-	02.10.2016	-
LTPP ⁵	23.10.2013	418,830	-	-	-	-	418,830	325.00	-	-	-	23.10.2016	-
DBP	09.10.2014	-	-	88,160	-	-	88,160	386.00	-	-	-	09.10.2017	-
LTPP ⁶	20.10.2014	-	-	376,891	-	-	376,891	372.00	-	-	-	20.10.2017	-
Total		1,529,870	1,502,442	465,051	(1,454,057)	(48,385)	1,994,921	-	-	-	5,938	-	-
David Thomas													
Conditional share options													
ESOS ²	10.12.2009	-	8,350	-	-	-	8,350	-	117.84	-	-	10.12.2012	09.12.2019
ESOS ²	10.12.2009	-	208,056	-	-	-	208,056	-	121.39	-	-	10.12.2012	09.12.2019
Sharesave	27.03.2013	4,398	-	-	-	-	4,398	-	204.60	-	-	01.06.2016	30.11.2016
Sharesave	30.04.2014	4,297	-	-	-	-	4,297	-	349.00	-	-	01.07.2019	31.12.2019
Conditional awards													
LTPP ³	20.10.2011	-	733,198	-	(702,477)	(30,721)	-	83.47	-	408.80	2,872	20.10.2014	-
DBP	12.10.2012	116,903	-	-	-	-	116,903	170.14	-	-	-	12.10.2015	-
LTPP ⁴	24.10.2012	534,493	-	-	-	-	534,493	160.90	-	-	-	24.10.2015	-
DBP	02.10.2013	65,769	-	-	-	-	65,769	326.90	-	-	-	02.10.2016	-
LTPP ⁵	23.10.2013	271,230	-	-	-	-	271,230	325.00	-	-	-	23.10.2016	-
DBP	09.10.2014	-	-	57,091	-	-	57,091	386.00	-	-	-	09.10.2017	-
LTPP ⁶	20.10.2014	-	-	244,086	-	-	244,086	372.00	-	-	-	20.10.2017	-
Total		997,090	949,604	301,177	(702,477)	(30,721)	1,514,673	-	-	-	2,872	-	-

Governance – Remuneration report – Annual report on remuneration continued

Table 14 – Executive Directors' conditional awards and share options (Audited) (continued)

	Date of grant	Unvested shares (number)	Vested shares (number)	Granted (number)	Exercised (number)	Lapsed (number)	Outstanding shares as at 30/06/15 (number)	Market price on award (pence)	Exercise price (pence)	Market price at exercise/ vesting (pence)	Gain receivable (£000)	Date from which exercisable/ capable of vesting ¹	Expiry date
Steven Boyes													
Conditional share options													
ESOS ²	10.12.2009	–	189,142	–	(189,142)	–	–	–	121.39	527.00	767	10.12.2012	09.12.2019
Sharesave	28.03.2012	–	7,200	–	–	–	7,200	–	125.00	–	–	01.06.2015	30.11.2015
Sharesave	30.04.2014	2,578	–	–	–	–	2,578	–	349.00	–	–	01.07.2017	31.12.2017
Sharesave	29.04.2015	–	–	2,013	–	–	2,013	–	447.00	–	–	01.07.2018	31.12.2018
Conditional awards													
LTPP ³	20.10.2011	700,851	–	–	(671,485)	(29,366)	–	83.47	–	408.80	2,745	20.10.2014	–
DBP	12.10.2012	111,746	–	–	–	–	111,746	170.14	–	–	–	12.10.2015	–
LTPP ⁴	24.10.2012	534,493	–	–	–	–	534,493	160.90	–	–	–	24.10.2015	–
DBP	02.10.2013	65,769	–	–	–	–	65,769	326.90	–	–	–	02.10.2016	–
LTPP ⁵	23.10.2013	271,230	–	–	–	–	271,230	325.00	–	–	–	23.10.2016	–
DBP	09.10.2014	–	–	57,091	–	–	57,091	386.00	–	–	–	09.10.2017	–
LTPP ⁶	20.10.2014	–	–	244,086	–	–	244,086	372.00	–	–	–	20.10.2017	–
Total		1,686,667	196,342	303,190	(860,627)	(29,366)	1,296,206	–	–	–	3,512	–	–

- 1 The earliest date on which an award may vest, in normal circumstances, having fulfilled all qualifying conditions, after which ordinary shares are transferred automatically to the participants as soon as possible.
- 2 The ESOS is divided into two sub-schemes, one of which is approved under the Income Tax (Earnings and Pensions) Act 2003 and the other of which is not. The exercise price is calculated differently for each sub-scheme in accordance with the rules of the ESOS. Executive Directors have until 9 December 2019 to exercise their options under the ESOS.
- 3 95.81% of this award vested on 20 October 2014. The relevant number of shares were released to each participant thereafter following the settlement of any tax and national insurance liabilities due on the shares.
- 4 This award was tested after 30 June 2015 and 100% of the award will vest in October 2015 (see page 86 for further details).
- 5 Award based on an allocation of ordinary shares equivalent in value to a maximum of 200% of base salary. Half of the award is subject to a three-year TSR performance condition (100% vesting for upper quartile, 25% for median and no vesting below median) and the other half is based on the achievement of an EPS target for the financial year ending 30 June 2016 (100% vesting at 40 pence or higher; 25% at 30 pence and no vesting for below 30 pence). There is no re-testing of performance conditions.
- 6 See page 86 for details.

All conditional awards and share options are subject to an overriding Committee discretion, in that the Committee must be satisfied that the underlying financial performance of the Group over the performance period warrants the level of vesting as determined by applying the relevant targets. If the Committee is not of this view, it has the authority to reduce the level of vesting as it deems appropriate.

Table 15 – Directors' interests in shares (Audited)

	Beneficially owned as at 1 July 2014	Beneficially owned as at 30 June 2015	Outstanding share awards under all employee share plans as at 30 June 2015	Owned Shareholding as a % of salary as at 30 June 2015 ²	Owned Shareholding requirement met (Y/N)	Total Shareholding as a % of salary as at 30 June 2015 ²	Total Shareholding requirement met (Y/N)
Mark Clare	1,618,292	311,103	1,994,921	273%	Y	446%	Y
David Thomas	559,761	931,577	1,514,673	1,261%	Y	1,726%	Y
Steven Boyes	622,863	478,275	1,296,206	647%	Y	825%	Y
John Allan	3,102 ¹	3,102	–	N/A	N/A	N/A	N/A
Richard Akers	40,000	40,000	–	N/A	N/A	N/A	N/A
Tessa Bamford	31,784	32,542	–	N/A	N/A	N/A	N/A
Nina Bibby	8,500	8,500	–	N/A	N/A	N/A	N/A
Mark Rolfe	70,149	71,821	–	N/A	N/A	N/A	N/A

- 1 Figure as at 1 August 2014, being the date John Allan was appointed as a Non-Executive Director and Chairman Designate of the Company.
- 2 Calculated in accordance with the Group's Remuneration Policy. Details of which shares are included in the calculation can be found on pages 82 and 93.

Dilution

On maturity or vesting of any of its share incentive schemes the Company satisfies the awards through: a new issue of shares; market purchases; or the Employee Benefit Trust (the 'EBT'). During the financial year ended 30 June 2015, the Company continued to satisfy all outstanding Executive options and awards under the LTPP, 2009/10 ESOS, the DBP and the Sharesave through a new issue of shares, subject to the dilution limits described below. Awards made to individuals below Senior Management level continued to be satisfied through shares currently held, or to be purchased in the market, by the EBT.

The Company regularly monitors the number of shares issued under its schemes and the impact on dilution limits. The Company is satisfied that as at 30 June 2015 its usage of shares is compliant with the relevant dilution limits set by the Investment Association in respect of all share plans (10% of the Company's issued share capital in any rolling ten-year period) and discretionary share plans (5% of the Company's issued share capital in any rolling ten-year period). In the event that the outstanding options under each of the schemes to be satisfied through a new issue of shares were to vest and had been exercised on 30 June 2015, the resulting issue of new shares would represent 2.5% of the Company's issued share capital as at that date.

Executive Directors' pension arrangements

The Company's pension policy for Executive Directors is that on joining the Group they will be auto-enrolled unless they choose to opt-out. Upon opting-out, the Executive Director may choose to receive a cash supplement (which does not count for incentive purposes) and/or participate in the Company's defined contribution money purchase pension plan. Each of the Executive Directors has opted to receive a cash supplement in lieu of pension, which for FY15 was equal to 30% of base salary (reducing to 25% for FY16). Only the base salary element of a Director's remuneration is pensionable.

Defined benefit section

Steven Boyes was a deferred member of the defined benefit section of the Barratt Group Pension and Life Assurance Scheme (the 'Scheme') during the year ended 30 June 2015.

The Scheme was closed to new entrants in 2001 and on 30 June 2009, the Company exercised its consent under the rules of the Scheme and agreed to cease offering future accrual of defined benefits for current members. Members of the Scheme became eligible to join the defined contribution money purchase section of the Scheme with effect from 1 July 2009.

Up until 30 June 2009, Steven Boyes was an active member of the defined benefit section of the Scheme. This entitlement was based on a 1/60 accrual rate and a normal retirement age of 65. Since 1 July 2009, Steven Boyes has been entitled to receive a cash supplement equal to 30% (25% from 1 July 2015) of his base salary per annum.

The last full actuarial valuation of the Scheme as at 30 November 2013 showed a deficit of £34.8m calculated on the basis of the Scheme's technical provisions. The Company and the Trustees of the Scheme have agreed a plan to address the shortfall which requires the Company to continue to make deficit reduction payments of £13.3m per annum until 30 November 2015, followed by payments of £9.5m per annum from 1 December 2015 until 31 December 2016. The Company will discuss the funding requirements of the Scheme with the Trustees if any material change in the Group's financial circumstances is anticipated. The valuation for the Financial Statements was updated to 30 June 2015 by a qualified independent actuary and a surplus of £5.3m (2014: surplus of £3.1m) is included in the Group Balance Sheet as shown in note 28 of the Financial Statements.

Members of the Scheme are also eligible for an insured lump sum of up to five times pensionable salary on death in service. Current employees who were members of the defined benefit section of the Scheme at closure also retain their dependants' pension entitlements.

No excess retirement benefits have been paid to or are receivable by current and/or past directors in respect of their qualifying services during the financial year and there are no arrangements in place that guarantee pensions with limited or no abatement on severance or early retirement.

Payments to Directors leaving the Group (Audited)

The Board made a gross payment of £11,000 to Bob Lawson as a retirement gift. Further details can be found on page 84.

No payments were made in respect of loss of office during the year ended 30 June 2015 (30 June 2014: £nil).

Six-year Group Chief Executive's pay

Table 16 sets out: (i) the total pay, calculated in line with the single figure methodology; (ii) the annual bonus pay out as a percentage of maximum; and (iii) the long term incentive ('LTI') vesting level for Mark Clare, Group Chief Executive over a six-year period:

Table 16 – Six-year Group Chief Executive's pay (Audited)

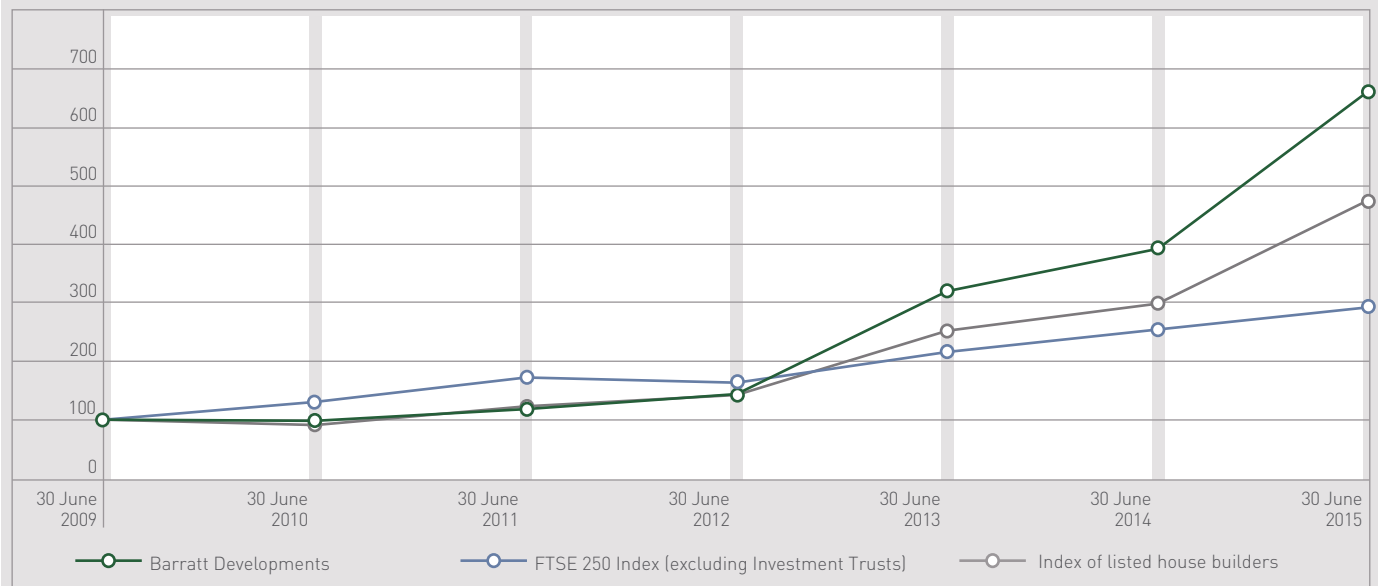
	Six years to 30 June 2015					
	2010	2011	2012	2013	2014	2015
Group Chief Executive's total pay (£000)	1,417	1,220	2,099	4,310	6,430	6,673
Bonus outturn (as percentage of maximum opportunity)	90.2	36.6	99.2	100.0	100.0	93.2
LTI vesting percentage	0.0	0.0	32.8	73.9	95.8	100.0

Total Shareholder Return performance graph

Chart 1, prepared in accordance with the BIS Regulations, shows the TSR performance over the last six years against the FTSE 250 (excluding investment trusts) and against an unweighted index of listed housebuilders. The Board has chosen these comparative indices as the Group and its major competitors are constituents of one or both of these indices. The TSR has been calculated using a fair method in accordance with the BIS Regulations.

Governance – Remuneration report – Annual report on remuneration continued

Chart 1: Total Shareholder Return



This graph shows the value by 30 June 2015 of £100 invested in Barratt Developments PLC on 30 June 2009 compared with the value of £100 invested in the FTSE 250 (excluding investment trusts). As a supplementary source of information, we also show performance against an index of currently listed housebuilders (excluding Barratt Developments PLC and Crest Nicholson, who re-listed in February 2013). The other points plotted are the values at intervening financial year-ends.

Source: Datastream

Percentage change in remuneration of Group Chief Executive compared to employees

The table below shows the percentage change in salary, benefits and annual bonus earned by the Group Chief Executive between the financial years ended 30 June 2014 and 30 June 2015, compared to that of the total wage bill for all employees of the Group.

Table 17 – Percentage change in remuneration

	Salary	Benefits	Annual bonus
	% change	% change	% change
Group Chief Executive	3.0	2.3	-4.0
All employees (excluding Chief Executive) ¹	3.1	6.3	-4.0

¹ All employees and Executive Directors, excluding the Chief Executive, who were continuously employed by the Group between 1 July 2014 and 30 June 2015, excluding promotions.

Relative importance of spend on pay

The following table shows the Company's actual spend on pay (for all employees) relative to dividends and profit from operations:

Table 18 – Relative importance of spend on pay

	2015	2014	% change
Staff costs (including Executive Directors) (£m)	353.0	308.6	14.4
Profit from operations (£m) ¹	576.8	409.8	40.8
Total capital return (£m) ²	249.8	101.1	147.1

¹ Profit from operations has been chosen as a metric to compare against as it shows how spend on pay is linked to the Group's operating performance.

² Includes interim dividend of 4.8 pence per share paid on 20 May 2015 to those shareholders on the register as at the close of business on 24 April 2015 and a final dividend of 10.3 pence per share and a special cash payment of 10.0 pence per share, value of which has been calculated on the number of shares in issue (excluding those held by the EBT) as at 30 June 2015. The final dividend and special cash payment, if approved by shareholders at the 2015 AGM, will be paid on 20 November 2015 to those shareholders on the register at the close of business on 30 October 2015.

Non-Executive directorships

During the year, Mark Clare received a total fee of £72,351 in respect of his positions as the Senior Independent Director and a Non-Executive Director of United Utilities Group PLC. He has retained this fee in full. Mark Clare is also a trustee of the BRE Trust and UK GBC Limited, a member of the Government's Construction Leadership Council and he also sits on the CBI Construction Council. Mark Clare does not receive any fees for these positions. The time commitment (excluding travelling and pre-reading time) expected, in aggregate, for these positions is approximately 100 hours per annum. Neither David Thomas nor Steven Boyes held any Non-Executive directorships with other companies during the year.

Main activities undertaken during FY15

Committee effectiveness

- > Reviewed and made progress against all matters arising from the 2014 annual evaluation.
- > Undertook an internal evaluation of its own performance.
- > Assessed the effectiveness of the Committee's remuneration consultants and approved their re-appointment for FY15.
- > Reviewed and devised an action plan to address the issues arising from the 2015 annual evaluation.

See Governance section on page 58

Executive Directors' and Senior Management remuneration

- > Considered and approved a remuneration package for David Thomas on his appointment as Chief Executive.
- > Agreed the fixed and variable remuneration for the new Chief Financial Officer Designate, Neil Cooper.
- > Discussed and approved retirement arrangements for Mark Clare.
- > Reviewed annual performance of the Chief Executive and Executive Directors.
- > Reviewed fixed and variable remuneration for Senior Management.
- > Approved Senior Management salary increases for FY16.
- > Introduced a minimum shareholding requirement for Senior Management and a post-employment shareholding requirement for Executive Directors.

More information available on pages 92 to 94

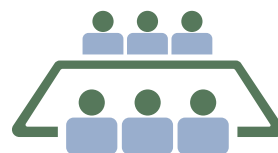
Annual bonus

- > Formally confirmed bonus outcomes for FY14.
- > Considered and approved bonus targets for FY15.
- > Reviewed and approved proposals to simplify the FY16 bonus scheme.
- > Assessed potential bonus outcomes for FY15

More information available on pages 86 and 94

Governance

- > Undertook a remuneration risk workshop.
- > Considered and approved the Remuneration report for FY14.
- > Received updates on remuneration disclosure requirements for the Annual Report and Accounts for FY15.
- > Assessed the robustness of the 'good leaver' provisions for all variable remuneration elements.
- > Reviewed and approved the proposed approach for the Remuneration report for FY15.
- > Identified future training requirements for Committee members.
- > Reviewed and approved its annual agenda and terms of reference.



Remuneration Committee activity 2015

Shareholder consultation

- > Reviewed and approved letter to shareholders in respect of remuneration outcomes for FY14 and proposed policy for FY15.
- > The Committee Chairman held conference calls with shareholders to discuss the remuneration outcomes and the policy in more detail.
- > Considered feedback received from the consultation process in finalising the Group's remuneration policy.
- > Reviewed the effectiveness of the shareholder consultation process.

Long term incentives

- > Received updates on the potential levels of vesting of outstanding LTTP awards.
- > Considered and finalised performance targets, participants and level of awards for FY15 LTTP.
- > Reviewed the potential structure for the FY16 LTTP.
- > Assessed the impact of amending the TSR comparator group and approved the proposed change.
- > Discussed and approved proposed membership of the Senior Management long term incentive schemes.

More information available on pages 87 and 94

Governance – Remuneration report – Annual report on remuneration continued**Advice/advisers**

In carrying out its principal responsibilities, the Committee has the authority to obtain the advice of external independent remuneration consultants and is solely responsible for their appointment, retention and termination. During the year, the Committee has taken advice from independent advisers, New Bridge Street ('NBS'), a part of Aon plc. NBS was initially appointed by the Committee as its remuneration consultant in 2008 and is a founder signatory to the Remuneration Consultants Group's Code of Conduct. In addition to advising the Committee, NBS also provided the Company with advice on implementing decisions made by the Committee and remuneration benchmarking. NBS's fees for providing such advice amounted to £54,344 (2014: £26,716) for the year ended 30 June 2015. In line with best practice, the Committee assesses, from time to time, whether the appointment remains appropriate or if it should be put out to tender as part of its effectiveness review. NBS's appointment was reconfirmed by the Committee in June 2015 after an annual review of the quality of the advice received and fees charged. The Committee is comfortable that the NBS engagement partner and team, which provide remuneration advice to the Committee, do not have any connections with the Company that may impair their independence or objectivity. The Committee reviewed the potential for conflicts of interest and judged that there were appropriate safeguards against such conflicts.

Aon plc also provided broking services to the Company in respect of private medical insurance, Death in Service benefits and Group Income Protection.

In addition, Slaughter and May, the Company's corporate legal advisers, have also provided advice to the Committee as and when necessary.

The Committee also receives input into its decision-making from the Chief Executive, the Group General Counsel and Company Secretary and the Group Human Resources Director, none of whom were present at any time when their own remuneration was being considered.

→ Statement of implementation of the Policy for FY16

Executive Directors' remuneration for FY16 will be based on the Group's remuneration strategy as set out on page 77 and will be implemented in accordance with the Policy as follows:

Base salary

With effect from 1 July 2015, David Thomas took over as Chief Executive from Mark Clare. Accordingly, to reflect the change in role, his salary was increased to £676,000 per annum. In addition, Steven Boyes' annual salary was increased to £535,000 commencing 1 July 2015 to reflect the additional responsibilities that he has assumed. These include, but are not limited to, responsibility for the Group's commercial business, Wilson Bowden Developments, health and safety and insurance. The latter two are as a consequence of Tom Keevil notifying the Board of his intention to retire from the Company in January 2016. No salary increase was awarded to Mark Clare, who stepped down from the Board on 31 July 2015 but remains employed by the Group up until 31 October 2015, to ensure an orderly handover. Following these increases, Executive Directors' salaries remain appropriately within the range for the housebuilding sector and the wider population of similar sized companies. Executive Director salaries, with effect from 1 July 2015, are therefore as follows:

Table 19 – Executive Directors' salary increases

Executive Director	Salary with effect from 1 July 2014 £000	Salary with effect from 1 July 2015 £000
Mark Clare	701	701
David Thomas	454	676
Steven Boyes	454	535

Pension

Each of the Executive Directors has opted to receive a cash salary supplement in lieu of a pension. The Executive Board changes provided the Committee with the opportunity to adjust the cash salary supplement for FY16 from 30% to 25%, which is in line with current market practice.

Executive Directors' shareholding requirement

The Executive Directors' shareholding requirement has been enhanced so that in addition to the Total Shareholding described on page 80, the Chief Executive and other Executive Directors must also hold a minimum 'owned' level of shareholding ('Owned Shareholdings') as part of their Total Shareholdings. The Chief Executive must have an Owned Shareholding of 67% of salary and the other Executive Directors, 50% of salary.

The Chief Executive and other Executive Directors will be expected to reach these levels of holding no later than the fifth anniversary of them joining the Board, with progress being made throughout the period. Unless there are exceptional circumstances, that will need to be agreed by the Committee, they will not be allowed to sell shares unless they reach the levels specified.

Shares that qualify as 'Owned Shareholdings'

- Shares held directly;
- Shares held by a spouse, partner or children under 18;
- Shares held in an ISA or PEP; and
- Shares held in a pension or trust arrangement.

All participants who have not built up the required level of 'Owned and Total Shareholdings' by the end of the defined period, will not be eligible for inclusion in future share-based incentive schemes, unless there are exceptional circumstances, which would need to be approved by the Remuneration Committee.

To be classified as a 'good leaver' from the Company, the Chief Executive and the other Executive Directors, will be required to commit to continue retaining a Total Shareholding of 100% and 75% respectively of the value of their final salary, in the Company's shares for two years post their leaving date.

Annual bonus

Executive Directors and Senior Management will participate in the Group's annual bonus scheme in accordance with the Policy. The performance measures, the reasons for selecting these measures and the maximum bonus payment against each of them expressed as a percentage of salary for FY16 will be:

Performance measure	Reason for selecting	Weighting (% of salary maximum)
Financial:		
Profit before tax	Rewards outperformance against stretching targets and is a key measure of our performance.	60
Balance Sheet Items:		
Land bank owned and controlled	Ensures sufficient land available for the future business plan.	22.5
Capital employed	Ensures efficient and effective management of our Balance Sheet.	22.5
Non-financial:		
Health and safety	Promotes working towards an ever safer working environment.	15
Customer service	Critical to the Group's brands and competitive resilience in all market conditions.	15
Personal objectives	Focus individuals on specific factors required to meet the long and short term strategy of the business whilst aligning their interests with those of shareholders.	15
Total		150*

* Any bonus earned in aggregate in excess of 100% will continue to be deferred into shares and held in the CIP. The Committee has agreed that no matching shares will be awarded against any deferred shares in respect of FY16.

The individual targets for each performance measure are commercially sensitive and therefore not disclosed in this year's report. We will, however, provide full disclosure on the targets and performance against them in next year's Annual report on remuneration.

The Group's profitability remains a key measure, however, in order to drive sustainable value this must be achieved through an appropriate capital structure and in line with the risk profile of the business. The annual bonus performance measures have been reviewed against last year's and the following changes have been made to align them with the Company's strategy:

- the weighting of profit before tax has been reduced to give it a more appropriate focus relative to other measures; and
- the introduction of capital employed to further align the interests of Executive Directors with those of shareholders.

The Committee will continue to have an overriding discretion in respect of any bonus payment in accordance with its Remuneration Policy. In addition, any bonus awarded for FY16 will be subject to Clawback (see page 83).

Governance – Remuneration report – Annual report on remuneration continued

LTTP

The level of the LTTP award to be granted to Executive Directors and Senior Management during FY16 will be in line with that set out in the Policy. The Committee is cognisant that such an award should be subject to performance targets which are stretching and challenging whilst aligned with the short and long term performance of the Group and total shareholder return. Accordingly, the Committee has agreed that the extent to which the LTTP award to be granted in FY16 (the '2015/16 LTTP') will vest, will be dependent on three independent performance conditions as follows:

Performance condition	Reason selected	Weighting (of total award)	Below Threshold (0% vesting)	Threshold (25% vesting)	Maximum (100% vesting)
<ul style="list-style-type: none"> TSR against a 50+/50- comparator group as at the beginning of the performance period. 	To ensure that the comparator group remains current whilst factoring in the continued movement in the Company's market capitalisation.	One-third	Below median	Median	Upper quartile
<ul style="list-style-type: none"> Absolute EPS for the financial year ending 30 June 2018 	To ensure efficient and effective management of our business and align interests with those of shareholders.	One-third	See below		
<ul style="list-style-type: none"> ROCE 	To ensure efficient and effective management of our business and align interests with those of shareholders.	One-third	See below		

EPS and ROCE performance targets

As per last year, the specific EPS and ROCE targets remain commercially sensitive in terms of the Group's future strategy and therefore these targets have not been disclosed in this report. We will, however, provide an update on EPS and ROCE performance against targets on an annual basis in line with feedback that we receive from shareholders on the disclosure in respect of the 2014/15 LTTP. The specific target range for the 2015/16 LTTP will remain designed to incentivise significant performance improvement across the business, deliver a strong return to shareholders and represent a stretching target for Executive Directors and Senior Management. When setting the target range for the 2015/16 LTTP, the Committee has also taken into account the Board's assessment of the optimal scale of business, the Group's ROCE target and current market consensus.

Each of the above performance conditions will remain subject to an overriding Committee discretion as set out in the Policy. Clawback and the two-year continued holding period on any shares (net of any shares sold to satisfy tax and national insurance liabilities) vesting, will also apply.

Executive Directors' policy on payment on loss of office

For new appointments to the Board, the terms of a Director's service contract have been revised so that the Company can, at its discretion, terminate a Director's appointment and pay them only a monthly salary for the 12 month notice period or until such time as the Director secures another job, whichever is the earlier.

New Chief Financial Officer

On joining the Group, Neil Cooper, the new Chief Financial Officer Designate, will receive a salary of £454,000 per annum (pro-rata) for FY16. This is exactly the same as David Thomas' salary prior to his appointment as Chief Executive. His remuneration package will be in line with the other Executive Directors as detailed above. Following advice from NBS, Neil's long term incentives have been structured to replace those he is leaving behind at his previous employer, William Hill plc, and are in accordance with the Policy. Consequently, vesting dates, use of shares and performance linking will be preserved. Full details will be included in our FY16 Annual Report and Accounts.

Arrangements with past directors (audited)

Mark Clare stepped down from his position as Group Chief Executive on 30 June 2015 and subsequently from the Board on 31 July 2015. He will remain employed by the Group up to and including 31 October 2015. From 1 August until 31 October 2015, his terms of employment will remain as per his existing service contract to ensure an orderly handover to his successor. All payments to him, including those made post-employment, will be made in accordance with the Policy. He continues to receive his base salary and benefits (holiday, pension contribution, life assurance and the other benefits) at pre-1 July 2015 levels. He also received an annual bonus totalling £979,892 in respect of FY15 but will not receive any payment in lieu of notice nor any annual bonus payment for FY16. He will not be granted any award under the LTPP during FY16, however the awards made in October 2012, 2013 and 2014 will subsist and will vest on a pro-rata basis on the normal dates, subject to the respective performance conditions and other rules applicable to the LTPP (including clawback provisions). The Committee has also agreed that the shares currently held for Mark under the Deferred Bonus Plan will be released to him (upon settlement of any tax and national insurance due) upon his retirement from the Company on 31 October 2015.

Any leaving gift to be awarded to Mark on his retirement on 31 October 2015 will be valued at no more than £5,000 with any tax and national insurance due on this being settled by the Company. Full details of the actual payments made and shares released to Mark will be included in the 2016 Annual Report and Accounts.

Non-Executive Directors' fees

The Board reviewed the fees for the Non-Executive Directors (including the Chairman) and concluded that no fee increase should be awarded to the Chairman. However, in respect of the Non-Executive Directors, given that they had not received an increase since 2012 and to ensure that the base fee level appropriately reflects the time commitment and responsibilities involved, it was agreed that base fees should be increased to £56,000 per annum with effect from 1 July 2015. The additional fees for the Chairmen of the Committees and to the Senior Independent Director remain the same. Accordingly, the annual fees payable to the Non-Executive Chairman and Non-Executive Directors with effect from 1 July 2015 are as follows:

Table 20 – Non-Executive Directors' fees

Role	Fee as at 1 July 2014	Fee as at 1 July 2015	% increase
Chairman ¹	£270,000	£300,000	11.1
Non-Executive Director base fee	£48,000	£56,000	16.7
Chairman of Audit Committee	£10,000	£10,000	0
Chairman of Remuneration Committee	£10,000	£10,000	0
Chairman of Safety, Health and Environmental Committee	£5,000	£5,000	0
Senior Independent Director	£5,000	£5,000	0

¹ The Chairman's fee increased to £300,000 from 12 November 2014, when John Allan succeeded Bob Lawson as the Chairman of the Board.

Statement of shareholding vote at AGM

At the 2014 AGM, resolutions were proposed to shareholders to approve the Policy (binding vote) and the Remuneration report (advisory vote) for the year ended 30 June 2014 for which the following votes were received:

	Remuneration Policy		Remuneration report	
	Number of votes	% votes cast	Number of votes	% votes cast
Votes cast in favour	572,737,897	99.00	574,319,290	99.26
Votes cast against	5,790,872	1.00	4,260,439	0.74
Total votes cast	578,528,769	100.00	578,579,729	100.00
Abstentions	4,197,458		4,146,498	

This Remuneration report was approved by the Board on 8 September 2015 and signed on its behalf by:

Richard Akers

Non-Executive Director

Governance

Other statutory disclosures

Directors' Report

The Directors' Report for the financial year ended 30 June 2015 comprises pages 46 to 102 inclusive, together with the sections incorporated by reference. Any matters on which the Directors are required to report on annually, but which do not appear in any other section of this report are detailed below.

Activities of the Group

The Company is the holding company of the Group. The Group's principal activities comprise acquiring and developing land, planning, designing and constructing residential property developments and selling the homes it builds throughout Britain. These core activities are supported by the Group's commercial development, urban regeneration, procurement, design and strategic land capabilities.

Results and dividends

The profit from continuing activities for the year ended 30 June 2015 was £449.4m (2014: £305.4m).

An interim dividend of 4.8 pence per share was paid on 20 May 2015 to those shareholders on the register as at close of business on 23 April 2015 (2014: 3.2 pence per share). The Directors recommend the payment of a final dividend of 10.3 pence per share (2014: 7.1 pence per share) in respect of the financial year ended 30 June 2015.

The Directors also recommend the payment of a special cash payment of 10.0 pence per share under the Company's Capital Return Plan (see page 9 for further details).

Both the final dividend and the special cash payment will, subject to shareholder approval at the 2015 AGM, be paid on 20 November 2015 to those shareholders on the register at the close of business on 30 October 2015. If approved, the total dividend (including the special cash payment) for FY15 is 25.1 pence per share (2014: 10.3 pence per share).

Strategic Report

The Group's Strategic Report is set out on pages 2 to 45 of this Annual Report and Accounts and contains details of the Group's greenhouse gas emissions (page 37); our approach to diversity and details of diversity within the Group (page 33); our employee engagement programme (page 33); an indication of likely future developments in the Group including in the field of research and development (pages 28 and 29) and the Group's principal risks and uncertainties (pages 40 to 45).

In addition, details of the Company's approach to dealing with environmental issues in its operations and the impact of and management of risks associated with environmental, social and governance matters are contained in the Strategic Report on pages 40 to 45 and in the Sustainability Report. They can also be found in the sustainability section of the Company's website at www.barrattdevelopments.co.uk.

The Group's financial assets, financial liabilities and derivative financial instruments are detailed in notes 24, 25 and 26 to the Financial Statements. Details of the Group's liquidity, market price, credit and cash flow risks are set out in note 27 to the Financial Statements.

Annual General Meeting

The 2015 AGM will be held at The Royal College of Physicians, 11 St Andrews Place, Regent's Park, London NW1 4LE on Wednesday 11 November 2015 at 2.30 p.m. The Notice convening the 2015 AGM is set out in a separate letter to shareholders.

Directors and their interests

Details of the Directors who held office during the financial year ending 30 June 2015 and as at the date of this report can be found on pages 46 and 47.

The beneficial interests of the Directors and connected persons in the ordinary share capital of the Company together with the interests of the Executive Directors in share options and awards of shares as at 30 June 2015 and as at the date of this report are disclosed in the Remuneration report on pages 88 and 89.

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

Appointment and replacement of Directors

In accordance with the Articles there shall be no less than two and no more than 15 Directors appointed to the Board at any one time. Directors may be appointed by the Company by ordinary resolution or by the Board. The Board may from time to time appoint one or more Directors to hold employment or executive office for such period (subject to the Act) and on such terms as they may determine and may revoke or terminate any such appointment. Directors are not subject to a maximum age limit.

In addition to the power under the Act for shareholders to remove any Director by ordinary resolution upon the giving of special notice, under the Articles the Company may by special resolution remove any Director before the expiration of their term of office. The office of Director shall be vacated if: (i) they resign or offer to resign and the Board resolves to accept such offer; (ii) their resignation is requested by all of the other Directors and all of the other Directors are not less than three in number; (iii) they are or have been suffering from mental or physical ill health; (iv) they are absent without permission of the Board from meetings of the Board for six consecutive months and the Board resolves that their office is vacated; (v) they become bankrupt or compound with their creditors generally; (vi) they are prohibited by law from being a Director; (vii) they cease to be a Director by virtue of the Act; or (viii) they are removed from office pursuant to the Articles.

Details relating to the retirement, election and re-election of Directors at each AGM can be found in the Nomination Committee report on pages 64 and 65.

Powers of the Directors

Subject to the Articles, the Act and any directions given by special resolution, the business of the Company is ultimately managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or otherwise. In particular, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertakings, property, assets and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company to any third party.

Qualifying third party indemnity provisions

As at the date of this Annual Report and Accounts, there are qualifying third party indemnity provisions governed by the Act in place under which the Company has agreed to indemnify the Directors, former Directors and the Company Secretary of the Company, together with those who have held or hold these positions as officers of other Group companies or of associate or affiliated companies and members of the Executive Committee, to the extent permitted by law and the Articles, against all liability arising in respect of any act or omission in the course of performing their duties. In addition, the Company maintains directors' and officers' liability insurance for each Director of the Group and its associated companies.

No Director of the Company or of any associated company shall be accountable to the Company or the members for any benefit provided pursuant to the Articles and receipt of any such benefit shall not disqualify any person from being or becoming a Director of the Company.

Related party transactions

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

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

In August 2014, Mark Clare, then Group Chief Executive, reserved an apartment (including a car parking space) from Fulham Wharf LLP, a joint venture partnership between BDW Trading Limited ('BDW') (the Company's main trading subsidiary) and London and Quadrant Housing Trust (L&Q), at a purchase price of £1,692,350. This purchase was conducted at a fair and reasonable market price based on four independent market valuations and similar comparable transactions at that time. An amount of £2,500 was paid on reservation and a deposit of £166,735 was paid on 13 October 2014. The remaining balance will become payable on legal completion, which is scheduled for December 2015, in accordance with the Group's normal terms of trading.

Fulham Wharf LLP is not controlled by and is not a subsidiary undertaking of the Company.

On notification by Mark Clare of the above transaction, the Board sought advice from its legal advisers and corporate brokers in respect of the application of Chapter 11 and section 190 of the Act (Substantial Property Transactions) ('section 190') to the transactions. The advice received concluded that Chapter 11 and section 190 did not extend to LLPs and therefore the provisions of Chapter 11 and section 190 did not apply to either of these transactions. Consequently, no shareholder approval was required for the transaction.

No other related party transactions that require disclosure, have been entered into during the year under review.

Disclosure of information to auditor

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

Each of the Directors has taken all reasonable steps that they ought to have taken in accordance with their duty as a Director to make themselves aware of any relevant audit information and to ensure that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Act.

Governance – Other statutory disclosures continued**Political donations and expenditure**

No political donations or expenditure were made or incurred during the year (2014: £nil).

Offices

The Group had 27 offices (excluding those offices undertaking an administrative function only) located throughout Britain at the end of the financial year. The Group also has a representative office in Beijing, China. A full list of the Group's offices and their locations can be obtained from the Group General Counsel and Company Secretary at the registered office of the Company or from the Company's website www.barrattdevelopments.co.uk.

Capital structure

The Company has a single class of share capital which is divided into ordinary shares of 10 pence each. All issued shares are in registered form and are fully paid. Details of the Company's issued share capital and of the movements in the share capital during the year can be found in note 29 to the Financial Statements on page 149.

Subject to the Articles, the Act and other shareholders' rights, shares are at the disposal of the Board. At each AGM the Board seeks authorisation from its shareholders to allot shares. At the AGM held on 12 November 2014, the Directors were given authority to allot shares up to a nominal value of £32,838,204 (representing one-third of the nominal value of the Company's issued share capital as at 29 September 2014), such authority to remain valid until the end of the 2015 AGM or, if earlier, until the close of business on 11 February 2016. A resolution to renew this authority will be proposed at the 2015 AGM.

Rights and obligations attaching to shares

Subject to any rights attached to existing shares, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide.

Subject to the Act, the Articles specify that rights attached to any existing class of shares may be varied either with the written consent of the holders of not less than three-fourths in nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares), or with the sanction of a special resolution passed at a separate general meeting of the holders of those shares. The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Voting

Subject to any special terms as to voting upon any shares which may be issued or may at the relevant time be held, every member present in person or by proxy at a general meeting or class meeting has one vote upon a show of hands or, upon a poll vote, one vote for every share of which such member is a holder. In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of votes of the other joint holders and seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

In accordance with the Act, each member is entitled to appoint one or more proxies, and in the case of corporations, more than one corporate representative to exercise all or any of their rights to attend, speak and vote on their behalf at a general meeting or class meeting. The timescales for appointing proxies are set out in the Notice of the 2015 AGM.

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

Transfer of shares

Shares in the Company may be in uncertificated or certificated form. Title to uncertificated shares may be transferred by means of a relevant system and certificated shares may be transferred by an instrument of transfer as approved by the Board. The transferor of a share is deemed to remain the holder until the transferee's name is entered into the Company's register of members.

There are no restrictions on the transfer of shares except as follows. The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. Registration of a transfer of an uncertificated share may be refused in the circumstances set out in the uncertificated securities rules (as defined in the Articles) and where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated share is to be transferred exceeds four.

The Board may decline to register a transfer of a certificated share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require; (ii) is in respect of only one class of share; (iii) if joint transferees, is in favour of not more than

four such transferees; or (iv) where the transfer is requested by a person with a 0.25% interest (as defined in the Articles) if such a person has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under the Act, unless the transfer is shown to the Board to be pursuant to an arm's length sale (as defined in the Articles).

Shareholder authority for purchase of own shares

At the Company's AGM held on 12 November 2014, shareholders gave authority to the Company to buy back up to an aggregate of 98,514,610 ordinary shares (representing 10% of the Company's issued share capital). This authority is valid until the end of the 2015 AGM or, if earlier, until the close of business on 11 February 2016. Under the authority there is a minimum and maximum price to be paid for such shares. Any shares which are bought back may be held as treasury shares or, if not so held, will be cancelled immediately upon completion of the purchase, thereby reducing the Company's issued share capital.

No purchases had been made under this authority as at the date of this Annual Report and Accounts. A resolution renewing the authority will be proposed at the 2015 AGM.

Dividends and distributions

Subject to the provisions of the Act, the Company may by ordinary resolution from time to time declare dividends for payment to the holders of the ordinary shares of 10 pence each, of an amount which does not exceed the amount recommended by the Board. The Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, if in the opinion of the Board, circumstances justify their payment. If the Board acts in good faith, it is not liable to holders of shares with preferred or pari passu rights for losses arising from the payment of interim or fixed dividends on other shares. The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25% interest if such person has been served with a restriction notice after failure to provide the Company with information concerning interests in those shares required to be provided under the Act.

Shareholder arrangements to waive dividends

The Barratt Developments Employee Benefit Trust (the 'EBT') holds ordinary shares in the Company for the purpose of satisfying options and awards that have been granted under the various employee share schemes operated by the Company. Details of the shares so held are set out in note 29 to the Financial Statements.

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.

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

Employee share schemes

Details of employee share schemes are set out in note 30 to the Financial Statements.

Employment policy and involvement

(i) Employment and diversity

The Group is committed to seeking to develop the talents of its employees so that they can maximise their career potential and providing rewarding careers in an atmosphere that engenders equal opportunities for all. Selection for employment and promotion is based on merit, following an objective assessment of ability and experience of candidates, after giving full and fair consideration to all applications (including individuals with disabilities). The Group is also committed to ensuring that its workplaces are free from discrimination. The Group strives to ensure that its policies and practices provide equal opportunities in respect of issues such as training, career development and promotion for all existing or potential staff irrespective of gender, race, ethnic origin, colour, religion, physical disability, marital status, sexual orientation or age. Every effort is made to retain and support employees who become disabled whilst working within the Group.

(ii) Employee engagement

The Board recognises that appropriate employee engagement is a key factor in the long term success of the Group. It utilises a comprehensive employee engagement programme with the aim of creating a strong, shared culture. All employees are invited to take part in an online engagement survey each year. The results of this survey are fed back to each operating division who use the results to formulate plans for maintaining or improving engagement in the following year.

(iii) Employee communications

A key part of effective employee engagement is communication. The Company seeks to ensure that all significant events, economic factors and financial updates and the impact of these on the performance of the Group are communicated to employees. This is mainly channelled through the Group's intranet and the use of email alerts, core briefings and regular newsletters. Additionally, the Chief Executive regularly briefs

Governance – Other statutory disclosures continued

senior and middle management via conference calls and bulletins which gives them the opportunity to ask questions and enter into dialogue. Individually and collectively, the Board and the Executive Committee members visit operating divisions and sites frequently in order to assess operational performance, engage with employees on a one-to-one basis and gain first-hand experience of employees' aspirations and concerns.

(iv) Future talent

The Group runs a number of programmes for new entrants through our 'Future Talent Strategy'. The Group currently has 71 graduates across our two-year and one-year schemes, 54 of which commenced their training in September 2014. In addition, 60 delegates have commenced our bespoke Foundation Degree in Residential Development and Construction in partnership with Sheffield Hallam University. We are currently training 334 Trade, Technical and Commercial apprentices and 20 undergraduate students on a paid 12-month industrial placement programme.

(v) Employee training and development

The Group has a suite of leadership and management development programmes aimed at all levels within the organisation. The programmes are designed and delivered internally and are tailored to the needs of the business.

The Group also offers the Barratt Academy, a staged programme to enable employee development from apprentice to site manager as well as within the areas of technical, commercial and sales. Succession planning is in place across the Group and the leadership programmes assist with the development of individuals as part of this process.

(vi) Employee Sharesave Scheme

In April 2015, the Company invited all eligible employees of the Group to participate in the seventh grant under the Savings Related Share Option Scheme (the '2015 Sharesave') which was approved by shareholders at the Company's Annual General Meeting ('AGM') held in November 2008. The invitations for the 2015 Sharesave allowed eligible employees to contribute a maximum of £500 per month in one or a combination of Sharesave schemes as per the previous year. This gave those individuals who had participated in previous grants under the Sharesave the opportunity to increase their savings and gave other employees (new and existing) the chance to participate in the 2015 Sharesave and become more involved in the Group's performance. As at 30 June 2015, approximately 45% of employees participate in one or more of the active Sharesave schemes.

Articles of Association

The Company's Articles of Association (the 'Articles') contain regulations which deal with matters such as the appointment and removal of Directors, Directors' interests and proceedings at general and Board meetings. Any amendments to the Articles may be made in accordance with the provisions of the Companies Act 2006 by way of a special resolution at a general meeting.

Approach to tax and tax governance

For all taxes, it is the Group's aim to ensure it accurately calculates and pays the tax that is due at the correct time. Whilst the Group does seek to minimise its tax liabilities through the use of legitimate routine tax planning, it does not participate in aggressive tax planning schemes. The Group also seeks to be transparent in its dealings with HM Revenue & Customs and has regular dialogue with its representatives to discuss both developments in the business and the ongoing tax position.

The Group Finance Director retains overall responsibility for oversight of the tax affairs of the Group. He is the named Senior Accounting Officer and receives regular updates on the tax position. In addition, taxation is discussed by the Audit Committee at least annually.

Significant agreements

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

- ▶ The revolving credit facility agreement dated 14 May 2013 (as amended on 17 December 2014) made between, amongst others, the Company, Lloyds Bank Plc (as the facility agent) and the banks and financial institutions named therein as lenders (the 'Revolving Credit Facility Agreement') contains a prepayment provision at the election of each lender on change of control. The Company must notify the facility agent promptly upon becoming aware of the change of control. After the occurrence of a change of control, the facility agent shall (if a lender so requests within 20 days of being notified of the change of control) by notice to the Company, on the date falling 30 days after the change of control, cancel the commitment of such lender under the Revolving Credit Facility Agreement and declare all amounts outstanding in respect of such lender under the Revolving Credit Facility Agreement immediately due and payable. The Revolving Credit Facility Agreement also contains a provision such that, following a change of control, a lender is not obliged to fund any further drawdown of the facility (other than rollover loans). For these purposes, a 'change of control' occurs if any person or group of persons 'acting in concert' (as defined in the City Code on Takeovers and Mergers) gains control (as defined in the Corporation Tax Act 2010) of the Company.
- ▶ Each of the note purchase agreements entered into in respect of the Group's privately placed notes (being the US\$80m of notes issued pursuant to the following note purchase agreements: (i) a note purchase agreement in respect of the issue of US\$15m notes dated 10 May 2011 (as amended and restated on 14 May 2013 and as amended on 17 December 2014); and (ii) a note purchase agreement in respect of the issue of US\$65m notes also dated 10 May 2011 (as amended and restated on 14 May 2013 and as amended on 17 December 2014)) contains a change of control prepayment provision. Each such control provision

provides that promptly after the Company becomes aware that a change of control has occurred, the Company shall notify all the holders of the notes of the same and give the noteholders the option to require the Company to prepay at par all outstanding amounts (principal and interest) under the notes. If a noteholder accepts such offer of prepayment, such prepayment shall take place on a business day that is not more than 90 days after the Company notified the noteholders of the change of control. For these purposes a 'change of control' means the acquisition by a person or a group of persons 'acting in concert' (as defined in the City Code on Takeovers and Mergers) such that they gain beneficial ownership of more than 50% of the issued share capital of the Company carrying voting rights.

- ▶ The £100m term facility agreement between, amongst others, the Company and Prudential/M&G UK Companies Financing Fund LP dated 10 May 2011 (as amended and restated on 14 May 2013 and as amended on 17 December 2014) also contains a prepayment provision on a change of control at the election of each lender; such prepayment provision is the same as that described for the Revolving Credit Facility Agreement (save for the fact that the term loan is fully drawn and so the restrictions on drawing described for the Revolving Credit Facility Agreement do not apply).
- ▶ Each of the debt facility agreements (based on a proforma agreement agreed in October 2012) between the Company (as guarantor), BDW (as borrower and developer) and the Homes and Communities Agency ('HCA') (as lender), whereby the HCA has made up to £33m (in aggregate) of project financing available to fund up to 20 development sites, contains a provision requiring BDW to obtain the consent of the HCA on a change in control of the Company, BDW or any of their holding companies (if relevant). The HCA is entitled to withhold its consent to such a change in control if the new controller does not have sufficient reputation, financial standing or organisational standing and capacity. A failure to: (i) obtain the HCA's consent to a change in control; and (ii) provide the HCA with notice of the change in control within a specified time period, is an event of default under each of these agreements. On such an event of default the HCA may, by notice in writing to BDW, terminate each debt facility agreement and require BDW to prepay the project financing. For these purposes a 'change in control' means the acquisition by a person or a group of persons acting together such that they gain beneficial ownership of more than 50% of the issued share capital or voting rights of the relevant company, have the right to appoint the majority of the Directors of the relevant company or otherwise control the votes at board meetings of the relevant company.

The note purchase agreements also impose upon the holders customary restrictions on resale or transfer of the notes, such as the transfer being subject to a de minimis amount.

Going concern

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

The Group's business activities, together with factors which the Directors consider are likely to affect its future development, financial performance and financial position are set out in the Strategic Report on pages 2 to 45. The material financial and operational risks and uncertainties that may have an impact upon the Group's performance and their mitigation are outlined on pages 40 to 45 and financial risks including liquidity risk, market risk, credit risk and capital risk are outlined in note 27 to the Financial Statements.

The financial performance of the Group is dependent upon the wider economic environment in which the Group operates. As explained in the Managing Risk section on pages 40 to 45, factors that particularly affect the performance of the Group include changes in the macroeconomic environment including buyer confidence, availability of mortgage finance for the Group's customers and interest rates.

The Group has total committed bank facilities and private placement notes of £848.3m. The final maturity of these facilities range from August 2017 to July 2021, with £150.0m of the revolving credit facility maturing in December 2017 and £550.0m of the revolving credit facility maturing in December 2019. The committed facilities and private placement notes provide appropriate headroom above our current forecast debt requirements.

In addition to these committed borrowing facilities, the Group has secured £27.9m of financing from the Government's 'Get Britain Building' and 'Growing Places Fund' schemes. These funds are repayable between December 2015 and March 2018. Further committed loan facilities of £11.5m are available under agreements with local government which are due to be repaid between July 2015 and March 2020.

Accordingly, after making enquiries and having considered forecasts and appropriate sensitivities, the Directors have formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these Financial Statements. For this reason, they continue to adopt the going concern basis in the preparation of these Financial Statements.

On behalf of the Board

Tom Keevil

Group General Counsel and Company Secretary

8 September 2015

Governance

Statement of Directors' Responsibilities

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. The Directors are required by the International Accounting Standards Regulation (the 'IAS Regulation') to prepare the Group Financial Statements under International Financial Reporting Standards as adopted by the European Union ('IFRS') and have also elected to prepare the Parent Company Financial Statements in accordance with IFRS. The Financial Statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and Article 4 of the IAS Regulation. Under the Disclosure and Transparency Rules, the Directors must not approve the Accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that Financial Statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. 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 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 transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Fair, balanced and understandable

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

Directors' responsibility statement

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

- a) the Group and Parent Company Financial Statements in this Annual Report and Accounts, which have been prepared in accordance with IFRS, Standing Interpretation Committee interpretations as adopted and endorsed by the European Union, International Financial Reporting Interpretations Committee interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the Group taken as a whole; and
- b) the 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.

The Directors of the Company and their functions are listed on pages 46 and 47.

By order of the Board

John Allan
Chairman

8 September 2015

David Thomas
Chief Executive

8 September 2015

The Directors' Report from pages 46 to 102 inclusive was approved by the Board on 8 September 2015 and is signed on its behalf by:

Tom Keevil

Group General Counsel and Company Secretary

Financial Statements

Independent auditor's report to the members of Barratt Developments PLC

Opinion on the financial statements of Barratt Developments PLC

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2015 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated income statement, the Group and Parent Company statements of comprehensive income, the Group and Parent Company statements of changes in shareholders' equity, the Group and Parent Company balance sheets, the Group and Parent Company cash flow statements, the Accounting policies, the Impact of standards and interpretations in issue but not yet effective, the Critical Accounting Judgements and Key Sources of Estimation Uncertainty and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Going concern

As required by the Listing Rules we have reviewed the Directors' statement contained within the Accounting policies on pages 112 to 117 that the Group is a going concern. We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified any material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below, which are the same risks as identified in the prior year, are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
<p>Carrying value of land and work in progress – land £2,826.1m (2014: £2,348.4m), work in progress £1,287.4m (2014: £1,118.2m)</p> <p>Refer to page 68 (Audit Committee statement), page 119 (Critical Accounting Judgements and Key Sources of Estimation Uncertainty) and page 134 (financial statement disclosures)</p> <p>The Group's assessment of the carrying value of land and work in progress, being the lower of cost and net realisable value, is a judgemental process. This requires the estimation of selling prices, sales rates and costs to complete, determined on a site by site basis. These factors drive the gross margin for each site and hence the profit recognised at the point of sale.</p> <p>Revenue recognition on social housing developments accounted for under IAS 11 'Construction Contracts' requires additional judgement in calculating the revenue and profit to be recognised, estimating the total expected costs to complete each site and the percentage of completion at the balance sheet date.</p>	<p>Our work involved the following:</p> <ul style="list-style-type: none"> ➤ We have tested the design, implementation and operating effectiveness of the Group's controls relating to the determination of costs to complete as this is the most significant judgement applied to each site valuation. We attended a number of valuation meetings across all regions that review the carrying value of land and work in progress of individual sites. A sample of sites were also visited to enable us to verify how surveyors measure the degree of build completion of the developments against the costs incurred to date and to measure the subcontractor accruals at the year end. ➤ For multi-phased sites we have performed procedures to validate the appropriateness of actual and forecast margin maintained across the individual phases of the entire site. ➤ We have reviewed the land acquisition appraisal process and viability assessment at acquisition and tested the design, implementation and operating effectiveness of the key controls. ➤ We have sample tested and agreed certain costs incurred to date included within land and work in progress as well as reviewing the proportion of that expenditure recognised as a cost of sale in the year in respect of units sold. ➤ We have used IT interrogation tools to test the model prepared by Management to calculate the net realisable value of sites to ascertain the mechanical accuracy of the formulae being applied to the inputs to specific sites. ➤ We have tested each of the key assumptions within Management's model on forecast sales values, sales rates and costs to complete which support the basis of the carrying value of land and work in progress. We have compared the Group's assumptions to external market forecasts for sales price inflation and build cost inflation and have tested a sample of sites to current market data on sales rates, sales prices and cost assumptions. We have also tested the accuracy of costs to complete assumptions on a sample basis. ➤ We have performed independent sensitivity analysis, informed by external forecasts, to measure the impact on the carrying value of land and work in progress through possible deviations around the assumptions applied by management. ➤ A sample of construction contracts for social housing developments have been tested by verifying the costs incurred to date and recalculating the percentage of completion at the balance sheet date. A selection of these schemes have been reviewed with a sample of costs agreed to third party surveyors' certificates, total sales values agreed to contracts, and the recognition formula verified to support revenue recognised.

Financial Statements – Independent auditor's report to the members of Barratt Developments PLC continued

Risk	How the scope of our audit responded to the risk
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Valuation of available for sale financial assets – £107.0m (2014: £122.4m)

Refer to page 68 (Audit Committee statement), page 119 (Critical Accounting Judgements and Key Sources of Estimation Uncertainty) and page 133 (financial statement disclosures)

The Group's available for sale financial assets, represented by shared equity properties, are held at fair value. The assets represent loans granted as part of housing sales transactions that are secured by way of a second charge on the respective property. The valuation, which determines the level of provision to be recorded against the gross value of the loans granted, requires the exercise of significant judgement. Significant judgements are made in estimating the timing and quantum of the future cash flows expected from the redemption of the loans, including an estimate of the market value of the property at the estimated time of repayment, and the determination of a suitable discount rate to calculate the present value of the cash flows.

Our work involved the following:

- ▶ We have tested the design and implementation of the Group's controls relating to Management's redemption assumptions on value and timing as these are the most significant judgements applied within the valuation.
- ▶ The mathematical accuracy of the model has been reviewed through the use of IT interrogation tools to validate that the formulae and results are correctly applied and mapped to specific loans.
- ▶ We have tested each of the key assumptions underpinning the fair value model through comparison to historic experience of the Group in terms of redemption values and defaults, tested the consistency of assumptions employed by the Group for forecast sales price inflation and compared the discount rate employed to the equivalent interest rate levied on a second charge loan of similar quantum and duration to the average loan issued by the Group.
- ▶ We have reviewed the forecast redemption profile for the various tranches of assets in line with the Group's redemption experience and against the underlying terms of the agreement to which the customer is bound. We have performed an analysis of geographical spread of the borrowers to support Management's expected redemption profile, including consideration of the dispersion of the assets in determining the appropriate level of sales price inflation, default rate and expected redemption date.
- ▶ We have employed sensitivity analysis to the key assumptions to establish the quantum of the impact caused by flexing certain inputs to the model.
- ▶ We have reviewed the appropriateness of the disclosures provided in accordance with IFRS 13 'Fair Value Measurement' and IFRS 7 'Financial Instruments: Disclosures', including the classification within the fair value hierarchy.

Impairment of goodwill and intangible assets – £892.2m (2014: £892.2m)

Refer to page 68 (Audit Committee statement), page 119 (Critical Accounting Judgements and Key Sources of Estimation Uncertainty) and pages 126 and 127 (financial statement disclosures)

The Group's assessment of impairment of goodwill and intangible assets is a judgemental process which requires estimates concerning the forecast future cash flows associated with the goodwill and brand assets held, the discount rates and the growth rate of revenue and costs to be applied in determining the value in use.

Our work involved the following:

- ▶ We have tested the design and implementation of the Group's controls relating to Management's impairment review of goodwill and intangible assets.
- ▶ We have tested the accuracy of the underlying model to assess whether the processes are applied to the correct input data and the outputs are mapped accurately.
- ▶ We challenged each of the key assumptions employed in the annual goodwill impairment test. This included reference to our internal valuation specialists' benchmarking of the weighted average cost of capital rate ('WACC') employed as the discount rate employed, including its methodology and constituent inputs, comparison to independent market forecasts of revenue and cost growth in the housebuilding sector and an assessment of the Group's historic forecasting accuracy.
- ▶ We have tested Management's sensitivity analysis in relation to the key inputs to the goodwill impairment test model, as well as performing our own sensitivity analysis which included changes to volume, margin and the discount rate applied.
- ▶ We have reviewed the appropriateness of the disclosures provided in accordance with IAS 36 'Impairment of Assets'.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £27.6m (2014: £24.0m), which is calculated based on 5.0% (2014: 6.1%) of statutory pre-tax profit.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.55m (2014: £0.48m), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. The entire Group is audited by one audit team, led by the Senior Statutory Auditor. The audit is performed centrally and comprises all of the divisions which comprise the Group's housebuilding segment, the Group's commercial developments segment and the head office consolidation. We choose to visit the Group's three London housebuilding divisions each year, as well as five further non-London housebuilding divisions across each of the Group's regions, selected on a rotational basis and with reference to size and complexity among other factors. We also visit Wilson Bowden Developments Limited on an annual basis, which constitutes the Group's commercial developments segment.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception**Adequacy of explanations received and accounting records**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of Directors' remuneration have not been made or the part of the Directors' remuneration report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate governance statement

Under the Listing Rules we are also required to review the part of the Corporate governance statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Goodey (Senior Statutory Auditor)

for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

8 September 2015

Financial Statements

Consolidated Income Statement

Year ended 30 June 2015

	Notes	2015 £m	2014 £m
Continuing operations			
Revenue	1, 2	3,759.5	3,157.0
Cost of sales		(3,045.2)	(2,627.6)
Gross profit		714.3	529.4
Administrative expenses		(137.5)	(119.6)
Profit from operations	3	576.8	409.8
Finance income	4	7.6	9.1
Finance costs	4	(64.6)	(68.8)
Net finance costs	4	(57.0)	(59.7)
Share of post-tax profit from joint ventures	13	45.4	40.6
Share of post-tax profit/(loss) from associates	13	0.3	(0.1)
Profit before tax		565.5	390.6
Tax	6	(115.2)	(85.2)
Profit for the year		450.3	305.4
Profit for the year attributable to the owners of the Company		449.4	305.4
Profit for the year attributable to non-controlling interests	16	0.9	-
Earnings per share from continuing operations			
Basic	9	45.5p	31.2p
Diluted	9	44.6p	30.4p

The notes on pages 112 to 160 form an integral part of these Financial Statements.

Statements of Comprehensive Income

Year ended 30 June 2015

	Notes	Group		Company	
		2015 £m	2014 £m	2015 £m	2014 £m
Profit for the year		450.3	305.4	16.7	165.4
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss					
Actuarial (loss)/gain on defined benefit pension scheme	28	(11.5)	3.5	(11.5)	3.5
Fair value adjustment on available for sale financial assets	17	5.1	0.7	-	-
Tax credit/(charge) relating to items not reclassified		1.3	(1.2)	2.4	(0.8)
Total items that will not be reclassified to profit or loss		(5.1)	3.0	(9.1)	2.7
Items that may be reclassified subsequently to profit or loss					
Amounts deferred in respect of effective cash flow hedges	4, 31	(0.5)	(5.4)	(0.5)	(5.4)
Amounts reclassified to the Income Statement in respect of hedged cash flows	4, 31	2.9	11.7	2.9	11.7
Tax charge relating to items that may be reclassified	18	(0.5)	(2.0)	(0.5)	(2.0)
Total items that may be reclassified subsequently to profit or loss		1.9	4.3	1.9	4.3
Total comprehensive income recognised for the year		447.1	312.7	9.5	172.4
Total comprehensive income recognised for the year attributable to the owners of the Company		446.2	312.7	9.5	172.4
Total comprehensive income recognised for the year attributable to non-controlling interests	16	0.9	-	-	-

The notes on pages 112 to 160 form an integral part of these Financial Statements.

Financial Statements

Statement of Changes in Shareholders' Equity

Group

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Own shares £m	Share-based payments £m	Retained earnings due to share holders of the Group £m	Total retained earnings due to share holders of the Group £m	Non-controlling interests (note 16) £m	Total equity £m
At 1 July 2013	98.0	213.4	1,109.0	(19.9)	(3.6)	21.7	1,654.6	1,672.7	-	3,073.2
Profit for the year	-	-	-	-	-	-	305.4	305.4	-	305.4
Amounts deferred in respect of effective cash flow hedges	-	-	-	(5.4)	-	-	-	-	-	(5.4)
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	11.7	-	-	-	-	-	11.7
Fair value adjustments on available for sale financial assets	-	-	-	-	-	-	0.7	0.7	-	0.7
Actuarial gains on pension scheme	-	-	-	-	-	-	3.5	3.5	-	3.5
Tax on items taken directly to equity	-	-	-	(2.0)	-	-	(1.2)	(1.2)	-	(3.2)
Total comprehensive income recognised for the year ended 30 June 2014	-	-	-	4.3	-	-	308.4	308.4	-	312.7
Dividend payments	-	-	-	-	-	-	(55.9)	(55.9)	-	(55.9)
Issue of shares	0.5	1.4	-	-	-	-	(0.4)	(0.4)	-	1.5
Share-based payments	-	-	-	-	-	9.0	-	9.0	-	9.0
Disposal of own shares	-	-	-	-	0.4	-	-	0.4	-	0.4
Transfer of share-based payments charge for exercised/lapsed options	-	-	-	-	-	(7.8)	7.8	-	-	-
Non-controlling interest arising on acquisition of land in a non-wholly owned subsidiary	-	-	-	-	-	-	-	-	8.0	8.0
Tax on share-based payments	-	-	-	-	-	1.7	3.4	5.1	-	5.1
At 30 June 2014	98.5	214.8	1,109.0	(15.6)	(3.2)	24.6	1,917.9	1,939.3	8.0	3,354.0
Profit for the year	-	-	-	-	-	-	449.4	449.4	0.9	450.3
Amounts deferred in respect of effective cash flow hedges	-	-	-	(0.5)	-	-	-	-	-	(0.5)
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	2.9	-	-	-	-	-	2.9
Fair value adjustments on available for sale financial assets	-	-	-	-	-	-	5.1	5.1	-	5.1
Actuarial losses on pension scheme	-	-	-	-	-	-	(11.5)	(11.5)	-	(11.5)
Tax on items taken directly to equity	-	-	-	(0.5)	-	-	1.3	1.3	-	0.8
Total comprehensive income recognised for the year ended 30 June 2015	-	-	-	1.9	-	-	444.3	444.3	0.9	447.1
Dividend payments	-	-	-	-	-	-	(117.7)	(117.7)	-	(117.7)
Issue of shares	1.0	4.3	-	-	-	-	(0.7)	(0.7)	-	4.6
Share-based payments	-	-	-	-	-	11.6	-	11.6	-	11.6
Disposal of own shares	-	-	-	-	0.5	-	-	0.5	-	0.5
Transfer of share-based payments charge for exercised/lapsed options	-	-	-	-	-	(3.6)	3.6	-	-	-
Tax on share-based payments	-	-	-	-	-	1.4	9.8	11.2	-	11.2
At 30 June 2015	99.5	219.1	1,109.0	(13.7)	(2.7)	34.0	2,257.2	2,288.5	8.9	3,711.3

The notes on pages 112 to 160 form an integral part of these Financial Statements.

Company

	Share capital £m	Share premium £m	Merger reserve £m	Hedging reserve £m	Own Shares £m	Share-based payments £m	Retained earnings £m	Total retained earnings £m	Total equity £m
At 1 July 2013	98.0	213.4	1,109.0	(19.9)	(3.6)	16.4	2,425.0	2,437.8	3,838.3
Profit for the year	-	-	-	-	-	-	165.4	165.4	165.4
Amounts deferred in respect of effective cash flow hedges	-	-	-	(5.4)	-	-	-	-	(5.4)
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	11.7	-	-	-	-	11.7
Actuarial gains on pension scheme	-	-	-	-	-	-	3.5	3.5	3.5
Tax on items taken directly to equity	-	-	-	(2.0)	-	-	(0.8)	(0.8)	(2.8)
Total comprehensive expense recognised for the year ended 30 June 2014	-	-	-	4.3	-	-	168.1	168.1	172.4
Dividend payments	-	-	-	-	-	-	(55.9)	(55.9)	(55.9)
Issue of shares	0.5	1.4	-	-	-	-	(0.4)	(0.4)	1.5
Share-based payments	-	-	-	-	-	9.0	-	9.0	9.0
Disposal of own shares	-	-	-	-	0.4	-	-	0.4	0.4
Transfer of share-based payments charge for exercised/lapsed options	-	-	-	-	-	(7.8)	1.7	(6.1)	(6.1)
Tax on share-based payments	-	-	-	-	-	0.5	0.9	1.4	1.4
At 30 June 2014	98.5	214.8	1,109.0	(15.6)	(3.2)	18.1	2,539.4	2,554.3	3,961.0
Profit for the year	-	-	-	-	-	-	16.7	16.7	16.7
Amounts deferred in respect of effective cash flow hedges	-	-	-	(0.5)	-	-	-	-	(0.5)
Amounts reclassified to the Income Statement in respect of hedged cash flows	-	-	-	2.9	-	-	-	-	2.9
Actuarial losses on pension scheme	-	-	-	-	-	-	(11.5)	(11.5)	(11.5)
Tax on items taken directly to equity	-	-	-	(0.5)	-	-	2.4	2.4	1.9
Total comprehensive income recognised for the year ended 30 June 2015	-	-	-	1.9	-	-	7.6	7.6	9.5
Dividend payments	-	-	-	-	-	-	(117.7)	(117.7)	(117.7)
Issue of shares	1.0	4.3	-	-	-	-	(0.7)	(0.7)	4.6
Share-based payments	-	-	-	-	-	11.6	-	11.6	11.6
Disposal of own shares	-	-	-	-	0.5	-	-	0.5	0.5
Transfer of share-based payments charge for exercised/lapsed options	-	-	-	-	-	(3.6)	1.4	(2.2)	(2.2)
Tax on share-based payments	-	-	-	-	-	0.1	2.3	2.4	2.4
At 30 June 2015	99.5	219.1	1,109.0	(13.7)	(2.7)	26.2	2,432.3	2,455.8	3,869.7

The notes on pages 112 to 160 form an integral part of these Financial Statements.

Financial Statements

Balance Sheets

At 30 June 2015

	Notes	Group		Company	
		2015 £m	2014 £m	2015 £m	2014 £m
Assets					
Non-current assets					
Other intangible assets	11	100.0	100.0	-	-
Goodwill	10	792.2	792.2	-	-
Property, plant and equipment	12	8.2	6.1	3.8	2.3
Investments in subsidiary undertakings	15	-	-	3,097.8	3,110.5
Investments in joint ventures and associates	13	200.0	199.6	25.6	25.6
Retirement benefit assets	28	5.3	3.1	5.3	3.1
Available for sale financial assets	17	96.8	121.6	-	-
Trade and other receivables	20	3.3	6.2	-	-
Deferred tax assets	18	-	19.6	7.1	27.9
Derivative financial instruments – swaps	26	2.3	-	2.3	-
		1,208.1	1,248.4	3,141.9	3,169.4
Current assets					
Inventories	19	4,173.6	3,508.6	-	-
Available for sale financial assets	17	10.2	0.8	-	-
Trade and other receivables	20	158.8	111.8	697.7	812.1
Cash and cash equivalents	23	360.4	274.7	294.1	259.0
		4,703.0	3,895.9	991.8	1,071.1
Total assets		5,911.1	5,144.3	4,133.7	4,240.5
Liabilities					
Non-current liabilities					
Loans and borrowings	25	(163.3)	(161.7)	(138.6)	(134.4)
Trade and other payables	21	(605.9)	(447.3)	-	-
Deferred tax liabilities	18	(1.2)	-	-	-
Derivative financial instruments – swaps	26	(17.0)	(21.2)	(17.0)	(21.2)
		(787.4)	(630.2)	(155.6)	(155.6)
Current liabilities					
Loans and borrowings	25	(13.2)	(38.4)	(58.5)	(56.8)
Trade and other payables	21	(1,349.8)	(1,112.0)	(49.9)	(67.1)
Current tax liabilities		(49.4)	(9.7)	-	-
		(1,412.4)	(1,160.1)	(108.4)	(123.9)
Total liabilities		(2,199.8)	(1,790.3)	(264.0)	(279.5)
Net assets		3,711.3	3,354.0	3,869.7	3,961.0
Equity					
Share capital	29	99.5	98.5	99.5	98.5
Share premium		219.1	214.8	219.1	214.8
Merger reserve		1,109.0	1,109.0	1,109.0	1,109.0
Hedging reserve		(13.7)	(15.6)	(13.7)	(15.6)
Retained earnings		2,288.5	1,939.3	2,455.8	2,554.3
Equity attributable to the owners of the Company		3,702.4	3,346.0	3,869.7	3,961.0
Non-controlling interests	16	8.9	8.0	-	-
Total equity		3,711.3	3,354.0	3,869.7	3,961.0

The Financial Statements of Barratt Developments PLC (registered number 604574) were approved by the Board and authorised for issue on 8 September 2015. Signed on behalf of the Board.

David Thomas
Chief Executive

John Allan
Chairman

The notes on pages 112 to 160 form an integral part of these Financial Statements.

Cash Flow Statements

Year ended 30 June 2015

	Notes	Group		Company	
		2015 £m	2014 £m	2015 £m	2014 £m
Net cash inflow from operating activities	32	184.0	242.3	68.8	18.5
Cash flows from investing activities					
Purchase of property, plant and equipment	12	(5.4)	(4.7)	(2.8)	(2.3)
Cash outflow arising on acquisition of land in a non-wholly controlled subsidiary		–	(0.9)	–	–
Decrease/(increase) in investments accounted for using the equity method	13	18.3	(59.2)	–	0.2
Dividends received from investments accounted for using the equity method	13	27.0	23.6	–	–
Investment in property fund	17	–	1.3	–	–
Interest received		2.3	3.7	60.0	58.1
Dividends received from subsidiaries		–	–	19.9	160.0
Net cash inflow/(outflow) from investing activities		42.2	(36.2)	77.1	216.0
Cash flows from financing activities					
Dividends paid	7	(117.7)	(55.9)	(117.7)	(55.9)
Disposal of own shares		0.5	0.4	0.5	0.4
Proceeds from issue of share capital		4.6	1.5	4.6	1.5
Make-whole fee on redemption of private placement notes		–	(53.0)	–	(53.0)
Loan (repayments)/drawdown		(27.9)	(118.8)	1.8	(142.5)
Net cash outflow from financing activities		(140.5)	(225.8)	(110.8)	(249.5)
Net increase/(decrease) in cash and cash equivalents		85.7	(19.7)	35.1	(15.0)
Cash and cash equivalents at the beginning of the year		274.7	294.4	259.0	274.0
Cash and cash equivalents at the end of the year	23	360.4	274.7	294.1	259.0

The notes on pages 112 to 160 form an integral part of these Financial Statements.

Financial Statements

Accounting Policies

Year ended 30 June 2015

Basis of preparation

These Financial Statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), International Financial Reporting Interpretations Committee ('IFRIC') Interpretations and Standing Interpretations Committee ('SIC') interpretations as adopted and endorsed by the European Union ('EU') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and therefore the Group Financial Statements comply with Article 4 of the EU International Accounting Standards Regulation. The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of available for sale financial assets, derivative financial instruments and share-based payments. A summary of the more significant Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Directors' best knowledge of the amounts, actual results may ultimately differ from those estimates. The most significant estimates made by the Directors in these Financial Statements are set out in 'Critical Accounting Judgements and Key Sources of Estimation Uncertainty'.

Going concern

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

The Group's business activities, together with factors which the Directors consider are likely to affect its future development, financial performance and financial position are set out in the Strategic Report on pages 2 to 45. The material financial and operational risks and uncertainties that may have an impact upon the Group's performance and their mitigation are outlined on pages 40 to 45 and financial risks including liquidity risk, market risk, credit risk and capital risk are outlined in note 27 to the Financial Statements.

The financial performance of the Group is dependent upon the wider economic environment in which the Group operates. As explained in the Risk management section on pages 40 to 45, factors that particularly affect the performance of the Group include changes in the macroeconomic environment including buyer confidence, availability of mortgage finance for the Group's customers and interest rates.

The Group has total committed bank facilities and private placement notes of £848.3m. The final maturity dates of these facilities range from August 2017 to July 2021, with £150.0m of the revolving credit facility maturing in December 2017 and £550.0m of the revolving credit facility maturing in December 2019. The committed facilities and private placement notes provide appropriate headroom above our current forecast debt requirements.

In addition to these committed borrowing facilities the Group has £27.9m of financing from the Government's 'Get Britain Building' and 'Growing Places Fund' schemes. The outstanding funds are repayable between December 2015 and March 2018. Further committed loan facilities of £11.5m are available under agreements with local government which are due to be repaid between July 2015 and March 2020.

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

Adoption of new and revised standards

In the year ended 30 June 2015, the Group has adopted the following standards, amendments and interpretations, none of which have had a material impact on the Group:

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosure of Interests in Other Entities
- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- IFRIC 21: Levies
- Annual Improvements Cycle 2009 – 2011
- Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities – Transition Guidance
- Amendments to IAS 32: Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 36: Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

The adoption of IFRS 12 'Disclosure of Interests in Other Entities' has resulted in enhanced disclosures relating to the Group's jointly controlled entities, jointly controlled operations and non-controlling interests (see notes 13, 14 and 16).

Basis of consolidation

The Group Financial Statements include the results of Barratt Developments PLC (the 'Company'), incorporated in the UK, and all its subsidiary undertakings made up to 30 June. The financial statements of subsidiary undertakings are consolidated from the date when control passes to the Group using the purchase method of accounting and up to the date control ceases. All transactions with subsidiaries and intercompany profits or losses are eliminated on consolidation.

Business combinations

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

Jointly controlled entities

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

Jointly controlled operations

The Group enters into jointly controlled operations as part of its housebuilding and property development activities. The Group's share of profits and losses from its investments in such jointly controlled operations is accounted for on a direct basis and is included in the Income Statement. The Group's share of its investments, assets and liabilities is accounted for on a directly proportional basis in the Group's Balance Sheet.

Associated entities

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

Revenue

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

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

Construction contracts

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

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

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

Exceptional items

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

Profit from operations

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

Segmental reporting

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

Goodwill

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

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination at acquisition being housebuilding and commercial developments. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is recognised immediately in the Income Statement and is not subsequently reversed.

Financial Statements – Accounting Policies continued

Intangible assets

Brands

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

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

Investments in subsidiary undertakings

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

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

Property, plant and equipment

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

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

Inventories

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

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

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

Leases as lessee

Operating lease rentals are charged to the Income Statement in equal instalments over the life of the lease.

Leases as lessor

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

Share-based payments

The Group issues equity-settled share-based payments to certain employees. In accordance with the transitional provisions, IFRS 2 'Share-based Payments' has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 1 January 2005.

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

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

Tax

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

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised in respect of all temporary differences that have originated but not been reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is calculated at the rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when they relate to taxes levied by the same tax authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Pensions

Defined contribution

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

Defined benefit

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

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

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

Borrowing costs

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

Financial instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

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

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

Financial assets

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

Available for sale financial assets

Secured loans

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

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

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

Residential property fund

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

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

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

Trade and other receivables

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

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

Financial Statements – Accounting Policies continued

Impairment of financial assets

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

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

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

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

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

Cash and cash equivalents

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

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

Financial liabilities and equity

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

Equity instruments

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

Financial liabilities

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

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

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

Trade and other payables

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

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

Bank borrowings

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

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

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

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

Get Britain Building

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

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

Growing Places Fund

The Group has received cash under a local government 'Growing Places Fund' scheme which is repayable over four years in eight six-monthly instalments, the first of which was in December 2013. This loan is interest bearing and recorded at the proceeds received plus accrued interest less repayments to date. This loan is included within loans and borrowings.

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

Derivative financial instruments

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

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

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

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

Hedge accounting

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

Details of the fair values of the interest rate and cross currency swaps are provided in notes 24, 25, 26 and 27 to the Financial Statements. Movements on the hedging reserve in equity are detailed in the Statements of Changes in Shareholders' Equity.

Cash flow hedge

To the extent that the Group's cash flow hedges are effective, gains and losses on the fair value of the interest rate and cross currency swap arrangements are deferred in equity in the hedging reserve until realised. On realisation, such gains and losses are recognised within finance charges in the Income Statement.

To the extent that any hedge is ineffective, gains and losses on the fair value of these swap arrangements are recognised immediately in finance charges in the Income Statement.

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

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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

Financial Statements

Impact of Standards and Interpretations in issue but not yet effective

At the date of approval of these Financial Statements, there were a number of standards, amendments and interpretations that have been published and are therefore mandatory for the Group's accounting periods beginning on or after 1 July 2015 and later periods.

Amendments to IAS 19: 'Defined Benefit Plans Employee Contributions', Annual Improvements 2010-2012 and Annual Improvements 2011-2013 have been endorsed by the EU.

Amendments to IAS 27 'Equity Method in Separate Financial Statements', IFRS 9 'Financial Instruments' as issued in 2009 and subsequently amended in 2010 and 2014, IFRS 14 'Regulatory Deferral Accounts', IFRS 15 'Revenue from Contracts with Customers', Amendments to IAS 16 and IAS 41 'Bearer Plants', Amendments to IAS 16 and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation', Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities', Amendments to IFRS 11 'Accounting for Acquisitions of Interests in Joint Operations', Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', Disclosure Initiative (Amendments to IAS 1) and Annual Improvements 2012-2014 have not yet been endorsed by the EU. The Group has not early-adopted any standard, amendment or interpretation.

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

- IFRS 9 'Financial Instruments' was reissued in October 2010 as the second step in the IASB project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The final revision to the standard incorporating the impairment, classification and measurement requirements was issued by the IASB in July 2014. IFRS 9 will impact both the measurement and disclosures of financial instruments. The Group is currently assessing the impact of the revisions on the Group's results and financial position, until such assessment is completed it is not practical to provide a reasonable estimate of the effect of IFRS 9.
- IFRS 15 'Revenue from Contracts with Customers' was issued on 28 May 2014. This standard sets out revenue recognition conditions for the Group and will be applicable from 1 July 2018. The standard remains subject to an exposure draft with proposed clarifications as well as being subject to industry interpretations and consensus. The Group has continued, but not yet completed, its assessment of the impact of the standard, as currently drafted, on the Group. To date, we expect the standard may delay the recognition of revenue from construction contracts, although this will not affect the Group's cash flows. In addition, the standard is expected to require presentational changes to our Income Statement to show part exchange income and expenses separately, which are currently recognised on a net basis within cost of sales, as detailed in note 1. It is not practical to provide a reasonable estimate of the full impact of IFRS 15 until our assessment has been completed, which we expect to be within the year ended 30 June 2016, subject to the finalisation of the standard, and therefore we will provide further disclosures upon the impact of IFRS 15 in our Annual Report and Accounts next year.

The adoption of the following standards, amendments and interpretations is not expected to have any material impact on the Financial Statements of the Group:

- Amendment to IFRS 11 'Accounting for Acquisition of Interest in Joint Operations'. The amendment requires companies to apply IFRS 'Business Combinations' acquisition and disclosure requirements to investments in joint operations. The only exemption from this is if the formation of the joint operation coincides with the formation of the business.
- IFRS 14 'Regulatory Deferral Accounts' has not yet been endorsed by the EU. This will not have an impact on the Group.
- Amendments to IAS 27 'Equity Method in Separate Financial Statements' reinstate the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. These amendments have not yet been endorsed by the EU and are not expected to impact the Group.
- Amendments to IFRS 10, IFRS 12 and IAS 28 'Investment Entities' have not yet been endorsed by the EU. These amendments give guidance on exemptions from consolidating certain subsidiaries for investment entities and are not expected to impact the Group.
- Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Clarification of Acceptable Methods of Depreciation and Amortisation' has not yet been endorsed by the EU. None of these amendments are expected to impact the Group.
- Amendments to IAS 19 'Defined Benefit Plans: Employee Contributions' will apply to the Group from 1 July 2015. This amendment is not expected to impact the Group.
- The Annual Improvements 2010-2012 and 2011-2013 Cycles includes amendments to a number of different accounting standards. These amendments will apply to the Group from 1 July 2015. None of these amendments are expected to impact the Group.
- The Annual Improvements 2012-2014 have not yet been endorsed by the EU and are not expected to impact the Group.
- Amendments to IAS 16 and IAS 41 'Bearer Plants' have not yet been endorsed by the EU and are not expected to impact the Group.
- Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' have not yet been endorsed by the EU and are not expected to impact the Group.
- Disclosure Initiative (Amendments to IAS 1) has not yet been endorsed by the EU and is not expected to impact the Group.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

Critical accounting judgements

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

Key sources of estimation uncertainty

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

Carrying value of land and work in progress

The Group's principal activity is housebuilding and commercial development. The majority of the development activity is not contracted prior to the development commencing. Accordingly, the Group has in its Balance Sheet at 30 June 2015 current assets that are not covered by a forward sale. The Group's internal controls are designed to identify any developments where the Balance Sheet value of land and work in progress is more than the lower of cost or net realisable value.

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 within the Balance Sheet, the Group has impaired the land and work in progress value.

During the year, due to performance variations and changes to viability on individual sites, there were gross impairment charges of £17.9m (2014: £31.3m) and gross impairment reversals of £6.2m, (2014: £22.4m) resulting in a net impairment charge of £11.7m (2014: £8.9m) included within profit from operations.

The key judgements in these reviews were estimating the realisable value of a site, which is determined by forecast sales rates, expected sales prices and estimated costs to complete. The estimation of future sales prices and costs to complete included allowances for low single-digit sales price inflation and low single-digit build costs inflation in future periods. During the year the Group continued to benefit from favourable market conditions. If the UK housing market were to change beyond management expectations in the future, in particular with regards to the assumptions around sales prices and estimated costs to complete, further adjustments to the carrying value of land and work in progress may be required.

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

Available for sale financial assets

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

The interrelationship between these assumptions, particularly those related to estimated market value and estimated repayment profile, means that there is not a direct correlation between house price inflation and the valuation of the Group's available for sale financial assets. During the year, the levels of house price inflation and redemptions have been in line with those expected in the fair value calculation. Accordingly, there has been no significant change in the Balance Sheet valuation due to the improved market. At 30 June 2015, the total asset recognised on the Balance Sheet in relation to these secured loans was £107.0m (2014: £122.4m), with the reduction primarily due to redemptions.

Goodwill and intangible assets impairment review

The impairment review for the goodwill of the housebuilding business and the Group's indefinite life brand, David Wilson Homes, requires an estimation of the value-in-use of the housebuilding segment as defined in notes 10 and 11. The value-in-use calculation requires an estimate of the future cash flows expected from the housebuilding business, including the anticipated growth rate of revenue and costs, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. The discount rate used is based on the average capital structure of the Group, current market assessments of the time value of money and risks appropriate to the Group's housebuilding business. Changes in these may impact upon the Group's discount rate in future periods. The carrying amount of goodwill at 30 June 2015 was £792.2m and the indefinite life brands was £100.0m, there was no impairment recognised during the year.

Financial Statements – Critical Accounting Judgements and Key Sources of Estimation Uncertainty continued**Investment in joint venture holding non-current available for sale financial assets**

The Group holds a joint venture investment of £25.6m (2014: £25.6m) in Rose Shared Equity LLP. This entity holds non-current available for sale financial assets comprising interest free loans that are secured by way of a second charge on the respective property. The Group's investment is accounted for using the equity method of accounting. In line with the Group's other joint venture investments, the carrying value is reviewed at each balance sheet date. This review requires estimation of the cash flows expected to be received by the Group which is based upon calculation of the fair values of the loans held by the entity including an estimate of future cash flows expected from the redemption of interest free loans, including an estimate of the market value of the property at the estimated time of redemption, and requires the determination of a suitable discount rate to calculate the present value of the cash flows. The estimated market value is based on original selling prices and local market conditions with an allowance for low single-digit sales price inflation. The estimated repayment profile is based on historic data for first time buyers selling their property. The discount rate used is consistent with the interest rate payable on a third party second charge loan of a similar amount and duration.

Classification of joint arrangements

The Group holds one joint venture investment not in equal share and one with more than one other party. However, in both cases, the Group has equal voting rights and control over the activities of the companies with the other parties, as explained in note 13. In addition, the Group and the other parties to the agreements only have rights to the net assets of these companies through the terms of the contractual arrangements. These entities are therefore classified as joint ventures and are accounted for by the equity method in the Consolidated Financial Statements.

The Group's interests in a number of the entities classified as joint ventures are held indirectly.

Barratt Wates (East Grinstead) No. 2 Limited is a wholly owned subsidiary of the Group's joint venture, Barratt Wates (East Grinstead) Limited, and is therefore classified as a joint venture of the Group.

Aldgate Land One Limited and Aldgate Land Two Limited are wholly owned subsidiaries of the Group's joint venture, Aldgate Place (GP) Limited, and are therefore classified as joint ventures of the Group.

BDWZest Developments LLP, Alie Street LLP, Queensland Road LLP, Fulham Wharf LLP and Nine Elms LLP form a group of limited liability partnerships jointly owned (directly or indirectly) by BDWZest LLP and ZestBDW LLP, both of which are joint ventures of the Group. All of these entities are therefore classified as joint ventures of the Group.

Estimation of costs to complete

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

Recognition of profit where developments are accounted for under IAS 11 'Construction Contracts'

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

Defined benefit pension scheme

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

The Group has obtained legal advice on the rights to the Group's defined benefit pension scheme's assets after the death of the last member. Based on this advice, the Group has concluded that it is appropriate to recognise an asset related to this scheme.

Hedge accounting

The majority of the Group's facilities are floating rate, which exposes the Group to interest rate risk. The Group has in place £137.0m (2014: £137.0m) of floating-to-fixed interest rate swaps. The Group has adopted hedge accounting for these swaps on the basis that it is highly probable that there is sufficient forecast debt to match with the period of swaps. If this basis was not met in the future any changes in fair value of the swaps would be recognised in the Consolidated Income Statement, rather than in equity. During the year ended 30 June 2015, there was a gain of £2.4m (2014: £7.7m) included in equity related to these swaps.

In addition, the Group has US\$80.0m (2014: US\$80.0m) of cross currency swaps to manage the cash flow risks related to foreign exchange, arising from the Group's sources of US Dollar denominated finance. These swaps are designated as a cash flow hedge against future foreign exchange rate movements. If the hedges ceased to be highly effective, any changes in fair value of the swaps would be recognised in the Consolidated Income Statement, rather than equity. During the year ended 30 June 2015, there was a gain of £4.1m (2014: loss of £7.3m) included in equity related to these swaps.

Notes to the Financial Statements

1. Revenue

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

	Notes	2015 £m	2014 £m
Sale of goods		3,515.4	2,997.1
Contract accounting revenue		244.1	159.9
Revenue as stated in the Consolidated Income Statement		3,759.5	3,157.0
Lease income	33	1.0	1.8
Finance income	4	7.6	9.1
Forfeit deposits		0.9	0.5
Other income		34.7	35.1
Total revenue		3,803.7	3,203.5

Sale of goods includes £333.6m (2014: £302.1m) of revenue generated where the sale has been achieved using part-exchange incentives.

Proceeds received on the disposal of part-exchange properties, which are not included in revenue, were £179.7m (2014: £218.4m).

Other income principally comprises the sale of freehold reversions, ground rents and management fees receivable from JV's.

2. Segmental analysis

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

	House- building Units	Commercial developments Units	2015 Total Units	House- building Units	Commercial developments Units	2014 Total Units
Residential completions*	15,599	–	15,599	14,191	–	14,191
Consolidated Income Statement	£m	£m	£m	£m	£m	£m
Revenue	3,702.3	57.2	3,759.5	3,142.6	14.4	3,157.0
Cost of sales	(2,999.2)	(46.0)	(3,045.2)	(2,616.9)	(10.7)	(2,627.6)
Gross profit	703.1	11.2	714.3	525.7	3.7	529.4
Administrative expenses	(132.4)	(5.1)	(137.5)	(114.9)	(4.7)	(119.6)
Profit/(loss) from operations	570.7	6.1	576.8	410.8	(1.0)	409.8
Share of post-tax profit/(loss) from joint ventures and associates	45.9	(0.2)	45.7	40.7	(0.2)	40.5
Profit/(loss) from operations including post-tax profit/(loss) from joint ventures and associates	616.6	5.9	622.5	451.5	(1.2)	450.3
Finance income			7.6			9.1
Finance costs			(64.6)			(68.8)
Profit before tax			565.5			390.6
Tax			(115.2)			(85.2)
Profit for the year from continuing operations			450.3			305.4

* Residential completions exclude joint venture completions of 848 (2014: 647) in which the Group has an interest.

Financial Statements – Notes to the Financial Statements continued

2. Segmental analysis (continued)

	House- building £m	Commercial developments £m	2015 Total £m	House- building £m	Commercial developments £m	2014 Total £m
Balance Sheet						
Segment assets	5,511.5	50.1	5,561.6	4,833.4	51.0	4,884.4
Elimination of intercompany balances			(10.9)			(34.4)
			5,550.7			4,850.0
Deferred tax assets			–			19.6
Cash and cash equivalents			360.4			274.7
Consolidated total assets			5,911.1			5,144.3
Segment liabilities	(1,916.2)	(67.4)	(1,983.6)	(1,561.5)	(53.4)	(1,614.9)
Elimination of intercompany balances			10.9			34.4
			(1,972.7)			(1,580.5)
Loans and borrowings			(176.5)			(200.1)
Deferred tax liabilities			(1.2)			–
Current tax liabilities			(49.4)			(9.7)
Consolidated total liabilities			(2,199.8)			(1,790.3)
Other information	£m	£m	£m	£m	£m	£m
Capital additions	5.4	–	5.4	4.7	–	4.7
Depreciation	3.3	–	3.3	2.0	–	2.0

3. Profit from operations

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

	Notes	2015 £m	2014 £m
Staff costs	8	353.0	308.6
Government grants		(4.1)	(1.2)
Depreciation of property, plant and equipment	12	3.3	2.0
Lease income	33	(1.0)	(1.8)
Operating lease charges			
– hire of plant, machinery and vehicles		32.6	27.0
– other		16.8	16.1

Government grants of £2.3m (2014: £0.1m) were received in the year relating to Government initiatives including the National Affordable Housing Programme and the Affordable Homes Programme. Grant income of £4.1m (2014: £1.2m) was recognised in the Consolidated Income Statement in relation to house sales completed under these initiatives.

Administrative expenses of £137.5m (2014: £119.6m) include sundry income of £35.6m (2014: £35.6m) which is disclosed within other revenue in note 1.

Profit from operations is stated after charging the Directors' emoluments disclosed in the Remuneration Report on page 84 and in note 8.

The Group does not recognise income from supplier rebates until received from suppliers. During the year £22.2m (2014: £21.8m) of supplier rebate income was included within profit from operations.

3. Profit from operations (continued)

The remuneration paid to Deloitte LLP, the Group's principal auditor, is disclosed below:

	2015 £000	2014 £000
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Parent Company and Consolidated Financial Statements	69	70
Fees payable to the Company's auditor for the audit of the Company's subsidiaries	260	265
Total audit fees	329	335
Audit-related assurance services	50	62
Taxation compliance services	96	98
Other taxation advisory services	27	62
Corporate finance services	-	60
Other services	60	8
Total fees for other services	233	290
Total fees related to the Company and its subsidiaries	562	625

Details of the Group's policy on the use of the auditor for non-audit services, the reasons why the auditor was used rather than another supplier and how the auditor's independence and objectivity was safeguarded are set out in the Audit Committee Report on pages 71 and 72. No services were provided pursuant to contingent fee arrangements.

Audit-related assurance services comprise the review of the interim report. Corporate finance services related to property advice. Other taxation advisory services comprise advice on land acquisitions and disposals; and other transactions in the normal course of trading.

In addition to the remuneration paid to the Group's principal auditor, Deloitte LLP, for services related to the Company and its subsidiaries, Deloitte LLP received the following remuneration from joint ventures in which the Group participates:

	2015 £000	2014 £000
The audit of the Group's joint ventures pursuant to legislation	130	108
Other services	20	16
Total fees related to joint ventures	150	124

4. Net finance costs

Recognised in the Consolidated Income Statement:

	Notes	2015 £m	2014 £m
Finance income on short term bank deposits		(0.1)	(0.2)
Imputed interest on available for sale financial assets	17	(4.6)	(5.8)
Finance income related to employee benefits	28	(0.4)	-
Other interest receivable		(2.5)	(3.1)
Finance income		(7.6)	(9.1)
Interest on loans and borrowings		19.1	21.3
Imputed interest on deferred term payables		31.6	35.0
Finance costs related to employee benefits	28	-	0.3
Amounts reclassified to the Income Statement in respect of hedged cash flows	31	2.9	11.7
Foreign exchange losses/(gains) on US Dollar debt	5	4.1	(5.9)
Amortisation of facility fees		3.0	3.5
Other interest payable		3.9	2.9
Finance costs		64.6	68.8
Net finance costs		57.0	59.7

Recognised in equity:

	Notes	2015 £m	2014 £m
Amounts deferred in respect of effective cash flow hedges	31	0.5	5.4
Total fair value losses on cash flow swaps included in equity		0.5	5.4
Amounts reclassified to the Income Statement in respect of hedged cash flows	31	(2.9)	(11.7)
Total fair value gains on cash flow swaps transferred from equity		(2.9)	(11.7)

Financial Statements – Notes to the Financial Statements continued

5. Financial instruments gains and losses

The net (gains)/losses recorded in the Consolidated Income Statement, in respect of financial instruments (excluding interest shown in note 4), were as follows:

	Notes	2015 £m	2014 £m
Loans and receivables			
Impairment of trade receivables	20	2.6	2.6
Available for sale financial assets			
Net profit transferred on sale		(9.9)	(2.4)
Net impairment/(reversal) of available for sale financial assets	17	8.5	(2.8)
Other financial liabilities			
Foreign exchange losses/(gains) on US Dollar debt	4	4.1	(5.9)
Transfers from hedged items			
Transfer from equity on currency cash flow hedges	31	(4.1)	5.9

6. Tax

Analysis of the tax charge for the year

	Notes	2015 £m	2014 £m
Current tax			
UK corporation tax for the year		102.9	13.6
Adjustment in respect of previous years		(8.3)	0.6
		94.6	14.2
Deferred tax			
Origination and reversal of temporary differences		13.3	69.8
Adjustment in respect of previous years		7.3	(0.7)
Impact of reduction in corporation tax rate		–	1.9
	18	20.6	71.0
Tax charge for the year		115.2	85.2

In addition to the amount charged to the Consolidated Income Statement, a net current and deferred tax credit of £12.0m (2014: £1.9m) was recognised directly in equity.

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

Factors affecting the tax charge for the year

The tax rate assessed for the year is lower (2014: lower) than the standard effective rate of corporation tax in the UK of 20.75% (2014: 22.50%).

The differences are explained below:

	2015 £m	2014 £m
Profit before tax	565.5	390.6
Profit before tax multiplied by the standard rate of corporation tax of 20.75% (2014: 22.50%)	117.3	87.9
Effects of:		
Other items including non-deductible expenses	1.0	1.3
Use of previously unrecognised losses	–	(3.2)
Additional tax relief for land remediation costs	(1.3)	(1.5)
Adjustment in respect of previous years	(1.0)	(0.1)
Tax in respect of joint ventures	(0.8)	(1.1)
Impact of change in tax rate on deferred tax asset	–	1.9
Tax charge for the year	115.2	85.2

As set out in the Finance Act 2013, the main rate of corporation tax reduced from 21% to 20% on 1 April 2015. Accordingly, the current year tax charge has been provided for at an effective rate of 20.75% (2014: 22.50%) and the closing deferred tax asset has been provided in these Financial Statements at a rate of 20% (2014: between 20% and 21% depending upon when the asset was expected to reverse).

6. Tax (continued)

In the July 2015 Summer Budget the Chancellor of the Exchequer announced the intention to reduce the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and from 19% to 18% with effect from 1 April 2020. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these Financial Statements. Had these changes been enacted prior to the balance sheet date, there would be no significant impact on the deferred tax liability disclosed within these Financial Statements.

7. Dividends

	2015 £m	2014 £m
Amounts recognised as distributions to equity shareholders in the period:		
Final dividend for the year ended 30 June 2014 of 7.1p (2013: 2.5p) per share	70.2	24.5
Interim dividend for the year ended 30 June 2015 of 4.8p (2014: 3.2p) per share	47.5	31.4
Total dividends distributed to equity shareholders in the year	117.7	55.9
	2015 £m	2014 £m
Proposed final dividend for the year ended 30 June 2015 of 10.3p (2014: 7.1p) per share	102.3	69.7

The proposed final dividend is subject to approval by shareholders at the Annual General Meeting. The cost has been calculated based on the issued share capital at 30 June 2015 and has not been included as a liability at 30 June 2015.

In addition a special cash payment of £100.0m equivalent to 10.0 pence per share is subject to approval by shareholders at the Annual General Meeting. The cost has been calculated based on the issued share capital at 30 June 2015 and has not been included as a liability at 30 June 2015.

8. Key management and employees

Key management personnel, as defined under IAS 24 'Related Party Disclosures', have been identified as the Board of Directors, as the controls operated by the Group ensure that all key decisions are reserved for the Board. Detailed disclosures of Directors' individual remuneration, pension entitlements and share options, for those Directors who served during the year, are given in the audited sections of the Remuneration Report on pages 75 to 95, which form part of these Financial Statements. A summary of key management remuneration is as follows:

	2015 £m	2014 £m
Salaries and fees (including pension compensation)	2.6	2.5
Social security costs ¹	2.8	1.7
Performance bonus	2.3	2.3
Benefits	0.1	0.1
Share-based payments ²	3.4	2.6
	11.2	9.2

1 Excluded from the Executive Directors and Non-Executive Directors single figure of remuneration tables on page 84.

2 IFRS 2 'Share-Based Payment' charge attributable to key management.

	Group	
	2015 Number	2014 Number
Housebuilding – average staff numbers (excluding subcontractors, including Directors)	5,952	5,337
Commercial developments – average staff numbers (excluding subcontractors, including Directors)	25	28

	Notes	Group		Company	
		2015 £m	2014 £m	2015 £m	2014 £m
Wages and salaries including bonuses (including Directors)		289.0	259.5	7.1	6.8
Redundancy costs		1.7	0.2	–	–
Social security costs		42.6	32.1	2.6	1.9
Other pension costs	28	8.1	7.8	0.1	0.1
Share-based payments	30	11.6	9.0	3.4	2.7
Total staff costs	3	353.0	308.6	13.2	11.5

Staff costs for the Company in both years are stated after the recharge of staff to other Group companies.

Financial Statements – Notes to the Financial Statements continued

9. Earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of £449.4m (2014: £305.4m) by the weighted average number of ordinary shares in issue during the year, excluding those held by the Employee Benefit Trust which are treated as cancelled, which was 987.2m (2014: 979.1m) shares.

Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders of £449.4m (2014: £305.4m) by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive share options from the start of the year, giving a figure of 1,008.4m (2014: 1,004.7m) shares.

The earnings per share from continuing operations were as follows:

	2015 pence	2014 pence
Basic earnings per share	45.5	31.2
Diluted earnings per share	44.6	30.4

10. Goodwill

	Group £m
Cost	
At 1 July 2013, 30 June 2014 and 30 June 2015	816.7
Accumulated impairment losses	
At 1 July 2013, 30 June 2014 and 30 June 2015	24.5
Carrying amount	
At 30 June 2014 and 30 June 2015	792.2

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

The Group conducts an annual impairment review of goodwill and intangibles together for both the housebuilding and commercial developments segments. The impairment review was performed at 30 June 2015 and compared the value-in-use of the housebuilding segment with the carrying value of its tangible and intangible assets and allocated goodwill. The Group allocates any identified impairment first to goodwill and then to assets on a pro-rata basis, which in the case of the Group is its intangible assets and property, plant and equipment.

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

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

- Discount rate: this is a pre-tax rate reflecting current market assessments of the time value of money and risks appropriate to the Group's housebuilding business. Accordingly, the rate of 14.0% (2014: 12.6%) is considered by the Directors to be the appropriate pre-tax risk adjusted discount rate, being the Group's estimated long term pre-tax weighted average cost of capital. The rate used in the 30 June 2015 impairment review is calculated using the average capital structure of the Group during the financial year, consistent with the prior year, due to the cyclical nature of the Group's borrowing requirements and reflects the Group's reduced borrowing costs following the comprehensive refinancing completed during the prior year.
- Expected changes in selling prices for completed houses and the related impact upon operating margin: these are determined on a site-by-site basis for the first two years dependent upon local market conditions and product type. For years three to five, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, taking into account external market forecasts.
- Sales volumes: these are determined on a site-by-site basis for the first two years dependent upon local market conditions, land availability and planning permissions. For years three to five, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, taking into account external market forecasts.
- Expected changes in site costs to complete: these are determined on a site-by-site basis for the first two years dependent upon the expected costs of completing all aspects of each individual development. For years three to five, these have been estimated at a Group level based upon past experience and expectations of future changes in the market, taking into account external market forecasts.

The conclusion of this impairment review was that given the current position of the housebuilding segment and the expectations as to its future performance based upon current forecasts for sales volumes and expected changes in both selling prices and costs to complete, the housebuilding segment's goodwill and intangible assets were not impaired. The recoverable value of goodwill and intangible assets exceeded its carrying value by £1,547.4m (2014: £1,213.2m).

If the UK housing market and expectations regarding its future were to deteriorate with either operating margins reducing by 4.5% per annum (2014: 3.3% per annum) or the appropriate discount rate were to increase by 4.3% (2014: 2.9%) and all other variables were held constant, then the recoverable value of goodwill and intangible assets would equal its carrying value. Further information is given in Critical Accounting Judgements and Key Sources of Estimation Uncertainty on page 119.

11. Other intangible assets

	Group Brands £m
Cost	
At 1 July 2013, 30 June 2014 and 30 June 2015	107.0
Amortisation	
At 1 July 2013, 30 June 2014 and 30 June 2015	7.0
Carrying amount	
At 30 June 2014 and 30 June 2015	100.0

Brands

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

The Group tests indefinite life brands annually for impairment, or more frequently if there are indications that they might be impaired. At 30 June 2015, an impairment review was conducted using the calculations and assumptions as explained in note 10. The conclusion of this impairment review was that the Group's David Wilson Homes brand was not impaired.

The brand of Wilson Bowden Developments (valued at £7.0m prior to amortisation) was being amortised over ten years as it is a business-to-business brand operating in niche markets. Following an impairment review at 30 June 2008, the Wilson Bowden Developments brand was fully impaired.

Further information is given in Critical Accounting Judgements and Key Sources of Estimation Uncertainty on page 119.

12. Property, plant and equipment

	Group			Company		
	Property £m	Plant and equipment £m	Total £m	Property £m	Plant and equipment £m	Total £m
Cost						
At 1 July 2013	3.4	13.5	16.9	0.9	6.2	7.1
Additions	0.1	4.6	4.7	–	2.3	2.3
Disposals	(0.7)	(2.2)	(2.9)	(0.7)	(2.0)	(2.7)
At 30 June 2014	2.8	15.9	18.7	0.2	6.5	6.7
Additions	–	5.4	5.4	–	2.8	2.8
Disposals	–	(0.7)	(0.7)	–	–	–
At 30 June 2015	2.8	20.6	23.4	0.2	9.3	9.5
Depreciation						
At 1 July 2013	3.2	10.3	13.5	0.9	5.3	6.2
Charge for the year	0.1	1.9	2.0	–	0.9	0.9
Disposals	(0.7)	(2.2)	(2.9)	(0.7)	(2.0)	(2.7)
At 30 June 2014	2.6	10.0	12.6	0.2	4.2	4.4
Charge for the year	0.1	3.2	3.3	–	1.3	1.3
Disposals	–	(0.7)	(0.7)	–	–	–
At 30 June 2015	2.7	12.5	15.2	0.2	5.5	5.7
Net book value						
At 30 June 2014	0.2	5.9	6.1	–	2.3	2.3
At 30 June 2015	0.1	8.1	8.2	–	3.8	3.8

Authorised future capital expenditure that was contracted but not provided for in these Financial Statements amounted to £0.5m (2014: £0.4m).

Financial Statements – Notes to the Financial Statements continued

13. Investments in joint ventures and associates

During the year, the Group entered into a new joint venture arrangement: Infinity Park Derby LLP.

The Group equity accounts for jointly controlled entities. The Group has interests in the following jointly controlled entities:

Joint venture	Percentage owned	Voting rights controlled	Country of registration	Principal place of business	Principal activity
Barratt Wates (Horley) Limited ¹	78.5%	50.0%	England and Wales	UK	Housebuilding
Ravenscraig Limited ²	33.3%	33.3%	Scotland	UK	Commercial development
DWH/Wates (Thame) Limited	50.0%	50.0%	England and Wales	UK	Housebuilding
Barratt Metropolitan LLP	50.0%	50.0%	England and Wales	UK	Housebuilding
Wandsworth Parkside LLP	50.0%	50.0%	England and Wales	UK	Housebuilding
Alie Street LLP ³	50.0%	50.0%	England and Wales	UK	Housebuilding
Queensland Road LLP ³	50.0%	50.0%	England and Wales	UK	Housebuilding
Barratt Wates (East Grinstead) Limited	50.0%	50.0%	England and Wales	UK	Holding company
Barratt Wates (East Grinstead) No.2 Limited ⁴	50.0%	50.0%	England and Wales	UK	Housebuilding
Barratt Osborne Worthing LLP	50.0%	50.0%	England and Wales	UK	Housebuilding
Barratt Osborne Bexley LLP	50.0%	50.0%	England and Wales	UK	Housebuilding
The Aldgate Place Limited Partnership	50.0%	50.0%	England and Wales	UK	Housebuilding
Aldgate Place (GP) Limited	50.0%	50.0%	England and Wales	UK	Holding company
Fulham Wharf LLP ³	50.0%	50.0%	England and Wales	UK	Housebuilding
Barratt Wates (Worthing) Limited	50.0%	50.0%	England and Wales	UK	Housebuilding
BK Scotswood LLP	50.0%	50.0%	England and Wales	UK	Holding company
Rose Shared Equity LLP	50.0%	50.0%	England and Wales	UK	Investment entity
Enderby Wharf LLP	50.0%	50.0%	England and Wales	UK	Housebuilding
Nine Elms LLP ³	50.0%	50.0%	England and Wales	UK	Housebuilding
Brooklands Milton Keynes LLP	50.0%	50.0%	England and Wales	UK	Housebuilding
Sovereign BDW (Newbury) LLP	50.0%	50.0%	England and Wales	UK	Housebuilding
BDWZest Developments LLP ³	50.0%	50.0%	England and Wales	UK	Holding company
BDWZest LLP	50.0%	50.0%	England and Wales	UK	Holding company
ZestBDW LLP	50.0%	50.0%	England and Wales	UK	Holding company
Barratt Wates (Lindfield) Limited	50.0%	50.0%	England and Wales	UK	Housebuilding
Infinity Park Derby LLP	50.0%	50.0%	England and Wales	UK	Commercial development
Old Sarum Park Properties Limited	50.0%	50.0%	England and Wales	UK	Dormant
Aldgate Land One Limited ⁵	50.0%	50.0%	England and Wales	UK	Dormant
Aldgate Land Two Limited ⁵	50.0%	50.0%	England and Wales	UK	Dormant

1 Barratt Wates (Horley) Limited is classified as a joint venture as the Group has equal control with one other joint venture partner (see 'Classification of joint arrangements' on page 120).

2 Ravenscraig Limited is classified as a joint venture as the Group has equal control and ownership percentages with two joint venture partners (see 'Classification of joint arrangements' on page 120).

3 Investments in these joint ventures are held indirectly through BDWZest LLP and ZestBDW LLP (see 'Classification of joint arrangements' on page 120).

4 Barratt Wates (East Grinstead) No.2 Limited is a wholly owned subsidiary of Barratt Wates (East Grinstead) Limited (see 'Classification of joint arrangements' on page 120).

5 These companies are wholly owned subsidiaries of Aldgate Place (GP) Limited which is a 50% joint venture of the Group.

A number of the Group's joint ventures prepare financial statements which are non-coterminous with the Group in order to comply with the terms of their joint venture agreements and to align with the year ends of our joint venture partners. Wandsworth Parkside LLP, Alie Street LLP, Fulham Wharf LLP, Queensland Road LLP, Nine Elms LLP, BDWZest Developments LLP, BDWZest LLP and ZestBDW LLP prepare financial statements to 31 March. Barratt Osborne Bexley LLP prepares financial statements to 30 September and Barratt Osborne Worthing LLP prepares financial statements to 30 April. BK Scotswood LLP prepares financial statements to 31 December. Management financial information is available for all joint ventures with non-coterminous year ends as at 30 June 2015 and 30 June 2014.

The Group equity accounts for investments in associates. The Group has significant interests in the following associates:

Associate	Percentage owned	Country of registration	Principal activity
New Tyne West Development Company LLP	25.0%	England and Wales	Housebuilding

New Tyne West Development Company LLP prepares financial statements to 31 December, which is non-coterminous with the Group, as agreed between the partners at the inception of the joint arrangement.

13. Investments in joint ventures and associates (continued)

There are no losses in any of the Group's joint ventures or associates which have not been recognised by the Group.

The transfer of funds from the Group's joint ventures and associates to the Group is determined by the terms of the joint venture agreements, which specify how available funds should be applied in repaying loans and capital, and distributing profits to the partners. The joint venture agreement entered into in respect of Rose Shared Equity LLP provides for the return of the capital invested by our joint venture partner before any funds can be transferred to the Group. As at 30 June 2015 £24.6m has been repaid with £9.4m outstanding. In addition BDWZest Developments LLP has an external loan arrangement, the covenants and terms of which restrict the transfer of funds from it and its subsidiaries (Alie Street LLP, Queensland Road LLP, Fulham Wharf LLP and Nine Elms LLP) which are guarantors, to the Group. The terms of the agreement are such that the members capital invested must at least match the external loan balance, limiting repayments of capital to the Group.

Joint ventures and associates

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
At 1 July	199.6	123.5	25.6	25.8
Net (decrease)/increase in investments in joint ventures	(18.3)	59.2	-	(0.2)
Dividends received from joint ventures	(27.0)	(23.6)	-	-
Share of post-tax profit for the year from joint ventures	45.4	40.6	-	-
Share of post-tax profit/(loss) for the year from associates	0.3	(0.1)	-	-
At 30 June	200.0	199.6	25.6	25.6

Joint ventures

Summarised financial information relating to these joint ventures is as follows:

	Queensland Road LLP		Fulham Wharf LLP		Nine Elms LLP		Enderby Wharf LLP		Other joint ventures		Group Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Income	84.6	87.1	126.6	37.2	7.5	-	22.2	-	186.3	201.8	427.2	326.1
Expenditure	(55.8)	(58.7)	(98.3)	(27.1)	(8.3)	(1.0)	(19.2)	(0.5)	(152.6)	(145.5)	(334.2)	(232.8)
	28.8	28.4	28.3	10.1	(0.8)	(1.0)	3.0	(0.5)	33.7	56.3	93.0	93.3
Tax	-	-	-	-	-	-	-	-	(2.9)	(2.3)	(2.9)	(2.3)
Profit/(loss) for the year, being total comprehensive income/ (expense)	28.8	28.4	28.3	10.1	(0.8)	(1.0)	3.0	(0.5)	30.8	41.6	90.1	78.6
Group share of profit/(loss) for the year recognised in the Consolidated Income Statement	14.4	14.2	14.1	5.0	(0.4)	(0.5)	1.5	(0.2)	15.8	22.1	45.4	40.6
Dividends received from joint ventures in the year	27.0	-	-	-	-	-	-	-	-	23.6	27.0	23.6
Current asset	19.6	44.8	186.1	178.0	176.0	119.9	95.1	53.7	311.5	400.8	788.3	797.2
Non-current assets	-	-	-	-	-	-	0.4	-	61.1	54.6	61.5	54.6
Current liabilities	(18.2)	(18.5)	(47.7)	(94.5)	(70.5)	(42.8)	(29.5)	(14.2)	(136.9)	(179.5)	(302.8)	(349.5)
Non-current liabilities	-	(0.1)	(64.3)	(73.2)	(82.3)	(78.1)	(23.5)	-	(151.5)	(274.3)	(321.6)	(425.7)
Net assets/(liabilities) of joint ventures	1.4	26.2	74.1	10.3	23.2	(1.0)	42.5	39.5	84.2	1.6	225.4	76.6
Group share of net assets/ (liabilities) recognised in the Consolidated Balance Sheet at 30 June	0.7	13.1	37.1	5.2	11.6	(0.5)	21.3	19.8	50.5	6.2	121.2	43.8

The Group has made loans of £87.6m (2014: £164.6m) to its joint ventures, which are included within Group investments accounted for using the equity method. Included within the Group's share of net assets of joint ventures is a proportion of net loans to the joint ventures calculated using the Group's ownership share of £85.7m (2014: £160.4m).

Financial Statements – Notes to the Financial Statements continued

13. Investments in joint ventures and associates (continued)

The Company has an investment in one joint venture, Rose Shared Equity LLP. Summarised financial information relating to Rose Shared Equity LLP is as follows:

	Company Total	
	2015 £m	2014 £m
Income	27.4	13.3
Expenditure	(24.3)	(0.9)
	3.1	12.4
Tax	–	–
Profit for the year, being total comprehensive income	3.1	12.4
Group share of profit for the year recognised in the Consolidated Income Statement	–	–
Dividends received from joint ventures in the year	–	–
Current assets	1.6	1.4
Non-current assets	49.1	49.9
Current liabilities	(0.1)	(3.2)
Non-current liabilities	–	–
Net assets of joint venture	50.6	48.1
Group share of net assets recognised in the Consolidated Balance Sheet at 30 June	25.6	25.6

During the year, the Group and Company entered into a number of transactions with their joint ventures in respect of funding and development management services (with charges made based on the utilisation of these services) in addition to the provision of construction services. Further details on these transactions are provided in note 35. The Group and Company have a number of contingent liabilities relating to their joint ventures. Further details on these are provided in note 34.

Associates

In relation to the Group's interests in associates, the Group's share of assets and liabilities of the associates is an asset of £0.1m at 30 June 2015 (2014: liability of £0.3m). The Group's share of the associate's profit during the year was £0.3m (2014: loss of £0.1m).

The Group has made loans of £nil (2014: £nil) to its associates, which are included within the Group investments accounted for using the equity method. Further details of transactions with associates are provided in note 35.

The Group has contingent liabilities relating to its associates. Further details on these are provided in note 34.

14. Jointly controlled operations

The Group's share of profits and losses from its investments in jointly controlled operations is accounted for on a direct basis and is included in the Income Statement. The Group's share of its investments, assets and liabilities is accounted for on a directly proportional basis in the Group's Balance Sheet. The Company has no jointly controlled operations (2014: none).

The Group has significant interests in the following jointly controlled operations:

Joint operation	Share of profits and assets consolidated	Principal place of business	Principal activity
Barrier Park East	50.0%	UK	Housebuilding
Lawley House	50.0%	UK	Housebuilding
Trenchard House	50.0%	UK	Housebuilding

The Group's share of the joint operations' income and expenses, included in the Consolidated Income Statement during the year and the assets and liabilities of the joint operations which are included in the Consolidated Balance Sheet are shown below:

	Group	
	2015 £m	2014 £m
Group share of:		
Income	24.7	17.1
Expenses	(16.5)	(13.4)
Share of profit from joint operations	8.2	3.7
Group share of:		
Current assets	43.0	34.1
Non-current assets	0.2	0.2
Current liabilities	(20.7)	(10.9)
Non-current liabilities	–	(9.1)
Share of net assets of joint operations	22.5	14.3

15. Investments

	Company	
	2015	2014
	£m	£m
Cost		
At 1 July	3,171.0	3,170.9
Increase in investment in subsidiaries	-	-
Increase in investment in subsidiaries related to share-based payments	6.0	0.1
At 30 June	3,177.0	3,171.0
Impairment		
At 1 July	60.5	60.5
Impairment of investments in subsidiaries	18.7	-
At 30 June	79.2	60.5
Net book value		
At 1 July	3,110.5	3,110.4
At 30 June	3,097.8	3,110.5

During the year the Company received dividends totalling £19.9m from its subsidiary undertakings. Following receipt of these dividends the value of the investment in subsidiaries was revised to reflect the reduction in the net assets of the subsidiary undertakings.

The subsidiary undertakings that principally affected profits and net assets of the Group were:

Subsidiary	Percentage owned	Country of registration	Principal activity
BDW Trading Limited	100%	England and Wales	Housebuilding and development
BDW North Scotland Limited	100%	Scotland	Housebuilding and development
David Wilson Homes Limited	100%*	England and Wales	Housebuilding and development
Wilson Bowden Developments Limited	100%*	England and Wales	Commercial development

* Owned through another Group company.

A full list of the subsidiary undertakings of the Group and Company is included in note 36.

16. Non-controlling interests

At 30 June 2015 the following subsidiaries of the Group had non-controlling interests:

Subsidiary	Percentage owned	Voting rights controlled	Country of registration	Principal place of business	Principal activity
SQ Holdings Limited	90.0%	90.0%	Guernsey *	UK	Housebuilding
The Tin Hat Regeneration Partnership LLP	90.0%	50.0%	England and Wales	UK	Commercial development
The 1249 Regeneration Partnership LLP	90.0%	50.0%	England and Wales	UK	Commercial development

* Subject to UK corporation tax (see note 6)

Financial Statements – Notes to the Financial Statements continued

16. Non-controlling interests (continued)

Summarised financial information relating to these subsidiaries:

	SQ Holdings Limited		The Tin Hat Regeneration Partnership LLP		The 1249 Regeneration Partnership LLP		Total	
	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m	2015 £m	2014 £m
Income	–	–	34.9	–	–	–	34.9	–
Expenditure	(0.8)	–	(30.0)	–	2.9	(0.2)	(27.9)	(0.2)
Tax	0.2	–	–	–	–	–	0.2	–
Profit/(loss) for the year, being total comprehensive income for the year	(0.6)	–	4.9	–	2.9	(0.2)	7.2	(0.2)
Profit/(loss) for the year attributable to the Group	(0.6)	–	4.0	–	2.9	(0.2)	6.3	(0.2)
Profit for the year attributable to the non-controlling interests	–	–	0.9	–	–	–	0.9	–
Current assets	118.5	109.9	23.3	3.8	–	1.4	141.8	115.1
Non-current assets	–	–	–	–	–	–	–	–
Current liabilities	(9.4)	(0.5)	(18.4)	(3.8)	–	(4.3)	(27.8)	(8.6)
Non-current liabilities	(0.3)	–	–	–	–	–	(0.3)	–
Net assets/(liabilities)	108.8	109.4	4.9	–	–	(2.9)	113.7	106.5
Equity attributable to the Group	100.8	101.4	4.0	–	–	(2.9)	104.8	98.5
Non-controlling interests	8.0	8.0	0.9	–	–	–	8.9	8.0
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–
Net cash inflow from operating activities	0.1	–	10.3	5.7	–	–	10.4	5.7
Net cash outflow from financing activities	–	–	–	(3.2)	–	–	–	(3.2)
Net cash inflow	0.1	–	10.3	2.5	–	–	10.4	2.5

	Group	
	2015 £m	2014 £m
Movement in non-controlling interest share of net assets recognised in the Consolidated Balance Sheet		
At 1 July	8.0	–
Share of profit for the year recognised in the Consolidated Income Statement	0.9	–
Non-controlling interest arising on acquisition of land in a non-wholly controlled subsidiary	–	8.0
At 30 June	8.9	8.0

There are no significant restrictions on the ability of the Group to access or use assets and settle liabilities. Detailed arrangements for each subsidiary are laid out in the relevant purchase agreements.

17. Available for sale financial assets**Secured loans**

	Notes	Group	
		2015 £m	2014 £m
At 1 July		122.4	128.4
Additions		1.2	1.2
Disposals		(29.6)	(16.5)
Imputed interest	4	4.6	5.8
Other provision movements		3.3	2.8
Fair value adjustment taken through other comprehensive income		5.1	0.7
At 30 June		107.0	122.4
Balance at 30 June analysed as:			
Current		10.2	0.8
Non-current		96.8	121.6

Available for sale financial assets principally comprise interest free loans that are granted as part of sales transactions and for which the cash flows receivable are based on the value of the property at redemption. These loans are secured by way of a second legal charge on the respective property (after the first mortgage charge). These loans are held at the present value of expected future cash flows, taking into account the estimated market value of the property at the estimated time of repayment. The Consolidated Income Statement includes a net impairment charge of £8.5m and a profit on disposal of £9.9m (2014: impairment reversal of £2.8m and profit on disposal of £2.4m) in cost of sales (note 5).

The present value of expected future cash flows is calculated using a discount rate consistent with the interest rate payable on a third party second charge loan of a similar amount and duration. This is considered to be the most appropriate rate as the interest free loans are similar in nature to second charge loans offered by third party financial institutions. The average discount rate used for the year ended 30 June 2015 was 7.5% (2014: 8.0%). A fair value adjustment credit of £5.1m (2014: £0.7m) has been taken through other comprehensive income reflecting the unwinding of the discount in the year.

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

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

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

Further disclosures relating to financial assets are set out in note 24 and note 27(b)(i).

Residential property fund

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

18. Deferred tax

The Group recognised a net deferred tax (liability)/asset with the following movements in the year:

Group	Pension scheme £m	Share options £m	Tax losses £m	Hedging £m	Brands £m	ACA £m	Other (net) £m	Total £m
At 1 July 2013	3.1	9.1	84.7	6.1	(23.0)	1.1	11.0	92.1
Income Statement (charge)/credit	(2.9)	0.9	(65.0)	–	3.0	0.1	(7.1)	(71.0)
Amounts taken directly to equity	(0.8)	1.7	–	(2.0)	–	–	(0.4)	(1.5)
At 30 June 2014	(0.6)	11.7	19.7	4.1	(20.0)	1.2	3.5	19.6
Income Statement (charge)/credit	(0.5)	1.4	(19.6)	–	–	–	(1.9)	(20.6)
Amounts taken directly to equity	–	1.4	–	(0.5)	–	–	(1.1)	(0.2)
At 30 June 2015	(1.1)	14.5	0.1	3.6	(20.0)	1.2	0.5	(1.2)

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

Financial Statements – Notes to the Financial Statements continued

18. Deferred tax (continued)

In addition to the deferred tax liability shown on the previous page, the Group has not recognised a deferred tax asset of £2.3m (2014: £2.3m) in respect of capital and other losses because these are not considered recoverable in the foreseeable future.

The Company recognised a net deferred tax asset with the following movements in the year:

Company	Pension scheme £m	Share options £m	Tax losses £m	Hedging £m	ACA £m	Other £m	Total £m
At 1 July 2013	3.1	2.5	33.3	6.1	0.5	1.1	46.6
Income Statement credit/(charge)	(2.9)	0.3	(13.7)	–	0.3	(0.4)	(16.4)
Amounts taken directly to equity	(0.8)	0.5	–	(2.0)	–	–	(2.3)
At 30 June 2014	(0.6)	3.3	19.6	4.1	0.8	0.7	27.9
Income Statement (charge)/credit	(0.5)	0.4	(19.6)	–	–	(0.7)	(20.4)
Amounts taken directly to equity	–	0.1	–	(0.5)	–	–	(0.4)
At 30 June 2015	(1.1)	3.8	–	3.6	0.8	–	7.1

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

The net deferred tax (liability)/asset recognised comprises:

Notes	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Hedging	3.6	4.1	3.6	4.1
Losses	0.1	19.7	–	19.6
Share options	14.5	11.7	3.8	3.3
Other items, including capital allowances	3.9	8.0	0.8	1.5
Deferred tax assets	22.1	43.5	8.2	28.5
Pension scheme	(1.1)	(0.6)	(1.1)	(0.6)
Brands	(20.0)	(20.0)	–	–
Other items	(2.2)	(3.3)	–	–
Deferred tax liabilities	(23.3)	(23.9)	(1.1)	(0.6)
Net deferred tax (liability)/asset	(1.2)	19.6	7.1	27.9

19. Inventories

	Group	
	2015 £m	2014 £m
Land held for development	2,826.1	2,348.4
Construction work in progress	1,287.4	1,118.2
Part-exchange properties and other inventories	60.1	42.0
	4,173.6	3,508.6

a) Nature of inventories

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

b) Expensed inventories

The value of inventories expensed in the year ended 30 June 2015 and included in cost of sales was £2,903.5m (2014: £2,500.7m).

c) Company

The Company has no inventories.

20. Trade and other receivables

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Non-current assets				
Other receivables	3.3	6.2	-	-
	3.3	6.2	-	-
Current assets				
Trade receivables	123.8	86.5	0.3	0.1
Amounts due from subsidiary undertakings	-	-	695.6	810.2
Other receivables	22.4	13.5	0.5	0.7
Prepayments and accrued income	12.6	11.8	1.3	1.1
	158.8	111.8	697.7	812.1

Of the year end trade receivables, the following were overdue but not impaired:

	Group	
	2015 £m	2014 £m
Ageing of overdue but not impaired receivables		
Less than three months	2.6	4.9
Greater than three months	1.7	1.5

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

	Notes	Group	
		2015 £m	2014 £m
Allowance for doubtful receivables			
At 1 July		4.0	3.0
Charge for the year	5	2.6	2.6
Uncollectable amounts written off, net of recoveries		(4.2)	(1.6)
At 30 June		2.4	4.0

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

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

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

21. Trade and other payables

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Non-current liabilities				
Land payables	493.6	367.2	-	-
Other payables	112.3	80.1	-	-
	605.9	447.3	-	-
Current liabilities				
Trade payables	392.5	243.4	4.4	0.9
Land payables	505.4	412.2	-	-
Amounts due to subsidiary undertakings	-	-	23.0	42.9
Accruals and deferred income	357.6	332.1	22.5	23.3
Other tax and social security	1.8	2.2	-	-
Other payables	92.5	122.1	-	-
	1,349.8	1,112.0	49.9	67.1

Accruals and deferred income includes a £7.7m (2014: £5.6m) social security accrual relating to share-based payments (note 30). Other payables classified as current liabilities principally comprise payments received on account. Other payables classified as non-current liabilities at 30 June 2015 principally comprise deferred payments relating to the acquisition of land in a non-wholly controlled subsidiary.

The Group has £357.8m (2014: £341.7m) of payables secured by legal charges on certain assets. Other non-current payables are unsecured and non-interest bearing.

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

Financial Statements – Notes to the Financial Statements continued

22. Contract accounting

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

	Group	
	2015 £m	2014 £m
Amounts due from contract customers included in trade and other receivables	14.7	9.3
Amounts due to contract customers included in trade and other payables	(14.6)	(5.5)
	0.1	3.8

For contracts in progress at the balance sheet date, contract costs incurred plus recognised profits less recognised losses to date amounted to £228.4m (2014: £109.9m).

At 30 June 2015, retentions held by customers for contract work on contracts in progress at the balance sheet date amounted to £3.3m (2014: £7.9m), of which £2.2m (2014: £2.5m) are due for settlement after twelve months. Advances received from customers for contract work on contracts in progress at the balance sheet date amounted to £6.5m (2014: £27.1m), of which £nil (2014: £6.7m) relates to work, which is not expected to be performed in the next twelve months.

23. Cash and cash equivalents

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash and cash equivalents	360.4	274.7	294.1	259.0

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

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

24. Financial assets

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

	Notes	Group			
		Fair value £m	2015 Carrying value £m	Fair value £m	2014 Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	2.3	2.3	-	-
Loans and receivables					
Cash and cash equivalents	23	360.4	360.4	274.7	274.7
Trade and other receivables		112.6	112.6	87.8	87.8
Available for sale					
Non-current available for sale financial assets	17	96.8	96.8	121.6	121.6
Current available for sale financial assets	17	10.2	10.2	0.8	0.8
Total financial assets		582.3	582.3	484.9	484.9

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

	Notes	Company			
		Fair value £m	2015 Carrying value £m	Fair value £m	2014 Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	2.3	2.3	-	-
Loans and receivables					
Cash and cash equivalents	23	294.1	294.1	259.0	259.0
Trade and other receivables		0.3	0.3	0.8	0.8
Intercompany loans	20	695.6	695.6	810.2	810.2
Total financial assets		992.3	992.3	1,070.0	1,070.0

Trade and other receivables exclude accrued income, amounts recoverable on contracts, prepayments and tax and social security. The fair values of financial assets and liabilities are determined as indicated in this note and note 25(a).

24. Financial assets (continued)

The following table provides an analysis of financial assets that are measured subsequent to initial recognition at fair value, grouped into Levels 1, 2 and 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices;
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

Further details on the fair value of the financial assets measured in accordance with Level 3 can be found in note 17.

There have been no transfers of assets between levels of the fair value hierarchy and no non-recurring fair value measurements.

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Group 2015 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial assets	26	–	2.3	–	2.3
Available for sale					
Non-current available for sale financial assets	17	–	–	96.8	96.8
Current available for sale financial assets	17	–	–	10.2	10.2
Total		–	2.3	107.0	109.3

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Group 2014 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial assets	26	–	–	–	–
Available for sale					
Non-current available for sale financial assets	17	–	–	121.6	121.6
Current available for sale financial assets	17	–	–	0.8	0.8
Total		–	–	122.4	122.4

Further disclosures for available for sale assets are provided in note 17 and note 27(b)(i).

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Company 2015 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial assets	26	–	2.3	–	2.3
Total		–	2.3	–	2.3

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Company 2014 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial assets	26	–	–	–	–
Total		–	–	–	–

Financial Statements – Notes to the Financial Statements continued

25. Financial liabilities

a) Fair value and carrying value

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

	Notes	2015		2014	
		Fair value £m	Carrying value £m	Fair value £m	Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	17.0	17.0	21.2	21.2
Other financial liabilities					
Bank overdrafts	25(c)	–	–	33.3	33.3
Trade and other payables		1,717.9	1,707.8	1,320.8	1,317.4
Loans and borrowings	25(c)	178.4	176.5	168.9	166.8
Total financial liabilities		1,913.3	1,901.3	1,544.2	1,538.7

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

	Notes	2015		2014	
		Fair value £m	Carrying value £m	Fair value £m	Carrying value £m
Designated as cash flow hedges					
Derivative financial instruments	26	17.0	17.0	21.2	21.2
Other financial liabilities					
Bank overdrafts	25(c)	58.5	58.5	56.8	56.8
Trade and other payables		14.4	14.4	13.4	13.4
Intercompany payables	21	23.0	23.0	42.9	42.9
Loans and borrowings	25(c)	140.5	138.6	136.5	134.4
Total financial liabilities		253.4	251.5	270.8	268.7

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

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

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

- The fair values of the secured loan available for sale financial assets are calculated using an internal valuation model. The model calculates the fair value on a loan by loan basis using the present value of expected future cash flows of each loan. The future value of each loan is based on original selling prices adjusted for regional house price inflation, which in turn is based upon independent valuation specialists and official published valuation data. Each loan includes an allowance for future low single-digit house price inflation on the property. In addition, the Group includes an allowance for borrower default, including an estimate made for losses incurred that have not yet been reported to the Group by the home owner or first charge provider.
- Derivative financial instruments are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.
- The fair values of other non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments.
- The fair value trade and payables for both the current and prior years are measured using unobservable inputs in accordance with Level 3 of the fair value hierarchy as they include land payables which bear interest on a contract specific basis, which require discounting to determine a fair value.
- The fair value of trade and other receivables for both the current and prior years are measured in accordance with Level 3. The Directors consider the carrying amounts of financial assets recognised in the consolidated financial statements approximate to their fair values.

The following table provides an analysis of financial liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the liability that are not based on observable market data (unobservable inputs).

There have been no transfers of liabilities between levels of the fair value hierarchy and no non-recurring fair value measurements.

25. Financial liabilities (continued)**a) Fair value and carrying value (continued)**

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Group 2015 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial liabilities	26	–	17.0	–	17.0
Total		–	17.0	–	17.0

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Group 2014 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial liabilities	26	–	21.2	–	21.2
Total		–	21.2	–	21.2

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Company 2015 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial liabilities	26	–	17.0	–	17.0
Total		–	17.0	–	17.0

	Notes	Level 1 £m	Level 2 £m	Level 3 £m	Company 2014 Total £m
Derivative instruments in designated hedge accounting relationships					
Derivative financial liabilities	26	–	21.2	–	21.2
Total		–	21.2	–	21.2

b) Drawn debt facilities

The drawn debt at 30 June comprises:

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Non-current				
Term loans	88.2	88.3	88.2	88.3
Government loans	24.7	27.3	–	–
Private placement notes	50.4	46.1	50.4	46.1
Total non-current borrowings	163.3	161.7	138.6	134.4
Current				
Bank overdrafts	–	33.3	58.5	56.8
Government loans	13.2	5.1	–	–
Total current borrowings	13.2	38.4	58.5	56.8
Total borrowings	176.5	200.1	197.1	191.2

Financial Statements – Notes to the Financial Statements continued

25. Financial liabilities (continued)**b) Drawn debt facilities (continued)**

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

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
Bank loans excluding swap interest	2.4	2.9	2.4	2.9
Net swap payment	5.1	5.2	5.1	5.2
Government loans	2.4	2.0	–	–
Term loans	4.9	4.5	4.9	4.5
Private placement notes	8.1	8.2	8.1	8.2

The principal features of the Group's debt facilities at 30 June 2015 and 30 June 2014 were as follows:

i) Committed facilities

- A committed £700.0m revolving credit facility, reducing to £550.0m in December 2017, was made available under credit agreements dated 14 May 2013 and amended by amendment agreements entered into on 17 December 2014. As at 30 June 2015, £nil was drawn. £150.0m of this facility matures on 29 December 2017 and £550.0m of this facility matures on 17 December 2019.
- A committed £100.0m term loan, of which £100.0m was drawn at 30 June 2015, made available under a credit agreement dated 10 May 2011 (as amended from time to time and most recently with effect from 17 December 2014), the maturity of which is scheduled to be repaid as follows: 25% on 1 July 2019; 25% on 1 July 2020; and 50% on 1 July 2021.
- Outstanding committed loans of £27.9m under the Government's 'Get Britain Building' and local government 'Growing Places Fund' schemes. During the year £4.7m of scheduled repayments were made. The remaining balance is due to be repaid between 7 December 2015 and 31 March 2018.
- Committed loan facilities of £11.5m are available under agreements with local government which are due to be repaid between July 2015 and March 2020. At 30 June 2015 a total of £10.0m was drawn on these facilities, including £0.2m of interest.

ii) Fixed rate US Dollar private placement notes

- US Dollar private placement notes of \$80.0m due on 23 August 2017 were issued pursuant to note purchase agreements dated 10 May 2011 (as amended from time to time and most recently with effect from 17 December 2014).

iii) Bank overdrafts and uncommitted money market facilities

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

All debt is unsecured.

c) Net cash

Net cash at 30 June is shown below:

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Cash and cash equivalents	360.4	274.7	294.1	259.0
Non-current borrowings				
Term loans	(88.2)	(88.3)	(88.2)	(88.3)
Government loans	(24.7)	(27.3)	–	–
Private placement notes	(50.4)	(46.1)	(50.4)	(46.1)
Total non-current borrowings	(163.3)	(161.7)	(138.6)	(134.4)
Current borrowings				
Bank overdrafts	–	(33.3)	(58.5)	(56.8)
Government loans	(13.2)	(5.1)	–	–
Total current borrowings	(13.2)	(38.4)	(58.5)	(56.8)
Total borrowings	(176.5)	(200.1)	(197.1)	(191.2)
Derivative financial instruments				
Foreign exchange swaps	2.6	(1.5)	2.6	(1.5)
Net cash	186.5	73.1	99.6	66.3

Cash and cash equivalents comprise cash at bank and other short term highly liquid investments with a maturity of three months or less. Net cash is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings and foreign exchange swaps. Included within non-current borrowings are prepaid facility arrangement fees of £12.3m (2014: £12.5m). The Group includes foreign exchange swaps within net debt. These swaps were entered into to hedge the foreign exchange exposure upon the Group's US Dollar denominated private placement notes. The Group's foreign exchange swaps have both an interest rate and an exchange rate element and only the exchange rate element on the notional amount of the swap is included within the net cash note above.

25. Financial liabilities (continued)**c) Net cash (continued)**

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

	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
Foreign exchange swap – exchange rate element	2.6	(1.5)	2.6	(1.5)
Foreign exchange swap – interest rate element	(0.3)	(0.3)	(0.3)	(0.3)
	2.3	(1.8)	2.3	(1.8)
Interest rate swaps	(17.0)	(19.4)	(17.0)	(19.4)
Net derivative financial instruments	(14.7)	(21.2)	(14.7)	(21.2)

26. Derivative financial instruments – swaps

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

	Group and Company			
	Asset £m	2015 Liability £m	Asset £m	2014 Liability £m
Designated as cash flow hedges				
Non-current				
Interest rate swaps	–	(17.0)	–	(19.4)
Foreign exchange swaps	2.3	–	–	(1.8)
Total derivative financial instruments	2.3	(17.0)	–	(21.2)

a) Interest rate swaps

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

As at 30 June 2015, the Group had outstanding floating rate Sterling debt and overdrafts, excluding fees, of £126.9m (2014: £164.3m) and the Company had outstanding net floating rate Sterling debt and overdrafts, excluding fees, of £158.5m (2014: £156.8m). In obtaining this funding, the Group and the Company sought to achieve certainty as to the availability of, and income statement charge related to, a designated proportion of anticipated future debt requirements.

The Group and Company have entered into swap arrangements to swap £137.0m (2014: £137.0m) of this debt into fixed rate Sterling debt in accordance with the Group and Company treasury policy outlined in note 27. After taking into account swap arrangements, the fixed interest rates applicable to the debt were as follows:

£m	Fixed rate payable %	2015 Maturity	£m	Fixed rate payable %	2014 Maturity
60.0	6.06	2017	60.0	6.08	2017
19.5	6.18	2017	19.5	6.18	2017
32.5	5.83	2017	32.5	5.83	2017
25.0	5.61	2022	25.0	5.63	2022
137.0			137.0		

The swap arrangements are designated as a cash flow hedge against future interest rate movements. The fair value of the swap arrangements as at 30 June 2015, which is based on third party valuations, was a liability of £17.0m (2014: £19.4m) with a gain of £2.4m (2014: £7.7m) credited directly to equity in the year.

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

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

Financial Statements – Notes to the Financial Statements continued

26. Derivative financial instruments – swaps (continued)

b) Foreign exchange swaps

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

As at 30 June 2015, the Group and Company had outstanding fixed rate US Dollar loan notes of \$80.0m (2014: \$80.0m).

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

\$m	Fixed rate payable %	2015 Maturity	\$m	Fixed rate payable %	2014 Maturity
80.0	8.14	2017	80.0	8.14	2017

The swap arrangements are designated as cash flow hedges against future foreign exchange rate movements. The hedges match the contractual initial receipt, the final settlement and match 100% of the interest payments. The fair value of the swap arrangements as at 30 June 2015, which is based on third party valuations, was an asset of £2.3m (2014: liability of £1.8m) with a gain of £4.1m (2014: loss of £7.3m) credited directly to equity in the year.

There was no ineffectiveness to be taken through the Consolidated Income Statement during the year or the prior year. Further disclosures relating to financial instruments are set out in note 27.

27. Financial risk management

The Group's approach to risk management and the principal operational risks of the business are detailed on pages 40 to 45. The Group's financial assets, financial liabilities and derivative financial instruments are detailed in notes 24, 25 and 26.

The Group's operations and financing arrangements expose it to a variety of financial risks that include the effects of changes in debt market prices, credit risks, liquidity risks and interest rates. The most significant of these to the Group is liquidity risk and, accordingly, there is a regular, detailed system for the reporting and forecasting of cash flows from the operations to Group management to ensure that risks are promptly identified and appropriate mitigating actions taken by the central treasury department. These forecasts are further stress-tested at a Group level on a regular basis to ensure that adequate headroom within facilities and banking covenants is maintained. In addition, the Group has in place a risk management programme that seeks to limit the adverse effects of the other risks on its financial performance, in particular by using financial instruments, including debt and derivatives, to hedge interest rates and currency rates. The Group does not use derivative financial instruments for speculative purposes.

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

a) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its liabilities as they fall due. The Group actively maintains a mixture of long term and medium term committed facilities that are designed to ensure that the Group has sufficient available funds for operations. The Group's borrowings are typically cyclical throughout the financial year and peak in April and May; and October and November of each year, due to seasonal trends in income. Accordingly, the Group maintains sufficient facility headroom to cover these requirements. On a normal operating basis, the Group has a policy of maintaining a minimum headroom of £150.0m. The Group identifies and takes appropriate actions based upon its regular, detailed system for the reporting and forecasting of cash flows from its operations. At 30 June 2015, the Group had committed bank and other facilities of £887.7m (2014: £880.8m) and total facilities of £958.9m (2014: £932.0m). The Group's drawn debt, excluding fees, against the committed facilities was £186.2m (2014: £180.8m). This represented 21.0% (2014: 20.5%) of available committed facilities at 30 June 2015. In addition, the Group had £360.4m (2014: £274.7m) of cash and cash equivalents.

The Group was in compliance with its financial covenants at 30 June 2015. At the date of approval of the Financial Statements, the Group's internal forecasts indicate that it will remain in compliance with these covenants for the foreseeable future, being at least twelve months from the date of signing these Financial Statements.

The Group's objective is to minimise refinancing risk. The Group therefore has a policy that the average maturity of its committed bank facilities and private placement notes is at least two years on average with a target of three years. At 30 June 2015, the average maturity of the Group's facilities was 4.0 years (2014: 3.7 years).

27. Financial risk management (continued)**a) Liquidity risk (continued)**

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

Expiry date	Group		Company	
	2015 £m	2014 £m	2015 £m	2014 £m
In less than one year	-	-	-	-
In more than one year but not more than two years	-	150.0	-	150.0
In more than two years but not more than five years	701.7	550.0	700.0	550.0
In more than five years	-	-	-	-
	701.7	700.0	700.0	700.0

In addition, the Group had £71.2m (2014: £17.9m) of undrawn uncommitted facilities available at 30 June 2015.

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

Group	Notes	Carrying amount £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m
2015							
Loans and borrowings (including bank overdrafts)	25(a)	176.5	295.4	40.6	32.8	144.5	77.5
Trade and other payables	25(a)	1,707.8	1,773.9	1,143.7	269.0	322.8	38.4
		1,884.3	2,069.3	1,184.3	301.8	467.3	115.9
2014							
Loans and borrowings (including bank overdrafts)	25(a)	200.1	333.6	68.7	36.9	121.7	106.3
Trade and other payables	25(a)	1,317.4	1,375.9	878.5	221.3	233.6	42.5
		1,517.5	1,709.5	947.2	258.2	355.3	148.8

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

Company	Notes	Carrying amount £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m
2015							
Loans and borrowings (including bank overdrafts)	25(a)	197.1	314.3	84.9	26.4	125.5	77.5
Trade and other payables	25(a)	14.4	14.4	14.4	-	-	-
Intercompany payables	25(a)	23.0	23.0	23.0	-	-	-
		234.5	351.7	122.3	26.4	125.5	77.5
2014							
Loans and borrowings (including bank overdrafts)	25(a)	191.2	322.3	86.5	29.6	99.9	106.3
Trade and other payables	25(a)	13.4	13.4	13.4	-	-	-
Intercompany payables	25(a)	42.9	42.9	42.9	-	-	-
		247.5	378.6	142.8	29.6	99.9	106.3

The disclosure of contractual cash flows in the note above is calculated on the basis that the Group's £700.0m revolving credit facility is fully drawn down. At 30 June 2015 none of this facility was drawn.

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

Financial Statements – Notes to the Financial Statements continued

27. Financial risk management (continued)

a) Liquidity risk (continued)

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

Group and Company	Notes	Carrying amount £m	Contractual cash flow £m	Less than 1 year £m	1-2 years £m	2-5 years £m	Over 5 years £m
2015							
Financial assets							
Gross settled derivatives:							
Receive leg	24	2.3	62.2	3.8	3.8	54.6	-
Pay leg		-	(60.1)	(3.9)	(3.9)	(52.3)	-
Financial liabilities							
Net settled derivatives	26	(17.0)	(17.5)	(7.1)	(6.3)	(2.6)	(1.5)
	26	(14.7)	(15.4)	(7.2)	(6.4)	(0.3)	(1.5)
2014							
Financial liabilities							
Gross settled derivatives:							
Receive leg	26	(1.8)	61.9	3.5	3.6	54.8	-
Pay leg		-	(64.0)	(3.9)	(3.9)	(56.2)	-
Net settled derivatives	26	(19.4)	(19.4)	(6.5)	(5.3)	(5.9)	(1.7)
	26	(21.2)	(21.5)	(6.9)	(5.6)	(7.3)	(1.7)

Under the Group's International Swaps and Derivatives Association Master Agreement ('ISDA'), the interest rate swaps are settled on a net basis.

b) Market risk (price risk)

i) UK housing market risk

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

The Group is subject to the prevailing conditions of the UK economy and the Group's earnings are dependent upon the level of UK house prices. UK house prices are determined by the UK economy and economic conditions including employment levels, interest rates, consumer confidence, mortgage availability and competitor pricing. However, the Group does seek to maintain an appropriate geographic spread of operating divisions and an appropriate product mix to mitigate any risks caused by local economic conditions. The Group has detailed procedures to manage its market related operational risks, which include:

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

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

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

Group	Linked to UK housing market £m	Not linked to UK housing market £m	Total £m
2015			
Non-derivative financial assets	107.0	473.0	580.0
Non-derivative financial liabilities	-	(1,884.3)	(1,884.3)
Derivatives	-	(14.7)	(14.7)
	107.0	(1,426.0)	(1,319.0)
2014			
Non-derivative financial assets	122.4	362.5	484.9
Non-derivative financial liabilities	-	(1,517.5)	(1,517.5)
Derivatives	-	(21.2)	(21.2)
	122.4	(1,176.2)	(1,053.8)

27. Financial risk management (continued)**b) Market risk (price risk) (continued)**

i) UK housing market risk (continued)

The value of the Group's available for sale financial assets is directly linked to the UK housing market. At 30 June 2015, these assets were carried at a fair value of £107.0m (2014: £122.4m). Further information is set out in note 17.

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

Sensitivity analysis

The value of the Group's house price linked financial assets, which are solely available for sale financial assets, is sensitive to UK house prices since the amount repayable is dependent upon the market price of the property to which the loan is linked. At 30 June 2015, if UK house prices had been 5% lower and all other variables were held constant, the Group's house price linked financial assets and liabilities would decrease in value, excluding the effects of tax, by £5.8m (2014: £2.7m) with a corresponding reduction in both the result for the year and equity.

In addition the value of the asset is affected by mortgage rates, the availability of finance and UK economic conditions since all of these affect the risk of default.

ii) Interest rate risk

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

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

The Group has a conservative treasury risk management strategy and the Group's interest rates are fixed using both swaps and fixed rate debt instruments. The Group's policy target is for 0-40% of average borrowings over the 3 year plan period to be at fixed rates of interest. Due to the seasonality of the Group's funding requirements, 105.4% (2014: 87.2%) of the Group's gross borrowings were fixed as at 30 June 2015 and the average over the 3 year plan period is 43.2%. Group interest rates are fixed using both swaps and fixed rate debt instruments.

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

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Non-interest bearing financial liabilities £m	Total £m
Group				
2015				
Financial liabilities (excluding derivatives)	115.1	61.4	1,707.8	1,884.3
Impact of interest rate swaps	(137.0)	137.0	-	-
Financial liability exposure to interest rate risk	(21.9)	198.4	1,707.8	1,884.3
2014				
Financial liabilities (excluding derivatives)	152.5	47.6	1,317.4	1,517.5
Impact of interest rate swaps	(137.0)	137.0	-	-
Financial liability exposure to interest rate risk	15.5	184.6	1,317.4	1,517.5

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

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Non-interest bearing financial liabilities £m	Total £m
Company				
2015				
Financial liabilities (excluding derivatives)	169.7	50.4	14.4	234.5
Impact of interest rate swaps	(137.0)	137.0	-	-
Financial liability exposure to interest rate risk	32.7	187.4	14.4	234.5
2014				
Financial liabilities (excluding derivatives)	188.0	46.1	13.4	247.5
Impact of interest rate swaps	(137.0)	137.0	-	-
Financial liability exposure to interest rate risk	51.0	183.1	13.4	247.5

Floating interest rates on Sterling borrowings are linked to the UK bank rate, LIBOR and money market rates. The floating rates are fixed in advance for periods generally ranging from one to six months. Short term flexibility is achieved through the use of overdraft, committed and uncommitted bank facilities. The weighted average interest rate for floating rate borrowings in 2015 was 3.1% (2014: 3.4%).

US Dollar denominated private placement notes of £50.4m (2014: £46.1m) were arranged at fixed interest rates and exposed the Group to fair value interest rate risk. The weighted average interest rate for fixed rate US Dollar denominated private placement notes, after the effect of foreign exchange rate swaps, for 2015 was 8.1% (2014: 8.2%) with, at 30 June 2015, a weighted average period of 2.2 years (2014: 3.2 years) for which the rate is fixed.

Financial Statements – Notes to the Financial Statements continued

27. Financial risk management (continued)

b) Market risk (price risk) (continued)

ii) Interest rate risk (continued)

Sensitivity analysis

In the year ended 30 June 2015, if UK interest rates had been 50 basis points higher/lower, as this is a reasonably possible change, and all other variables were held constant, the Group's pre-tax profit would decrease/increase by £0.9m (2014: £0.7m), the Group's post-tax profit would decrease/increase by £0.6m (2014: £0.5m) and the Group's equity would decrease/increase by £0.6m (2014: £0.5m).

iii) Foreign exchange rate risk

As at 30 June 2015, the Group has fixed rate US Dollar denominated private placement notes of \$80.0m (2014: \$80.0m). In order to mitigate risks associated with the movement in the foreign exchange rate, the Group has a policy of fully hedging the principal of its US Dollar denominated debt and a significant proportion of the interest payments. The Group therefore entered into foreign exchange swap arrangements on the issue of its US Dollar denominated debt, all of which are designated as cash flow hedges, which fully hedge the principal of its US Dollar denominated debt and the US Dollar interest payments.

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

Sensitivity analysis

In the year ended 30 June 2015, if the US Dollar per Pound Sterling exchange rate had been \$0.20 higher/lower and all other variables were held constant, the Group's pre-tax profit would decrease/increase by £nil (2014: £nil), the Group's post-tax profit would decrease/increase by £nil (2014: £nil) and the Group's equity would decrease/increase by £nil (2014: £nil).

c) Credit risk

In the majority of cases, the Group receives cash upon legal completion for private sales and receives advance stage payments from Registered Providers for affordable housing. The Group has £107.0m (2014: £122.4m) of available for sale financial assets, which expose it to credit risk, although this asset is spread over a large number of properties. In addition, the Group and Company have an investment of £25.6m (2014: £25.6m) in a joint venture that holds available for sale financial assets, which exposes the joint venture to credit risk, although this is spread over a large number of properties. Included within trade and other receivables £45.9m (2014: £41.4m) is due from the Homes and Communities Agency in respect of the Help to Buy scheme. Since this receivable is due from a UK Government agency, the Group considers that this receivable has an insignificant risk of default. Other than this, neither the Group nor the Company have a significant concentration of credit risk, as their exposure is spread over a large number of counterparties and customers.

The Group manages credit risk in the following ways:

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

The maximum exposure to any counterparty at 30 June 2015 was £64.4m (2014: £71.8m) of cash on deposit with a financial institution. The carrying amount of financial assets recorded in the Financial Statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk.

As at 30 June 2015, the Company was exposed to £695.6m (2014: £810.2m) of credit risk in relation to intercompany loans, as well as financial guarantees, performance bonds and the bank borrowings of subsidiary undertakings. The Company was also exposed to credit risk through its joint venture as explained above. Further details are provided in notes 34 and 35.

d) Capital risk management (cash flow risk)

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

The Group manages as capital its equity, as set out in the Statement of Changes in Shareholders' Equity, its bank borrowings (being overdrafts, loan notes and bank loans) and its private placement notes, as set out in note 25.

The Group is subject to the prevailing conditions of the UK economy and the Group's earnings are dependent upon the level of UK house prices. UK house prices are determined by the UK economy and economic conditions including employment levels, interest rates, consumer confidence, mortgage availability and competitor pricing. The management of these operational risks is set out in the principal risks and uncertainties on pages 40 to 45.

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

28. Retirement benefit obligations

The Group operates defined contribution and defined benefit pension schemes.

a) Defined contribution schemes

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

	2015 £m	2014 £m
Contributions during the year		
Group defined contribution schemes Consolidated Income Statement charge	8.1	7.8

At the balance sheet date, there were outstanding contributions of £0.9m (2014: £0.8m), which were paid on or before the due date.

b) Defined benefit scheme

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

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

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

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

At the balance sheet date, there were outstanding contributions of £1.1m (2014: £1.1m).

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

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

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

Principal actuarial assumptions	2015	2014
Weighted average assumptions to determine benefit obligations		
Discount rate	3.80%	4.30%
Rate of price inflation	3.30%	3.30%
Weighted average assumptions to determine net cost		
Discount rate	4.30%	4.70%
Rate of price inflation	3.30%	3.40%

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

Financial Statements – Notes to the Financial Statements continued

28. Retirement benefit obligations (continued)**b) Defined benefit scheme (continued)**

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

Assumptions	Male	Female
Retired member born in 1950 (life expectancy at age 65)	23.6 years	26.1 years
Non-retired member born in 1970 (life expectancy at age 65)	25.4 years	28.1 years

The base mortality assumptions are based upon the S1NA mortality tables with an adjustment to allow for the Scheme members being 1.5 years younger than the population of the S1NA mortality tables. Allowance for future increases in life expectancy is made in line with the CMI 2014 projections with a long term trend of 1.25% per annum (2014: 1.25% per annum).

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

Assumptions	Change in assumption	£m	Increase in Scheme liabilities %
Discount rate	Decrease by 0.1%	7.3	2.0
Rate of inflation	Increase by 0.1%	4.1	1.1
Life expectancy	Increase by 1 year	12.0	3.3

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

	2015 £m	2014 £m
Interest cost	13.9	14.3
Interest income	(14.3)	(14.0)
Total pension (income)/cost recognised in net finance costs in the Consolidated Income Statement	(0.4)	0.3
Total pension (income)/cost recognised in the Consolidated Income Statement	(0.4)	0.3

The amounts recognised in the Group and Company Statements of Comprehensive Income were as follows:

	2015 £m	2014 £m
Expected return less actual return on Scheme assets	(25.1)	(15.3)
Loss arising from changes in the assumptions underlying the present value of benefit obligations	36.6	6.4
Loss arising from experience from the 30 November 2013 actuarial valuation	-	5.4
Total pension cost/(income) recognised in the Group Statement of Comprehensive Income	11.5	(3.5)

The amount included in the Group and Company Balance Sheets arising from obligations in respect of the Scheme is as follows:

	2015 £m	2014 £m
Present value of funded obligations	367.5	327.0
Fair value of Scheme assets	(372.8)	(330.1)
Surplus for funded Scheme/net asset recognised in the Group and Company Balance Sheets at 30 June	(5.3)	(3.1)

	2015 £m	2014 £m
Net (asset)/liability for defined benefit obligations at 1 July	(3.1)	13.4
Contributions paid to the Scheme	(13.3)	(13.3)
(Income)/expense recognised in the Consolidated Income Statement (note 4)	(0.4)	0.3
Amounts recognised in the Group and Company Statements of Comprehensive Income	11.5	(3.5)
Net asset for defined benefit obligations at 30 June	(5.3)	(3.1)

A deferred tax liability of £1.1m (2014: £0.6m) has been recognised in the Group and Company Balance Sheets in relation to the pension asset (note 18).

28. Retirement benefit obligations (continued)**b) Defined benefit scheme (continued)**

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

	2015 £m	2014 £m
Present value of benefit obligations at 1 July	327.0	308.3
Interest cost	13.9	14.3
Actuarial loss	36.6	11.8
Benefits paid from Scheme	(10.0)	(7.4)
Present value of benefit obligations at 30 June	367.5	327.0

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

	2015 £m	2014 £m
Fair value of Scheme assets at 1 July	330.1	294.9
Interest income	14.3	14.0
Actuarial gain on Scheme assets	25.1	15.3
Employer contributions	13.3	13.3
Benefits paid from Scheme	(10.0)	(7.4)
Fair value of Scheme assets at 30 June	372.8	330.1

The analysis of Scheme assets was as follows:

	£m	2015 %	£m	2014 %
Quoted equity securities	91.8	24.6	159.7	48.4
Debt securities	279.7	75.0	170.0	51.5
Other	1.3	0.4	0.4	0.1
Total	372.8	100.0	330.1	100.0

The actual return on Scheme assets was as follows:

	2015 £m	2014 £m
Actual return on Scheme assets	39.4	29.3

The expected employer contribution to the Scheme in the year ending 30 June 2016 is £11.4m.

29. Share capital

	2015 £m	2014 £m
Allotted and issued ordinary shares		
10p each fully paid: 995,452,663 ordinary shares (2014: 984,983,475)	99.5	98.5

During the year, 2,176,347 (2014: 2,407,303) awards over the Company's shares were granted under the Company's Long Term Performance Plan, 2,542,574 (2014: 3,363,707) options were granted under the Savings-Related Share Option Scheme ('SRSOS'), 813,663 (2014: 785,879) awards over the Company's shares were granted under the Company's Co-Investment Plan and awards of 639,148 (2014: 709,644) were granted over the Company's shares under the Senior Management Incentive Scheme.

Allotment of shares during the year

During the year, a total of 3,622,372 (2014: 1,090,558) shares were issued to satisfy exercises under the 2011 and 2012 SRSOS schemes and 218,051 shares (2014: 71,331) were issued to satisfy early exercises under the 2011, 2012, 2013 and 2014 grants of the SRSOS schemes.

In addition, 6,590,688 shares (2014: 4,021,515) were issued to satisfy exercises under the 2011 Long Term Performance Plan, 38,077 shares (2014: nil) were issued to satisfy exercises under the Co-Investment Plan and no shares (2014: 84,979) were issued to satisfy exercises under the Employee Share Option Plan.

Employee Benefit Trust

The Barratt Developments PLC Employee Benefit Trust (the 'EBT') holds 1,860,071 (2014: 3,392,355) ordinary shares in the Company. The EBT disposed of 1,532,284 shares in settlement of exercises under the Senior Management Share Option Plan 2009/10, the Executive Share Option Scheme 2009/10 and the Co-Investment Plan. The market value of the shares held by the EBT at 30 June 2015 at 614.5 pence per share (2014: 373.7 pence per share) was £11,430,136 (2014: £12,677,231). The shares are held in the EBT for the purpose of satisfying options that have been granted under the Barratt Developments PLC Executive and Employee Share Option Plans, Long Term Performance Plans and Co-Investment Plans. These ordinary shares do not rank for dividend and do not count in the calculation of the weighted average number of shares used to calculate earnings per share until such time as they are vested to the relevant employee.

Financial Statements – Notes to the Financial Statements continued

30. Share-based payments

Analysis of the Consolidated Income Statement charge:

	2015 £m	2014 £m
Equity-settled share-based payments:		
Long Term Performance Plan	6.9	5.7
Savings-Related Share Option Scheme	1.3	1.2
Senior Management Incentive Scheme	1.2	0.7
Co-Investment Plan	2.2	1.4
	11.6	9.0

As at 30 June 2015, an accrual of £7.7m (2014: £5.6m) was recognised in respect of social security liabilities on share-based payments.

a) Details of the share-based payment schemes**i) Long Term Performance Plan**

The Long Term Performance Plan (the 'LTPP') was initially approved by shareholders at the Annual General Meeting held in November 2003 to take effect from 1 July 2003. The ten year limit on powers to grant any awards under the LTPP expired on 12 November 2013 and a resolution seeking: (i) the approval of shareholders to extend the LTPP for a further ten years to 12 November 2023; and; (ii) the adoption of the updated rules of the LTPP, was proposed to, and passed by, shareholders at the 2012 Annual General Meeting. During the financial year ended 30 June 2015, 2,176,347 (2014: 2,407,303) awards were granted under the LTPP. Awards under the LTPP are at the discretion of the Remuneration Committee (the 'Committee'), taking into account individual performance and overall performance of the Group. An employee is not eligible to receive options under the Executive Share Option Scheme and awards under the LTPP in the same financial year. Information on the performance conditions for the LTPP awards to be granted during the 2015/16 financial year and each of the outstanding LTPP awards, can be found on pages 87 to 88 and page 94.

ii) Savings-Related Share Option Scheme

In November 2008, the Company adopted the Savings-Related Share Option Scheme ('SRSOS'). Under the SRSOS, participants are required to make monthly contributions to a HM Revenue and Customs ('HMRC') approved savings contract with a bank or building society for a period of three or five years. On entering into the savings contract, participants are granted an option to acquire ordinary shares in the Company at an exercise price determined under the rules of the SRSOS. The SRSOS is open to all eligible employees as determined by the Board and is not subject to the satisfaction of any performance conditions.

iii) Executive Share Option Scheme

In November 2008, the Company adopted the Executive Share Option Scheme (the 'ESOS'). The grant of share options under the ESOS is at the discretion of the Committee, taking into account individual performance and the overall performance of the Group. Options must be held for a minimum of three years from the date of grant before they can be exercised and lapse if not exercised within ten years from the date of grant. The exercise of options granted under the ESOS is subject to the achievement of an objective performance condition set by the Committee, which for options granted in 2009/10 was based upon total shareholder return and earnings per share performance conditions. The performance conditions for the ESOS granted in December 2009 (the '2009/10 ESOS'), were tested after the financial year ended 30 June 2012 and accordingly, 32.8% of the 2009/10 ESOS vested on 10 December 2012. Participants have until 9 December 2019 to exercise their options.

iv) Senior Management Share Option Plan

In December 2009, the Company adopted the Senior Management Share Option Plan 2009-2012 (the 'SMSOP'). The Board approved the grant of share options to employees under the SMSOP, which are normally exercisable between three and ten years from the date of grant, provided the employee remains employed by the Group. Individuals who participate in the SMSOP are not eligible to participate in the LTPP or ESOS; therefore Executive Directors do not participate in the SMSOP. There is currently no intention to make any further grants under the SMSOP. The options granted under the SMSOP in December 2009 (the '2009/10 SMSOP'), were subject to a 'continued employment' performance condition. The 2009/10 SMSOP vested on 10 December 2012 and participants have until 9 December 2019 to exercise their options.

v) Co-Investment Plan

The Co-Investment Plan (the 'Plan') was approved by shareholders at the Annual General Meeting held in November 2005 and is currently utilised to hold shares awarded in respect of any bonus earned in excess of 100% of base salary. The Committee has the discretion to award matching shares against the deferred shares; however, no matching shares have been awarded to date. The Executive Directors also have the opportunity to voluntarily defer additional amounts of annual bonus up to a maximum of 25% of basic salary into the Plan. Further details are on page 87.

vi) Senior Management Incentive Scheme

In October 2012, the Board adopted the Senior Management Incentive Scheme (the 'SMIS'). Awards under the SMIS are at the discretion of the Chief Executive (or in his absence, the Chairman of the Board). Any awards under the SMIS must be held for a minimum of three years from the date of grant. Executive Directors and those individuals directly below this level are not eligible to participate in the SMIS. Any award granted under the SMIS is subject to performance conditions as set for the LTPP, excluding the total shareholder return condition, granted in the same financial year. Further details are on page 87.

30. Share-based payments (continued)**b) Outstanding equity-settled share-based payments**

At 30 June 2015, the following options were outstanding:

Date of grant	Option price pence	2015 Number	Not exercisable after
Executive Share Option Scheme			
10 December 2009 (approved*)	118	8,350	9 December 2019
10 December 2009 (unapproved*)	121	443,132	9 December 2019
Total Executive Share Option Scheme options		451,482	
Senior Management Share Option Plan			
10 December 2009 (approved*)	118	437,976	9 December 2019
10 December 2009 (unapproved*)	121	145,663	9 December 2019
Total Senior Management Share Option Plan options		583,639	
Savings-Related Share Option Scheme			
28 March 2012 – 3 year plan	125	715,852	30 November 2015
28 March 2012 – 5 year plan	125	1,404,624	30 November 2017
27 March 2013 – 3 year plan	205	1,844,357	30 November 2016
27 March 2013 – 5 year plan	205	292,925	30 November 2018
30 April 2014 – 3 year plan	349	2,591,300	31 December 2017
30 April 2014 – 5 year plan	349	401,350	31 December 2019
29 April 2015 – 3 year plan	447	2,283,261	31 December 2018
29 April 2015 – 5 year plan	447	238,861	31 December 2020
Total Savings-Related Share Option Scheme options		9,772,530	
Total share options		10,807,651	
Long Term Performance Plan			
24 October 2012	–	4,620,159	–
23 October 2013	–	2,407,303	–
20 October 2014	–	2,176,347	–
Total Long Term Performance Plan awards		9,203,809	
Co-Investment Plan			
12 October 2012	–	1,260,382	–
2 October 2013	–	771,966	–
9 October 2014	–	812,360	–
Total Co-Investment Plan awards		2,844,708	
Senior Management Incentive Scheme			
24 October 2012	–	450,218	–
23 October 2013	–	623,293	–
20 October 2014	–	599,029	–
Total Senior Management Incentive Scheme awards		1,672,540	
Total		24,528,708	

* The Executive Share Option Scheme and the Senior Management Share Option Plan are divided into two sub-schemes, one of which is approved under the Income Tax (Earnings and Pensions) Act 2003 and the other which is not, and the exercise price is calculated differently for each sub-scheme in accordance with the rules of the sub-scheme.

Financial Statements – Notes to the Financial Statements continued

30. Share-based payments (continued)**c) Number and weighted average exercise price of outstanding share-based payments**

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

	2015		2014	
	Weighted average exercise price in pence	Number of award units	Weighted average exercise price in pence	Number of award units
Outstanding at 1 July	–	13,906,376	–	17,087,663
Forfeited during the year	–	(288,226)	–	(1,567,075)
Exercised during the year	–	(6,590,688)	–	(4,021,515)
Granted during the year	–	2,176,347	–	2,407,303
Outstanding at 30 June	–	9,203,809	–	13,906,376
Exercisable at 30 June	–	–	–	–

The number and weighted average exercise prices of options granted under the Executive Share Option Scheme were as follows:

	2015		2014	
	Weighted average exercise price in pence	Number of options	Weighted average exercise price in pence	Number of options
Outstanding at 1 July	121	1,392,327	121	1,592,404
Exercised during the year	121	(940,845)	121	(200,077)
Outstanding at 30 June	121	451,482	121	1,392,327
Exercisable at 30 June	121	451,482	121	1,392,327

The number and weighted average exercise prices of options granted under the Senior Management Share Option Plan were as follows:

	2015		2014	
	Weighted average exercise price in pence	Number of options	Weighted average exercise price in pence	Number of options
Outstanding at 1 July	119	1,358,461	119	1,850,044
Forfeited during the year	–	–	118	(33,224)
Exercised during the year	119	(774,822)	119	(458,359)
Outstanding at 30 June	119	583,639	119	1,358,461
Exercisable at 30 June	119	583,639	119	1,358,461

The number and weighted average exercise prices of options granted under the Savings-Related Share Option Scheme were as follows:

	2015		2014	
	Weighted average exercise price in pence	Number of options	Weighted average exercise price in pence	Number of options
Outstanding at 1 July	203	11,956,053	143	10,539,414
Forfeited during the year	243	(885,674)	156	(785,179)
Granted during the year	447	2,542,574	349	3,363,707
Exercised during the year	124	(3,840,423)	109	(1,161,889)
Outstanding at 30 June	294	9,772,530	203	11,956,053
Exercisable at 30 June	125	715,852	105	315,521

30. Share-based payments (continued)**c) Number and weighted average exercise price of outstanding share-based payments (continued)**

The number and weighted average award price of awards made under the Co-Investment Plan were as follows:

	2015		2014	
	Weighted average exercise price in pence	Number of award units	Weighted average exercise price in pence	Number of award units
Outstanding at 1 July	–	2,192,596	–	1,435,655
Exercised during the year	–	(161,551)	–	(28,938)
Granted during the year	–	813,663	–	785,879
Outstanding at 30 June	–	2,844,708	–	2,192,596
Exercisable at 30 June	–	–	–	–

The number and weighted average award price of awards made under the Senior Management Incentive Scheme were as follows:

	2015		2014	
	Weighted average exercise price in pence	Number of award units	Weighted average exercise price in pence	Number of award units
Outstanding at 1 July	–	1,187,512	–	525,879
Forfeited during the year	–	(154,120)	–	(48,011)
Granted during the year	–	639,148	–	709,644
Outstanding at 30 June	–	1,672,540	–	1,187,512
Exercisable at 30 June	–	–	–	–

The weighted average share price, at the date of exercise, of share options exercised during the year was 478.4p (2014: 349.1p). The weighted average life for all schemes outstanding at the end of the year was 1.8 years (2014: 2.0 years).

d) Consolidated Income Statement charge

A charge to the Consolidated Income Statement has been made for the awards issued on or after 7 November 2002 that had not vested at 1 January 2005 in accordance with IFRS 2 'Share-based Payments'.

i) Savings-Related Share Option Scheme

The weighted average fair value of the options granted during 2015 was 119.8p (2014: 102.6p) per award. The awards have been valued using a Black-Scholes model.

The weighted average inputs to the Black-Scholes model were as follows:

	Grants 2015	Grants 2014
Average share price	536p	370p
Average exercise price	447p	349p
Expected volatility	33.5%	38.0%
Expected life	3.2 years	3.3 years
Risk free interest rate	0.70%	1.20%
Expected dividends	4.51%	3.30%

Expected volatility was determined by reference to the historical volatility of the Group's share price over a period consistent with the expected life of the options. The expected life used in the models has been adjusted, based on the Directors' best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

ii) Long Term Performance Plan

The weighted average fair value of the options granted during 2015 was 357.8p (2014: 327.5p).

The awards have been valued using a Black-Scholes model for the earnings per share element of the scheme and a Monte Carlo model for the total shareholder return element of the scheme.

Financial Statements – Notes to the Financial Statements continued

30. Share-based payments (continued)**d) Consolidated Income Statement charge (continued)**

ii) Long Term Performance Plan (continued)

The weighted average inputs to the Black-Scholes and Monte Carlo models were as follows:

	Grants 2015	Grants 2014
Average share price	411p	339p
Average exercise price	nil	nil
Expected volatility	33.5%	38.0%
Expected life	3.0 years	3.0 years
Risk free interest rate	0.93%	0.70%
Expected dividends	4.51%	3.23%

iii) Co-Investment Plan

The weighted average fair value of the options granted during 2015 was 323.0p (2014: 298.5p) per award. The awards have been valued by discounting the grant date share price for the dividend yield.

The weighted average inputs used to discount the share price were as follows:

	Grants 2015	Grants 2014
Share price at valuation date	370p	309p
Average exercise price	nil	nil
Expected life	3.0 years	3.0 years
Expected dividends	4.51%	3.23%

iv) Senior Management Incentive Scheme

The weighted average fair value of the options granted during 2015 was 358.0p (2014: 327.5p) per award. The awards have been valued using a Black-Scholes model.

The weighted average inputs to the Black-Scholes model were as follows:

	Grants 2015	Grants 2014
Average share price	411p	339p
Average exercise price	nil	nil
Expected volatility	33.5%	38.0%
Expected life	3.0 years	3.0 years
Risk free interest rate	0.93%	0.70%
Expected dividends	4.51%	3.23%

31. Reserves**Hedging reserve**

The hedging reserve represents the cumulative effective portion of deferred fair value gains or losses on derivative financial instruments that have been designated as cash flow hedges by the Company, where the hedged cash flows are still expected to occur.

Transfers to the hedging reserve in the period equate to losses of £0.5m (2014: £5.4m). This loss comprises a loss of £4.6m (2014: £1.9m gain) relating to interest rate swaps and gains of £4.1m (2014: £7.3m loss) on foreign exchange swaps.

Transfers from the hedging reserve to the Consolidated Income Statement for the period are gains of £2.9m (2014: £11.7m). Transfers arose from continuing cash flow hedges of interest rate risks and foreign exchange risks where the hedged risk impacted profit or loss in the year. Of these gains, £7.0m (2014: £5.8m) related to hedged interest cash flows and losses of £4.1m (2014: £5.9m gains) related to hedged foreign currency cash flows.

Merger reserve

The merger reserve comprises the non-statutory premium arising on shares issued as consideration for the acquisition of subsidiaries where merger relief under section 612 of the Companies Act 2006 applies.

Own shares reserve

The own shares reserve represents the cost of shares in Barratt Developments PLC purchased in the market and held by the EBT on behalf of the Company in order to satisfy options and awards under the Company's incentive schemes.

Share-based payments reserve

The share-based payments reserve represents the obligation of the Group in relation to equity-settled share-based payment transactions.

Parent Company Income Statement

In accordance with the provisions of section 408 of the Companies Act 2006, a separate Income Statement for the Company has not been presented. The Company's profit for the year was £16.7m (2014: £165.4m).

32. Cash flows from operating activities

	Notes	Group		Company	
		2015 £m	2014 £m	2015 £m	2014 £m
Profit for the year from continuing operations		450.3	305.4	16.7	165.4
Tax		115.2	85.2	3.8	6.5
Finance income		(7.6)	(9.1)	(60.4)	(60.9)
Finance costs		64.6	68.8	32.7	39.7
Dividends received from subsidiaries		-	-	(19.9)	(160.0)
Share of post-tax profit from joint ventures		(45.4)	(40.6)	-	-
Share of post-tax (profit)/loss from associates		(0.3)	0.1	-	-
Profit/(loss) from operations		576.8	409.8	(27.1)	(9.3)
Depreciation	12	3.3	2.0	1.3	0.9
Impairment of inventories		11.7	8.9	-	-
Reversal of impairment of available for sale financial assets		(1.4)	(2.8)	-	-
Impairment of investment in subsidiaries	15	-	-	18.7	-
Share-based payments charge	30	11.6	9.0	3.4	2.8
Imputed interest on deferred term payables	4	(31.6)	(35.0)	-	-
Imputed interest on available for sale financial assets	4, 17	4.6	5.8	-	-
Amortisation of facility fees	4	(3.0)	(3.5)	(3.0)	(3.5)
Finance income/(costs) related to employee benefits	4, 28	0.4	(0.3)	0.4	(0.3)
Total non-cash items		(4.4)	(15.9)	20.8	(0.1)
Increase in inventories		(676.7)	(235.0)	-	-
(Increase)/decrease in trade and other receivables		(57.5)	(39.2)	122.0	173.4
Increase/(decrease) in trade and other payables		394.7	147.0	(16.6)	(105.9)
Decrease in available for sale financial assets		21.9	9.5	-	-
Total movements in working capital		(317.6)	(117.7)	105.4	67.5
Interest paid		(28.1)	(33.2)	(30.3)	(40.4)
Tax (paid)/received		(42.7)	(0.7)	-	0.8
Net cash inflow from operating activities		184.0	242.3	68.8	18.5

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

33. Operating lease obligations**a) The Group as lessee**

At 30 June 2015, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Land and buildings		Group	
	£m	2015 Other £m	Land and buildings £m	2014 Other £m
Within one year	15.0	7.4	13.9	7.0
More than one year and no later than five years	22.1	8.9	25.2	9.0
In five years or more	27.0	0.2	28.8	-
	64.1	16.5	67.9	16.0

Operating lease payments represent rentals payable by the Group for certain office properties and motor vehicles. Motor vehicle leases have an average term of 2.2 years (2014: 2.0 years) to expiry. Property leases have an average term of 1.6 years (2014: 1.2 years) to expiry.

Financial Statements – Notes to the Financial Statements continued

33. Operating lease obligations (continued)**a) The Group as lessee (continued)**

At 30 June 2015, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

			Company	
	Land and buildings £m	2015 Other £m	Land and buildings £m	2014 Other £m
Within one year	0.7	0.5	0.7	0.7
More than one year and no later than five years	0.7	0.5	1.4	0.8
In five years or more	-	-	-	-
	1.4	1.0	2.1	1.5

Operating lease payments represent rentals payable by the Company for certain office properties and motor vehicles. Motor vehicle leases have an average term of 2.0 years (2014: 2.1 years) to expiry. Property leases have an average term of 1.8 years (2014: 3.9 years) to expiry.

b) The Group as lessor

Property rental income earned during the year was £1.0m (2014: £1.8m).

The Group has lease agreements with third parties for certain commercial properties, either in the process of development or which have been developed by the Group, and units on land to be subsequently developed for residential use. It is intended that the commercial properties, with their future rental income, will be sold to third parties in the normal course of business and therefore they are classified as work in progress until the date of sale. At 30 June 2015, these properties had a carrying value of £1.7m (2014: £0.4m), and land with rental units had a carrying value of £0.7m (2014: £3.2m). At 30 June 2015, these rental agreements had an average term of 0.5 years (2014: 1.3 years) to expiry and total rental receivables over the remaining lease period are £2.0m (2014: £5.3m) with £1.0m (2014: £1.1m) within one year, £1.0m (2014: £2.3m) in more than one year and no later than five years, and £nil (2014: £1.9m) in five years or more.

34. Contingent liabilities**a) Contingent liabilities related to subsidiaries**

The Company has guaranteed certain bank borrowings of its subsidiary undertakings.

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

In the normal course of business, the Group has given counter indemnities in respect of performance bonds and financial guarantees. Management estimate that the bonds and guarantees amount to £588.6m (2014: £490.5m), and confirm that at the date of these Financial Statements the possibility of cash outflow is considered minimal and no provision is required.

b) Contingent liabilities related to joint ventures and associates

The Group has given counter indemnities in respect of performance bonds and financial guarantees to its joint ventures totalling £39.8m at 30 June 2015 (2014: £30.2m). The Group has also provided principal guarantees of £12.0m and cost and interest overrun guarantees in relation to the borrowings of a number of the Group's London joint ventures (2014: £12.0m). At 30 June 2015, no cost or interest overruns had been incurred (2014: £nil). The Group's maximum exposure under these cost and interest overrun guarantees is estimated at £15.7m as at 30 June 2015 (2014: £8.6m).

At 30 June 2015, the Group has an obligation to repay £0.9m (2014: £0.9m) of grant monies received by a joint venture upon certain future disposals of land.

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

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

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

35. Related party transactions

a) Remuneration of key personnel

Disclosures related to the remuneration of key personnel as defined in IAS 24 'Related Party Disclosures' are given in note 8. There is no difference between transactions with key management personnel of the Company and the Group.

b) Transactions between the Company and its subsidiaries

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 utilisation of these services.

The amount outstanding to the Company from subsidiary undertakings at 30 June 2015 totalled £695.6m (2014: £810.2m).

During the year ended 30 June 2015, the Company made management charges to subsidiaries of £60.0m (2014: £51.5m) and received net interest on Group loans from subsidiaries of £56.0m (2014: £51.4m).

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

c) Transactions between the Group and its joint ventures

The Group has entered into transactions with its joint ventures in respect of development management and other services (with charges made based on the utilisation of these services) and funding. These transactions totalled £11.1m (2014: £8.6m) and £2.2m (2014: £2.5m). In addition, one of the Group's subsidiaries, BDW Trading Limited, contracts with a number of the Group's joint ventures to provide construction services.

During the year the Group received dividends totalling £27.0m (2014: £23.6m) from its joint ventures.

The amount of outstanding loans and interest due to the Group from its joint ventures at 30 June 2015 is disclosed in note 13. The amount of other outstanding payables to the Group from its joint ventures at 30 June 2015 totalled £6.9m (2014: £nil).

The Group's contingent liabilities relating to its joint ventures are disclosed in note 34.

The amount of outstanding loans due to the Company from its joint venture at 30 June 2015 is disclosed in note 13. The Company has provided no guarantees to its joint venture.

d) Transactions between the Group and its associates

The amount of outstanding loans due to the Group from its associates at 30 June 2015 was £nil (2014: £nil). There were no other amounts outstanding to the Group from its associates as at 30 June 2015.

The Group's contingent liabilities relating to its associates are disclosed in note 34.

e) Property purchase by a Director of Barratt Developments PLC

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

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

In August 2014, Mark Clare, at the time, Group Chief Executive, reserved a flat (including a car parking space) from Fulham Wharf LLP, a joint venture partnership between BDW Trading Limited (the Company's main trading subsidiary) and London and Quadrant Housing Trust (L&Q), at a purchase price of £1,692,350. This purchase was conducted at a fair and reasonable market price based on four independent market valuations and similar comparable transactions at that time. An amount of £2,500 was paid on reservation and a deposit of £166,735 was paid on 13 October 2014. The remaining balance will become payable on legal completion, which is scheduled to be in December 2015, in accordance with the Group's normal terms of trading.

Fulham Wharf LLP is not controlled by and is not a 'subsidiary undertaking' of the Company.

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

There have been no 'smaller related party transactions' as defined in Listing Rule 11.1.10R for the year ended 30 June 2015 or in the year ended 30 June 2014.

Financial Statements – Notes to the Financial Statements continued

36. Group subsidiary undertakings

The entities listed below, and on the following pages, are subsidiaries of the Company or Group. All are incorporated in England & Wales or Scotland with the exception of SQ Holdings Limited which is incorporated in Guernsey. Unless otherwise stated, the results of these entities are consolidated within these financial statements.

Subsidiary	Class of share held	Percentage of shares owned	Subsidiary	Class of share held	Percentage of shares owned
Acre Developments Limited ¹	Ordinary	100%	Barratt Woking Limited ¹	Ordinary	100%
Advance Housing Limited ¹	Ordinary	100%	Barratt York Limited	Ordinary	100%
Ambrose Builders Limited ¹	Ordinary	100%	Bart 225 Limited ¹	Ordinary	100%
Barratt Bristol Limited	Ordinary	100%	Base Regeneration LLP ¹	N/A	N/A
Barratt Central Limited	Ordinary	100%	Base East Central Rochdale LLP ¹	N/A	N/A
Barratt Chester Limited ¹	Ordinary	100%	Base Hattersley LLP ¹	N/A	N/A
Barratt Commercial Limited	Ordinary	100%	Base Werneth Oldham LLP ¹	N/A	N/A
Barratt Construction (Southern) Limited ¹	Ordinary	100%	Basildon Regeneration (Barratt Wilson Bowden) Limited ¹	Ordinary	100%
Barratt Corporate Secretarial Services Limited	Ordinary	100%	BDW (F.R.) Limited ¹	Ordinary	100%
Barratt Developments (International) Limited	Ordinary	100%	BDW (F.R. Commercial) Limited ¹	Ordinary	100%
Barratt Dormant (Atlantic Quay) Limited ¹	Ordinary	100%	BDW Broadbridge Heath Limited ¹	Ordinary	100%
Barratt Dormant (Blackpool) Limited ¹	Ordinary	100%	BDW North Scotland Limited	Ordinary	100%
Barratt Dormant (Capella) Limited ¹	Ordinary	100%	BDW Trading Limited	Ordinary	100%
Barratt Dormant (Cheadle Hulme) Limited ¹	Ordinary	100%	Bradgate Development Services Limited ¹	Ordinary	100%
Barratt Dormant (Harlow) Limited ¹	Ordinary	100%	Broadoak Homes Limited ¹	Ordinary	100%
Barratt Dormant (Riverside Exchange Sheffield C2) Limited ¹	Ordinary	100%	Broomhill Park Estates Residents Association Limited ¹	Ordinary	87%
Barratt Dormant (Riverside Exchange Sheffield L/M) Limited ¹	Ordinary	100%	C V (Ward) Limited ¹	Ordinary	100%
Barratt Dormant (Riverside Quarter) Limited ¹	Ordinary	100%	Cameoplot Limited ¹	Ordinary	100%
Barratt Dormant (Riverside Sheffield Building C1) Limited ¹	Ordinary	100%	Cannon Wharf London LLP ¹	N/A	N/A
Barratt Dormant (Rugby) Limited ¹	Ordinary	100%	Choqs 429 Limited ¹	Ordinary	100%
Barratt Dormant (Southampton) Limited ¹	Ordinary	100%	Cityscene Developments Limited	Ordinary	100%
Barratt Dormant (Thetford) Limited ¹	Ordinary	100%	Citystyle Developments Limited	Ordinary	100%
Barratt Dormant (Tyers Bros. Oakham) Limited ¹	Ordinary	100%	Citystyle Limited	Ordinary	100%
Barratt Dormant (Walton) Limited ¹	Ordinary	100%	Crossbourne Construction Limited ¹	Ordinary	100%
Barratt Dormant (WB Construction) Limited ¹	Ordinary	100%	Dalston Leaseholds Limited ¹	Ordinary	100%
Barratt Dormant (WB Developments) Limited ¹	Ordinary	100%	David Wilson Estates Limited ¹	Ordinary	100%
Barratt Dormant (WB Properties Developments) Limited ¹	Ordinary	100%	David Wilson Homes (Anglia) Limited ¹	Ordinary	100%
Barratt Dormant (WB Properties Northern) Limited ¹	Ordinary	100%	David Wilson Homes (East Midlands) Limited ¹	Ordinary	100%
Barratt East Anglia Limited ¹	Ordinary	100%	David Wilson Homes (Home Counties) Limited ¹	Ordinary	100%
Barratt East Midlands Limited	Ordinary	100%	David Wilson Homes (North Midlands) Limited ¹	Ordinary	100%
Barratt East Scotland Limited ¹	Ordinary	100%	David Wilson Homes (Northern) Limited ¹	Ordinary	100%
Barratt Eastern Counties Limited ¹	Ordinary	100%	David Wilson Homes (South Midlands) Limited ¹	Ordinary	100%
Barratt Edinburgh Limited ¹	Ordinary	100%	David Wilson Homes (Southern) Limited ¹	Ordinary	100%
Barratt Evolution Limited ¹	Ordinary	100%	David Wilson Homes (Western) Limited ¹	Ordinary	100%
Barratt Falkirk Limited ¹	Ordinary	100%	David Wilson Homes Land (No 9) Limited ¹	Ordinary	100%
Barratt Leeds Limited	Ordinary	100%	David Wilson Homes Land (No 10) Limited ¹	Ordinary	100%
Barratt London Horseferry Road Limited ¹	Ordinary	100%	David Wilson Homes Land (No 11) Limited ¹	Ordinary	100%
Barratt London Investments Limited ¹	Ordinary	100%	David Wilson Homes Land (No 12) Limited ¹	Ordinary	100%
Barratt London Limited	Ordinary	100%	David Wilson Homes Land (No 13) Limited ¹	Ordinary	100%
Barratt Manchester Limited	Ordinary	100%	David Wilson Homes Land (No 14) Limited ¹	Ordinary	100%
Barratt Newcastle Limited ¹	Ordinary	100%	David Wilson Homes Land (No 15) Limited ¹	Ordinary	100%
Barratt North London Limited	Ordinary	100%	David Wilson Homes Limited ¹	Ordinary	100%
Barratt Northampton Limited	Ordinary	100%	David Wilson Homes Services Limited ¹	Ordinary	100%
Barratt Northern Limited	Ordinary	100%	David Wilson Homes Yorkshire Limited ¹	Ordinary	100%
Barratt Norwich Limited ¹	Ordinary	100%	Decorfresh Projects Limited ¹	Ordinary	100%
Barratt Pension Trustee Limited	Ordinary	100%	Dicconson Holdings Limited ¹	Ordinary	100%
Barratt Poppleton Limited ¹	Ordinary	100%	E. Barker Limited ¹	Ordinary	100%
Barratt Preston Limited ¹	Ordinary	100%	E. Geary & Son Limited ¹	Ordinary	100%
Barratt Properties Limited ¹	Ordinary	100%	English Oak Homes Limited	Ordinary	100%
Barratt Residential Asset Management Limited ¹	Ordinary	100%	Foxcote Mead Management Company Limited ¹	Ordinary	100%
Barratt Scottish Holdings Limited ¹	Ordinary	100%	Francis (Springmeadows) Limited ¹	Ordinary	100%
Barratt South London Limited	Ordinary	100%	Frenchay Developments Limited ¹	Ordinary	100%
Barratt South Wales Limited	Ordinary	100%	G.D. Thorner (Construction) Limited ¹	Ordinary	100%
Barratt South West Limited ¹	Ordinary	100%	G.D. Thorner (Holdings) Limited ¹	Ordinary	100%
Barratt Southern Counties Limited	Ordinary	100%	Glasgow Trust Limited ¹	Ordinary	100%
Barratt Southern Limited	Ordinary	100%	Hawkstone (South West) Limited ¹	Ordinary	100%
Barratt Southern Properties Limited ¹	Ordinary	100%	Heartland Development Company Limited ¹	Ordinary	100%
Barratt Special Projects Limited ¹	Ordinary	100%	Idle Works Limited ¹	Ordinary	100%
Barratt St Mary's Limited ¹	Ordinary	100%	J G Parker Limited ¹	Ordinary	100%
Barratt St Paul's Limited ¹	Ordinary	100%	James Harrison (Contracts) Limited ¹	Ordinary	100%
Barratt Sutton Coldfield Limited ¹	Ordinary	100%	Janellis (No. 2) Limited ¹	Ordinary	100%
Barratt Trade And Property Company Limited ¹	Ordinary	100%	Kealoha 11 Limited ¹	Ordinary	100%
Barratt Urban Construction (East London) Limited ¹	Ordinary	100%	Kealoha Limited ¹	Ordinary	100%
Barratt Urban Construction (Northern) Limited ¹	Ordinary	100%	Kingsoak Homes Limited	Ordinary	100%
Barratt Urban Construction (Scotland) Limited ¹	Ordinary	100%	Knightsdale Homes Limited	Ordinary	100%
Barratt West Midlands Limited	Ordinary	100%	Lindmere Construction Limited ¹	Ordinary	100%
Barratt West Scotland Limited	Ordinary	100%	Marple Development Company Limited ¹	Ordinary	100%

36. Group subsidiary undertakings (continued)

Subsidiary	Class of share held	Percentage of shares owned	Subsidiary	Class of share held	Percentage of shares owned
Meridian Press Limited ¹	Ordinary	100%	Adderbury Fields Management Company Limited ^{1,2}	N/A	N/A
Milton Park Homes Limited ¹	Ordinary	100%	All Saints Gardens Residents Company Limited ^{1,2}	N/A	N/A
Mountdale Homes Limited	Ordinary	100%	Ambers Rise (Bexhill) Management Company Limited ^{1,2}	N/A	N/A
Norfolk Garden Estates Limited ¹	Ordinary	100%	Applegarth Manor (Oulton) Management Company Limited ^{1,2}	N/A	N/A
North West Land Developments Limited ¹	Ordinary	100%	Artisan Place Residents Management Company Limited ^{1,2}	N/A	N/A
Redbourne Builders Limited ¹	Ordinary	100%	Ash Tree Court Residents Association Limited ¹	Ordinary	100%
Ridgeway Residential Management Company Limited ^{1,2}	N/A	N/A	Autumn Brook (Yate) Management Company Limited ^{1,2}	N/A	N/A
Riverside Exchange Management Company Limited ¹	Ordinary	59%	Aylesham Village, Aylesham Management Company ^{1,2}	N/A	N/A
Roland Bardsley Homes Limited ¹	Ordinary	100%	Baggeridge Village Management Company Limited ^{1,2}	N/A	N/A
Scothomes Limited ¹	Ordinary	100%	Barley Meadows (Southminster) Management Company Limited ^{1,2}	N/A	N/A
Scottish Homes Investment Company Limited ¹	Ordinary	100%	Beach Road (Pelham Grange) Cottenham Management Company Limited ^{1,2}	N/A	N/A
Skydream Property Co. Limited ¹	Ordinary	100%	Beaufort Park (Wotton Bassett) Management Company Limited ^{1,2}	N/A	N/A
SQ Holdings Limited ¹	Ordinary	90%	Bentley Priory (Stanmore) Residents Management Company Limited ^{1,2}	N/A	N/A
Squires Bridge Homes Limited ¹	Ordinary	100%	Bexley Collage X2 Estate and Leasehold Management Company ^{1,2}	N/A	N/A
Squires Bridge Limited ¹	Ordinary	100%	Blossombank (Cannon Lane) Tonbridge Management Company ^{1,2}	N/A	N/A
Stoneyfield Management Limited ¹	Ordinary	100%	Bluebell Gate (East Grinstead) Management Company Limited ^{1,2}	N/A	N/A
Swift Properties Limited ¹	Ordinary	100%	Bluebell Woods(Wyke) Management Company Limited ^{1,2}	N/A	N/A
The 1249 Regeneration Partnership LLP ¹	N/A	N/A	Bodington Manor (Adel) Management Company Limited ^{1,2}	N/A	N/A
The French House Limited ¹	Ordinary	100%	Broadstone Mead Management Company Limited ^{1,2}	N/A	N/A
The Tin Hat Regeneration Partnership LLP ¹	N/A	N/A	Brook Gardens Barnham Management Company Limited ^{1,2}	N/A	N/A
Tomnik Limited ¹	Ordinary	100%	Brunel Gardens Management Company ^{1,2}	N/A	N/A
Trencherwood Commercial Limited ¹	Ordinary	100%	Burrium Gate Management Company Limited ¹	Ordinary	100%
Trencherwood Construction Limited ¹	Ordinary	100%	Canal Walk (Chichester) Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Developments Limited ¹	Ordinary	100%	Cane Hill, Coulsdon, Kent ^{1,2}	N/A	N/A
Trencherwood Estates Limited ¹	Ordinary	100%	Canterbury Park (High Cross) Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Group Services Limited ¹	Ordinary	100%	Cardinal Park (Southampton) Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Homes (Holdings) Limited ¹	Ordinary	100%	Carruthers Court Management Limited ^{1,2}	N/A	N/A
Trencherwood Homes (Midlands) Limited ¹	Ordinary	100%	Castlegate & Mowbray Park Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Homes (South Western) Limited ¹	Ordinary	100%	Castle View (Newbury) Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Homes (Southern) Limited ¹	Ordinary	100%	Cathedral Walk (Wells) Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Homes Limited ¹	Ordinary	100%	Carruthers Court Management Limited ^{1,2}	N/A	N/A
Trencherwood Housing Developments Limited ¹	Ordinary	100%	Cedar Ridge Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Investments Limited ¹	Ordinary	100%	Centurion Fields (Adel) Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Land Holdings Limited ¹	Ordinary	100%	Chatham House Management Limited ^{1,2}	N/A	N/A
Trencherwood Land Limited ¹	Ordinary	100%	Cherry Tree Grove (West Parley) Management Company Limited ^{1,2}	N/A	N/A
Trencherwood Retirement Homes Limited ¹	Ordinary	100%	Cissbury Chase (Worthing) Management Company Limited ^{1,2}	N/A	N/A
Vizion (Milton Keynes) Limited ¹	Ordinary	100%	Clements Gate (Hawkwell) Residents Company Limited ^{1,2}	N/A	N/A
Vizion (Mk) Properties LLP ¹	N/A	N/A	Colliers Court (Speedwell) Management Company Limited ^{1,2}	N/A	N/A
VSM (Bentley Priory 1) Limited ¹	Ordinary	100%	Comet Square Phase Two Block Management Company Limited ¹	Ordinary	100%
VSM (Bentley Priory 2) Limited ¹	Ordinary	100%	Coopers Edge (Parcel 8) Management Company Limited ^{1,2}	N/A	N/A
VSM (Bentley Priory 3) Limited ¹	Ordinary	100%	Copewood Management Company Limited ^{1,2}	N/A	N/A
VSM (Bentley Priory 4) Limited ¹	Ordinary	100%	Copseys Nursery (Havant) Management Company Limited ^{1,2}	N/A	N/A
VSM (Bentley Priory 5) Limited ¹	Ordinary	100%	Daracombe Gardens Management Company Limited ^{1,2}	N/A	N/A
VSM (Bentley Priory 6) Limited ¹	Ordinary	100%	Dehavilland Place (Hatfield) Management Company Limited ^{1,2}	N/A	N/A
Ward (Showhomes) Limited ¹	Ordinary	100%	De Lacy Fields KM8 Management Company Limited ^{1,2}	N/A	N/A
Ward Brothers (Gillingham) Limited ¹	Ordinary	100%	De Lacy Fields KM12 Management Company Limited ^{1,2}	N/A	N/A
Ward Holdings Limited ¹	Ordinary	100%	Duchess Park (Newmarket) Management Company Limited ^{1,2}	N/A	N/A
Ward Homes (London) Limited ¹	Ordinary	100%	Earls Park Management Company Limited ^{1,2}	N/A	N/A
Ward Homes (North Thames) Limited ¹	Ordinary	100%	Elms Gate (Westcliff-on-Sea) Residents Company Limited ^{1,2}	N/A	N/A
Ward Homes (South Eastern) Limited ¹	Ordinary	100%	Elm Tree Park Management Company (Beverly) Limited ^{1,2}	N/A	N/A
Ward Homes Group Limited ¹	Ordinary	100%	Enterprise Way Management Company Limited ^{1,2}	N/A	N/A
Ward Homes Limited ¹	Ordinary	100%	Eton Green Management Company Limited ^{1,2}	N/A	N/A
Ward Insurance Services Limited ¹	Ordinary	100%	Evolve (Gumley Road) Thurrock Management Company Limited ^{1,2}	N/A	N/A
Wards Construction (Industrial) Limited ¹	Ordinary	100%	Fairways (Bedford) Management Company Limited ^{1,2}	N/A	N/A
Wards Construction (Investments) Limited ¹	Ordinary	100%	Foundry Place (Crawley) Management Company Limited ^{1,2}	N/A	N/A
Wards Country Houses Limited ¹	Ordinary	100%	Foxdown Overton Management Limited ^{1,2}	N/A	N/A
Waterton Tennis Centre Limited ¹	Ordinary	100%	Freemen's Meadow Residents Management Company Limited ^{1,2}	N/A	N/A
WBD (Riverside Exchange Sheffield B) Limited ¹	Ordinary	100%	Fusion (Sun Street) Management Company Limited ^{1,2}	N/A	N/A
WBD (Wokingham) Limited ¹	Ordinary	100%	Garnets Wharf (Otley) Management Company Limited ^{1,2}	N/A	N/A
WBD Riverside Sheffield Building K Limited ¹	Ordinary	100%	Gloucester Gate (Basildon) Management Company Limited ^{1,2}	N/A	N/A
William Corah & Son Limited ¹	Ordinary	100%	Greylees Management Company Limited ^{1,2}	N/A	N/A
William Corah Joinery Limited ¹	Ordinary	100%	H2363 Management Company ^{1,2}	N/A	N/A
Wilson Bowden (Atlantic Quay Number 2) Limited ¹	Ordinary	100%	Halstead Place Residents Company Limited ^{1,2}	N/A	N/A
Wilson Bowden (Ravenscraig) Limited	Ordinary	100%	Hanham Hall Community Interest Company Limited ^{1,2}	N/A	N/A
Wilson Bowden City Homes Limited ¹	Ordinary	100%	Harlow Gateway Limited ^{1,2}	N/A	N/A
Wilson Bowden Developments Limited ¹	Ordinary	100%	Hartley Brook (Netherton) Management Company Limited ^{1,2}	N/A	N/A
Wilson Bowden Group Services Limited ¹	Ordinary	100%	Hawley Gardens Management Company Limited ^{1,2}	N/A	N/A
Wilson Bowden Limited	Ordinary	100%	Heathwood Park (Lindfield) Management Company Limited ^{1,2}	N/A	N/A
Yeovil Developments Limited ¹	Ordinary	100%	Hewenden Ridge (Cullingworth) Management Company Limited ^{1,2}	N/A	N/A
Abbey Park (Ampleforth) Management Company Limited ^{1,2}	N/A	N/A			
Abbotts Meadow (Stevenon) Management Company Limited ^{1,2}	N/A	N/A			

Financial Statements – Notes to the Financial Statements continued

36. Group subsidiary undertakings (continued)

Subsidiary	Class of share held	Percentage of shares owned	Subsidiary	Class of share held	Percentage of shares owned
High Beeches (Sharston) Management Company Limited ^{1,2}	N/A	N/A	Skelmanthorpe Management Company Limited ^{1,2}	N/A	N/A
Hollygate Park (Cotgrave) Management Company Limited ^{1,2}	N/A	N/A	St. Andrews View (Morley) Management Company Limited ^{1,2}	N/A	N/A
Hortham Village Open Space Limited ^{1,2}	N/A	N/A	St Mary's Park (Harley Wintney) Management Company Limited ^{1,2}	N/A	N/A
Hoylandswaine Management Company Limited ^{1,2}	N/A	N/A	Stanstead Road (Caterham) Management Company Limited ^{1,2}	N/A	N/A
Impact and Willowbrook Management Company Limited ^{1,2}	N/A	N/A	Swanbourne Park Management Company Limited ^{1,2}	N/A	N/A
Kennett Heath Management Limited ^{1,2}	N/A	N/A	Swan Mill (Newbury) Management Company Limited ^{1,2}	N/A	N/A
Kiln Road Thundersley Management Company Limited ^{1,2}	N/A	N/A	Swinbrook Park (Carterton) Management Company Limited ^{1,2}	N/A	N/A
Kingley Gate (Littlehampton) Management Company Limited ^{1,2}	N/A	N/A	Tenbury View Management Company Limited ^{1,2}	N/A	N/A
Kingsdown Gate (Swindon) Management Company Limited ^{1,2}	N/A	N/A	The Abcot Fields Residents Management Company Limited ^{1,2}	N/A	N/A
Kings Lodge (Chilwell) Management Company Limited ^{1,2}	N/A	N/A	The Beeches (Nightingale Woods) Residential Management Company Limited ^{1,2}	N/A	N/A
Langham Mew Management Company Limited ^{1,2}	N/A	N/A	The Belt Open Space Management Company Limited ^{1,2}	N/A	N/A
Leithfield Park (Godalming) Management Company Limited ^{1,2}	N/A	N/A	The Chase (Longfield) Residents Company Limited ^{1,2}	N/A	N/A
Liberty Green (Hull) Management Company Limited ^{1,2}	N/A	N/A	The Fieldings (Worthing) Management Company Limited ^{1,2}	N/A	N/A
Liberty Rise Phase 1 (Hertford) Management Company Limited ^{1,2}	N/A	N/A	The Foundry (Wakefield) Management Company Limited ^{1,2}	N/A	N/A
Locksbridge Park (Andover) Management Company Limited ^{1,2}	N/A	N/A	The Gateway (Handsworth) Management Co Ltd ^{1,2}	N/A	N/A
Lordswood Gardens Residents Management Company Limited ^{1,2}	N/A	N/A	The Hedgerows (Thurcroft) Management Company Limited ^{1,2}	N/A	N/A
Lyng Management Company Limited ^{1,2}	N/A	N/A	The Larches (Offenham) Management Company Limited ^{1,2}	N/A	N/A
Lyttleton Grange Management Company Limited ^{1,2}	N/A	N/A	The Limes (Lindfield) Management Company Limited ^{1,2}	N/A	N/A
Madden Gardens Residents Management Company Limited ^{1,2}	N/A	N/A	The Martlets (Crawley) Management Company Limited ^{1,2}	N/A	N/A
Manor Farm (Denvilles) Management Company Limited ^{1,2}	N/A	N/A	The Meads (Frampton Cotterell) Management Company Limited ^{1,2}	N/A	N/A
Martindale Place (Southwater) Management Company Limited ^{1,2}	N/A	N/A	The Orchards Oakley Management Company Limited ¹	Ordinary	60%
Martingale Chase (Newbury) Management Company Limited ^{1,2}	N/A	N/A	The Orchards (Roby) Management Company Limited ^{1,2}	N/A	N/A
Mayflower Green (Saxmundham) Residents Company Limited ^{1,2}	N/A	N/A	The Overs Management Company Limited ^{1,2}	N/A	N/A
Milford Grange (Storrington) Management Company Limited ^{1,2}	N/A	N/A	The Paddocks Management Company Limited ^{1,2}	N/A	N/A
Millbrook Place (East Grinstead) Management Company Limited ^{1,2}	N/A	N/A	The Sidings (Hull) Management Company ^{1,2}	N/A	N/A
Nexus Point Management Company Number 2 Limited ¹	Ordinary	80%	The Sidings (Stratford Road) Management Company Limited ^{1,2}	N/A	N/A
N.E. Horley Resident Management Company Limited ^{1,2}	N/A	N/A	The Spires (Chesterfield) Management Company Limited ^{1,2}	N/A	N/A
Newbery Corner Management Company ^{1,2}	N/A	N/A	The Tannery Management Company Limited ^{1,2}	N/A	N/A
Nightingale Rise (Swindon) Management Company Limited ^{1,2}	N/A	N/A	The Vineyards Management Company Limited ^{1,2}	N/A	N/A
NSQ Residents Management Company Limited ^{1,2}	N/A	N/A	The Zone (Temple Quay) Management Company Limited ^{1,2}	N/A	N/A
Oaklands (Pontefract) Management Company Limited ^{1,2}	N/A	N/A	Trinity Gate (Finningley) Management Limited ^{1,2}	N/A	N/A
Optimus Point Management Company Limited ¹	Ordinary	100%	Trinity Village Estate Company Limited ^{1,2}	N/A	N/A
Orchard Gate (Kingston Bagpuize) Management Company Limited ^{1,2}	N/A	N/A	Trinity Village (Phase 1B) Residents Company Limited ^{1,2}	N/A	N/A
Pavillion Square (Pocklington) Management Company Limited ^{1,2}	N/A	N/A	Trumpington Meadows Residents Management Company ^{1,2}	N/A	N/A
Peasdown Meadows Management Company Limited ^{1,2}	N/A	N/A	Victoria Park (Stone House) Management Company Limited ^{1,2}	N/A	N/A
Phoenix And Scorseby Park Management Company Limited ^{1,2}	N/A	N/A	Victoria Walk Management Company Limited ^{1,2}	N/A	N/A
Phoenix Quarter, GSK Works Dartford Kent X2, Estate and Leasehold ^{1,2}	N/A	N/A	Waters Edge (Mossley) Management Company Limited ^{1,2}	N/A	N/A
Pilgrims Rest (Kempston) Management Company Limited ^{1,2}	N/A	N/A	WBD Blenheim Management Company Limited ¹	Ordinary	75%
Poppy Fields, Charing Residents Management Company Limited ^{1,2}	N/A	N/A	WBD Kingsway Management Limited ^{1,2}	N/A	N/A
Portman Square West Village Reading Management Co. Limited ^{1,2}	N/A	N/A	Wedgwood Residents Management Company Limited ^{1,2}	N/A	N/A
Priory Fields (Pontefract) Management Company Limited ^{1,2}	N/A	N/A	Westbridge Park (Auckley) Management Company Limited ^{1,2}	N/A	N/A
Quivier Park (Canon Lane) Management Company Limited ^{1,2}	N/A	N/A	West Central (Slough) Management Company Limited ^{1,2}	N/A	N/A
Reflections 2 (Colchester) Residents Company Limited ^{1,2}	N/A	N/A	Western Area Heat Company Limited ^{1,2}	N/A	N/A
Regency Place (Leatherhead) Management Company Limited ^{1,2}	N/A	N/A	West Village Reading Management Limited ^{1,2}	N/A	N/A
Riverdown Park (Salisbury) Management Company Limited ^{1,2}	N/A	N/A	Weyside Place (Guildford) Management Company Limited ^{1,2}	N/A	N/A
Runshaw Management Company Limited ¹	Ordinary	100%	White Sands Management Company Limited ^{1,2}	N/A	N/A
Salters Park Management Company Limited ^{1,2}	N/A	N/A	Wichelstowe (Swindon) Management Company Limited ^{1,2}	N/A	N/A
Sandpiper Walk (West Wittering) Management Company Limited ^{1,2}	N/A	N/A	Wickhurst Green (Broadbridge Heath) Management Company Limited ^{1,2}	N/A	N/A
Saunderson Gardens Management Company Limited ^{1,2}	N/A	N/A	Willow Farm Management Company Limited ^{1,2}	N/A	N/A
Shobnall Street Management Company Limited ^{1,2}	N/A	N/A	Willowmead (Wiveliscombe) Management Company Limited ^{1,2}	N/A	N/A
Sholden Fields (Deal) Management Limited ^{1,2}	N/A	N/A	Winnington Village Community Management Company Limited ^{1,2}	N/A	N/A
Silkwood Gate (Wakefield) Management Company Limited ^{1,2}	N/A	N/A	Withies Bridge Management Company Ltd ^{1,2}	N/A	N/A
Silvas Grange (Heathfield) Management Company Limited ^{1,2}	N/A	N/A	Woodhall Grange Management Company Limited ^{1,2}	N/A	N/A
			Woodthorne Residents Management Company Limited ^{1,2}	N/A	N/A
			Woodlands Walk (Branton) Management Company Limited ^{1,2}	N/A	N/A

1 Owned through another Group company

2 Entity is limited by guarantee and is a temporary member of the Group. Assets are not held for the benefit of the Group and the entity has no profit or loss in the year.

Other Information

Five Year Record, Financial Calendar, Group Advisers and Company Information

Five Year Record

	2015	2014	2013 (*restated)	2012	2011
Revenue (£m)	3,759.5	3,157.0	2,606.2	2,323.4	2,035.4
Profit/(loss) before tax (£m)	565.5	390.6	104.5	100.0	(11.5)
Share capital and equity (£m)	3,711.3	3,354.0	3,073.2	2,973.8	2,930.1
Per ordinary share:					
Basic earnings/(loss) per share (pence)	45.5	31.2	7.7	7.0	(1.4)
Dividend (interim paid and final proposed (pence))	15.1	10.3	2.5	-	-
Special cash payment proposed (pence)	10.0	-	-	-	-

* The Consolidated Income Statement and Statements of Comprehensive Income have been restated for 2013 following the adoption of IAS 19 (Revised) 'Employee Benefits'.

Financial Calendar

The following dates have been announced:

Announcement

2015 Annual General Meeting and Trading update	11 November 2015
Trading update	13 January 2016
2016 Interim Results Announcement	24 February 2016
Trading update	11 May 2016
Trading update	13 July 2016
2016 Annual Results Announcement	7 September 2016

Group Advisers

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Deutsche Bank AG

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