

7 February 2024

BARRATT DEVELOPMENTS PLC

Half year results for the six month period ended 31 December 2023

Solid operating performance in an uncertain market

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

“Whilst our operating environment is still challenging, Barratt has remained focused on delivering high-quality, energy-efficient and well-designed homes across the country. We continue to lead the industry in customer service, build quality and sustainability.”

During the period, we have been rigorous in carefully controlling our build activity, managing our costs, being highly selective in land buying, and driving revenue. These clear priorities have helped maintain the strength of our balance sheet despite lower levels of profitability and ensure we remain resilient and responsive through the cycle.

Despite the challenging macroeconomic backdrop, underlying demand for our homes is strong. Since the start of January, we have seen early signs of improvement in both reservation rates and buyer sentiment, helped by expectations of lower interest rates and the introduction of more competitive mortgage rates. I would like to thank everybody at Barratt, our sub-contractors and our suppliers for their commitment and hard work as we continue to deliver for our customers, stakeholders and shareholders.”

£m unless otherwise stated ^{1,2}	Half year ended 31 December 2023	Half year ended 31 December 2022	Change
Total completions (homes) ³	6,171	8,626	(28.5%)
Revenue	1,850.8	2,783.9	(33.5%)
Alternative performance measures:⁴			
Adjusted gross profit	295.9	647.9	(54.3%)
Adjusted profit before tax	157.1	521.5	(69.9%)
Adjusted gross margin	16.0%	23.3%	(730 bps)
Adjusted operating margin	8.4%	18.4%	(1,000 bps)
Adjusted basic earnings per share (pence)	11.8	39.2	(69.9%)
Statutory basis:			
Gross profit	238.5	630.3	(62.2%)
Profit before tax	95.2	501.5	(81.0%)
Gross margin	12.9%	22.6%	(970 bps)
Operating margin	5.3%	17.8%	(1,250 bps)
Basic earnings per share (pence)	7.1	37.7	(81.2%)
ROCE	12.8%	29.6%	(1,680 bps)
Net cash	753.4	969.1	(22.3%)
Interim dividend per share (pence)	4.4	10.2	(56.9%)
Tangible net asset value per share (pence)	451	462	(2.4%)

Highlights

- Resilient operational performance, delivering 6,171 total home completions³ (HY23: 8,626) and revenue of £1.9bn (HY23: £2.8bn), with adjusted profit before tax at £157.1m (HY23: £521.5m).
- Adjusted items relating to costs associated with legacy properties of £61.9m (HY23: £20.0m), which resulted in reported profit before tax of £95.2m (HY23: £501.5m).
- Balance sheet strength maintained with net cash of £753.4m (31 December 2022: £969.1m), after payment of the FY23 final dividend of £228.0m (FY22 final dividend: £259.8m).
- Continued industry leadership on quality, customer satisfaction and sustainability: 96 NHBC Pride in the Job Awards, more than any other housebuilder for 19 years, rated ‘5 Stars’ by our customers in the HBF customer satisfaction survey for 14 years in a row, and recognised as the leading national sustainable housebuilder by NextGeneration for the eighth consecutive year.

- Interim ordinary dividend of 4.4p (HY23: 10.2p) reflecting the reduced level of pre-tax profitability, the 600 bps step up in the corporation tax rate and partial offset from the planned reduction in dividend cover to 1.75 times for FY24.

Current trading and outlook

- The net private reservation rate per active outlet per average week from 1 January 2024 through to 28 January 2024 was 0.60 (2023: 0.49), including a contribution of 0.04 (2023: 0.01) from sales into the private rental sector and to registered providers of social housing.
- Forward sales³ as at 28 January 2024 were 8,760 homes (29 January 2023: 10,854) at a value of £2,268.3m (29 January 2023: £2,665.0m) with 6,470 homes of these total forward sales either exchanged or contracted (29 January 2023: 8,719).
- Whilst our full year out-turn remains dependent on how the market evolves through the Spring selling season, based on the encouraging uplift in reservation activity since the start of January, we now expect to deliver total home completions of between 13,500 to 14,000 in FY24 (including c. 650 JV completions).

Recommended all-share offer for the combination of Barratt Developments PLC and Redrow plc

Barratt has today separately announced that it has agreed the terms of a recommended all-share offer for the combination of Barratt and Redrow. We believe that the combination will create an exceptional UK housebuilder in terms of quality, service and sustainability, delivering excellence and driving innovation for customers, employees, sub-contractors and the supply chain. The combination will bring together two companies with highly complementary geographic footprints and three highly respected brands – Barratt Homes, David Wilson Homes and Redrow – with which to accelerate the delivery of much-needed housing across the UK and provide the opportunity for shareholders to participate in future value creation in the combined group.

1 Refer to Glossary for definition of key financial metrics

2 Unless otherwise stated, all numbers quoted exclude JVs

3 Including JVs in which the Group has an interest

4 In addition to the Group using a variety of statutory performance measures, it also measures performance using alternative performance measures (APMs). Definitions of APMs and reconciliations to the equivalent statutory measures are detailed in the Glossary and Definitions. Net cash definition in Note 10

Note on forward looking statements

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

There will be a results meeting at the Peel Hunt Auditorium, 100 Liverpool Street, London, EC2M 2AT at 8.30am today.

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

<https://broadcaster-audience.mediaplatform.com/event/659c2550e26eed4a213b8981>

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

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Barratt Developments PLC LEI: 2138006R85VEOF5YNK29

Chief Executive's Statement

Overview

We have delivered a solid operating performance for the six months to 31 December 2023, supported by the commitment and efforts of our employees, sub-contractors and supply chain partners.

- Total home completions were 6,171 (HY23: 8,626).
- We achieved a 16.0% adjusted gross margin (HY23: 23.3%) reporting adjusted gross profit of £295.9m (HY23: £647.9m), with reduced gross profitability reflecting the stabilisation of customer demand at lower levels, softening house prices, ongoing, but moderating, build cost inflation and the operational gearing impact of lower completions.
- The impact of adjusting items, which reflected legacy property costs associated with building safety related remediation activities, resulted in reported gross profit of £238.5m (HY23: £630.3m) and a reported gross margin of 12.9% (HY23: 22.6%).
- We generated an adjusted profit before tax of £157.1m (HY23: £521.5m).
- Reported profit before tax, after deducting adjusting items, was £95.2m (HY23: £501.5m).
- Our balance sheet strength has been maintained with half year net cash of £753.4m (HY23: £969.1m) after dividend payments of £228.0m (HY23: £259.8m) and the typical seasonal investment in work in progress.
- ROCE reduced by 1,680 bps to 12.8% (HY23: 29.6%), largely due to reduced profitability.

The market backdrop was challenging during the first half of the year with additional volatility created by the spike in mortgage rates experienced from May through July 2023, and affordability challenges faced by all home buyers but particularly first time buyers.

Against this backdrop, the Group set four priorities in the Summer of 2023, which have supported our performance through this volatile period.

1. Driving revenue through the targeted use of incentives for private purchasers and increased sales into the private rental and social housing sectors:

Given affordability and mortgage qualification challenges for our private customers, we have used targeted incentives to improve mortgage availability which resulted in:

- A sequential easing of the price deflation seen on our underlying private home reservations, from c. 3.5% for the 6 months to 30 June 2023, to c. 2.0% for the six months to 31 December 2023; and
- Growth of 9.8% in private home reservations to 3,909 (HY23: 3,561) homes in the half (excluding multi-unit sales).

Whilst underlying private completions declined by 36.1% to 4,008 homes (HY23: 6,269), home completions for the private rental sector and RPs increased by 176% to 772 homes (HY23: 280 homes) and contributed 12.9% (HY23: 3.4%) of total wholly owned home completions.

2. Controlling build activity and managing our costs:

Trading conditions require us to align our build activity with reservations and control our work in progress, particularly our site-based construction activity, while looking for ways to manage costs:

- Our construction teams have aligned our site-based construction activity to lower reservations, with 251 equivalent homes constructed each week in HY24, 24.6% below the 333 equivalent homes, built weekly, in HY23.
- Through our ongoing recruitment freeze we have now reduced our headcount by a cumulative 10%, from 30 September 2022, which compares with a 6% cumulative reduction through to 30 June 2023.

3. Maintaining our highly selective approach to land buying:

Prevailing land prices have not yet adjusted to the changed market conditions, and as a result:

- Our disciplined and highly selective approach to land buying has been maintained throughout the half year.
- The Group approved 6 net site additions but, given the size of sites cancelled relative to those approved, this equated to a net cancellation of 254 plots in the half; and,
- We remain committed to applying our long-standing hurdle requirements for new land investment, which require a minimum gross margin of 23% and ROCE of 25%.

4. Continuing to lead the industry around customer service, build quality and sustainability:

We continue to lead the industry on customer service, build quality and sustainability:

- We maintained our 5* HBF customer satisfaction status with the latest rolling annual recommend score at 93.1%, the highest score amongst the national housebuilders;
- We have maintained our industry leadership position amongst the major housebuilders, registering the lowest NHBC Reportable Items (RIs) per inspection at 0.14 through calendar 2023; and

- The Group was recognised as the leading national sustainable housebuilder by NextGeneration, for the 8th consecutive year.

These four priorities have supported our resilient operational performance throughout the first half, in addition to positioning us well for the future.

Keeping people safe

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

In the 12 months to 31 December 2023, despite reduced levels of building activity on our sites and concerted campaigns to raise health and safety issues our IIR increased slightly to 305 (2022: 301) per 100,000 workers but our SHE audit compliance was 97% (2022: 96%). We remain focussed on improvement of our site-based processes and procedures, challenging unsafe behaviours and looking at ways we can further improve.

Building sustainably

Our Building Sustainably Framework remains centred around three core pillars – Nature, Places and People. These pillars cover the material issues for our business and are informed by our stakeholders. We are determined to maintain our position as the leading national sustainable housebuilder. Sustainability presents opportunities for innovation, business growth and will ultimately improve our homes for customers.

The Group's Sustainability Committee, chaired by our Chief Executive David Thomas and attended by three other members of the Board, is responsible for ensuring our Building Sustainably Framework is embedded and acted upon across the Group's operations, delivering our transition to net zero, maintaining our industry leading performance and ensuring we are reporting our performance accurately and transparently in line with industry-specific and market-wide benchmarking and indices.

Key areas of focus for the Committee in the financial year to date have included action plans to maintain our industry-leading performance on site waste reduction; extending our commitment to reducing diesel consumption with the wider adoption of hydro-treated vegetable oil (HVO), as a transition initiative to further reduce our emissions from operations; and, plans, following the completion of the new timber frame facility, near Derby, to increase the proportion of our homes built using timber frame construction.

The Zed House and eHome2, within the Energy House 2.0 at Salford University, continue to provide important data on the performance of the homes for occupants, as well as their emissions performance. The eHome2, testing zero carbon performance in different controlled temperatures and weather conditions, replicating extreme changes in the climate and the long term expected increase in temperatures faced in the UK, is providing invaluable data for our teams as we evolve our house type designs and materials and construction methods used.

In the housebuilding industry's NextGeneration awards, we once again maintained our position as the 'Leading National Sustainable Housebuilder', receiving the "Gold Award" for the eighth consecutive year, as well as the "Crystal Award", for Transparency, for a fourth year.

Customer first

Our customers are at the heart of everything we do. Our industry leadership in customer service is fundamental to our success and we are the only major housebuilder to have been awarded the maximum 5 Star rating by our customers in the HBF customer satisfaction survey for 14 consecutive years.

We are continually striving to improve the space and energy efficiency of our homes both as a reaction to changing customer preferences and to help unlock lower lifetime housing costs for our customers.

Our sales outlets continue to actively promote the lower energy cost and environmental advantages of our homes, an increasingly important purchasing consideration for our customers. A typical Barratt or David Wilson home can unlock energy savings of up to £2,200⁵ annually when compared to an average existing home. In FY23 99% of our home completions were EPC rated 'B' or above, a level of energy efficiency shared by just 3.3%⁶ of the existing housing stock.

We have continued to help our customers through the more difficult mortgage market over recent months and we will continue to work with lenders to ensure our customers have access to the most attractive and suitable mortgage products available. We also continue to promote our part-exchange offer to customers, we were the first housebuilder to introduce part-exchange and we have a long record of helping existing homeowners to buy a new Barratt or David Wilson home.

Great places

We build homes in locations where our customers want to live, with good access to open space and amenities, transport connections, schools and workplaces. Our specialised divisional land teams, as well as the Gladman team, possess extensive local knowledge and strong relationships with landowners. This, combined with detailed research into local market conditions, means we can secure land in locations of strong customer demand.

We also strive to build places that are good for nature and the environment. Whilst bio-diversity net gain legislation will come into force for larger sites from 12 February 2024, we have met our commitment that all development designs submitted for planning from January 2023 would identify a minimum bio-diversity net gain (BNG) of 10%.

Leading construction

Our long-standing commitment to excellent build quality is embedded throughout our business. Throughout calendar 2023, Barratt has once again maintained its industry leadership amongst the major housebuilders, with the Group registering the lowest Reportable Items (RIs) per NHBC inspection⁷ at 0.14 (2022: 0.16).

Our build quality also continues to be recognised through the NHBC Pride in the Job Awards for site management. Our site teams' success in the most recent judging period was recognised in June 2023, where our site managers secured 96 awards, more than any other housebuilder for the 19th consecutive year. At the subsequent Regional NHBC Pride in the Job Awards 30 site managers went on to win 'Seals of Excellence' and Sean O'Regan, site manager at Waldmers Wood in our Barratt Manchester division, was named the Supreme Runner Up in the 'Large Builder' category. No other national housebuilder has delivered this level of success and consistency, in terms of the recognition for site standards and build quality.

We continue to grow the number of homes we build using Modern Methods of Construction (MMC). The adoption of MMC, most notably timber frame construction increases efficiency, reduces both embodied carbon and waste and helps to mitigate the long term challenges posed by the shortage of skilled workers within the industry. In the first half year we legally completed 35.2% of our homes using MMC (HY23: 30.5%).

Investing in our people

Our 2023 employee engagement survey was completed in October 2023. This year's survey delivered an engagement score of 74.9% (2022 survey: 84.4%). The reduction in the 2023 engagement score reflected:

- A very strong engagement score in 2022 which was supported by two cost of living support payments, which ended in July 2023;
- The Group's ongoing recruitment freeze, which has created additional workload and responsibilities; and
- The lower levels of FY23 bonus received by the Groupwide workforce when compared to prior years.

Following the 2023 engagement survey, workshops and consultations are underway, reflecting our desire to respond positively and engage with our workforce to improve engagement.

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

As our industry continues to face a skills shortage it is important to attract and retain the best people. We invest for the future through our numerous award-winning schemes including those for graduates, apprentices and former Armed Forces personnel. We have three Degree Apprenticeships delivered in partnership with Sheffield Hallam University, encompassing Construction, Quantity Surveying and Technical Design and Management. Our development programmes included 414 participants at 31 December 2023 (31 December 2022: 580).

We are seeking to build a diverse and inclusive workforce that reflects the communities in which we operate, delivering excellence for our customers by drawing on a broad range of life experience, talents and skills. This is embedded within our Building Sustainably Framework delivering our Diversity and Inclusion Strategy, focusing on gender and ethnicity, where we aim to build on the improvements in representation across our business.

Responsible development

Fire safety and external wall systems

We are making progress in relation to the assessment and remediation of buildings covered under the Building Safety Self Remediation Terms and we now have 104 buildings where site remediation teams are being mobilised, remediation is in progress or has been completed. Around 65% of our active portfolio have been assessed under the Fire Risk Assessment of External Walls and have an appropriate PAS 9980 assessment in place. During the half year, through inspections and testing, we identified a further 18 buildings requiring potential remedial works (HY23: 13 buildings) and 4 buildings were completed or assessed to need no remediation (HY23: 8 buildings).

As investigations into, and remediation of, the remaining buildings in the programme continue under the PAS9980 regime, it is possible that further buildings may require more extensive remediation than initially expected. Whilst existing provisions have more than covered the additional costs on such properties experienced over the last 6 months, we have received higher than expected tender returns in the period relating to future remediations. In addition, we have seen costs from the Building Safety Fund continue to be higher than initially communicated to us. Recognising this additional cost risk going forward, the Group has increased its overall EWS provision by £56.4m to cover the expected costs.

During the first half of the financial year, we determined that for three buildings on one development, a full fire test of the external wall system will be required to ascertain how it can be appropriately certified under PAS 9980. The buildings have a unitised curtain wall system which has not been used elsewhere in the Group. It is anticipated that the results of this fire test will take approximately 12 months to be determined.

Should the results of the full fire test indicate that the buildings require remediation, there are a range of possible outcomes up to the full replacement of the curtain wall system. The timing and extent of completion of these works would be dependent on the result of

the fire test. At the balance sheet date, a provision is held for the cost of the fire test and some minor remediation works already identified. The current estimate of the range of incremental remediation costs is up to £90m. The upper end of the range would support full replacement of the unitised curtain wall system.

The Group signed the Scottish Government's Safer Building Accord, on 31 May 2023. We are continuing to work with Homes for Scotland and the Scottish Government to agree a legally binding, long-form contract to give effect to the principles of the Accord. There remains, as a result, uncertainty around the extent of remediation which will be required in Scotland. Our existing provisions for Scottish buildings have been made on a consistent basis with England & Wales.

After incorporating the additional provision, detailed above, the Group is of the view that the provision in respect of fire safety and external wall systems of £582.6m as at 31 December 2023 (30 June 2023: £535.9m) reflects our current best estimate of the extent and future costs of remediation work required. However, we will continue to review these estimates as we have further experience of completing the remediation of the buildings within our portfolio.

Reinforced concrete frames

Our remediation activities with respect to concrete frame design and construction continued during the half year with developments proceeding in line with plans.

In relation to the two further developments identified in FY23, where remediation work might be required, the provision raised at 30 June 2023 of £7.6m remains management's best estimate of the cost of remediation. Remediation works remain subject to further detailed analysis, which is ongoing and is expected to conclude by year end.

Through to 31 December 2023, of a total of 146 buildings requiring concrete frame design review and potential remediation, 92 buildings have been completed or closed off as requiring no remediation, 12 buildings are undergoing remediation works and 42 buildings remain under review.

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

Further details on our approach to building safety can be viewed on our website at:

<https://www.barrattddevelopments.co.uk/about-us/our-approach-to-building-safety>.

Competition and Markets Authority ("CMA")

On 28 February 2023, the CMA launched a market study into housebuilding in England, Scotland and Wales. We welcomed the study, which provided an opportunity for the industry to explain in detail the challenges being faced. We have taken a proactive and constructive approach in engaging with the CMA to assist with their study. The CMA reported on 25 August 2023 that its review was continuing and expected to conclude its market study during February 2024.

Charitable giving

In FY23, we raised and donated £6.3m (FY22 £5.1m) for charitable causes through the Barratt Foundation and Group donations. The Foundation celebrated a significant milestone in November 2023 having delivered more than £10m of funding to local and national charities since the launch of The Barratt Foundation in 2020.

During the first half of FY24, the Barratt Foundation:

- Through the Winter Support Fund, donated £99,000 to small and local charities chosen by teams and Divisions across Barratt. Charities received a £3,000 donation in December and in January to support them through the winter months
- Pledged in total more than £2m in grants to new and existing national charity partners, including:
 - The launch of a new two-year partnership with Magic Breakfast with funding of £500,000;
 - The renewal of the partnership with Place2Be, committing funding of £1m over three years; and, Bookmark, committing funds of £450,000 over three years;
 - The launch of a new partnership with CleanupUK to provide Barratt employees with volunteering opportunities in their local area to create a cleaner and greener environment.

Board changes

As previously announced, on 6 September 2023, the Group announced the appointment of Nigel Webb as an Independent Non-Executive Director. Nigel joined the Board on 1 October 2023 and has also taken up positions on the Audit, Nomination and Remuneration Committees.

The Board will continue to assess its own composition and that of its Committees. It will also consider, and continue to meet, the requirements of the Hampton Alexander and the Parker and McGregor-Smith reviews throughout this process.

Our financial performance

Half year results

The Group delivered a solid operational first half performance, completing 6,171 homes across the country.

Overall, our private reservation rate in the period at 0.48 was 9.1% above the 0.44 reported for the same period last year.

	1 July - FY results announcement ⁽¹⁾	FY results announcement - AGM ⁽²⁾	AGM announcement - 31 December ⁽³⁾	HY: 1 July - 31 December ⁽⁴⁾
HY24				
Reported private reservation rate	0.42	0.51	0.51	0.48
<i>Of which: PRS & RPs</i>	<i>0.02</i>	<i>0.07</i>	<i>0.10</i>	<i>0.06</i>
Private reservation rate exc. PRS & RPs	0.40	0.44	0.41	0.42
HY23				
Reported private reservation rate	0.60	0.48	0.30	0.44
<i>Of which: PRS & RPs</i>	<i>0.05</i>	<i>0.02</i>	<i>0.06</i>	<i>0.05</i>
Private reservation rate exc. PRS & RPs	0.55	0.46	0.24	0.39
Change HY24 vs HY23:				
Reported private reservation rate	(30.0%)	6.3%	70.0%	9.1%
<i>Of which: PRS & RPs</i>	<i>NM</i>	<i>NM</i>	<i>NM</i>	<i>20.0%</i>
Private reservation rate exc. PRS & RPs	(27.3%)	(4.3%)	70.8%	7.7%

Note 1: Trading period through to 27 August 2023 and 28 August 2022, the cut-offs on current trading for the FY23 and FY22 results announcements.

Note 2: Sequential trading period through to 8 October 2023 and 9 October 2022, the cut-offs on current trading for the FY23 and FY22 AGMs.

Note 3: Sequential trading period to 31 December 2023 and 2022.

Note 4: Private reservation rate throughout the half-year trading period.

In the half year, we operated from an average of 367 (HY23: 360) active sales outlets (including 9 JVs (HY23: 8)), an increase of 1.9% on the prior half year. Whilst we launched fewer new sales outlets in the half, with 15 openings (HY23: 52), the life of our average sales outlet has been extended by the slower private reservation rate experienced since Autumn 2022. We have begun to see these 'extended' outlets close as they sell through and, as a result, at 31 December 2023, we were operating from 342 active sales outlets (31 December 2022: 378), including 10 JV outlets (31 December 2022: 9). We continue to expect average active sales outlets, including JVs, for the full year will be c. 6% lower than of the 367 average outlets in FY23.

Reflecting the weaker level of reservations and the scheduled delivery of homes for our customers, total forward sales (including JVs) as at 31 December 2023 have reduced by 21.9% to 8,212 homes (31 December 2022: 10,511). The value of the total order book (including JVs) as at 31 December 2023 has reduced by 17.8% to £2,092.3m (31 December 2022: £2,544.4m).

The Group's completion mix by both volume and average sales price (ASP), are detailed in the following table:

Completions (Homes)	HY24	HY23	Change
Private excluding PRS and RPs	4,008	6,269	(36.1%)
PRS	481	22	n.m.
RPs	291	258	12.8%
Total private	4,780	6,549	(27.0%)
Affordable	1,201	1,715	(30.0%)
Wholly owned	5,981	8,264	(27.6%)
JV	190	362	(47.5%)
Total³	6,171	8,626	(28.5%)
Average sales price (ASP) (£'000)			
Private excluding PRS and RPs	357.8	375.9	(4.8%)
PRS	273.2	311.7	(12.4%)
RPs	278.1	282.1	(1.4%)
Total private	344.4	372.0	(7.4%)
Affordable	160.8	170.4	(5.6%)
Wholly owned	307.6	330.1	(6.8%)
JV	353.9	403.6	(12.3%)

We delivered 6,171 (HY23: 8,626) total home completions (including JVs of 190 (HY23: 362)), a decline of 28.5%. The decline in home completions in the period reflected the reduced order book entering the new financial year, as well as the slower sales rate but did benefit from increased private completions delivered to both the private rental sector and RPs.

Our private ASP, excluding completions to the PRS and RPs, reduced by 4.8% to £357,800 (HY23: £375,900). The reduction in the private ASP reflected an underlying house price decline of c. 2.7% (HY23: 8.8% underlying inflation) augmented by a reduced proportional delivery of completions from London.

The private rental sector ASP, at £273,200 showed a reduction of 12.4% (HY23: £311,700), but this reflected a wider geographic and product portfolio of home completions across the country in the half, relative to completions from a single site in HY23.

The RPs ASP, at £278,100 (HY23: £282,100) showed only a small decline of 1.4%, with product and geographic mix impacting the year-on-year comparison.

The overall private wholly owned ASP including PRS and RPs reduced by 7.4% to £344,400 (HY23: £372,000).

The affordable ASP reduced by 5.6% to £160,800 (HY23: £170,400). This also reflected a lower proportional delivery from London and modest changes in site mix. As a result, the Group's total wholly owned ASP was 6.8% lower at £307,600 (HY23: £330,100).

We experienced a 730 basis point decline in adjusted gross margin in the half year. This reflected the impact of softer house prices and ongoing build cost inflation. Each home completion delivered a contribution of c. 29% after land and build costs (HY23: c. 33%). After site and divisional operating costs, the operational gearing impact of lower home completions in the half resulted in an adjusted gross margin of 16.0% (HY23: 23.3%).

Our forward sales at the start of the second half incorporate a 5.5% reduction in sales prices, excluding multi-unit sales, on the position a year ago. During the first half, total build cost inflation recognised through the income statement was around 7%. Whilst we continue to see an easing of total build cost inflation, with current materials purchases and labour costs now showing limited inflation on a year-on-year basis, recognising inflation carried in work in progress relating to home completions scheduled for the balance of FY24, our full year guidance remains unchanged, with total build cost inflation anticipated at around 5% recognised in the income statement. We expect that the overall effect of total build cost inflation will be negative on gross margin during the second half of FY24, with expected home completion growth improving fixed cost absorption resulting in an adjusted gross margin for FY24, broadly in line with that reported in the first half.

We incurred further legacy property costs in relation to building safety in the first half, recording adjusted items of £61.9m (HY23: £20.0m), of which £4.5m was incurred in our joint ventures (HY23: £2.4m). Accordingly, £57.4m (HY23: £17.6m) was recorded through cost of sales in the period. This resulted in a reported gross margin of 12.9% (HY23: 22.6%).

Administrative costs in the half year increased by 2.9% to £140.9m (HY23: £136.9m) reflecting annual payroll inflation but reduced headcount through our ongoing recruitment freeze. We expect net administrative expenses for FY24 will be in line with our previous guidance at c. £290m - £300m.

Adjusted operating profit reduced by £356.6m to £155.2m (HY23: £511.8m) reflecting both wholly owned completion volume decline, as well as the softer average selling prices and build cost inflation. Our adjusted operating margin reduced by 1,000 bps to 8.4% (HY23: 18.4%).

The change in the adjusted operating margin in the half year reflected a number of factors:

- **Completion volumes:** the decline in wholly owned completions of 27.6%, or 2,283 homes, created a 660 bps negative impact;
- **Net inflation:** sales price softening, combined with underlying build cost inflation produced a 540 bps negative impact;
- **London:** a decline in the share of completions from our London operations, 2% for the half year (HY23: 12%), where margins are lower than the regional business, and the impact of a previously impaired site at Hounslow, the majority of which was traded through in HY23, resulted in an 80 bps positive margin impact;
- **Completed developments provision:** after reflecting the increasingly extended time periods being experienced in relation to the adoption of roads and public space by local authorities on completed developments during FY23, modest changes to this provision in the half created a 70 bps positive margin impact;
- **Mix and other items:** changes in sales mix, increased selling costs, abortive costs as we made proactive decisions in land buying given the market, and other smaller items created a 70 bps positive impact; and
- **Administrative expenses:** the change in administrative expenses resulted in a 20 bps negative margin impact.

Adjusted items of £57.4m (HY23: £17.6m) were also recognised in arriving at operating profit in the half year, reflecting legacy property costs associated with building safety. After adjusted items, the reported operating margin for the half year was 5.3% (HY23: 17.8%).

Net finance charges were significantly below the prior period at £2.6m (HY23: £8.7m). This reflected an increasing benefit from interest received on cash on deposit, with finance income increasing to £24.0m (HY23: £8.8m). The cash finance income was £19.0m (HY23: £3.5m income) in the half year, with non-cash charges of £21.6m (HY23: £12.2m). The increase in non-cash finance charges reflects the unwinding of the discount attached to legacy property provisions.

We continue to expect FY24 net finance costs to be around £20m, however now comprising c. £35m of cash finance income and c. £55m of non-cash finance charges.

In the half year, the Group's reported share of JV profit was £nil (HY23: £16.0m). The adjusted share of JV profit was £4.5m (HY23: £18.4m) before an adjusting charge of £4.5m (HY23: £2.4m charge) associated with legacy properties.

Adjusted profit before tax reduced by 69.9% to £157.1m (HY23: £521.5m) and, after adjusted items, profit before tax reduced by 81.0% to £95.2m (HY23: £501.5m). The Group recognised £26.4m of total tax charges (HY23: £121.0m) at an effective rate of 27.7% (HY23: 24.1%), with the tax rate impacted by the 600bps increase in the rate of corporation tax, effective from 1 April 2023.

The anticipated effective tax rate for FY24 has reduced to c.28% reflecting the impact of permanent differences on the rates of corporation tax (25%) and RPDT (4%).

Adjusted basic earnings per share reduced to 11.8 pence per share (HY23: 39.2 pence per share). The reduction in pre-tax profitability, combined with the impact of the increased effective tax rate in the half year, created the 69.9% reduction in adjusted earnings per share.

Basic earnings per share reduced by 81.2% to 7.1 pence per share (HY23: 37.7 pence per share). The share buyback completed in FY23, reduced the average share count by 38.6m shares in HY24 when compared with HY23.

Capital structure and operating framework

We continue to maintain an appropriate capital structure reflecting our disciplined operating framework to ensure our balance sheet strength and resilience through the cycle.

The net cash balance of £753.4m (31 December 2022: £969.1m), including cash and cash equivalents of £949.9m (31 December 2022: £1,166.5m), reflected the strength of underlying operating cash generation, notwithstanding a £145.1m increase in working capital in the period (HY23: £190.4m increase), as well as the payment of the final dividend of £228.0m with respect to FY23 (HY23: £259.8m).

We continue to anticipate year-end net cash of between £0.7bn and £0.8bn with higher build activity in the second half, relative to the first half, counterbalanced by reduced land and working capital investment, as our construction output continues to align with reservation activity.

The continued pause in land buying has seen land creditors reduce further and move below operating framework range. As at 31 December 2023 land creditors totalled £367.2m (31 December 2022: £622.3m) and equated to 12.3% (31 December 2022: 19.1%) of the owned land bank. Land creditors falling due within the next 12 months totalled £228.9m at 31 December 2023 (31 December 2022: £433.5m).

After deducting land creditor obligations from our net cash balance, we recorded a total net cash surplus of £386.2m at 31 December 2023 (31 December 2022: surplus of £346.8m).

During the half, we extended our £700m revolving credit facility by one additional year to November 2028 with one further one-year extension period through to November 2029 available, if agreed between the Group and its lenders. Our operating framework remains unchanged. Progress over both the last six and twelve-month periods are shown below:

	Operating framework	Position at 31 December 2023 vs 30 June 2023	Position at 31 December 2022
Land bank^A	c. 3.5 years owned and c. 1.0 year controlled	3.9 years owned and 0.6 years controlled (FY23: 3.6 years and 0.7 years)	3.6 years owned and 0.8 years controlled
Land creditors	Maintain at 15 - 25% of the land bank over medium term	12.3% (FY23: 16.1%)	19.1%
Net cash	Modest average net cash over the financial year	£784.7m over six months ending 31 December 2023 (£759.1m over twelve months ending 30 June 2023)	£856.9m over six months ending 31 December 2022
	Period end net cash	£753.4m net cash (FY23: £1,069.4m net cash)	£969.1m net cash
Total indebtedness (net cash and land creditors)	Minimal year end total indebtedness in the medium term	Total net surplus of £386.2m (FY23: Total net surplus of £562.7m)	Total net surplus of £346.8m
Treasury	Appropriate financing facilities	£700m RCF extended to November 2028 £200m USPP maturing 2027	£700m RCF extended to November 2027 £200m USPP maturing 2027
Dividend policy	Ordinary dividend cover of 1.75x from FY24	FY24 proposed interim dividend of 4.4p (FY23: total dividend of 33.7p)	FY23 interim dividend of 10.2p

A. Land supply is calculated as total owned (owned land and land subject to unconditional contracts) and controlled (land subject to conditional contracts) land bank plots divided by wholly owned completions in the last 12 months.

Net tangible assets were £4,397m and £4.51 per share at 31 December 2023, (31 December 2022: £4,603.6m and £4.62 per share) of which land, net of land creditors, and work in progress, totalled £4,615.2m and £4.74 per share (31 December 2022: £4,595.6m and £4.61 per share).

Land and planning

Throughout the period we have maintained our highly selective approach to investment in land reflecting the continuing uncertainty on the outlook for both the UK economy and the housing market. As a result of our rigorous application of minimum investment hurdles to new land approvals, as well as the cancellation of previous land approvals which are no longer proceeding, net land plot approvals in the period have again been negative.

In the period, we approved 13 new sites but these were, in part, offset by 7 previously approved sites which will no longer proceed, resulting in a net approval of 6 sites in the half (HY23: net cancellation of 6 sites). The approved sites added 1,990 plots, at a cost of £127.3m, with 2,244 plots removed with respect to the sites no longer proceeding, at a previously agreed cost of £85.1m. The result was a net cancellation of 254 plots in the half year (HY23: net cancellation of 290 plots) and a net increase in approvals of £42.2m (HY23: net increase in approvals of £5.2m). The net increase in land approvals reflected both the geographic mix and the serviced nature of plots approved relative to those cancelled in the half.

Reflecting the strength of our existing land bank, the continuing uncertainty in the sales market and limited adjustment in broader market land values, we anticipate that land approvals in FY24 will be minimal, based on current market conditions. We invested around £239m (HY23: £440m) on land acquisitions and the settlement of land creditors during the half year and we continue to expect to invest around £0.5bn to £0.7bn on land and land creditors in FY24, below the £822.8m invested in FY23.

We continue to target a geographically balanced land portfolio with a supply of owned land of c. 3.5 years and a further c. 1.0 year of controlled land. Reflecting both reduced levels of completions and limited land buying, we are now in line with this overall target at 4.5 years (31 December 2022: 4.4 years).

Our land bank comprised of 3.9 years of owned land (31 December 2022: 3.6 years) and 0.6 years of controlled land at 31 December 2023 (31 December 2022: 0.8 years). Our land bank at 31 December comprised:

Our land bank	31 December 2023	31 December 2022
Plots with detailed planning consent	43,308	47,641
Plots with outline planning consent	10,086	15,773
Plots with resolution to grant and other	1,160	658
Owned and unconditional land bank (plots)	54,554	64,072
Conditionally contracted land bank (plots)	9,060	13,322
Total owned and controlled land bank (plots)	63,614	77,394
Number of years' supply ^(A)	4.5	4.4
JVs owned and controlled land bank (plots)	4,166	4,186
Total land bank including JVs (plots)	67,780	81,580
Strategic land bank (acres)	17,370	16,221
Strategic land bank (plots)	107,753	93,600
Promotional land bank (plots)	102,360	93,903
Land bank carrying value	£2,979.1m	£3,253.7m

A. Land supply is calculated as total owned (owned land and land subject to unconditional contracts) and controlled (land subject to conditional contracts) land bank plots divided by wholly owned completions in the last 12 months.

At 31 December 2023, the ASP of plots in our owned land bank was £333,000 (31 December 2022: £321,000) and the estimated gross margin in our land bank, based on the current ASP and estimated build costs, is 18.5% (31 December 2022: 23.5%; 30 June 2023: 19.7%).

During the half year we delivered 1,534 (HY23: 2,004) completions from strategically sourced land, and we converted 530 (HY23: 565) plots of strategic land into our owned and controlled land bank. We continue to target 30% of completions from strategic land in the medium term and approximately 24% of our strategic land is allocated or included in draft local plans.

Gladman Developments Limited

Gladman, operating on a stand-alone basis within the Group, secured 3,465 plots (HY23: 2,664) through new promotional agreements with landowners. Gladman secured planning consents on 1,834 plots across 8 sites (HY23: 1,298 plots across 9 sites). Reflecting the lower levels of land transaction activity across the country, Gladman secured land sale transactions to third parties equating to 364 (HY23: 1,248) plots.

Through its share of land transaction proceeds and associated fees, Gladman generated sales of £6.4m (HY23: £18.5m) and an operating profit, before amortisation of intangible assets, of £1.2m during the half year (HY23: £5.4m profit).

With reduced appetite amongst housebuilders for consented land, we continue to anticipate that Gladman will deliver reduced sales and profitability in FY24 when compared with FY23 but is well placed to capitalise on any change in the behaviour of housebuilders as the market improves. The business remains focused on growing its promotional land portfolio and securing planning consents to build a portfolio of attractive sites ready to market once demand begins to recover.

Managing our site based construction activity

Our site teams across the country successfully managed the slowdown in construction activity across the half year, reflecting the changed market backdrop. Our site based construction activity in the first half, at 251 equivalent homes per week, was 24.6% below the 333 equivalent homes built each week in HY23.

During the second half of FY24, we anticipate our construction activity will include the normal seasonal uplift but also management of our site-based construction activity towards alignment with sales reservation activity, thereby ensuring efficient deployment of working capital across both our sites and build stages.

Controlling costs

Our standard housetype ranges maintain our high standards of design whilst being faster to build and more suitable for MMC, helping us to reduce build cost and waste.

We delivered 4,968 completions (HY23: 5,973 completions) from our standard house type ranges across the country in the half year, equating to 83% of regional completions (HY23: 81%). Of our outlets, at 31 December, 96% (HY23: 94%) have the standard housetype ranges.

We have a robust and carefully managed supply chain with around 95% of materials sourced by our centralised procurement function being manufactured or assembled in the UK. We now have supply agreements in place for 75% of our material requirements through to 30 June 2024.

We have maintained our recruitment freeze and further refined controls for new site openings to manage both our working capital deployment as well as maximising the market impact of new sites at launch. We have also developed action plans to further manage our operating costs, but reservation activity over the coming months will determine whether any further actions are required.

Interim ordinary dividend

The Board has declared an interim dividend of 4.4 pence per share (HY23: 10.2 pence per share). The interim dividend will be paid on Friday 17 May 2024 to all shareholders on the register on Friday 12 April 2024. Shareholders who wish to elect for the Dividend Reinvestment Plan should do so by 26 April 2024. The Board, in line with its stated dividend policy, continues to target a full year ordinary dividend based on an ordinary dividend cover of 1.75x adjusted earnings per share.

Guidance for FY24

Looking to the balance of the current financial year our guidance is summarised in the following table. Where guidance has been amended, this is highlighted and previous guidance is included in italics.

Total home completions	c. 13,500 – 14,000 total home completions, including c. 750 PRS and c. 650 JV completions (previously c. 13,250 – 14,250 total home completions, including c. 750 PRS and c. 650 JV completions) Affordable mix broadly in line with FY23
Average sales outlet growth	c. 6% decline
Build cost inflation	c. 5%
Administrative expenses	c. £290m to £300m (including amortisation of intangible asset charges of c. £10m)
Interest cost	c. £20m (c. £35m cash credit, c. £55m non-cash charge) (previously c. £20m (c. £20m cash credit, c. £40m non-cash charge))
Land approvals	Maintain our highly selective approach to land buying
Land cash spend	c. £0.5bn - £0.7bn
Year end net cash	c. £0.7bn - £0.8bn
Taxation	Effective tax rate of 28% reflecting current corporation tax rate at 25%, timing differences and 4% RPDT (previously 29%)
Ordinary dividend cover	1.75x ordinary dividend cover based on adjusted earnings per share

Current trading and outlook

We have had an encouraging start to our second half, in the period from 1 to 28 January, with 199 net private reservations per average week (2023:182) and we operated from an average of 330 outlets (2023: 373). This has resulted in a net private reservation rate per active outlet per average week of 0.60 (2023: 0.49).

Our total forward sales³ at 28 January 2024 were 8,760 homes (29 January 2023: 10,854) at a value of £2,268.3m (29 January 2023: £2,665.0m). We are now 86% forward sold with respect to private wholly owned home completions for FY24 (FY23: 84%).

The composition of our forward sales on 28 January 2024 and the order book movement since 31 December 2023 are included in the following tables:

	28 January 2024		29 January 2023		Variance %	
	£m	Homes	£m	Homes	£m	Homes
Private	1,422.2	4,105	1,462.4	3,961	(2.7%)	3.6%
Affordable	676.7	4,178	993.3	6,213	(31.9%)	(32.8%)
Wholly owned	2,098.9	8,283	2,455.7	10,174	(14.5%)	(18.6%)
JV	169.4	477	209.3	680	(19.1%)	(29.9%)
Total	2,268.3	8,760	2,665.0	10,854	(14.9%)	(19.3%)

	Current Year		Prior Year		Variance %	
	Private	Total ³	Private	Total ³	Private	Total ³
31 December	3,606	8,212	3,576	10,511	0.8%	(21.9%)
Reservations	796	887	753	779	5.7%	13.9%
Completions	(297)	(339)	(368)	(436)	(19.3%)	(22.2%)
29 Jan / 30 Jan	4,105	8,760	3,961	10,854	3.6%	(19.3%)

The current trading outlook remains uncertain with only four weeks' trading since the start of 2024. Reservations have shown an encouraging uplift since the start of January, helped by expectations around the future of interest rates and the introduction of more competitive mortgage rates. The sustainability of this recovery however remains uncertain, notably with respect to the challenges still faced by first time buyers.

Whilst our full year out-turn remains dependent on how the market evolves through the Spring selling season, based on the encouraging uplift in reservation activity since the start of January, we now expect to deliver total home completions of between 13,500 to 14,000 in FY24 (including c. 650 JV completions).

Our business remains fundamentally strong, both operationally and financially, with an experienced leadership team and a strong net cash position. We are focused on successfully navigating the ongoing challenges and continuing to deliver both excellent quality and service for our customers and the energy-efficient homes needed across the country.

David Thomas
Chief Executive
6 February 2024

1 Refer to Glossary for definition of key financial metrics.

2 Unless otherwise stated, all numbers quoted exclude JVs.

3 Including JVs in which the Group has an interest.

4 In addition to the Group using a variety of statutory performance measures, it also measures performance using alternative performance measures (APMs). Definitions of APMs and reconciliations to the equivalent statutory measures are detailed in the Glossary and Definitions. Net cash definition in Note 10.

5 Data based on HBF "Watt a Save" report July 2023.

6 Based on EPS registrations to 30 September 2023.

7 Measured by the NHBC amongst the 14 major housebuilders constructing more than 1,000 homes annually.

Principal risks and uncertainties

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

Risk management controls are integrated into all levels of our business and across all operations, including at site, divisional, regional and Group level, and are monitored to ensure controls are in line with risks as they evolve. The Directors do not consider the process of risk management and the principal risks and uncertainties to have changed since the publication of the Annual Report and Accounts for the year ended 30 June 2023.

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

The Board has completed its assessment of the Group's principal and emerging risks, including those that could threaten its business model, future performance, solvency or liquidity. Ongoing conflicts in the Ukraine and the Middle East could have an adverse impact on overall market confidence. In response, the economic environment principal risk has been expanded to cover geopolitical events. Otherwise, the Directors do not consider the process of risk management and the principal risks and uncertainties to have changed since the publication of the Annual Report and Accounts for the year ended 30 June 2023.

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

Further details of the Group's principal risks and mitigation of the risks outlined below can be found on pages 71 to 77 of the Annual Report and Accounts for the year ended 30 June 2023, which is available at www.barrattdevelopments.co.uk.

Principal risks

Economic environment

Changes in the geopolitical or UK macroeconomic environment may lead to falling demand, tightened mortgage availability, or reduced purchaser liquidity, especially in the first-time buyer market. This could reduce the affordability of our homes, resulting in reduced sales volumes and our ability to provide profitable growth.

Land and planning

Lack of developable land due to delays in planning approval, failure of a clear and consistent government policy or insufficient consented land and strategic land options at appropriate cost and quality could affect our ability to grow sales volumes or meet our margin and site ROCE hurdle rates.

Government regulation and political risk

The housebuilding industry is subject to increasingly complex regulations, government intervention and policy changes, for example building regulation, legal, NHQC, CMA and environmental regulation. Deviation from regulations or failure to implement the changes effectively within our processes could lead to financial penalties, damage to the Group's reputation or increased costs due to inefficient processes.

Construction quality and innovation

Failure to achieve excellence in construction, through an inability to develop and implement new and innovative construction methods or to be a market leader with changes in technology advancement in line with the Future Homes Standard, could increase costs, expose the Group to future remediation liabilities, and result in poor product quality and reputational damage.

Supply chain resilience

Not adequately responding to shortages or increased costs of materials and skilled labour, or the failure of a key supplier in the current economic environment, may lead to increased costs and delays in construction.

Cost of legacy property remediation

The amounts provided in the Financial Statements which represent our agreement to support leaseholders by funding or remediating life-critical fire safety works in buildings of over 11 metres, reflect the best estimate of the extent and costs of work required. However, as work progresses or as government legislation or regulations develop, these cost estimates may change.

Safety, health and environment

Health and safety or environmental incidents or compliance breaches can impact employees, sub-contractors, customers and site visitors, and undermine the creation of a great place to work, and visit, and live.

Attracting and retaining high-calibre employees

Increasing competition for skills may mean we are unable to recruit and/or retain the best people. Having sufficient skilled employees is critical to delivery of the Group's strategy of volume growth whilst maintaining excellence in all our other strategic priorities.

Information technology

Failure of any of the Group's key systems, particularly those for financial and customer information, surveying and valuation, through a successful cyberattack or lack of investment leading to outdated systems, could restrict operations and disrupt progress in delivering strategic priorities.

Environmental, social and governance

In the short to medium term, if the Group does not further enhance its sustainable business practices to respond to loss of biodiversity, water usage reduction and climate change regulations, as well as meeting its social and governance responsibilities relating to modern slavery and human rights, this will result in a failure to meet customer, colleague and investor expectations.

Business resilience and continuity

Inability to continue the business due to a major unexpected incident or event out of our control, such as a natural disaster, global pandemic or UK epidemic, or disruption to national infrastructure, could cause significant disruption to the Group's business operations, employees, customers, supply chain, or other third party.

Condensed Consolidated Income Statement and Statement of Comprehensive Income
for the half year ended 31 December 2023 (unaudited)

	Notes	Half year ended 31 December 2023 £m	Half year ended 31 December 2022 £m	Year ended 30 June 2023 (audited) £m
Continuing operations				
Revenue	2	1,850.8	2,783.9	5,321.4
Cost of sales		(1,612.3)	(2,153.6)	(4,346.5)
Gross profit		238.5	630.3	974.9
Administrative expenses	3	(140.9)	(136.9)	(270.8)
Part-exchange income		132.1	36.7	140.0
Part-exchange expenses		(131.9)	(35.9)	(136.7)
Profit from operations	3	97.8	494.2	707.4
Finance income	5	24.0	8.8	23.8
Finance costs	5	(26.6)	(17.5)	(34.9)
Net finance costs	5	(2.6)	(8.7)	(11.1)
Share of post-tax profit from joint ventures		-	16.0	8.8
Profit before tax		95.2	501.5	705.1
Tax	6	(26.4)	(121.0)	(174.8)
Profit and total comprehensive income recognised for the period		68.8	380.5	530.3
Profit and total comprehensive income for the period attributable to the owners of the Company		68.8	380.5	530.3
Profit and total comprehensive income for the period attributable to non-controlling interests		-	-	-
Earnings per share from continuing operations:				
Basic	7	7.1p	37.7p	53.2p
Diluted	7	7.0p	37.1p	52.6p

There was no other comprehensive income in any of the periods above.

Notes 1 to 17 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Adjusted items:	Gross profit			Profit from operations			Share of post-tax profit from joint ventures			Profit before tax		
	HY ended 31 December 2023 £m	HY ended 31 December 2022 £m	FY ended 30 June 2023 £m	HY ended 31 December 2023 £m	HY ended 31 December 2022 £m	FY ended 30 June 2023 £m	HY ended 31 December 2023 £m	HY ended 31 December 2022 £m	FY ended 30 June 2023 £m	HY ended 31 December 2023 £m	HY ended 31 December 2022 £m	FY ended 30 June 2023 £m
See note 4 for further details												
Reported profit	238.5	630.3	974.9	97.8	494.2	707.4	-	16.0	8.8	95.2	501.5	705.1
Cost associated with legacy properties	57.9	17.6	158.2	57.9	17.6	158.2	4.5	2.4	23.7	62.4	20.0	181.9
Legacy property recoveries	(0.5)	-	(2.7)	(0.5)	-	(2.7)	-	-	-	(0.5)	-	(2.7)
Adjusted profit	295.9	647.9	1,130.4	155.2	511.8	862.9	4.5	18.4	32.5	157.1	521.5	884.3

Condensed Consolidated Statement of Changes in Shareholders' Equity (unaudited)

	Share capital (note 13) £m	Share premium £m	Merger reserve £m	Capital redemption reserve £m	Own shares (note 14) £m	Share-based payments £m	Retained earnings £m	Total retained earnings £m	Non-controlling interests £m	Total equity £m
At 30 June 2022	102.2	253.4	1,109.0	-	(27.0)	29.0	4,163.9	4,165.9	0.8	5,631.3
Profit for the period being total comprehensive income recognised for the period ended 31 December 2022	-	-	-	-	-	-	380.5	380.5	-	380.5
Dividends paid (note 8)	-	-	-	-	-	-	(259.8)	(259.8)	-	(259.8)
Distribution made to non-controlling party	-	-	-	-	-	-	-	-	(0.3)	(0.3)
Buyback and cancellation of shares	(2.6)	-	-	2.6	-	-	(100.5)	(100.5)	-	(100.5)
Share-based payments	-	-	-	-	-	5.4	-	5.4	-	5.4
Transfers in respect of share options	-	-	-	-	17.6	(17.4)	(1.4)	(1.2)	-	(1.2)
Tax on share-based payments	-	-	-	-	-	(0.2)	1.4	1.2	-	1.2
At 31 December 2022	99.6	253.4	1,109.0	2.6	(9.4)	16.8	4,184.1	4,191.5	0.5	5,656.6
Profit for the period being total comprehensive income recognised for the period ended 30 June 2023	-	-	-	-	-	-	149.8	149.8	-	149.8
Dividends paid (note 8)	-	-	-	-	-	-	(100.2)	(100.2)	-	(100.2)
Issue of share capital	-	0.1	-	-	-	-	-	-	-	0.1
Buyback and cancellation of shares	(2.2)	-	-	2.2	-	-	(100.8)	(100.8)	-	(100.8)
Share-based payments	-	-	-	-	-	4.8	-	4.8	-	4.8
Purchase of own shares by EBT	-	-	-	-	(14.0)	-	-	(14.0)	-	(14.0)
Transfers in respect of share options	-	-	-	-	0.2	(0.9)	0.7	-	-	-
Tax on share-based payments	-	-	-	-	-	0.1	-	0.1	-	0.1
At 30 June 2023	97.4	253.5	1,109.0	4.8	(23.2)	20.8	4,133.6	4,131.2	0.5	5,596.4
Profit for the period being total comprehensive income recognised for the period ended 31 December 2023	-	-	-	-	-	-	68.8	68.8	-	68.8
Dividends paid (note 8)	-	-	-	-	-	-	(228.0)	(228.0)	-	(228.0)
Distribution made to non-controlling party	-	-	-	-	-	-	-	-	(0.4)	(0.4)
Purchase of own shares by EBT	-	-	-	-	(8.6)	-	-	(8.6)	-	(8.6)
Share-based payments	-	-	-	-	-	9.1	-	9.1	-	9.1
Transfers in respect of share options	-	-	-	-	8.1	(13.0)	5.6	0.7	-	0.7
Tax on share-based payments	-	-	-	-	-	1.5	0.1	1.6	-	1.6
At 31 December 2023	97.4	253.5	1,109.0	4.8	(23.7)	18.4	3,980.1	3,974.8	0.1	5,439.6

Notes 1 to 17 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Condensed Consolidated Balance Sheet
at 31 December 2023 (unaudited)

	Notes	31 December 2023 £m	31 December 2022 £m	30 June 2023 (audited) £m
Assets				
Non-current assets				
Other intangible assets		189.7	200.1	194.9
Goodwill		852.9	852.9	852.9
Investments in jointly controlled entities		144.3	188.0	129.8
Property, plant and equipment		58.2	51.2	58.1
Right-of-use assets		44.4	38.0	45.1
Trade and other receivables		3.0	2.8	2.9
		1,292.5	1,333.0	1,283.7
Current assets				
Inventories	9	5,188.9	5,349.7	5,238.0
Trade and other receivables		123.9	174.1	182.1
Current tax assets		27.3	0.1	31.1
Cash and cash equivalents	10	949.9	1,166.5	1,269.1
		6,290.0	6,690.4	6,720.3
Total assets		7,582.5	8,023.4	8,004.0
Liabilities				
Non-current liabilities				
Loans and borrowings	10	(200.0)	(200.0)	(200.0)
Trade and other payables		(145.9)	(194.4)	(188.7)
Lease liabilities		(31.1)	(32.9)	(33.1)
Deferred tax liabilities	6	(50.4)	(44.0)	(53.5)
Provisions	11	(436.6)	(350.1)	(477.9)
		(864.0)	(821.4)	(953.2)
Current liabilities				
Loans and borrowings	10	(0.3)	(2.0)	(3.4)
Trade and other payables		(887.2)	(1,259.4)	(1,127.4)
Lease liabilities		(14.5)	(7.0)	(13.1)
Provisions	11	(376.9)	(277.0)	(310.5)
		(1,278.9)	(1,545.4)	(1,454.4)
Total liabilities		(2,142.9)	(2,366.8)	(2,407.6)
Net assets		5,439.6	5,656.6	5,596.4
Equity				
Share capital	13	97.4	99.6	97.4
Share premium		253.5	253.4	253.5
Merger reserve		1,109.0	1,109.0	1,109.0
Capital redemption reserve		4.8	2.6	4.8
Retained earnings		3,974.8	4,191.5	4,131.2
Equity attributable to the owners of the Company		5,439.5	5,656.1	5,595.9
Non-controlling interests		0.1	0.5	0.5
Total equity		5,439.6	5,656.6	5,596.4

Notes 1 to 17 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Condensed Consolidated Cash Flow Statement
for the half year ended 31 December 2023 (unaudited)

	Notes	Half year ended 31 December 2023 £m	Half year ended 31 December 2022 £m	Year ended 30 June 2023 (audited) £m
Net cash (outflow)/inflow from operating activities		(74.8)	197.4	465.5
Investing activities:				
Purchase of property, plant and equipment		(3.8)	(13.0)	(23.1)
Proceeds from disposal of fixed assets		-	-	0.1
Increase in amounts invested in jointly controlled entities		(20.7)	(26.9)	(18.1)
Repayment of amounts invested in jointly controlled entities		4.3	13.9	40.2
Distributions received from jointly controlled entities		1.9	18.9	34.8
Interest received		21.8	7.2	21.5
Net cash inflow from investing activities		3.5	0.1	55.4
Financing activities:				
Dividends paid to equity holders of the Company	8	(228.0)	(259.8)	(360.0)
Distribution made to non-controlling partner		(0.4)	(0.3)	(0.3)
Purchase of own shares for the EBT		(8.6)	-	(14.0)
Buy back and cancellation of shares		-	(100.5)	(201.3)
Proceeds from issue of share capital		-	-	0.1
Payment of dividend equivalents		(0.5)	(1.2)	(1.2)
Proceeds from the exercise of Sharesave options		1.0	-	-
Repayment of lease liabilities		(8.3)	(6.6)	(13.9)
Net cash outflow from financing activities		(244.8)	(368.4)	(590.6)
Net decrease in cash, cash equivalents and bank overdrafts		(316.1)	(170.9)	(69.7)
Cash, cash equivalents and bank overdrafts at the beginning of the period		1,265.7	1,335.4	1,335.4
Cash, cash equivalents and bank overdrafts at the end of the period	10	949.6	1,164.5	1,265.7

Notes 1 to 17 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Reconciliation of profit from operations to net cash inflow from operating activities
for the half year ended 31 December 2023 (unaudited)

	Notes	Half year ended 31 December 2023 £m	Half year ended 31 December 2022 £m	Year ended 30 June 2023 (audited) £m
Profit from operations		97.8	494.2	707.4
Depreciation of property plant and equipment		3.7	3.0	6.1
Depreciation of right-of-use assets		7.5	6.4	12.3
Amortisation of intangible assets		5.2	5.3	10.5
(Reversal of impairment)/impairment of inventories	9	(2.3)	2.1	4.7
Share-based payments charge		9.1	5.4	10.2
Imputed interest on long-term liabilities ¹	5	(19.8)	(10.7)	(21.4)
Imputed interest on lease arrangements ¹	5	(0.9)	(0.6)	(1.2)
Amortisation of facility fees	5	(0.9)	(0.9)	(1.9)
Total non-cash items		1.6	10.0	19.3
Decrease/(increase) in inventories		51.4	(60.2)	48.9
Decrease in receivables		60.5	68.2	60.4
Decrease in payables		(282.1)	(200.5)	(337.6)
Increase in provisions	11	25.1	2.1	163.4
Total movements in working capital		(145.1)	(190.4)	(64.9)
Interest paid		(5.0)	(5.3)	(10.4)
Tax paid		(24.1)	(111.1)	(185.9)
Net cash (outflow)/inflow from operating activities		(74.8)	197.4	465.5

¹ The balance sheet movements in land, lease liabilities and provisions include non-cash movements shown within movements in working capital due to imputed interest. Imputed interest is included within non-cash items in the statement above.

Notes 1 to 17 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Notes to the Condensed Consolidated Half Yearly Financial Statements

for the half year ended 31 December 2023 (unaudited)

1. Basis of preparation

Cautionary statement

The Chief Executive's statement contained in this Half Yearly Financial Report, including the principal risks and uncertainties, has been prepared by the Directors in good faith based on the information available to them up to the time of their approval of this report solely for the Company's shareholders as a body, so as to assist them in assessing the Group's strategies and the potential for those strategies to succeed and accordingly should not be relied on by any other party or for any other purpose, and the Company hereby disclaims any liability to any such other party or for reliance on such information for any such other purpose.

This Half Yearly Financial Report has been prepared in respect of the Group as a whole and accordingly matters identified as being significant or material are so identified in the context of Barratt Developments PLC and its subsidiary undertakings taken as a whole.

Basis of preparation

The condensed financial information for the year ended 30 June 2023 is an extract from the published Annual Report and Accounts for that year and does not constitute statutory accounts as defined in s434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 30 June 2023, prepared under UK adopted IAS in conformity with the requirements of the Companies Act 2006 and in accordance with UK adopted IFRS, on which the auditors gave an unmodified opinion which did not draw attention to any matters by way of emphasis and did not contain a statement made under either s498 (2) or (3) of the Companies Act 2006, has been filed with the Registrar of Companies.

Going concern

In determining the appropriate basis of preparation of these Condensed Consolidated Half Yearly Financial Statements ('Interim Financial Statements'), the Directors are required to consider whether the Group and Company can continue to meet their liabilities and other obligations for the foreseeable future.

The Group's business activities, together with factors which the Directors consider are likely to affect its development, financial performance and financial position are set out in the Chief Executive's Statement. The material financial and operational risks and uncertainties that may have an impact on the Group's performance and their mitigation are outlined in the principal risks section of this Half Yearly Financial Report, and financial risks including liquidity risk, market risk, credit risk and capital risk are outlined on pages 223 to 225 of the Group's Annual Report and Accounts for the year ended 30 June 2023 which is available at www.barrattdevelopments.co.uk.

At 31 December 2023, the Group was financially strong with cash of £949.9m and total loans and borrowings of £200.3m, consisting of £0.3m of overdrafts repayable on demand and £200.0m sterling USPP notes maturing in August 2027. These balances, set against pre-paid facility fees, comprise the Group's net cash of £753.4m presented in note 10.

Should further funding be required, the Group has a committed £700m revolving credit facility, subject to compliance with certain financial covenants, that matures in November 2028, with a further one-year extension period through to November 2029, if agreed between the Group and its lenders.

In consideration of its net current assets of £5,011.1m and of the liquid funds available through loan facilities, the Directors are satisfied that the Group has sufficient liquidity to meet its current liabilities and ongoing working capital requirements.

The future financial performance of the Group is dependent, in part, on the wider economic environment in which it operates. Whilst the Group delivered a solid operational first half performance, the impact of reduced mortgage affordability and homebuyer confidence continues to be felt. The Group has seen a reduction in forward sales compared to 31 December 2022. Reservations have, however, shown a modest uplift since the start of January, helped by expectations around the future level of interest rates and the introduction of more competitive mortgage rates. The sustainability of this recovery however remains uncertain, notably with respect to the challenges still faced by first time buyers.

The Group's financial forecasts reflect the outcomes that the Directors consider most likely, based on the information available at the date of signing of these Interim Financial Statements, including the current and forecast trading performance and anticipated build and wage cost inflation. They reflect the effects of actions already taken to respond to current market conditions, including the reduction of land approvals, pausing of recruitment of new employees and focused management of our working capital deployment.

To assess the Group's resilience to more adverse outcomes, its forecast performance in the period to 30 June 2025 was sensitised to reflect a series of scenarios based on the Group's high-level principal risks and the downside prospects for the UK economy and housing market presented in the latest available external economic forecasts.

This exercise included a reasonable worst-case scenario in which the Group's principal risks manifest in aggregate to a severe but plausible level. This assumed a fall in volumes of 30% from the previous year for the year to 30 June 2024, followed by an increase in volumes of 5% from the previous year for the year to 30 June 2025. In addition, sales price deflation was assumed to be 10% for the year to 30 June 2024, with sales prices remaining flat for the year to 30 June 2025. Cost inflation was assumed to be 4.0% for the year to 30 June 2024 and 5.0% for the year to 30 June 2025, incorporating the potential impact of carbon pricing, alongside incremental costs of compliance with the Future Homes Standard and Building Safety Levy.

Reasonable mitigation that the Group would expect to undertake in such circumstances was also modelled, being a reduction in working capital in line with the fall in expected sales. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities, and meet its liabilities as they fall due.

Furthermore, a reverse stress test was performed to determine the market conditions in which the Group, without mitigating action, would cease to be able to operate under its current facilities. The Group's strong net cash position and its available facilities mean that the Group's primary sensitivity in this circumstance would be compliance with its financial covenants. Based on past experience and current economic forecasts, the Directors consider the possibility of the conditions required to result in non-compliance with financial covenants to be remote and have identified mitigation that would be adopted in such circumstances.

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

The above going concern assessment considers only the prospects of Barratt Developments plc and its subsidiaries. The proposed acquisition of Redrow PLC is subject to approval from the shareholders of both groups and the relevant regulatory bodies, with completion anticipated in the first half of FY25. As part of the acquisition process, the working capital position of the combined group will be considered to determine that it has sufficient working capital facilities available to enable it to meet its obligations as they fall due for a period of at least 12 months from the completion of the transaction.

Accounting policies

The unaudited Interim Financial Statements have been prepared using accounting policies consistent with UK adopted IFRS and in accordance with IAS 34 'Interim Financial Reporting' as adopted by the UK, and using accounting policies and methods of computation consistent with those applied in the preparation of the Group's Annual Report and Accounts for the year ended 30 June 2023.

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

- Amendments to IAS 1: Disclosure of material accounting policies
- Amendments to IAS 8: Definition of accounting estimates
- Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction
- IFRS 17: Amendments and initial application
- Amendments to IAS 12: International Tax Reform—Pillar Two Model Rules

2. Revenue

The Group's revenue derives principally from the sale of the homes we build.

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

	Half year ended 31 December 2023 £m	Half year ended 31 December 2022 £m	Year ended 30 June 2023 (audited) £m
Revenue from private residential sales	1,646.3	2,436.0	4,578.5
Revenue from affordable residential sales	193.1	292.2	655.8
Revenue from commercial sales	4.7	39.7	64.7
Revenue from planning promotion agreements	6.3	14.6	20.4
Sundry revenue	0.4	1.4	2.0
	1,850.8	2,783.9	5,321.4

Included within Group revenue is £69.0m (31 December 2022: £74.9m; 30 June 2023: £192.7m) of revenue from construction contracts on which revenue is recognised over time by reference to the stage of completion of the contracts. Of this revenue, £8.8m (31 December 2022: £3.8m; 30 June 2023: £4.0m) was included in the contract liability balance at the beginning of the period.

3. Profit from operations

Cost of sales

The value of inventories expensed in the half year ended 31 December 2023 and included in cost of sales was £1,452.8m (31 December 2022: £1,990.7m; 30 June 2023: £3,907.3m).

Administrative expenses

Administrative expenses of £140.9m (31 December 2022: £136.9m; 30 June 2023: £270.8m) include sundry income of £9.3m (31 December 2022: £7.6m; 30 June 2023: £16.7m) which principally comprises management fees receivable from joint ventures, the sale of freehold reversions, forfeit deposits and ground rent receivable.

4. Adjusted items

Cost associated with legacy properties

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
	£m	£m	£m
Costs incurred in respect of legacy properties	57.9	17.6	158.2
Amounts in respect of legacy properties recovered from third parties	(0.5)	-	(2.7)
Adjusted items in cost of sales	57.4	17.6	155.5
Costs incurred in respect of legacy properties by JVs	4.5	2.4	23.7
Total adjusted items	61.9	20.0	179.2

The adjusted costs in the period, associated with legacy properties, comprise net additions to provisions of £57.9m, (31 December 2022: £17.6m; 30 June 2023: £217.1m), and reimbursements recognised directly in the Income Statement of £0.5m (31 December 2022: £nil; 30 June 2023: £2.7m). In addition, £4.5m of costs in respect of JV legacy properties were recognised in the year. Further details of provisions movements are provided in note 11.

5. Net finance costs

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
	£m	£m	£m
Recognised in the Income Statement:			
Finance income			
Finance income on short term bank deposits	(23.1)	(8.1)	(22.0)
Other interest receivable	(0.9)	(0.7)	(1.8)
	(24.0)	(8.8)	(23.8)
Finance costs			
Interest on loans and borrowings	4.7	4.8	9.3
Imputed interest on long term payables	19.8	10.7	21.4
Finance charge on leased assets	0.9	0.6	1.2
Amortisation of facility fees	0.9	0.9	1.9
Other interest payable	0.3	0.5	1.1
	26.6	17.5	34.9
Net finance costs	2.6	8.7	11.1

The weighted average interest rates (excluding amortised fees and non-utilisation fees) were as follows:

	31 December 2023	31 December 2022	30 June 2023 (audited)
	%	%	%
USPP notes	2.8	2.8	2.8

6. Tax

The tax charge presented is the best estimate of the expected annual effective tax rate applied to the half year profit before tax, plus the impact of rate changes and prior year adjustments.

The effective rate of tax for the period, comprising corporation tax, RPDT and deferred tax was 27.7% (31 December 2022: 24.2%; 30 June 2023: 24.8%). The increase in the effective rate of tax was primarily driven by the increase in the UK corporation tax rate from 19.0% to 25.0% with effect from 1 April 2023.

As at 31 December 2023 the Group recognised a net deferred tax liability of £50.4m (31 December 2022: £44.0m liability; 30 June 2023: £53.5m liability).

7. Earnings per share

Earnings per share from continuing operations were as follows:

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
	pence	pence	pence
Basic earnings per share	7.1	37.7	53.2
Diluted earnings per share	7.0	37.1	52.6
Adjusted basic earnings per share	11.8	39.2	67.3
Adjusted diluted earnings per share	11.6	38.6	66.5

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

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

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

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
Profit attributable to ordinary shareholders of the Parent Company (£m)	68.8	380.5	530.3
Adjusted items (£m)	61.9	20.0	179.2
Tax on adjusted items (£m)	(15.9)	(4.9)	(39.3)
Adjusted profit attributable to ordinary shareholders of the Parent Company (£m)	114.8	395.6	670.2
Weighted average number of shares in issue (million)	974.5	1,013.2	1,000.1
Weighted average number of shares in EBT (million)	(4.5)	(4.4)	(3.8)
Weighted average number of shares for basic earnings per share (million)	970.0	1,008.8	996.3
Weighted average number of shares in issue (million)	974.5	1,013.2	1,000.1
Adjustment to assume conversion of all potentially dilutive shares (million)	13.6	11.3	8.4
Weighted average number of shares for diluted earnings per share (million)	988.1	1,024.5	1,008.5

8. Dividends

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
	£m	£m	£m
Amounts recognised as distributions to equity shareholders:			
Final dividend for the year ended 30 June 2022 of 25.7p per share	-	259.8	259.8
Final dividend for the year ended 30 June 2023 of 23.5p per share	228.0	-	-
Interim dividend for the year ended 30 June 2023 of 10.2p per share	-	-	100.2
Total dividends distributed to equity shareholders in the period	228.0	259.8	360.0

The interim dividend of 4.4 pence per share was approved by the Board on 6 February 2024 and has not been included as a liability as at 31 December 2023.

9. Inventories

	31 December 2023	31 December 2022	30 June 2023 (audited)
	£m	£m	£m
Land held for development	2,979.1	3,253.7	3,139.9
Construction work in progress	2,003.3	1,964.2	1,907.1
Promotion agreements work in progress	106.2	91.8	97.7
Part-exchange properties and other inventories	100.3	40.0	93.3
	5,188.9	5,349.7	5,238.0

Nature and carrying value of inventories

The Group's principal activities are housebuilding and commercial development. The majority of development activity is not contracted prior to a development commencing. Accordingly, the Group has in its Balance Sheet at 31 December 2023 current assets that are not covered by a forward sale. The Group's internal controls are designed to identify any developments where the balance sheet value of land and work in progress is more than either the projected net realisable value of the development or, if lower, its cost. The Group has conducted six-monthly reviews of the net realisable value of specific sites identified as at high risk of impairment, based upon a number of criteria including low site profit margins and sites with no forecast completions. Where the estimated net realisable value of a site was less than its current carrying value the Group has impaired the land and work in progress value to its net realisable value.

During the period, due to performance variations, changes in assumptions and changes to viability on individual sites, there were gross impairment charges of £1.6m and gross impairment reversals of £3.9m, resulting in a net reversal of impairment of £2.3m (31 December 2022: £2.1m impairment; 30 June 2023: £4.7m impairment) included within profit from operations.

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

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

Inventories include £11.3m (31 December 2022: £nil; 30 June 2023: £11.0m) in respect of properties currently occupied under the refugee support scheme.

10. Net cash

Net cash is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowing and prepaid fees. Net cash at the period end is shown below:

	31 December 2023	31 December 2022	30 June 2023 (audited)
	£m	£m	£m
Cash and cash equivalents	949.9	1,166.5	1,269.1
Drawn debt			
Borrowings			
Sterling USPP notes	(200.0)	(200.0)	(200.0)
Bank overdrafts	(0.3)	(2.0)	(3.4)
Total borrowings being total drawn debt	(200.3)	(202.0)	(203.4)
Prepaid fees	3.8	4.6	3.7
Net cash	753.4	969.1	1,069.4
Total borrowings at the period end are analysed as:			
Non-current borrowings	(200.0)	(200.0)	(200.0)
Current borrowings	(0.3)	(2.0)	(3.4)
Total borrowings being drawn debt	(200.3)	(202.0)	(203.4)

On 6 November 2023 the Group's £700.0m RCF was extended to November 2028. A further one-year extension period through to November 2029 is available, if agreed between the Group and its lenders.

Movement in net cash, including a reconciliation of liabilities arising from financing activities, is as follows:

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
	£m	£m	£m
Net decrease in cash and cash equivalents	(319.2)	(186.2)	(83.6)
Repayment/(drawdown) of borrowings:			
Loan and borrowings drawdowns	-	-	(3.4)
Loan and borrowings repayments	3.1	15.3	17.3
Other movements in borrowings:			
Movement in prepaid fees	0.1	1.4	0.5
Movement in net cash in the period	(316.0)	(169.5)	(69.2)
Opening net cash	1,069.4	1,138.6	1,138.6
Closing net cash	753.4	969.1	1,069.4

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

	31 December 2023	31 December 2022	30 June 2023 (audited)
	£m	£m	£m
Cash and cash equivalents	949.9	1,166.5	1,269.1
Bank overdrafts included in loans and borrowings	(0.3)	(2.0)	(3.4)
Cash, cash equivalents and bank overdrafts	949.6	1,164.5	1,265.7

11. Provisions

	Costs in relation to completed developments £m	Legacy properties – EWS and associated review £m	Legacy properties – reinforced concrete frames £m	Total £m
At 1 July 2023 (audited)	176.1	535.9	76.4	788.4
Net additions/(releases)	9.9	61.4	(3.5)	67.8
Sites reclassified to completed developments	5.8	-	-	5.8
Imputed interest	-	12.3	1.6	13.9
Utilisation in the period	(24.3)	(27.0)	(11.1)	(62.4)
At 31 December 2023	167.5	582.6	63.4	813.5

	31 December 2023	31 December 2022	30 June 2023 (audited)
	£m	£m	£m
Current	376.9	277.0	310.5
Non-current	436.6	350.1	477.9
	813.5	627.1	788.4

Costs associated with legacy properties

External wall systems and associated review

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

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

	30 June 2023	Identified for review	Review confirmed no remediation, or remediation completed	31 December 2023
Under review:				
Buildings above 18m	168	6	(1)	173
Buildings between 11 and 18m	110	12	(3)	119
Total buildings	278	18	(4)	292
Developments	89	7	(3)	93

This is a complex area requiring significant estimates with respect to the estimates for the number of buildings affected, the individual remediation requirements of each building and the costs associated with that remediation (see also note 15).

Following contact from building owners regarding potential issues, a net further 14 buildings with a height of over 11m were added to the scope of works in the period. This reflects a reduction in the rate at which new buildings are being identified in comparison to the period immediately following the signature of the Self-Remediation Terms on 13 March 2023. At 31 December 2023, of the 292 buildings in the portfolio under review, 151 were at tender, site mobilisation or were in the process of being remediated.

As investigations into, and remediation of, the remaining buildings in the programme continue under the PAS9980 regime, it is possible that a limited number will require more extensive remediation than initially expected, which will represent a higher cost per unit than the population average. Whilst existing provisions have more than covered the additional costs on such properties experienced over the last 6 months, we have received higher than expected tender returns in the period relating to future remediations. In addition, we have seen costs from the Building Safety Fund continue to be higher than initially communicated to us. Recognising this additional cost risk going forward, the Group has increased its overall EWS provision by £56.4m to cover the expected costs. A further £5.0m has been provided in respect of fire safety testing on three buildings on one development on which a unique external wall system has been installed (see note 15), to inform design of any remediation necessary on those buildings.

It is expected that the majority of the remediation will be completed over the next four-and-a-half years.

The investigation of the works required at many of the buildings is at an early stage and therefore it is possible that the scope of work required could change. If government legislation and regulation further evolve, or if the estimated timing of work is affected by building owner engagement or contractor availability, these estimates will change. In relation to the Scottish Safer Buildings Accord, signed on 31 May 2023, the external wall provision is recorded on the basis that the standard of remediation required in Scotland is consistent with England and Wales. This will be confirmed when the final contract with the Scottish Government is signed.

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

	Increase/(decrease) in provisions at 31 December 2023 £m
20% increase in estimated cost per plot	49.0
10% increase in the number of buildings on which a detailed cost assessment has yet to be performed	24.7
100 bps increase in discount rate	(12.4)

Reinforced concrete frames

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

In the prior year, structural issues were separately found at two developments where reinforced concrete frames were designed for us by a different engineering firm to that employed at Citiscap. The provision raised at 30 June 2023 of £7.6m remains management's best estimate of the cost of remediation. The buildings affected are still being assessed and therefore this provision may need to be increased in future periods (see note 15).

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

12. Financial instruments – fair value disclosures

The fair values of financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments. Other financial liabilities are subsequently measured at amortised cost using the 'effective interest rate' method.

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

	Half year ended 31 December 2023		Half year ended 31 December 2022		Year ended 30 June 2023 (audited)	
	£m		£m		£m	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Financial assets						
Cash and cash equivalents	949.9	949.9	1,166.5	1,166.5	1,269.1	1,269.1
Trade and other receivables ¹	89.3	89.3	112.7	112.7	118.7	118.7
Total financial assets	1,039.2	1,039.2	1,279.2	1,279.2	1,387.8	1,387.8
Financial liabilities						
Trade and other payables ²	826.5	859.9	1,197.8	1,219.5	1,086.6	1,119.5
Lease liabilities	45.6	45.6	39.9	39.9	46.2	46.2
Bank overdrafts	0.3	0.3	2.0	2.0	3.4	3.4
Loans and borrowings	182.5	200.0	179.1	200.0	170.7	200.0
Total financial liabilities	1,054.9	1,105.8	1,418.8	1,461.4	1,306.9	1,369.1

¹ Excludes amounts recoverable on contracts, prepayments and accrued income, and tax and social security.

² Excludes deferred income, payments received in excess of amounts recoverable on contracts, tax and social security and other non-financial liabilities.

13. Share capital

	31 December 2023	31 December 2022	30 June 2023 (audited)
Allotted, issued and fully paid 10p ordinary shares:			
£m	97.4	99.6	97.4
Number	974,585,856	996,260,881	974,584,613

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
Options over the Company's shares granted during the period:	number	number	number
LTPP	4,497,287	4,027,937	4,028,187
Sharesave	-	-	6,637,568
DBP	107,057	920,887	920,887
ELTIP	1,972,410	1,792,966	1,792,966
	6,576,754	6,741,790	13,379,608

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
Cancellation/allotment of shares during the period:	number	number	number
At the beginning of the period	974,584,613	1,022,562,819	1,022,562,819
Buyback and cancellation of shares	-	(26,302,739)	(47,985,293)
Issued to satisfy exercises under share option schemes	1,243	801	7,087
	974,585,856	996,260,881	974,584,613

14. Own shares reserve

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

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

	31 December 2023	31 December 2022	30 June 2023 (audited)
Ordinary shares in the Company held in the EBT (number)	5,275,875	2,088,659	4,998,602
Cost of shares held in the EBT (£m)	23.7	9.4	23.2
Market value of shares held in the EBT at 562.6p (31 December 2022: 396.8p; 30 June 2023: 413.5p) per share (£m)	29.7	8.3	20.7

During the period the EBT purchased 1,916,309 shares in the market (31 December 2022: no shares; 30 June 2023: 2,951,352 shares). The EBT disposed of 1,351,635 shares which were used to satisfy the vesting of the ELTIP and the LTPP schemes (31 December 2022: 3,213,408; 30 June 2023: 3,254,817 shares used to satisfy the vesting of the ELTIP, the DBP and the LTPP schemes). A further 287,401 shares were used in the period in settlement of exercises under Sharesave schemes (31 December 2022: 18,101, 30 June 2023: 18,101).

15. Contingent liabilities

External wall systems and associated review

As disclosed in note 11, on 13 March 2023, the Group signed the Self-Remediation Terms and Contract and is continuing to undertake a review of all of its current and legacy buildings where it has used EWS or cladding solutions. Approved inspectors signed off all of our buildings, including the EWS or cladding used, as compliant with the relevant building regulations at the time of completion.

At 31 December 2023, the Group held provisions of £582.6m (30 June 2023: £535.9m; 31 December 2022: £427.2m) in relation to EWS and associated reviews, based on management's best estimate of the cost and timing of remediation of in-scope buildings. It is possible that as remediation work proceeds, additional remedial works are required which do not relate to EWS or cladding solutions. Such works may not have been identified from the reviews and physical inspections undertaken to date and may only be identified when detailed remediation work is in progress. Therefore, the nature, timing and extent of any such costs was unknown at the balance sheet date.

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

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

During the first half of the financial year, we determined that for three buildings on one development, a full fire test of the external wall system will be required to ascertain how it can be appropriately certified under PAS 9980. The buildings have a unitised curtain wall system which has not been used elsewhere in the Group. It is anticipated that the results of this fire test will take approximately 12 months to be determined.

Should the results of the full fire test indicate that the buildings require remediation, there are a range of possible outcomes up to the full replacement of the curtain wall system. The timing of completion of these works would be dependent on the result of the fire test. At the balance sheet date, a provision is held for the cost of the fire test and some minor remediation works already identified. The current estimate of the range of incremental remediation costs is up to £90m. The upper end of the range would support full replacement of the unitised curtain wall system, but other approaches to remediation may be possible, potentially at a cost that is significantly lower.

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

Reinforced concrete frames

As disclosed in note 11, following the issues identified at Citiscape, the Group is conducting a review of developments designed by the same engineering firm or its associated companies. The Interim Financial Statements have been prepared based on currently available information; however, the detailed review is ongoing and the extent and cost of any remedial work may change as this work progresses.

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

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

Contingent liabilities related to subsidiaries

The Group has commitments for the purchase of trading stock entered into in the normal course of business, for which no liability is recognised until the goods are received.

Also 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 £435.6m (31 December 2022:

£428.8m; 30 June 2023: £412.7m), and confirm that at the date of these Interim Financial Statements the possibility of cash outflow is considered minimal.

Contingent liabilities related to joint ventures

The Group has given counter-indemnities in respect of performance bonds and financial guarantees to its joint ventures totalling £1.7m (31 December 2022: £9.9m; 30 June 2023: £9.5m).

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. At 31 December 2023 the probability of any loss to the Group resulting from these guarantees is considered to be remote.

Contingent liabilities related to legal claims

Provision is made for the Directors' best 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.

There were no contingent liabilities in respect of such claims at 31 December 2023, 31 December 2022 or 30 June 2023.

16. Related party transactions

Related party transactions for the period to 31 December 2023 are detailed below:

Transactions between the Group and its joint ventures

The Group has entered into transactions with its joint ventures as follows:

	31 December 2023	31 December 2022	30 June 2023 (audited)
	£m	£m	£m
Transactions between the Group and its JVs during the period:			
Charges in respect of development management and other services provided to JVs	(4.4)	(3.0)	(8.4)
Interest receivable/(payable) in respect of funding provided to JVs	0.9	(0.6)	(1.6)
Profit distributions received from JVs	1.9	18.9	34.8
Balances at the period end:			
Capital due from JVs	85.1	92.8	91.6
Net funding loans and interest due from JVs	89.5	100.3	66.5
Other amounts due from JVs	26.2	29.5	37.1
Loans and other amounts due to JVs	(0.9)	(1.6)	(0.5)

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.

The Group's contingent liabilities relating to its joint ventures are disclosed in note 15.

Transactions between the Group and its Directors

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

Transactions between the Group and key management personnel in the first half of the year ending 30 June 2024 were limited to those relating to remuneration, previously disclosed as part of the Remuneration report within the Group's Annual Report and Accounts for the year ended 30 June 2023. Options granted to executives and senior management under the LTPP and DBP schemes are disclosed in aggregate in note 13. There have been no other material changes to the arrangements between the Group and key management personnel.

There have been no related party transactions as defined in Listing Rule 11.1.5R for the period ended 31 December 2023.

17. Post balance sheet events

On 7 February 2024, the Group announced an offer to acquire the entire share capital of Redrow PLC through an all-share transaction. The transaction is subject to approval from the shareholders of both groups and the relevant regulatory bodies. Completion of the transaction is anticipated in the first half of FY25.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge these Interim Financial Statements have been prepared in accordance with IAS 34 as adopted by the UK. They also confirm that to the best of their knowledge that the Interim Management Report herein includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year) and DTR 4.2.8R (disclosure of related party transactions and changes thereto).

The Directors of Barratt Developments PLC are:

D F Thomas, Chief Executive
S J Boyes, Deputy Chief Executive and Chief Operating Officer
M I Scott, Chief Financial Officer
J F Lennox, Senior Independent Director
K Bickerstaffe, Non-Executive Director
J H Halai, Non-Executive Director
C L Silver, Non-Executive Chair
C P A Weston, Non-Executive Director
N M Webb, Non-Executive Director (appointed 1 October 2023)

The Half Yearly Financial Report was approved by the Board on 6 February 2024 and signed on its behalf by

D F Thomas
Chief Executive

Independent review report to Barratt Developments PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 December 2023 which comprises the Condensed Consolidated Income Statement, the Statement of Comprehensive Income, the Condensed Consolidated Statement of Changes in Shareholders' Equity, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Cash Flow Statement and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 31 December 2023 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with United Kingdom adopted international accounting standards. The condensed set of financial statements included in this Half Yearly Financial Report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The directors are responsible for preparing the Half Yearly Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Half Yearly Financial Report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the Half Yearly Financial Report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the Half Yearly Financial Report. Our Conclusion, including our Conclusion relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Statutory Auditor
London, United Kingdom
6 February 2024

Glossary & Definitions

Active outlet	A site with at least one plot for sale
AGM	Annual General Meeting
APMs	Alternative performance measures
ASP	Average selling price
BNG	Biodiversity Net Gain
CMA	Competition and Markets Authority
DBP	Deferred Bonus Plan
Dividend cover	Calculated as the ratio of the Group's profit or loss for the period attributable to the owners of the Company to total ordinary dividend
DTR	Disclosure Guidance and Transparency Rules
EBT	Barratt Developments Employee Benefit Trust
ELTIP	Employee Long Term Incentive Plan
EPC	Energy Performance Certificate
EPS	Earnings per share
EWS	External Wall System
FY	Refers to the financial year ended 30 June
HBF	Home Builders Federation
HTB	Help to Buy
HVO	Hydro-treated Vegetable Oil
HY	Refers to the half year ended 31 December
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IIR	Injury Incident Rate
JVs	Joint ventures
KPI	Key performance indicator
Land supply	Land supply is calculated as total owned (owned land and land subject to unconditional contracts) and controlled (land subject to conditional contracts) land bank plots divided by wholly owned completions in the last 12 months
Legacy property	A property constructed by the Group or one of its joint ventures for which the sale was completed in a prior period
LTPP	Long Term Performance Plan
MMC	Modern methods of construction
Net cash	Net cash / debt is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings, prepaid fees and foreign exchange swaps
Net tangible assets	Group net assets less other intangible assets and goodwill
NHBC	National House Building Council
PRS	Private Rental Sector
RCF	Revolving Credit Facility
RI	Reportable Items
ROCE	Return on capital employed calculated as earnings before amortisation, interest, tax, operating charges relating to the defined benefit pension scheme and operating adjusting or exceptional items, divided by average net assets adjusted for goodwill and intangibles, tax, cash, loans and borrowings, retirement benefit assets/obligations, derivative financial instruments and provisions in relation to legacy properties
RPDT	Residential Property Developer Tax
RPs	Registered Providers
Sharesave	Savings-Related Share Option Scheme
SHE	Safety, Health and the Environment
The Company	Barratt Developments PLC
The Group	Barratt Developments PLC and its subsidiary undertakings
Total completions	Unless otherwise stated total completions quoted include JV completions
UN	United Nations
USPP	US Private Placement

Definitions of alternative performance measures ('APMs') and reconciliation to IFRS

The Group uses a number of APMs that are not defined within IFRS. The Directors use these APMs, along with IFRS measures, to assess the operational performance of the Group as detailed in the 2023 Annual Report and Accounts in the key performance indicators section of the Strategic Report on pages 16 to 19. These APMs may not be directly comparable with similarly titled measures reported by other companies and they are not intended to be a substitute for, or superior to, IFRS measures. Definitions and reconciliations of the financial APMs used to IFRS measures, are included below:

Gross margin is defined as gross profit divided by revenue:

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
Revenue per Income Statement (£m)	1,850.8	2,783.9	5,321.4
Gross profit per Income Statement (£m)	238.5	630.3	974.9
Gross margin	12.9%	22.6%	18.3%

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

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
Revenue per Income Statement (£m)	1,850.8	2,783.9	5,321.4
Adjusted gross profit per table below Income Statement (£m)	295.9	647.9	1,130.4
Adjusted gross margin	16.0%	23.3%	21.2%

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

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
Revenue per Income Statement (£m)	1,850.8	2,783.9	5,321.4
Profit from operations per Income Statement (£m)	97.8	494.2	707.4
Operating margin	5.3%	17.8%	13.3%

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

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
Revenue per Income Statement (£m)	1,850.8	2,783.9	5,321.4
Adjusted operating profit per table below Income Statement (£m)	155.2	511.8	862.9
Adjusted operating margin	8.4%	18.4%	16.2%

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

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)
	£m	£m	£m
Profit attributable to ordinary shareholders of the Company	68.8	380.5	530.3
Net costs associated with legacy properties (note 4)	57.4	17.6	155.5
Costs associated with JV legacy properties (note 4)	4.5	2.4	23.7
Tax on adjusted items	(15.9)	(4.9)	(39.3)
Adjusted earnings	114.8	395.6	670.2

Net cash is defined in note 10.

ROCE is calculated as earnings before amortisation, interest, tax, and operating adjusting or exceptional items for the 12 months to December, divided by average net assets adjusted for goodwill and intangibles, tax, net cash, derivative financial instruments and provisions in relation to legacy properties:

	Half year ended 31 December 2023	Half year ended 31 December 2022	Year ended 30 June 2023 (audited)	Year calculated to 31 December 2023	Half year ended 31 December 2021	Year ended 30 June 2022 (audited)	Year calculated to 31 December 2022
	£m	£m	£m	£m	£m	£m	£m
Profit from operations	97.8	494.2	707.4	311.0	434.0	646.6	706.8
Amortisation of intangible assets	5.2	5.3	10.5	10.4	-	4.3	9.6
Adjusted net cost associated with legacy properties	57.4	17.6	155.5	195.3	15.9	408.2	409.9
Share of post-tax profit/(loss) from joint ventures and associates	-	16.0	8.8	(7.2)	13.6	23.3	25.7
Adjusted cost/(credit) related to JV legacy properties	4.5	2.4	23.7	25.8	1.5	4.3	5.2
Annualised earnings before amortisation, interest, tax, adjusted items and defined benefit scheme charges			905.9	535.3		1,086.7	1,157.2

	31 December 2023	31 December 2022	30 June 2023 (audited)	31 December 2021	30 June 2022 (audited)
	£m	£m	£m	£m	£m
Group net assets per Balance Sheet	5,439.6	5,656.6	5,596.4	5,589.7	5,631.3
Less:					
Other intangible assets Balance Sheet	(189.7)	(200.1)	(194.9)	(100.0)	(205.4)
Goodwill per Balance Sheet	(852.9)	(852.9)	(852.9)	(805.9)	(852.9)
Current tax (assets)/liabilities	(27.3)	(0.1)	(31.1)	(13.7)	(9.9)
Deferred tax liabilities/(assets)	50.4	44.0	53.5	9.9	45.1
Cash and cash equivalents	(949.9)	(1,166.5)	(1,269.1)	(1,336.3)	(1,352.7)
Loans and borrowings	200.3	202.0	203.4	208.7	217.3
Provisions in relation to legacy properties	646.0	485.3	612.3	73.6	479.5
Prepaid fees	(3.8)	(4.6)	(3.7)	(4.1)	(3.2)
Capital employed	4,312.7	4,163.7	4,113.9	3,621.9	3,949.1
Three point average capital employed	4,196.8	3,911.6	4,075.6	3,403.5	3,625.8

	31 December 2023	31 December 2022	30 June 2023 (audited)
Annualised earnings before amortisation, interest, tax, adjusted items and defined benefit scheme charges (from table above) (£m)	535.3	1,157.2	905.9
Three point average capital employed (from table above) (£m)	4,196.8	3,911.6	4,075.6
ROCE	12.8%	29.6%	22.2%

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

	31 December 2023	31 December 2022	30 June 2023 (audited)
Net cash (£m)	(753.4)	(969.1)	(1,069.4)
Land payables (£m)	367.2	622.3	506.7
Total indebtedness (£m)	(386.2)	(346.8)	(562.7)