4 February 2021

BARRATT DEVELOPMENTS PLC

Half year results for the six month period ended 31 December 2020

Strong first half delivery, well positioned for the second half

£m unless otherwise stated[1,2]	Half year ended 31 December 2020	Half year ended 31 December 2019	Change
Total completions (homes)[3]	9,077	8,314	9.2%
Revenue	2,494.7	2,266.2	10.1%
Profit from operations	422.9	421.7	0.3%
Adjusted operating margin[4]	20.3%	19.4%	90 bps
Operating margin[4]	17.0%	18.6%	(160 bps)
Profit before tax	430.2	423.0	1.7%
Basic earnings per share (pence)	34.3	33.8	1.5%
Interim dividend per share (pence)	7.5	-	
ROCE[4]	17.8%	29.3%	(1,150 bps)
Net cash[4]	1,106.7	433.8	155.1%

Highlights

- Record first half year home completions with 9,077 total completions[3], up 9.2%
- Recovery in adjusted operating margin to 20.3% (2019: 19.4%, H2 FY20: 5.9%) mainly driven by growth in completions, delivering adjusted profit before tax of £507.2m (2019: £440.8m). After adjusted items of £77.0m (2019: £17.8m), profit before tax was £430.2m (2019: £423.0m)
- Continued strong cash generation with period end net cash of £1,106.7m (2019: £433.8m) and land creditors reduced to £601.1m (2019: £830.8m) (21.2%; 2019: 27.4% of land bank) further strengthening our balance sheet
- Continued progress in maintaining our position as the leading national sustainable housebuilder; the only housebuilder to deliver improved annual CDP scores across all three categories this year (Forest, Water and Climate)
- Launched The Barratt Charitable Foundation to further support the communities in which we operate

Dividend resumed

- Following careful consideration, the Board has decided to resume dividend payments with an interim dividend of 7.5 pence per share and continues to target a full year dividend cover of 2.5 times

Current trading

- Net private reservations per active outlet per average week for January were 0.77, 7.2% below the equivalent period in 2020 (0.83) but 4.1% ahead of the equivalent reservation rate in 2019 of 0.74
- Strong total forward sales[3] as at 31 January 2021 of 14,289 homes (3 February 2020: 13,043 homes) at a value of £3,425.8m (3 February 2020: £3,027.1m) with 11,588 homes secured for completion beyond 31 March 2021
- Outlook for the full year remains in line with the Board's expectations with wholly owned completions expected to be between 15,250 and 15,750 homes with around 650 further joint venture home completions in FY21

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

"Our first priority remains keeping our colleagues and customers safe. Our customers are at the heart of everything we do and I would like to say a huge thank you to all of our employees and sub-contractors who have continued to deliver great quality homes and excellent customer service throughout these challenging times. We have achieved a fantastic first half performance, with a strong rebound in completion volumes and good progress towards our medium term targets.

We have also made a solid start to the second half and are now over 95% forward sold for our financial year. Whilst we are mindful of the continued economic uncertainties, the housing market fundamentals remain attractive and our outlook for the full year remains in line with expectations. We will continue to lead the industry in quality and service as we deliver the high quality sustainable homes and developments the country needs, creating jobs and supporting the economic recovery across England, Scotland and Wales".

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 5.1

Note on forward looking statements

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

This announcement contains inside information. The person responsible for arranging for the release of this announcement on behalf of Barratt Developments PLC is John Messenger (Group Investor Relations Director).

There will be an analyst conference call and webcast at 8.30am today.

Dial in UK toll free: 0808 109 0700

International dial in: +44 (0) 203 003 2666

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

https://webcast.merchantcantoscdn.com/webcaster/dyn/4000/7464/16532/125087/Lobby/default.htm

An archived version of the webcast will also be available on our website during the afternoon of 4 February 2021.

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, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

For further information please contact:

Barratt Developments PLC	
Jessica White, Chief Financial Officer	01530 278 259
Analyst/investor enquiries	
John Messenger, Group Investor Relations Director	07867 201 763
Media enquiries	
Tim Collins, Head of Corporate Communications	020 7299 4874
Brunswick	
Jonathan Glass / Rosie Oddy	020 7404 5959

Barratt Developments PLC LEI: 2138006R85VEOF5YNK29

Financial reporting calendar

The Group's next scheduled announcement of financial information is the trading update on 6 May 2021.

Chief Executive's Statement

Overview

We have delivered an excellent operational and financial performance in our first half. We have made rapid progress in increasing build activity and home completions after the unprecedented impact of COVID-19 and the first national lockdown in FY20. We are building homes the country needs, supporting and creating jobs, and aiding wider economic growth whilst delivering both operationally and financially for our stakeholders.

	H1 FY21	Medium term targets	Progress in the half year
Wholly owned completions	8,699 homes	Disciplined growth in wholly owned home completions towards 20,000 over the medium term, initially reversing COVID-19 disruption through sales and build driven recovery back to FY19 levels	• On track to deliver between 15,250 and 15,750 wholly owned home completions in FY21
Gross margin	20.6%	Land acquisition at a minimum 23% gross margin and optimising performance	• Excellent progress towards our margin target with additional momentum given first half home completions • Adjusted gross margin up 80 bps to 23.8% (2019: 23.0%)
ROCE	17.8%	Minimum of 25% delivered through improving margin and return to operating framework	• COVID-19 impact on H2 FY20 continues to dilute ROCE • ROCE at 17.8% for 12 months to 31 December 2020 - down 1,150 bps vs 31 December 2019 at 29.3% - ahead 220 bps vs 30 June 2020 at 15.6%

We are very proud to be the UK's leading national sustainable housebuilder and to consistently lead the industry in both customer service and build quality. We operate across England, Scotland and Wales through our three brands: Barratt Homes, David Wilson Homes and Barratt London. We strive to meet our customers' expectations and we believe that the high quality of our homes and our excellent customer service is fundamental to our ongoing success.

We remain committed to playing our part in addressing Britain's housing shortage and our completion recovery reflects this commitment and our growth aspirations. We delivered record half year completions with total completions[3] up 9.2% to 9,077. This growth reflected underlying market strength, pent up demand following the initial national lockdown and also demand resulting from the stamp duty holiday and the March 2021 end of Help to Buy for existing homeowners.

After the unprecedented challenges arising from COVID-19 in FY20 we are determined to rebuild our completion volumes to those delivered in FY19 as quickly as we can, whilst maintaining our disciplined approach and focus on customer service and quality, and thereafter will return to our medium term target of 20,000 wholly owned completions.

Through rebuilding our completion volumes we will recover our build, sales and operating overhead efficiencies and in doing so, unlock the attractive returns available within our high quality land bank. Our new product ranges and their continual refinement continue to underpin our land acquisition at a minimum of 23% gross margin. We also remain focused on driving further improvements in the efficiency of our operations, controlling costs whilst maintaining our focus on quality and customer satisfaction.

It is a credit to our construction teams across the country that not only did they deliver an excellent return to build activity from a standing start after the national lockdown, they have also continued to lead the industry on quality. For the sixteenth year in a row, we achieved more NHBC Pride in the Job Quality awards than any other builder.

As a result of our successful completion recovery and the underlying strength of our land bank, in the half year we delivered a 80 bps increase in adjusted gross margin to 23.8% (2019: 23.0%) and a 90 bps increase in adjusted operating margin to 20.3% (2019: 19.4%). During the period, as highlighted at the time of our FY20 results, we incurred £26.0m (2019: £nil) of adjusted items associated with the return of CJRS grant income and a charge of £51.0m (2019: £17.8m) associated with legacy properties. We therefore delivered a gross margin of 20.6% (2019: 22.2%) and an operating margin of 17.0% (2019: 18.6%). Profit from operations for the half year was £422.9m (2019: £421.7m).

Our ROCE of 17.8% (2019: 29.3%), whilst below our target of a minimum 25% over the medium term, recovered by 220 bps on the 15.6% reported to 30 June 2020. Our ROCE reflected both the depressed level of profitability from the second half of FY20 and the elevated level of work in progress created by the initial national lockdown. In this context we are satisfied with our ROCE performance but remain committed to recovering to our medium term target at the earliest opportunity. The ROCE recovery to date is also pleasing as our revised operating framework, including the significantly reduced level of land creditors, makes its recovery more challenging.

We have further strengthened our balance sheet and ended the half year with net cash of £1,106.7m (31 December 2019: £433.8m) and, in line with our operating framework, reduced land creditors of £601.1m (2019: £830.8m) (21.2%; 2019: 27.4% of land bank).

The discipline embedded within our operating framework and the financial strength which this has created, evidenced through the challenges created by COVID-19, enables us to keep investing in our business and the future of housebuilding.

Attractive housing market fundamentals

Despite economic uncertainties, the housing market fundamentals remain attractive. There is strong demand for new homes across the country and Government is still targeting the construction of 300,000 new homes each year.

For the industry to continue to increase supply it is important that consumers are able to access sustainable mortgage finance.

Throughout 2020 we saw a reduction in the number of mortgages and mortgage products available at higher loan to value (LTV), partly as a result of the increased demand for mortgages coming out of the first national lockdown and also reflecting increased activity after the introduction of the stamp duty holiday. Whilst the lending environment is broadly positive, with some signs of increased competition since the start of December, there remains an absence of mortgage lending at higher LTV levels from many of the mainstream lenders, particularly for home buyers unable to access Help to Buy.

There has also been an increase in mortgage interest rates outside those attached to Help to Buy home purchases, although they still remain attractive in a longer term context. The health of the housing market, and housebuilders' ability to build homes to meet demand relies on a strong and competitive mortgage market with a wide range of affordable and accessible mortgage options for home buyers. Absent an increase in LTV levels, Help To Buy is likely to become the only way into home ownership for many first time buyers.

Leadership in quality and customer service

We remain committed to playing our part in addressing the housing shortage. We design attractive developments that meet our high quality standards and will enhance local communities for years to come. We aim to continue to increase volumes whilst maintaining our industry-leading quality, and remain committed to investing in the future of housebuilding.

We believe our industry leadership in quality and customer service is fundamental to our business resilience and our quality has been externally recognised through a number of awards.

The NHBC Pride in the Job Awards recognise excellence in build quality and site management. In June 2020 our site managers were awarded 92 awards, more than any other housebuilder for the 16th consecutive year. In the subsequent Regional NHBC Pride in the Job Awards, Barratt secured seven out of the ten regional awards where we operate, an unprecedented achievement.

We are also the only major housebuilder to be awarded the maximum 5 Star rating by our customers in the HBF customer satisfaction survey for 11 years in a row.

In December 2020, we were named 'Large Housebuilder of the Year' at The Housebuilder Awards 2020. This is the second year in a row we have won this award and the third time we have secured this title in the last five years.

Investing in our people and recognising their commitment

We are committed to the development of our people, not just because it is the right thing to do, but because it is fundamental to our long-term success. As our industry continues to face a skills shortage, it is important to attract and retain the best people.

Our aim is to create a great place to work founded on an open and honest culture. We engage with our employees on a regular basis so we can understand their issues and concerns and address them. We carry out an annual engagement survey, further surveys throughout the year and consult with our Workforce Forum. Areas that we have consulted on this year include our response to COVID-19 and our enhanced working practices and protocols.

We continue to invest for the future and to develop award winning schemes including those for graduates, apprentices and former Armed Forces personnel, alongside our own Degree Apprenticeship in Residential Development and

Construction run in conjunction with Sheffield Hallam University. Our development programmes included 473 participants at 31 December 2020 and we have plans to grow these programmes significantly in 2021. We also continue to collaborate with the wider housebuilding industry. We actively participate in the Home Building Skills Partnership, the aims of which include attracting new entrants to the industry, providing the skills for today and the future, and supporting the supply chain in attracting and developing the skills they need to support our industry.

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 talents, skills and experience. This is embedded in delivering our Diversity and Inclusion Strategy, with identified targets in areas such as gender and ethnicity and an aim to improve in all areas. We also have a successful career development programme for high potential female employees.

We are an accredited Living Wage Employer, making us one of the first major housebuilders to receive the accreditation. The real Living Wage is different to the Government's National Minimum and Living Wage, as it is an independently calculated higher hourly rate of pay that is based on the actual cost of living. Receiving this accreditation demonstrates our commitment to our employees as well as our suppliers and subcontractors.

Delivering our long term commitment to quality and customer service rests with the effort and dedication of our employees across the country. We believe it is important that we recognise our colleagues' commitment, particularly after the challenges faced over the last year, and that we share the success of the business with the people who make it possible. Reflecting the challenges met and overcome in 2020, and to mark the milestone of completing our 500,000th home in late 2020, an award of 200 shares was made to all employees below managing director level. This is the third year in a row that the Board has recognised our employees' commitment and support in this way, following the special share award in 2019 to mark ten years of HBF 5 Star rating and our 60th anniversary share award in 2018.

Our financial performance

Half year results

The Group has delivered an excellent first half performance. Overall our sales rate in the period was 11.6% ahead at 0.77 (2019: 0.69) net private reservations per active outlet per week. Our sales rate over the six-month period moderated, as anticipated, with an exceptionally strong sales rate in the first quarter, reflecting both underlying demand strength and pent up demand post the national lockdown, followed by a more normalised sales rate in the second quarter.

During the half year, we operated from an average of 342 (2019: 372) active outlets including 8 (2019: 9) JV active sites, a reduction of 8.1% reflecting the delay to site starts created by the initial national lockdown period. We have made good progress on new site openings, launching 63 new outlets[3] (2019: 45 outlets) in the half year, ahead of our expectations. New outlet launches in the second half, along with those launched in the first half, are expected to support a stable average sales outlet position for the remainder of this financial year.

Total home completions[3] were a record level for the half year with 9,077 homes (2019: 8,314 homes) delivered to customers. Completion growth benefited from both the elevated level of working capital carried into the new financial year and our higher forward sales position, created by the initial national lockdown delaying completions.

The Group's completion mix was:

Completions (units)	**H1 FY21**	**H1 FY20**	**Change**
Private	6,903	6,301	9.6%
Affordable	1,796	1,699	5.7%
Wholly owned	**8,699**	**8,000**	**8.7%**
JV	378	314	20.4%
Total[3]	**9,077**	**8,314**	**9.2%**

As a result of the strong half year completion growth and based on current market conditions and site construction activity, we expect wholly owned completions to be between 15,250 and 15,750 homes in FY21, whilst maintaining our industry leading standards of build quality and customer service. We continue to expect affordable completions to represent c. 20% of our completion volumes this year.

Our private ASP was £319,500 (2019: £312,000) reflecting both a positive regional mix impact as well as low single digit house price inflation. The affordable ASP reduced by 9.2% to £145,300 (2019: £160,000) reflecting the change in geographic mix with a reduced level of affordable units delivered in London. As a result, total ASP was £283,500 (2019: £279,800).

We delivered an uplift of 80 bps in adjusted gross margin in the half year. This reflected both low single-digit house price growth and limited build cost inflation, as well as the strength of completion volume growth in the period, driving incremental fixed cost efficiency with each home completion delivering a contribution of c. 32% after land and build costs. As a result, our adjusted gross margin was 23.8% (2019: 23.0%).

Based on our full year completions guidance, with wholly owned completions in the second half expected to be between 19% and 25% lower than our first half, our second half is expected to see some reversal of the cost efficiency experienced in the first half.

In line with our commitment to put customers first and reflecting the Board decision to repay CJRS grant income received during the first national lockdown, adjusted item costs of £79.1m (2019: £17.8m) were recognised through cost of sales in the period. This resulted in a reported gross margin of 20.6% (2019: 22.2%).

We have sought to minimise cost growth in our administrative expenses with limited underlying inflationary costs. Costs have increased from that experienced in the second half of FY20 due to director and employee incentive schemes, which were cancelled or did not vest in the second half due to the pandemic, as well as a reduced level of sundry income. Administrative costs in the half year were £94.3m (2019: £83.9m). We now expect net administrative expenses for FY21 will be around £200m.

Adjusted operating profit increased by £65.7m to £505.2m (2019: £439.5m) as a result of our increased completion delivery, the improvement in adjusted gross margin and tight control of administrative expenses in the period.

The improvement in adjusted operating margin reflected a number of factors:

- **Regional trading:** our margin initiatives continue to drive underlying improvement, including the continued transition to sites using our new and continually refined standard house types, increasing margin by 60bps;
- **Site extension costs:** reflecting an extension in site durations, the charge across our completions created an 80 bps negative margin impact;
- **Net impact of build cost relative to selling prices**: low single-digit house price inflation, offset by limited build cost inflation produced a 100 bps positive margin improvement;
- **Sales mix and other items:** other factors, including a change in sales mix and the withdrawal from Central London, resulted in a 50 bps improvement to margin; and
- **Administrative expenses**: the change in administrative expenses resulted in a 40 bps negative margin impact, reflecting additional costs accrued in respect of performance incentive schemes as well as reduced sundry income.

Our adjusted operating margin, as a result, increased by 90 bps to 20.3% (2019: 19.4%). After adjusted items, the reported operating margin for the half year was 17.0% (2019: 18.6%).

Net finance charges were in line with the prior period at £14.8m (2019: £14.1m). The cash finance charge was £4.9m (2019: £3.1m) with non-cash charges of £9.9m (2019: £11.0m). We continue to expect FY21 net finance costs to be around £30m, comprising £10m of cash and £20m of non-cash charges.

In the half year, the Group's share of JV profit was £22.1m (2019: £15.4m). We continue to expect to deliver around 650 JV completions in FY21.

Profit before tax increased by 1.7% to £430.2m (2019: £423.0m) and the Group recognised £81.2m of tax charges at an effective rate of 18.9% (2019: 18.4%). Basic earnings per share increased by 1.5% to 34.3 pence per share (2019: 33.8 pence per share).

Adjusted items

There were two adjusted items recognised during the half year, being costs associated with legacy properties and the reversal of grant income received under the CJRS in FY20.

Cost associated with legacy properties: the Group incurred an additional £56.3m (2019: £17.8m) of costs in the half year in relation to legacy properties, and a credit of £5.3m in relation to legacy properties in joint ventures.

The largest component of charges in the period related to Citiscape and the associated review, announced in July 2020, which is now substantially complete and has not identified any other buildings with issues as severe as those present at Citiscape. Detailed reviews are ongoing and, in line with our commitment to put our customers first we will ensure that the costs associated with any remedial works from these reviews are not borne by leaseholders.

Additionally, with the evolving Government advice on fire safety for multi-storey buildings, we continue to work with building owners and management companies on the assessment of buildings we have constructed. We have borne the cost of some remedial works at a small number of developments where we have a legal liability to do so or where relevant build issues have been identified.

We recognise that the complex issues surrounding fire safety guidance have caused distress for affected homeowners, and that a long term industry-wide solution is required. We understand that the Government is considering various options to provide this long term solution and we will continue to work with Government as we have done to date being founding signatories to the Building Safety Charter and active members of the Early Adopters Group, which is committed to protect life by putting safety first ahead of all other building priorities.

CJRS grant income: The Board decided on 5 July 2020 to repay all furlough funds received during the first national lockdown. With the decision to repay CJRS funds taken after the year end, we have recognised the reversal of the total grant income of £26.0m received in FY20 as an adjusted item in H1 FY21.

Capital structure and operating framework

We continue to maintain an appropriate capital structure reflecting our disciplined operating framework to ensure our balance sheet strength. Our capital structure remains centred on shareholders' funds and land creditors funding the longer term requirements of the business with term loans and bank debt funding shorter term requirements for working capital.

In order to maintain a resilient balance sheet, our operating framework is to hold average net cash over the financial year and to be cash positive at year end. We have achieved a half year total indebtedness (net cash and land creditors combined) surplus of £505.6m (31 December 2019: total indebtedness of £397.0m).

Our net cash balance of £1,106.7m (31 December 2019: £433.8m), reflected the strength of underlying operating cash generation, the reversal of elevated working capital investment carried at 30 June 2020, the decision not to pay dividends in respect of FY20 partially offset by significant land creditor payments. We now expect year end net cash of between £700 - £750m as a result of improved trading but reflecting too, increased land and working capital investment in the second half to support our growth plans beyond FY21, as well as the payment of the interim dividend. Average net cash in FY21 is now expected to be approximately £700m.

Whilst we continue to defer payment for some land purchases to meet land vendor aspirations and drive a higher ROCE, we are in line with our operating framework level. As at 31 December 2020 land creditors totalled £601.1m (31 December 2019: £830.8m) and equated to 21.2% (31 December 2019: 27.4%) of the owned land bank. Land creditors falling due within the next 12 months totalled £333.6m at 31 December 2020.

Our operating framework, revised with our FY20 results, remains unchanged looking forward and progress over both the last six and twelve month periods is shown below:

	Operating framework	**Position at 31 December vs 30 June 2020**	**Position at 31 December 2019**
Land bank[A]	c. 3.5 years owned and c. 1.0 year controlled	5.0 years owned and 0.9 years controlled (2020: 5.7 years owned and 1.0 year controlled)	3.7 years owned and 0.9 years controlled
Land creditors	Reduce usage to 15 - 25% of the land bank over medium term	21.2% (2020: 25.4%)	2019: 27.4%
Net cash	Modest average net cash over the financial year	£548m over six months ending 31 December 2020 (£348m over twelve months ending 30 June 2020)	£458m over six months ending 31 December 2019
	Year end net cash	£1,106.7m (2020: £308.2m)	£433.8m
Total indebtedness (net cash and land creditors)	Minimal year end total indebtedness in the medium term	Total net surplus of £505.6m (2020: Total indebtedness of £483.7m)	Total indebtedness of £397.0m
Treasury	Appropriate financing facilities	£700m RCF extended to November 2024 £200m USPP maturing 2027	£700m RCF extended to November 2024 £200m USPP maturing 2027
Dividend policy	2.5x dividend cover	FY21 interim dividend proposed of 7.5p (No FY20 dividend)	No FY20 interim dividend

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 £4,298.2m and £4.22 per share, (2019: £3,941.5m and £3.87p per share) of which land, net of land creditors, and work in progress, totalled £3,835.2m and £3.77 per share (2019: £4,005.8m and £3.93p per share).

The key dimensions underpinning delivery of our strategy

Land and planning

Our land bank is the foundation of our future operational and financial performance. Throughout the period, we have focussed on optimising our existing land bank to balance site duration and our build and sales capacity across our portfolio. This has included:

- Introducing, where appropriate, additional dual branding with both the Barratt and David Wilson product ranges and sales offices, to ensure the most efficient use of our land bank;
- Reviewing house type designs in response to changing market trends and continuous customer feedback; and
- Re-planning sites to ensure we optimise both selling areas and adopt our most popular and most efficient house types to deliver both the most advantageous use of space and the most attractive street scenes for our customers.

Following our return to the land market, in August 2020, we have been disciplined and selective in our land purchasing and have approved £254.0m (2019: £406.1m) of operational land for purchase, which equates to 5,635 plots (2019: 9,242 plots) on 35 (2019: 44) new sites in attractive geographical locations that meet our hurdle rates. For FY21 we expect to approve between 14,000 and 16,000 plots of operational land (2019: 9,441) with this returning to more normal levels of between 18,000 and 20,000 plots in FY22.

We are now seeing a greater range of land buying opportunities come to market and have a good pipeline of offers accepted on additional sites. We spent around £320m on land during the half year and continue to expect to invest c. £850m on land in FY21, in line with previous guidance.

We continue to target a regionally balanced land portfolio with a supply of owned land of c. 3.5 years and a further c. 1.0 year of controlled land. Our target of a shorter than sector average land bank recognises our focus on ROCE and our fast build and sell model. Reflecting the impact of the national lockdown on completions in H2 FY20 and despite the recovery delivered in the first half, we remain above this target with 5.9 years land supply comprising 5.0 years owned land and 0.9 years of controlled land, with the owned land bank including land with both outline and detailed planning consents.

Our land bank at 31 December comprised:

Our land bank	**31 December 2020**	**31 December 2019**
Plots with detailed planning consent	54,079	51,929
Plots with outline planning consent	9,846	13,462
Plots with resolution to grant and other	235	337
Owned and unconditional land bank (plots)	**64,160**	**65,728**
Conditionally contracted land bank (plots)	11,450	15,118
Total owned and controlled land bank (plots)	**75,610**	**80,846**
Number of years' supply (A)	**5.9**	**4.6**
JVs owned and controlled land bank (plots)	5,010	5,656
Strategic land (acres)	13,232	12,988
Land bank carrying value	£2,836.7m	£3,036.3m

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 2020, the ASP of plots in our owned land bank was £275k (2019: £277k).

During the half year we delivered 2,149 (2019: 1,942) completions from strategically sourced land, and we converted 1,106 plots (2019: 2,421 plots) of strategic land into our owned and controlled land bank. Around 29% of our strategic land is allocated or included in draft in local plans. We continue to target 30% of completions from strategic land in the medium term, which we believe is an appropriate level for our business.

The vast majority of our owned and unconditional land bank plots have detailed planning consent and the deliverability of these plots supports sales outlet numbers both now and into the future. We are well positioned for our next financial year, with almost all of our expected FY22 completions (2019: 98% of FY21 completions) having outline or detailed planning consent.

Rebuilding site based construction activity
The potential of our land bank can only be unlocked through an efficient build process and we are pleased with the way our business has rebuilt activity from the complete shutdown which was required during the first national lockdown in March 2020. It is a testament to the strength and commitment of our construction teams, our sub-contractors, many of whom have worked with Barratt for many years, and our supply chain partners that we have recovered our site based construction activity.

As a result, construction activity, in the first half was slightly ahead of planned output, with an average of 298 equivalent homes, including JV's constructed each week. We enter the second half with a reduced level of work in progress carried forward at 31 December 2020 compared with the position at 30 June 2020 and, as a result, a greater reliance on construction activity in the half year ahead.

Our long standing commitment to quality is the focus of our teams across our business. Through the year to 31 December 2020 and measured against the major housebuilders, constructing more than 1,000 homes annually, our sites have secured:

- The lowest Reportable Items per NHBC inspection; and
- The lowest Builder Responsible Items per NHBC completed home inspection.

These external benchmarks complement the quality recognised through the NHBC Pride in the Job Awards for site management. In June 2020 our site managers were awarded 92 awards, more than any other housebuilder for the 16th consecutive year. In the subsequent Regional NHBC Pride in the Job Awards, in Autumn 2020, Barratt secured seven out of the ten regional awards where we operate, an unprecedented achievement for us.

We remain committed to increasing the number of homes we build using MMC to increase efficiency and to help mitigate the challenges posed by the shortage of skilled workers within the industry. We continue to develop, trial and implement MMC. In the first half we built and sold 18.4% of homes using timber frame or large format block (2019: 17.6%). We remain on track with our target to use MMC to build 25% of our homes by 2025.

Improving efficiency and reducing costs
Improving the efficiency of our operations and controlling costs, whilst maintaining our focus on quality and customer satisfaction, remains a key focus for the Group, enhancing our margin and improving our operational and financial resilience.

Our new housetype ranges, which are subject to continuous refinement, maintain our high standards of design whilst being faster to build, helping us to reduce build cost and waste and are more suitable for MMC.

Through our sales teams and regular home buyer surveys we also continue to monitor changing home buyer priorities and requirements, particularly with respect to working from home and other lifestyle changes, which may have an enduring impact on home buyer preferences following the pandemic.

We delivered 5,376 completions (2019: 4,491 completions) from these ranges across the country in the half year. Of our outlets, 83% (2019: 76%) have the new product ranges and we expect to deliver around 10,000 completions from these ranges in FY21.

Over the next few years, we expect that c. 90% of our outlets will be suitable for our new product ranges equating to c. 85% of our completions. Our continually refined house type ranges cover all segments of our market providing us with the flexibility to replan sites to suit market conditions and meet changing consumer demands should the need arise.

We also continue to make further refinements to our housing ranges in response to the changing costs of certain trades and materials, without affecting our quality or design standards. As part of our continuous review process, we have introduced improvements to some of our standard house types, which reduce the amount of brickwork required and optimise internal floor plans, to achieve more usable living space from the same house footprint and increase profitability.

We have a robust and carefully managed supply chain with more than 90% of the housebuild materials sourced by our centralised procurement function being manufactured or assembled in the UK.

We have fixed price agreements in place for almost all of these materials to June 2021 and 37% are fixed until December 2021. We continue to anticipate inflation of between 1% and 2% in FY21. We also continue to see limited pressure on skilled labour supply given the impact of COVID-19 with any shortages being location and trade specific.

Health and safety

Our fundamental priority is to provide a safe working environment for all of our employees and sub-contractors. We are committed to achieving the highest industry health and safety standard and the wellbeing of our people is paramount to us.

We are committed to improving our processes and procedures, challenging unsafe behaviours and looking at ways we can further improve standards. We therefore welcome that in the 12 months to 31 December 2020, our reportable injury incidence rate reduced to 305 (2019: 330) per 100,000 workers and our Health and Safety SHE audit compliance rate was 96% (12 months to 31 December 2019: 96%).

Following the outbreak of COVID-19 we fundamentally reassessed site risks, particularly around social distancing. This resulted in our industry-leading and British Safety Council accredited COVID-secure policies and protocols, which are fully embedded across our business and underscore our priority to keep our employees, sub-contractors, suppliers and customers safe. We continue to manage the operational challenges created by COVID-19 across our business including providing flexibility for those with childcare responsibilities and supporting our clinically extremely vulnerable employees who are unable to work from home.

Under the latest regulations to address the recent increase in coronavirus infections, we are able to continue site based construction across Britain. Our sales offices continue to operate on an appointment basis in England and Scotland but have been required to close in Wales.

Sustainability

Our aim is to maintain our position as the leading national sustainable housebuilder, connecting social, environmental and economic value through our commitment to sustainability, creating a strong and resilient business for the future and delivering long term value for our stakeholders.

As previously announced, based on our stakeholders' views we adopted a number of the UN Sustainable Development Goals, after researching their relevance to the UK, our sector, and how they link to what matters most to our stakeholders, and our priorities and principles. We will report on our progress on these in our Annual Report and Accounts for the year ended 30 June 2021.

In recognition of the transparency of our sustainability disclosures, in 2020 we achieved our highest results for our CDP submissions and we were the only housebuilder to have improved our scores from the previous year in all three disclosures. This year, we scored A- in the 'Climate' category and moved into the leadership level, B for the 'Forest' category and B- for the 'Water' category, which we submitted voluntarily for the first time.

Reducing carbon emissions

We recognise the contribution we can make to the UK's net zero by 2050 target which is why we were the first national housebuilder to publish science-based carbon reduction targets and subsequently had them officially approved by the Science Based Targets Initiative.

In our own operations we are targeting a reduction in carbon emissions of 29% from FY18 to FY25 and reduce indirect carbon emissions by 24% per m^2 including from our supply chain and our homes in use by 2030.

We have also committed to purchase 100% of our operational electricity from renewable sources by 2025. Just over half of the electricity we purchase for our offices and construction sites is already from renewables and achieving the new 100% target will help us reduce emissions further.

Taking these commitments further, in June 2020, we announced that by 2040 we will be a net zero emissions business covering all of our direct operations. We are identifying the solutions to achieving these reductions, for example, by reducing our red diesel use, maximising our purchase of electricity from renewable tariffs and engaging our supply chain.

We have committed to delivering low carbon homes for our customers and have set a new target to ensure all housetypes will be zero carbon from 2030. This will be achieved through better insulation, more efficient services and new low carbon technology.

These targets and our constant commitment to lead the industry in both quality and sustainability means that our customers will live in high quality, low carbon, energy efficient homes which have a lower impact on our environment and are cheaper to run.

Research and innovation continues to be a priority for the business. In November 2020, we officially launched our Energy House 2.0 house project with Salford University, a leading project to test the technology needed to deliver a step change in delivering low carbon homes and places.

We are continuing to work with Innovate UK on AIMCH, a research project to compare issues such as embodied carbon in homes and the generation of waste between offsite and traditional build methods. We are actively looking at how we can meet the now confirmed requirements of the Future Homes Standard and design homes that will no longer be connected to the gas grid.

Biodiversity

We are continuing to create a net positive impact for ecology and biodiversity across all new developments that we have progressed through planning from 2020 onwards and have strengthened our strategic partnership with the RSPB, mandating all new showhome gardens to achieve at least a 'Bronze' level against RSPB criteria. We have also continued to provide support for our customers and employees on how to continue to give nature a home even throughout the COVID-19 lockdown period.

Immediate sustainability priorities

Waste and diesel

In response to the increase in waste intensity figures reported at the end of FY20 a new operational waste strategy has been put in place, with continuous scrutiny of the progress against site-level improvement plans and identification of where further actions are required.

Red diesel, which makes up close to 60% of our operational carbon emissions is also an immediate priority. We are using newly available telematics reports from our plant hire companies to establish issues such as idling time, and working to identify the solutions. We continue to work with suppliers of low carbon construction tools and fuels for new opportunities.

Employee engagement

Communication and advocacy from our employees have been identified as key pillars of our sustainability strategy. To promote awareness and educate colleagues on how they can live more sustainably in their own lives, particularly when homeworking due to COVID-19, in October we launched a unique Barratt eco-calculator. We intend to continue with rolling engagement initiatives and activities.

Refreshing our framework

Our current sustainability framework is strong, however given the importance of this area both for our customers and wider society, we have begun work to refresh it. This has involved a thorough review of current and emerging legislation, investor expectations, emerging social trends and business requirements.

By incorporating these into the refreshed framework, we will ensure that we are driving the most important actions for the business in key ESG areas, thereby creating value for our stakeholders and reinforcing our position as the leading national sustainable housebuilder.

Charitable giving

We are committed to creating a positive legacy in the communities in which we live and work and we aim to be industry leading in our approach to charitable giving and social responsibility. We believe it is important to support charitable causes both locally and nationally and we actively promote charitable giving and volunteering amongst our employees. In FY20 we raised and donated £4.4m (FY19: £2.9m) for charitable causes.

We want our charitable giving to grow which is why we have launched the Barratt Developments PLC Charitable Foundation. The Barratt Foundation has been established as an umbrella body for all of the work that the Group as a whole does in supporting local and national charities across the country. It will improve the way in which we work in our communities and how we help those in need.

The Foundation has adopted a general charitable purpose, which means that it is able to donate to a wide variety of charities within the UK. The intention however is to focus on making donations to charities that specialise in promoting social inclusion, promoting physical and mental health, helping the environment and nature and education.

The Foundation will enhance and improve our charitable giving on a local and national basis but it will also support our divisions and individual employees in their fundraising efforts. It will also administer the Barratt & David Wilson Community Fund through which each of our divisions and Group support functions give £1,000 a month to charities local to them or their sites. The Community Fund was launched in January 2019 and has already donated more than £550,000 to local charities and organisations to support and improve communities and leave a positive legacy in the areas in which we work.

To mark the launch of the new Barratt Foundation, and to celebrate the construction of our 500,000th home, we committed to donate £500,000 split between ten charities. The charities were chosen by our workforce forum and the Barratt Foundation trustees and then employees voted to decide how the funding was allocated.

Over the last calendar year, helping charities has been more important than ever as many have had their funding substantially reduced during the COVID-19 pandemic. Because of this we have continued to help a wide range of charities with additional donations, including donating to St Mungo's for emergency homelessness support and to The Big Issue Emergency Appeal.

This is in addition to our Big Barratt NHS Thank You, under which we provide a deposit contribution to NHS workers trying to get onto the property ladder. To date the NHS Thank You has funded over £21.7m of deposit contributions and we recently extended the scheme for six months.

Dividend resumed

After what has been an unprecedented and challenging period, our business has demonstrated its operational strength and financial resilience. Our disciplined operating framework and the speed of management decision making and actions, both at the start of the pandemic and thereafter, have delivered both a rapid and robust recovery and a further strengthened balance sheet.

The Board, in light of this performance, and whilst recognising uncertainties remain ahead, is delighted to declare an interim dividend of 7.5 pence per share (2019: nil). The interim dividend will be paid on Monday 10 May 2021 to all shareholders on the register on Friday 16 April 2021.

The Board continues to target a full year dividend based on a dividend cover of 2.5 times full year earnings.

Current trading and outlook

We have had a solid start to our second half with 264 net private reservations per average week (2020: 294; 2019: 284) and operated from an average of 343 outlets (2020: 355; 2019: 385). This resulted in a net private reservations per active outlet per average week of 0.77 (2020: 0.83; 2019: 0.74). The reduction in part reflects the limited product availability for home completions this financial year, given the strength of our forward order book and our focus on delivering the high quality homes and service our home purchasers expect.

We are over 95% forward sold for this financial year. Our total forward sales[3] as at 31 January 2021 were 14,289 homes (2 February 2020: 13,043 homes; 3 February 2019: 13,194 homes) at a value of £3,425.8m (2 February 2020: £3,027.1m; 3 February 2019: £3,021.0m) and comprised:

	1 February 2021		2 February 2020		Variance %	
	£m	**Homes**	**£m**	**Homes**	**£m**	**Homes**
Private	1,933.6	5,769	1,593.7	4,984	21.3	15.8
Affordable	1,242.4	7,746	1,118.7	7,127	11.1	8.7
Wholly owned	**3,176.0**	**13,515**	**2,712.4**	**12,111**	**17.1**	**11.6**
JV	249.8	774	314.7	932	(20.6)	(17.0)
Total	**3,425.8**	**14,289**	**3,027.1**	**13,043**	**13.2**	**9.6**

	Current Year		Prior Year		Variance %	
	Private	**Total**	**Private**	**Total**	**Private**	**Total**
31 December	5,104	13,588	3,997	11,885	27.7	14.3
Reservations	1,169	1,330	1,385	1,641	(16.0)	(19.0)
Completions	(504)	(629)	(398)	(483)	26.6	30.2
31 Jan / 2 Feb	**5,769**	**14,289**	**4,984**	**13,043**	**15.8**	**9.6**

The business is in a strong position with substantial net cash, a well-capitalised balance sheet, a healthy forward sales position, a continued focus on delivery of operational improvements across our business and an ongoing commitment to deliver high quality homes across the country. Nevertheless, we are mindful of the continued economic uncertainties arising from COVID-19 and the UK's new trading arrangement with the EU, together with the end of the stamp duty holiday and the changes to Help to Buy at the end of March.

As we said in January, based on current market conditions and site construction activity, we continue to expect wholly owned completions to be between 15,250 and 15,750 homes in FY21, whilst ensuring we maintain our industry leading standards of quality and service. We expect a lower level of completions in our second half relative to our first half reflecting the reduced level of work in progress carried forward at December 2020 compared to June 2020 and, as a result, a greater reliance on construction activity in the half year ahead. In addition we continue to expect to deliver around 650 home completions from our joint ventures.

We are focused on rebuilding our completion volumes to our medium term target and current capacity of 20,000 homes. This, coupled with our land acquisition in recent years at a minimum 23% gross margin and our ongoing focus on operating efficiencies, support our continued target of a minimum 25% ROCE in the medium term.

The Board will continue to monitor the market and wider economy but believes that our operating performance and further strengthened financial position provide us with the resilience and flexibility to react to changes in the operating environment in both FY21 and beyond and the outlook for the full year remains in line with the Board's expectations.

David Thomas
Chief Executive
3 February 2021

Principal risks and uncertainties

The Group's financial and operational performance and reputation is subject to a number of potential risks and uncertainties, which could, either separately or in combination, have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results and shareholder returns to differ materially from expected and historical results.

COVID-19 presents a risk to the health and safety of our employees, sub-contractors and customers. The Group prioritises health and safety and has embedded COVID-19 working practices and protocols in line with the latest guidance from the Government, Public Health Authorities and the Construction Leadership Council.

In addition, the pandemic has heightened the Group's other principal risks. It has required the Group to quickly adapt to a new working environment, involving changes to construction methods and IT systems, coupled with economic uncertainty and challenges for our supply chain. After careful consideration, the Board has included the risk of a significant unexpected event affecting multiple locations, such as a further pandemic or the failure of national infrastructure as a new principal risk in the half year.

Government advice on fire safety for multi-storey buildings continues to evolve and there are likely to be further changes to the legislation and regulation of current guidance. All of our buildings, including the cladding used, were signed off by approved inspectors as compliant with the relevant Building Regulations at the time of completion. In light of the current guidance we continue to work with building owners and management companies to review our legacy developments. We have provided for the cost of assisting with remedial work identified at a limited number of legacy properties where we have a legal liability to do so or where relevant build issues have been identified. The amounts provided reflect the current best estimate of the extent and future costs of work required, however these estimates may be updated as work progresses or if Government legislation and regulation further evolves.

The consequences of the withdrawal of the UK from the EU on the economic environment and the availability of raw materials, subcontractors and suppliers remains uncertain. The Board continues to monitor changes in these risks and to take appropriate action.

Climate change presents an ever increasing focus for both the Government and wider society. For our business, the risk from climate change presents itself in a number of principal areas. Transition risks and opportunities are those relating to actions the business takes as a result of policy, legal and technological changes to meet the challenge of operating in a lower carbon economy. These include the risks to construction from the use of new technology and materials aimed at reducing carbon emissions. These risk areas are embedded within the Group's risk management process in a number of areas, including, Construction, Availability of raw materials, sub-contractors and suppliers and Government planning and regulation. Physical risks and opportunities relate to the effects of changing climate on assets and supply chain disruption, which can impact on the comfortable heating of homes and the ability of developments to withstand extreme weather events such as heavy rainfall. Following the Government response to the Future Homes Standard consultation in January 2021 the Board has elevated climate change to a principal risk. The Future Homes Standard will require new homes to be 31% more energy efficient from 2021, to achieve a 75%-80% reduction in carbon emissions and be zero carbon ready by 2025. As part of this, from 2025, gas boilers will be prohibited in new homes.

Reputational risk could potentially arise from a number of sources including external and internal influences relating to the housebuilding sector which 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 mitigating actions to minimise those risks.

Save as set out above, 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 2020.

Further details of the Group's principal risks and mitigation of the risks outlined below can be found on pages 71 to 78 of the Annual Report and Accounts for the year ended 30 June 2020, which is available at www.barrattdevelopments.co.uk.

Principal Risks

Economic environment, including housing demand and mortgage availability

Changes in the UK and European macroeconomic environments, may lead to falling demand or tightened mortgage availability, on which the majority of our customers are reliant, reducing the affordability of our homes.

Land availability

The inability to secure sufficient consented land and strategic land options at appropriate cost and quality in the right locations which enhance communities.

Government regulation and planning policy

Changes in the regulatory environment affect the conditions and time taken to obtain planning approval and technical requirements including Building Regulations, increasing the challenge of providing quality homes where they are most needed.

Joint ventures and consortia

The Group can facilitate large or complex developments through joint ventures or consortia arrangements, allowing the provision of housing in particular areas of need by sharing risk and capital requirements.

Construction

Failure to achieve excellence in construction, through delays from adverse conditions, a failure to identify cost overruns promptly, design and construction defects, and deviation from environmental standards.

Availability of raw materials, sub-contractors and suppliers

Shortages or increased costs of materials and skilled labour, the failure of a key supplier or the inability to secure supplies on appropriate credit terms.

Safety, health and environment

Health and safety or environmental breaches can result in incidents affecting employees, sub-contractors and site visitors and undermine the creation of a great place to work.

Attracting and retaining high calibre employees

Failure to recruit and/or retain the best people so that both our employees and the business can benefit from the available development opportunities.

Availability of finance and working capital

Unavailability of sufficient borrowing and surety facilities to settle liabilities, manage working capital, respond to changes in the economic environment, and take advantage of appropriate land buying and operational opportunities to deliver strategic priorities.

IT

The Group continues to integrate its IT systems to enhance control and drive efficiency. The failure of any of these systems, in particular those relating to customer information, surveying and valuation, could restrict the Group's operations and disrupt progress in its strategic priorities. Failure to comply with data regulations could also incur significant financial penalties and reputational damage.

Significant nationwide unexpected event affecting multiple locations

A significant unexpected event, such as the COVID-19 pandemic or the failure of national infrastructure, could have a material impact on our business.

Climate change

Climate change presents risks from both transition risks and physical risks. Transition risks relate to actions the business takes as a result of policy, legal and technological changes to meet the challenge of operating in a lower carbon economy. These include the risks to construction from the use of new technology and materials aimed at reducing carbon emissions. Physical risks relate to the effects of changing climate on assets and supply chain disruption, which can impact on the comfortable heating of homes and the ability of developments to withstand extreme weather events such as heavy rainfall.

Emerging Risk

Social trends

Social developments drive changes in customers' expectations of the service they receive, the ways in which they communicate with the Group, and the manner in which the Group engages with its stakeholders.

Condensed Consolidated Income Statement

for the half year ended 31 December 2020 (unaudited)

Continuing operations	Notes	**Half year ended 31 December 2020 £m**	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m
Revenue	2.1	**2,494.7**	2,266.2	3,419.2
Cost of sales		**(1,980.8)**	(1,762.5)	(2,804.9)
Gross profit		**513.9**	503.7	614.3
Analysed as:				
Adjusted gross profit		**593.0**	521.5	631.4
Cost associated with legacy properties	2.2	**(56.3)**	(17.8)	(39.9)
CJRS grant (repaid)/income	2.2	**(22.8)**	-	22.8
Administrative expenses	2.3	**(94.3)**	(83.9)	(124.5)
Part-exchange income		**131.8**	200.9	327.5
Part-exchange expenses		**(128.5)**	(199.0)	(323.9)
Profit from operations	2.3	**422.9**	421.7	493.4
Analysed as:				
Adjusted operating profit		**505.2**	439.5	507.3
Cost associated with legacy properties	2.2	**(56.3)**	(17.8)	(39.9)
CJRS grant (repaid)/income	2.2	**(26.0)**	-	26.0
Finance income	5.2	**0.7**	3.2	5.1
Finance costs	5.2	**(15.5)**	(17.3)	(35.0)
Net finance costs	5.2	**(14.8)**	(14.1)	(29.9)
Share of post-tax profit from joint ventures		**22.1**	15.4	28.3
Analysed as:				
Adjusted share of post-tax profit from joint ventures		**16.8**	15.4	28.3
Credit associated with legacy properties	2.2	**5.3**	-	-
Profit before tax		**430.2**	423.0	491.8
Analysed as:				
Adjusted profit before tax		**507.2**	440.8	505.7
Cost associated with legacy properties	2.2	**(51.0)**	(17.8)	(39.9)
CJRS grant (repaid)/income	2.2	**(26.0)**	-	26.0
Tax	2.6	**(81.2)**	(77.7)	(89.1)
Profit for the period		**349.0**	345.3	402.7
Profit for the period attributable to the owners of the Company		**348.8**	342.7	399.7
Profit for the period attributable to non-controlling interests		**0.2**	2.6	3.0
Earnings per share from continuing operations				
Basic	2.4	**34.3p**	33.8p	39.4p
Diluted	2.4	**33.9p**	33.3p	38.9p

The notes in sections 1 to 6 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Condensed Consolidated Statement of Comprehensive Income

for the half year ended 31 December 2020 (unaudited)

	Half year ended 31 December 2020 £m	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m
Profit for the period	**349.0**	345.3	402.7
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss			
Actuarial loss on defined benefit pension scheme	**(0.2)**	(2.0)	(69.2)
Tax credit relating to items not reclassified	**-**	0.2	13.1
Total items that will not be reclassified to profit or loss	**(0.2)**	(1.8)	(56.1)
Total comprehensive income recognised for the period	**348.8**	343.5	346.6
Total comprehensive income recognised for the period attributable to the owners of the Company	**348.6**	340.9	343.6
Total comprehensive income recognised for the period attributable to non-controlling interests	**0.2**	2.6	3.0

The notes in sections 1 to 6 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

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

	Share capital (note 5.4) £m	Share premium £m	Merger reserve £m	Own shares £m	Share-based payments £m	Retained earnings £m	Total retained earnings £m	Non-controlling interests £m	Total equity £m
At 1 July 2019	101.7	239.3	1,109.0	(15.1)	20.9	3,406.3	3,412.1	6.9	4,869.0
Profit for the period	-	-	-	-	-	342.7	342.7	2.6	345.3
Actuarial loss on pension scheme	-	-	-	-	-	(2.0)	(2.0)	-	(2.0)
Tax on items above taken directly to equity	-	-	-	-	-	0.2	0.2	-	0.2
Total comprehensive income recognised for the period ended 31 December 2019	-	-	-	-	-	340.9	340.9	2.6	343.5
Dividend payments	-	-	-	-	-	(373.2)	(373.2)	-	(373.2)
Distributions to non-controlling interests	-	-	-	-	-	-	-	(7.3)	(7.3)
Issue of shares	0.1	5.8	-	-	-	-	-	-	5.9
Share-based payments	-	-	-	-	9.6	-	9.6	-	9.6
Transfers in respect of share options including dividend equivalents	-	-	-	0.9	(9.8)	8.3	(0.6)	-	(0.6)
Tax on share-based payments	-	-	-	-	0.6	1.6	2.2	-	2.2
At 31 December 2019	101.8	245.1	1,109.0	(14.2)	21.3	3,383.9	3,391.0	2.2	4,849.1
Profit for the period	-	-	-	-	-	57.0	57.0	0.4	57.4
Actuarial loss on pension scheme	-	-	-	-	-	(67.2)	(67.2)	-	(67.2)
Tax on items above taken directly to equity	-	-	-	-	-	12.9	12.9	-	12.9
Total comprehensive income recognised for the period ended 30 June 2020	-	-	-	-	-	2.7	2.7	0.4	3.1
Distributions to non-controlling interests	-	-	-	-	-	-	-	(1.2)	(1.2)
Issue of shares	-	0.1	-	-	-	-	-	-	0.1
Share-based payments	-	-	-	-	(2.8)	-	(2.8)	-	(2.8)
Purchase of own shares	-	-	-	(5.9)	-	-	(5.9)	-	(5.9)
Transfers in respect of share options	-	-	-	-	0.1	(0.2)	(0.1)	-	(0.1)
Tax on share-based payments	-	-	-	-	(2.0)	-	(2.0)	-	(2.0)
At 30 June 2020	101.8	245.2	1,109.0	(20.1)	16.6	3,386.4	3,382.9	1.4	4,840.3
Profit for the period	**-**	**-**	**-**	**-**	**-**	**348.8**	**348.8**	**0.2**	**349.0**
Actuarial loss on pension scheme	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
Tax on items above taken directly to equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive income recognised for the period ended 31 December 2020	**-**	**-**	**-**	**-**	**-**	**348.6**	**348.6**	**0.2**	**348.8**
Distribution made to non-controlling party	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(0.6)**	**(0.6)**
Share-based payments	**-**	**-**	**-**	**-**	**7.4**	**-**	**7.4**	**-**	**7.4**
Transfers in respect of share options including dividend equivalents	**-**	**-**	**-**	**15.0**	**(10.8)**	**2.6**	**6.8**	**-**	**6.8**
Tax on share-based payments	**-**	**-**	**-**	**-**	**1.3**	**0.7**	**2.0**	**-**	**2.0**
At 31 December 2020	**101.8**	**245.2**	**1,109.0**	**(5.1)**	**14.5**	**3,738.3**	**3,747.7**	**1.0**	**5,204.7**

The notes in sections 1 to 6 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Condensed Consolidated Balance Sheet
at 31 December 2020 (unaudited)

	Notes	**31 December 2020** **£m**	31 December 2019[1] (re-presented) £m	30 June 2020 (audited) £m
Assets				
Non-current assets				
Other intangible assets		**100.6**	101.7	101.1
Goodwill		**805.9**	805.9	805.9
Property, plant and equipment		**19.6**	18.6	19.0
Right-of-use assets		**42.2**	50.9	46.7
Investments in joint ventures and associates		**165.7**	159.7	152.1
Retirement benefit assets		**2.1**	68.6	3.5
Secured loans		**0.8**	1.3	1.0
Trade and other receivables		**2.3**	1.4	1.3
Deferred tax assets	2.6	**4.9**	-	-
		1,144.1	1,208.1	1,130.6
Current assets				
Inventories	3.1	**4,479.9**	4,938.6	5,027.9
Secured loans		**1.0**	1.0	1.1
Trade and other receivables		**130.7**	195.2	84.9
Cash and cash equivalents[1]	5.1	**1,302.7**	826.0	619.8
Current tax assets		**-**	0.4	-
		5,914.3	5,961.2	5,733.7
Total assets		**7,058.4**	7,169.3	6,864.3
Liabilities				
Non-current liabilities				
Loans and borrowings	5.1	**(200.0)**	(200.0)	(200.0)
Trade and other payables		**(276.4)**	(365.2)	(319.7)
Lease liabilities		**(32.4)**	(40.2)	(36.1)
Deferred tax liabilities	2.6	**-**	(16.2)	(2.4)
		(508.8)	(621.6)	(558.2)
Current liabilities				
Loans and borrowings[1]	5.1	**(1.1)**	(199.3)	(117.7)
Trade and other payables		**(1,234.7)**	(1,474.8)	(1,305.4)
Lease liabilities		**(11.3)**	(11.2)	(11.7)
Current tax liabilities		**(16.0)**	-	(2.8)
Provisions	3.2	**(81.8)**	(13.3)	(28.2)
		(1,344.9)	(1,698.6)	(1,465.8)
Total liabilities		**(1,853.7)**	(2,320.2)	(2,024.0)
Net assets		**5,204.7**	4,849.1	4,840.3
Equity				
Share capital	5.4	**101.8**	101.8	101.8
Share premium		**245.2**	245.1	245.2
Merger reserve		**1,109.0**	1,109.0	1,109.0
Retained earnings		**3,747.7**	3,391.0	3,382.9
Equity attributable to the owners of the Company		**5,203.7**	4,846.9	4,838.9
Non-controlling interests		**1.0**	2.2	1.4
Total equity		**5,204.7**	4,849.1	4,840.3

[1] The 31 December 2019 balances for cash and cash equivalents and bank overdrafts have been re-presented in accordance with IAS 32 (see note 1.5). There is no impact on the net assets of the Group.

The notes in sections 1 to 6 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Condensed Consolidated Cash Flow Statement
for the half year ended 31 December 2020 (unaudited)

	Notes	**Half year ended 31 December 2020 £m**	Half year ended 31 December 2019[1] (re-presented) £m	Year ended 30 June 2020 (audited) £m
Net cash inflow/(outflow) from operating activities		**791.9**	7.0	(121.0)
Investing activities:				
Purchase of property, plant and equipment		**(3.1)**	(4.0)	(7.5)
Increase in investments accounted for using the equity method		**(5.0)**	(10.3)	(31.2)
Repayment of amounts invested in entities accounted for using the equity method		**5.0**	50.9	72.2
Dividends received from investments accounted for using the equity method		**8.5**	4.0	24.2
Cash received on disposal of joint ventures		**2.0**	-	-
Interest received		**1.5**	2.4	3.5
Net cash inflow from investing activities		**8.9**	43.0	61.2
Financing activities:				
Dividends paid to equity holders of the Company	2.5	**-**	(373.2)	(373.2)
Distribution made to non-controlling partner		**(0.6)**	(7.3)	(8.5)
Purchase of own shares		**-**	-	(5.9)
Proceeds from disposal of own shares		**7.8**	0.1	-
Proceeds from issue of share capital		**-**	5.9	6.0
Payment of dividend equivalents		**(1.0)**	(0.7)	(0.7)
Repayment of lease liabilities		**(7.5)**	(6.4)	(14.1)
Loan (repayment)/drawdown[1]		**(116.6)**	21.6	(60.0)
Net cash outflow from financing activities		**(117.9)**	(360.0)	(456.4)
Net increase/(decrease) in cash and cash equivalents		**682.9**	(310.0)	(516.2)
Cash and cash equivalents at the beginning of the period[1]		**619.8**	1,136.0	1,136.0
Cash and cash equivalents at the end of the period	5.1	**1,302.7**	826.0	619.8

[1] The 31 December 2019 balances for cash and cash equivalents and bank overdrafts have been re-presented in accordance with IAS 32 (see note 1.5).

The notes in sections 1 to 6 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Reconciliation of profit from operations to net cash inflow/(outflow) from operating activities
for the half year ended 31 December 2020 (unaudited)

	Notes	**Half year ended 31 December 2020 £m**	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m
Profit from operations		**422.9**	421.7	493.4
Depreciation of property plant and equipment		**2.5**	2.8	5.5
Loss on disposal of property, plant and equipment		**-**	-	0.4
Depreciation of right-of-use assets		**7.1**	6.3	13.6
Amortisation of intangible assets		**0.5**	0.6	1.2
(Reversal of impairment)/impairment of inventories		**(0.9)**	1.8	8.2
Profit on disposal of JV		**(2.0)**	-	-
Profit on redemption of secured loans		**(0.3)**	(0.2)	(0.4)
Share-based payments charge		**7.4**	9.6	6.8
Imputed interest on deferred term payables[1]	5.2	**(8.1)**	(9.5)	(19.9)
Imputed interest on lease arrangements	5.2	**(0.8)**	(1.0)	(2.0)
Amortisation of facility fees	5.2	**(1.0)**	(1.3)	(2.3)
Finance income related to employee benefits	5.2	**-**	0.8	1.6
Total non-cash items[2]		**4.4**	9.9	12.7
Decrease/(increase) in inventories		**548.9**	(116.1)	(211.8)
(Increase)/decrease in receivables		**(45.0)**	21.0	129.3
Decrease in payables[2]		**(114.0)**	(161.4)	(373.8)
Increase in provisions[2]		**53.6**	13.3	28.2
Total movements in working capital		**443.5**	(243.2)	(428.1)
Interest paid		**(5.6)**	(4.8)	(11.7)
Tax paid		**(73.3)**	(176.6)	(187.3)
Net cash inflow/(outflow) from operating activities		**791.9**	7.0	(121.0)

[1] The balance sheet movements in land and leased assets include non-cash movements due to imputed interest. Imputed interest is therefore included within non-cash items in the statement above.
[2] The presentation of the movements in provisions for the half year ended 31 December 2019 has been amended to include the total movement within movements in working capital in order to be consistent with the 30 June 2020 presentation.

The notes in sections 1 to 6 form an integral part of these Condensed Consolidated Half Yearly Financial Statements.

Section 1 – Basis of preparation

1.1 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.

1.2 Basis of preparation

The condensed financial information for the year ended 30 June 2020 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 2020, prepared under International Financial Reporting Standards ('IFRS') as adopted by the EU, 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.

1.3 Going concern

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

The Group's business activities, together with factors which the Directors consider are likely to affect its 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 208 to 211 of the Group's Annual Report and Accounts for the year ended 30 June 2020 which is available at www.barrattdevelopments.co.uk.

At 31 December 2020, the Group held cash of £1,302.7m and total loans and borrowings of £201.1m, consisting of £1.1m 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 £1,106.7m presented in note 5.1.

Should further funding be required, the Group has a committed £700m RCF, subject to compliance with certain financial covenants, that matures in November 2024. In addition, on 28 April 2020 the Group received confirmation that it was eligible to access funding under the CCFF until March 2021. Utilisation of the CCFF is not anticipated.

As such, in consideration of its net current assets of £4,569.4m, the Directors are satisfied that the Group has sufficient liquidity to meet its current liabilities and working capital requirements.

The future financial performance of the Group is dependent upon the wider economic environment in which it operates. The factors that particularly affect the performance of the Group include flat or negative economic growth, buyer confidence, mortgage availability and affordability, competitor pricing, new housing supply, falls in house prices or land values and the cost and availability of raw materials, subcontractors and suppliers.

COVID-19 has heightened the inherent uncertainty in the Group's assessment of these factors. Since the release from lockdown, through the subsequent period of varying localised restrictions and into the current national restrictions, UK housing market activity has shown continuing resilience and demand relative to supply remains strong. Neither variations to localised restrictions nor the national lockdowns imposed in November and January have had a significant effect on the Group's construction or sales activity. However, future outbreaks of the disease may cause further disruption. Nevertheless, the continuing economic repercussions of the

COVID-19 response, and the forthcoming changes to stamp duty and the Government's Help to Buy scheme could dampen market activity.

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 Financial Statements. This includes the continuation of COVID-19 safe working practices and market changes following revisions to stamp duty and the Help to Buy scheme.

To assess the Group's resilience to more adverse outcomes, its forecast performance was sensitised to reflect a series of scenarios based on the Group's principal risks. 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 that sales volumes and average selling prices fall by 15% and 10% respectively, construction costs increase by 5%, and that the Group temporarily closes its operations for two months in response to a national resurgence of the virus.

The effects were modelled over a two-year period alongside reasonable mitigation that the Group would expect to undertake in such circumstances, primarily a reduction in investment in inventories in line with the fall in expected sales and the actions successfully deployed during the Group's closure of its operations in March 2020, without Government assistance. In all scenarios, including the reasonable worst case, the Group is able to comply with its financial covenants, operate within its current facilities without utilising the CCFF, 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. Based on past experience and current economic forecasts, the Directors consider the possibility of this outcome 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 Condensed Consolidated Half Yearly Financial Statements. For this reason, they continue to adopt the going concern basis in the preparation of these Condensed Consolidated Half Yearly Financial Statements.

1.4 Accounting policies

The unaudited Condensed Consolidated Half Yearly Financial Statements have been prepared using accounting policies consistent with IFRS as adopted by the EU and in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, 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 2020 except as disclosed below:

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

- **Amendment to References to the Conceptual Framework in IFRS Standards;**
- **Amendment to IFRS 3 'Business Combinations';**
- **Amendments to IAS 1 and IAS 8: Definition of Material;**
- **Amendments to IFRS 9, IAS 39, and IFRS 7: Interest Rate Benchmark Reform; and**
- **Amendment to IFRS 16: COVID-19 Related Rent Concessions.**

1.5 Re-presentation of cash and cash equivalents and borrowings

The Group's cash balances and bank overdrafts are subject to cash pooling arrangements. In accordance with IAS 32: 'Financial Instruments: Presentation', cash balances are presented gross within cash and cash equivalents and bank overdrafts are presented gross within current loans and other borrowings. In December 2019, these amounts were presented net in cash and cash equivalents, therefore, for presentational purposes, the balances have been re-presented as at 31 December 2019. The impact of this change was to increase both cash and cash equivalents and bank overdrafts within current loans and other borrowings as at 31 December 2019 by £199.3m in the Group's Balance Sheet. This had no impact on net assets.

Section 2 – Results for the year and utilisation of profits

2.1 Revenue

The Group's revenue derives principally from the sale of the homes we build and from the sale of commercial property. These activities are carried out alongside each other and considered together for management reporting and control purposes.

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

	Half year ended 31 December 2020 £m	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m
Private residential sales	**2,205.3**	1,966.2	2,971.5
Affordable residential sales	**261.0**	271.9	402.0
Commercial and other revenue	**28.4**	28.1	45.7
	2,494.7	2,266.2	3,419.2

Included within Group revenue is £34.2m (31 December 2019: £100.8m; 30 June 2020: £140.9m) 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, £7.8m (31 December 2019: £29.1m, 30 June 2020: £19.2m) was included in the contract liability balance at the beginning of the period.

2.2 Adjusted items

Cost associated with legacy properties

During the period, charges of £56.3m (31 December 2019: £17.8m; 30 June 2020: £39.9m) were recognised as adjusted items in respect of costs associated with legacy properties and separately disclosed in the Condensed Consolidated Income Statement. The adjusted costs in the period, associated with legacy properties, comprise additions to provisions of £63.4m, provisions releases of £3.5m and the release of accruals previously analysed as adjusted of £3.6m. Further details of provisions movements are provided in note 3.2.

In addition, amounts previously accrued in respect of costs associated with JV legacy properties of £5.3m (31 December 2019: £nil; 30 June 2020: £nil) were released and these amounts have also been separately disclosed as adjusted items in the Condensed Consolidated Income Statement.

CJRS grant income/repayment

During the year ended 30 June 2020, the Group recognised grant income of £26.0m in respect of the UK Government's CJRS. This was a temporary scheme from which the income was voluntarily refunded by the Group during the current period. Both the income and the repayment of the grant have been presented as adjusted items.

	Half year ended 31 December 2020 £m	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m
Amounts receivable and received:			
Grants in respect of CJRS included in cost of sales	**-**	-	22.8
Grants in respect of CJRS included in administrative expenses	**-**	-	3.2
Amounts repaid:			
Grants in respect of CJRS included in cost of sales	**(22.8)**	-	-
Grants in respect of CJRS included in administrative expenses	**(3.2)**	-	-
	(26.0)	-	26.0

2.3 Profit from operations

Cost of sales

During the year ended 30 June 2020, in response to the COVID-19 pandemic, the Group took the decision to temporarily close its sales centres, construction sites and offices and implemented extensive working practices and protocols to enable a safe return to operations. In the half year to 31 December 2020, sites continued to operate under these COVID-secure practices. Included within cost of sales are £nil (31 December 2019: £nil; 30 June 2020: £45.2m) of non-productive site overheads and safety costs that would ordinarily have been capitalised as work in progress, including £nil (31 December 2019: £nil; 30 June 2020: £25.4m) of employee costs.

The value of inventories expensed in the half year ended 31 December 2020 and included in cost of sales was £1,828.6m (31 December 2019: £1,619.0m; 30 June 2020: £2,551.9m).

Administrative expenses

Administrative expenses of £94.3m (31 December 2019: £83.9m; 30 June 2020: £124.5m) include sundry income of £12.3m (31 December 2019: £14.3m; 30 June 2020: £29.0m) which principally comprises management fees receivable from joint ventures (note 6.2.1), profit on the disposal of a joint venture (note 4.1), forfeit deposits, the sale of freehold reversions, ground rent receivable and for June 2020 only, Government grant income (note 2.2).

2.4 Earnings per share

The earnings per share from continuing operations were as follows:

	Half year ended 31 December 2020 pence	Half year ended 31 December 2019 pence	Year ended 30 June 2020 (audited) pence
Basic earnings per share	**34.3**	33.8	39.4
Diluted earnings per share	**33.9**	33.3	38.9

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 which were 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.

	Half year ended 31 December 2020 pence	Half year ended 31 December 2019 pence	Year ended 30 June 2020 (audited) pence
Profit attributable to ordinary shareholders of the Parent Company (£m)	**348.8**	342.7	399.7
Weighted average number of shares in issue (million)	**1,018.3**	1,018.1	1,018.2
Weighted average number of shares in EBT (million)	**(2.5)**	(4.9)	(4.3)
Weighted average number of shares for basic earnings per share (million)	**1,015.8**	1,013.2	1,013.9
Weighted average number of shares in issue (million)	**1,018.3**	1,018.1	1,018.2
Adjustment to assume conversion of all potentially dilutive shares (million)	**11.5**	12.2	10.0
Weighted average number of shares for diluted earnings per share (million)	**1,029.8**	1,030.3	1,028.2

2.5 Dividends

	Half year ended 31 December 2020 £m	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m
Amounts recognised as distributions to equity shareholders:			
Final dividend for the year ended 30 June 2019 of 19.5p per share	**-**	197.8	197.8
Special dividend for the year ended 30 June 2019 of 17.3p per share	**-**	175.4	175.4
Total dividends distributed to equity shareholders in the period	**-**	373.2	373.2

The interim dividend of 7.5 pence per share was approved by the Board on 3 February 2021 and has not been included as a liability as at 31 December 2020.

2.6 Tax

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

The effective rates are as follows:

	Half year ended 31 December 2020	Half year ended 31 December 2019	Year ended 30 June 2020 (audited)
Effective rate of corporation tax for the period	**18.9%**	**18.4%**	18.1%
Effective rate of corporation tax for the period excluding the impact of rate changes and prior year adjustments	**18.9%**	**18.3%**	19.7%

As at 31 December 2020 the Group recognised a net deferred tax asset of £4.9m (31 December 2019: £16.2m liability; 30 June 2020: £2.4m liability).

Section 3 – Working capital

3.1 Inventories

	31 December 2020 £m	31 December 2019 £m	30 June 2020 (audited) £m
Land held for development	**2,836.7**	3,036.3	3,112.3
Construction work in progress	**1,599.6**	1,800.3	1,852.4
Part-exchange properties and other inventories	**43.6**	102.0	63.2
	4,479.9	4,938.6	5,027.9

Nature and carrying value of inventories

The Group's principal activities are housebuilding and commercial development. The majority of the development activity is not contracted prior to the development commencing. Accordingly, the Group has in its Balance Sheet at 31 December 2020 current assets that are not covered by a forward sale. The Group's internal controls are designed to identify any developments where the balance sheet value of land and work in progress is more than the projected lower of cost or net realisable value. The Group has conducted six-monthly reviews of the net realisable value of specific sites identified as at high risk of impairment, based upon a number of criteria including low site profit margins and sites with no forecast completions. Where the estimated net realisable value of a site was less than its current carrying value the Group has impaired the land and work in progress value.

During the period, due to performance variations, changes in assumptions and changes to viability on individual sites, there were gross impairment charges of £2.1m and gross impairment reversals of £3.0m, resulting in a net reversal of impairment of £0.9m (31 December 2019: £1.8m impairment; 30 June 2020: £8.2m 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 effects of COVID-19 have been considered and the expected extension in the time period required to trade through each site has increased site costs to complete.

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

3.2 Provisions

	Legacy properties – cladding and associated review £m	Legacy properties - Citiscape and associated review £m	Total £m
At 1 July 2020	11.4	16.8	28.2
Additions	**4.4**	**59.0**	**63.4**
Releases	**(0.2)**	**(3.3)**	**(3.5)**
Utilisation	**-**	**(6.3)**	**(6.3)**
At 31 December 2020	**15.6**	**66.2**	**81.8**

Cladding and associated review

The Group has undertaken a review of all of its current and legacy buildings where it has used cladding solutions and continues to assess the action required in line with the latest updates to Government guidance as it applies to multi-storey and multi-occupied residential buildings. All of our buildings, including the cladding used, were signed off by approved inspectors as compliant with the relevant Building Regulations at the time of completion. We have provided for the cost of assisting with remedial work identified at a limited number of legacy properties where we have a legal liability to do so or where relevant build issues have been identified. The amounts provided reflect the current best estimate of the extent and future costs of work required, however these estimates may be updated as work progresses or if Government legislation and regulation further evolves.

Citiscape and associated review

As announced in July 2020, we took the decision to pay for required remedial action on the reinforced concrete frame at the Citiscape development in Croydon and undertook an associated review of 26 other developments where reinforced concrete frames were designed for us by either the same original engineering firm or by other companies within the group of companies which has since acquired it. This review is substantially complete and has not identified any other buildings with issues as severe as those present at Citiscape. Detailed reviews are ongoing and, in line with our commitment to put our customers first we will ensure that the costs associated with any remedial works from these reviews are not borne by leaseholders.

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

Section 4 – Business combinations and other investing activities

4.1 Investments accounted for using the equity method

In December 2020 the Group disposed of its interest in BK Scotswood LLP, for total consideration, received in cash, of £2.0m, recognising a £2.0m profit on disposal. Through this transaction, the Group has disposed of its significant interest in New Tyne West Development Company LLP.

Section 5 – Capital structure and financing

5.1 Net cash

Net cash is defined as cash and cash equivalents, bank overdrafts, interest bearing borrowings, prepaid fees and foreign exchange swaps.

Drawn debt and net cash at the period end are shown below:

	31 December 2020 £m	31 December 2019 re-presented[1] £m	30 June 2020 (audited) £m
Cash and cash equivalents[1]	**1,302.7**	826.0	619.8
Drawn debt			
Borrowings			
Sterling USPP notes	**(200.0)**	(200.0)	(200.0)
Bank overdrafts[1]	**(1.1)**	(199.3)	(117.7)
Total borrowings being total drawn debt[1]	**(201.1)**	(399.3)	(317.7)
Prepaid fees	**5.1**	7.1	6.1
Net cash	**1,106.7**	433.8	308.2
Total borrowings at the period end are analysed as:			
Non-current borrowings	**(200.0)**	(200.0)	(200.0)
Current borrowings[1]	**(1.1)**	(199.3)	(117.7)
Total borrowings being drawn debt[1]	**(201.1)**	(399.3)	(317.7)

[1] 31 December 2019 balances for cash and cash equivalents and bank overdrafts have been re-presented in accordance with IAS 32 (see note 1.5). There is no impact on net cash.

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

	Half year ended 31 December 2020 £m	Half year ended 31 December 2019 re-presented[1] £m	Year ended 30 June 2020 (audited) £m
Net increase/(decrease) in cash and cash equivalents	**682.9**	(310.0)	(516.2)
Repayment/(drawdown) of borrowings:			
Loan drawdowns	**-**	(21.6)	-
Loan repayments	**116.6**	-	60.0
Other movements in borrowings:			
Movement in prepaid fees	**(1.0)**	(0.3)	(1.3)
Movement in net cash in the period	**798.5**	(331.9)	(457.5)
Opening net cash	**308.2**	765.7	765.7
Closing net cash	**1,106.7**	433.8	308.2

[1] Half year ended 31 December 2019 movements in cash and cash equivalents and bank overdrafts have been re-presented in accordance with IAS 32 (see note 1.5). There is no impact on net cash.

5.2 Net finance costs

	Half year ended 31 December 2020 £m	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m
Recognised in the Income Statement:			
Finance income			
Finance income on short term bank deposits	**(0.2)**	(2.2)	(3.0)
Finance income related to employee benefits	**-**	(0.8)	(1.6)
Other interest receivable	**(0.5)**	(0.2)	(0.5)
	(0.7)	(3.2)	(5.1)
Finance costs			
Interest on loans and borrowings	**4.9**	4.8	9.5
Imputed interest on deferred term payables	**8.1**	9.5	19.9
Finance charge on leased assets	**0.8**	1.0	2.0
Amortisation of facility fees	**1.0**	1.3	2.3
Other interest payable	**0.7**	0.7	1.3
	15.5	17.3	35.0
Net finance costs	**14.8**	14.1	29.9

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

	31 December 2020 %	31 December 2019 %	30 June 2020 (audited) %
USPP notes	**2.8**	2.8	2.8

5.3 Financial instruments - fair value disclosures

The fair value of the secured loan portfolio has been calculated on a loan by loan basis using the present value of the expected future cash flows of each loan. The fair values of other non-derivative financial assets and liabilities are determined based on discounted cash flow analysis using current market rates for similar instruments. 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 2020 £m		Half year ended 31 December 2019[3] (re-presented) £m		Year ended 30 June 2020 (audited) £m	
	Fair value	Carrying value	Fair value	Carrying value	Fair value	Carrying value
Financial assets						
Cash and cash equivalents[3]	**1,302.7**	**1,302.7**	826.0	826.0	619.8	619.8
Trade and other receivables[1]	**103.3**	**103.3**	156.1	156.1	56.0	56.0
Non-current secured loans	**0.8**	**0.8**	1.3	1.3	1.0	1.0
Current secured loans	**1.0**	**1.0**	1.0	1.0	1.1	1.1
Total financial assets[3]	**1,407.8**	**1,407.8**	984.4	984.4	677.9	677.9
Financial liabilities						
Trade and other payables[2]	**1,134.9**	**1,130.5**	1,427.3	1,429.6	1,252.7	1,245.1
Lease liabilities	**43.7**	**43.7**	51.4	51.4	47.8	47.8
Bank overdrafts[3]	**1.1**	**1.1**	199.3	199.3	117.7	117.7
Loans and borrowings	**200.1**	**200.0**	199.0	200.0	184.5	200.0
Total financial liabilities[3]	**1,379.8**	**1,375.3**	1,877.0	1,880.3	1,602.7	1,610.6

[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.
[3] The 31 December 2019 balances for cash and cash equivalents and bank overdrafts have been re-presented in accordance with IAS 32 (see note 1.5).

Financial assets and liabilities that are measured subsequent to initial recognition at fair value comprise secured loans which are measured according to level 3 of the fair value hierarchy. There have been no transfers between levels during the half year.

5.4 Share capital

	31 December 2020	31 December 2019	30 June 2020 (audited)
Allotted and issued ordinary shares (£m):			
10p each fully paid	**101.8**	101.8	101.8
Allotted and issued ordinary shares (number):			
10p each fully paid	**1,018,316,938**	1,018,280,445	1,018,302,400

	Half year ended 31 December 2020 number	Half year ended 31 December 2019 number	Year ended 30 June 2020 (audited) number
Options over the Company's shares granted during the period:			
LTPP	**3,086,457**	2,629,027	2,629,027
Sharesave	**-**	-	3,142,874
DBP	**-**	583,505	583,505
ELTIP	**1,249,000**	1,254,200	1,254,200
	4,335,457	4,466,732	7,609,606

	Half year ended 31 December 2020 number	Half year ended 31 December 2019 number	Year ended 30 June 2020 (audited) number
Allotment of shares during the period:			
At the beginning of the period	**1,018,302,400**	1,016,985,862	1,016,985,862
Issued to satisfy early exercises under Sharesave schemes	**14,538**	40,433	39,215
Issued to satisfy exercises under matured Sharesave schemes	**-**	1,254,150	1,277,323
	1,018,316,938	1,018,280,445	1,018,302,400

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 2020	31 December 2019	30 June 2020 (audited)
Ordinary shares in the Company held in the EBT (number)	**1,362,876**	3,533,906	4,708,806
Cost of shares held in the EBT	**£5.1m**	£14.2m	£20.1m
Market value of shares held in the EBT at 670.0p (31 December 2019: 746.6p; 30 June 2020: 495.9p) per share	**£9.1m**	£26.4m	£23.4m

During the period the EBT purchased no shares in the market (31 December 2019: none; 30 June 2020: 1,174,900) and disposed of 1,680,343 shares in settlement of exercises under the Sharesave 2015 5-year plan and the Sharesave 2017 3-year plan (31 December 2019: 111,851; 30 June 2020: 111,851 in settlement of exercises under the Senior Management Share Option Plan 2009/10 and the Senior Management Incentive Scheme). 1,665,587 shares were used to satisfy the vesting of the ELTIP 60th Anniversary Award, the LTPP and the DBP schemes (31 December 2019: 2,526,498; 30 June 2020: 2,526,498 shares were used to satisfy the vesting of the LTPP and the DBP schemes).

Section 6 – Contingencies and related parties

6.1 Contingent liabilities

6.1.1 Contingent liabilities related to subsidiaries

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

In the normal course of business, the Group has given counter-indemnities in respect of performance bonds and financial guarantees. Management estimate that the bonds and guarantees amount to £406.5m (31 December 2019: £404.9m; 30 June 2020: £399.1m), and confirm that at the date of these Condensed Consolidated Financial Statements the possibility of cash outflow is considered minimal.

Cladding and associated review

As disclosed in note 3.2, the Group has undertaken a review of all of its current and legacy buildings where it has used cladding solutions and continues to assess the action required in line with the latest updates to Government guidance as it applies to multi-storey and multi-occupied residential buildings. Approved Inspectors signed off all of our buildings, including the cladding used, as compliant with the relevant Building Regulations at the time of completion.

We recognise that the retrospective review of building materials continues to evolve. The Financial Statements have been prepared based on currently available information and the current best estimate of the extent and future costs of work required, however these estimates may be updated as work progresses or if Government legislation and regulation further evolves.

Citiscape and associated review

As disclosed in note 3.2, following the issues identified at Citiscape, the Group is conducting a review of developments where reinforced concrete frames have been designed by either the same original engineering firm which designed Citiscape, or by other companies within the group of companies which has since acquired it. The Financial Statements have been prepared based on currently available information, however, the detailed review is ongoing and therefore the extent and cost of any remedial work may change as this work progresses.

While in most cases we have no legal liability, in line with our commitment to put our customers first we will ensure that the costs associated with any remedial works from these reviews are not borne by leaseholders. We are actively seeking to recover costs from third parties, however there is no certainty regarding the extent of any financial recovery.

6.1.2 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 £9.9m (31 December 2019: £10.4m; 30 June 2020: £10.4m).

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. These guarantees have been reviewed in the light of COVID-19, and at 31 December 2020 the probability of any loss to the Group resulting from these guarantees is considered to be remote.

6.1.3 Contingent liabilities related to legal claims

On 4 September 2020, the UK Competition and Markets Authority ('CMA') announced that it was opening an enforcement case involving the Group (alongside certain other leading housing developers) as part of its ongoing investigation in relation to the sale of leasehold homes. As noted in its announcement, the CMA cannot levy administrative fines but it can enforce relevant consumer protection legislation through the courts and, where appropriate, obtain additional measures to (among other things) obtain redress for consumers. The Group is committed to putting its customers first and continues to engage with the CMA whilst it completes its investigation.

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 was no contingent liability in respect of such claims at 31 December 2020, 31 December 2019 or 30 June 2020.

6.2 Related party transactions

Related party transactions for the period to 31 December 2020 are detailed below:

6.2.1 Transactions between the Group and its joint ventures

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

	31 December 2020 £m	31 December 2019 £m	30 June 2020 (audited) £m
Transactions between the Group and its JVs during the period:			
Charges in respect of development management and other services provided to JVs	**3.6**	3.1	5.6
Interest charges in respect of funding provided to JVs	**0.4**	0.1	0.5
Profit distributions received from JVs	**8.5**	4.0	24.2
Balances at the period end:			
Capital due from JVs	**85.9**	61.5	85.8
Net funding loans and interest due from JVs	**81.8**	106.3	81.9
Other amounts due from JVs	**22.4**	31.5	15.7
Loans and other amounts due to JVs	**(3.9)**	(0.8)	(0.9)

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 6.1.2.

6.2.2 Transactions between the Group and its associates

The Group disposed of its interest in its only associate during the period.

6.2.3 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 2021 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 2020. Options granted to senior management are disclosed in aggregate in note 5.4. 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 2020.

Statement of Directors' Responsibilities

The Directors confirm that to the best of their knowledge these Condensed Consolidated Half Yearly Financial Statements have been prepared in accordance with IAS 34 as required by DTR 4.2.4R. 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:

J M Allan, Non-Executive Chairman
D F Thomas, Chief Executive
S J Boyes, Deputy Chief Executive and Chief Operating Officer
J E White, Chief Financial Officer
R J Akers, Senior Independent Director
N S Bibby, Non-Executive Director
J F Lennox, Non-Executive Director
S M White, Non-Executive Director

The Half Yearly Financial Report was approved by the Board on 3 February 2021, and signed on its behalf by

D F Thomas
Chief Executive

Independent review report to Barratt Developments PLC

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 2020 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated statement of changes in shareholders' equity, the condensed consolidated cash flow statement and related notes 1.1 to 6.2.3. We have read the other information contained in the Half Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, 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.

As disclosed in note 1.2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 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. 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.

Conclusion

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 2020 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. 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
3 February 2021

Glossary & Definitions

ACM	Aluminium Composite Material
Active outlet	A site with at least one plot for sale
AIMCH	Advanced Industrialised Methods for the Construction of Homes
APMs	Alternative performance measures
ASP	Average selling price
Barratt Foundation	Barratt Developments PLC Charitable Foundation
CCFF	COVID Corporate Financing Facility
CDP	Not-for-profit charity that administers the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts
CJRS	Coronavirus Job Retention Scheme
CMA	Competition and Markets Authority
Community Fund	Barratt & David Wilson Community Fund
Contribution	Surplus of revenue for a unit over the direct costs (land and build) attributed to that unit, expressed as a percentage of revenue
COVID-19	Coronavirus Disease 2019
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
EPS	Earnings per share
ESG	Environment, social and governance
EU	European Union
FY	Refers to the financial year ended 30 June
HBF	Home Builders Federation
H1	Refers to the six months ended 31 December
H2	Refers to the six months ended 30 June
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
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
LTV	Loan to value
LTPP	Long Term Performance Plan
MHCLG	Ministry of Housing, Communities & Local Government
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
NHS	National Health Service
Regional	Includes all regions except London
RCF	Revolving Credit Facility
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 and derivative financial instruments.

RSPB	Royal Society for the Protection of Birds
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
USPP	US Private Placement

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

Further information on the use of APMs and why the Group believes they are a good measure of performance alongside IFRS metrics is provided on pages 4 and 5 in the Group's Annual Report and Accounts for the year ended 30 June 2020.

Gross margin is defined as gross profit divided by revenue:

	Half year ended 31 December 2020	Half year ended 31 December 2019	Year ended 30 June 2020 (audited)
Revenue per Condensed Consolidated Income Statement (£m)	**2,494.7**	2,266.2	3,419.2
Gross profit per Condensed Consolidated Income Statement (£m)	**513.9**	503.7	614.3
Gross margin	**20.6%**	22.2%	18.0%

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

	Half year ended 31 December 2020	Half year ended 31 December 2019	Year ended 30 June 2020 (audited)
Revenue per Condensed Consolidated Income Statement (£m)	**2,494.7**	2,266.2	3,419.2
Adjusted gross profit per Condensed Consolidated Income Statement (£m)	**593.0**	521.5	631.4
Adjusted gross margin	**23.8%**	23.0%	18.5%

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

	Half year ended 31 December 2020	Half year ended 31 December 2019	Year ended 30 June 2020 (audited)
Revenue per Condensed Consolidated Income Statement (£m)	**2,494.7**	2,266.2	3,419.2
Profit from operations per Condensed Consolidated Income Statement (£m)	**422.9**	421.7	493.4
Operating margin	**17.0%**	18.6%	14.4%

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

	Half year ended 31 December 2020	Half year ended 31 December 2019	Year ended 30 June 2020 (audited)
Revenue per Condensed Consolidated Income Statement (£m)	**2,494.7**	2,266.2	3,419.2
Adjusted operating profit per Condensed Consolidated Income Statement (£m)	**505.2**	439.5	507.3
Adjusted operating margin	**20.3%**	19.4%	14.8%

Net cash is defined in note 5.1.

ROCE is calculated as earnings before amortisation, interest, tax, operating charges relating to the defined benefit pension scheme 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, retirement benefit assets/obligations and derivative financial instruments:

	Half year ended 31 December 2020 £m	Half year ended 31 December 2019 £m	Year ended 30 June 2020 (audited) £m	Year calculated to 31 December 2020 £m	Half year ended 31 December 2018 £m	Year ended 30 June 2019 (audited) £m	Year calculated to 31 December 2019 £m
Profit from operations	**422.9**	421.7	493.4	494.6	409.7	901.1	913.1
Amortisation of intangible assets	**0.5**	0.6	1.2	1.1	-	-	0.6
Adjusted cost/(credit) associated with legacy properties	**56.3**	17.8	39.9	78.4	(3.7)	3.2	24.7
CJRS grant repayment/(income)	**26.0**	-	(26.0)	-	-	-	-
Defined benefit past service cost	**1.2**	-	-	1.2	1.7	1.7	-
Share of post-tax profit from joint ventures and associates	**22.1**	15.4	28.3	35.0	13.4	37.5	39.5
Annualised earnings before amortisation, interest, tax, adjusted items and defined benefit scheme charges			536.8	610.3		943.5	977.9

	31 December 2020 £m	31 December 2019[1] (re-presented) £m	30 June 2020 (audited) £m	31 December 2018[1] (re-presented) £m	30 June 2019[1] (audited) £m
Group net assets per Condensed Consolidated Balance Sheet	**5,204.7**	4,849.1	4,840.3	4,551.7	4,869.0
Less:					
Other intangible assets per Condensed Consolidated Balance Sheet	**(100.6)**	(101.7)	(101.1)	(100.0)	(102.3)
Goodwill per Condensed Consolidated Balance Sheet	**(805.9)**	(805.9)	(805.9)	(792.2)	(805.9)
Current tax liabilities/(assets)	**16.0**	(0.4)	2.8	84.3	99.5
Deferred tax (assets)/liabilities	**(4.9)**	16.2	2.4	21.5	17.6
Retirement benefit assets	**(2.1)**	(68.6)	(3.5)	(53.1)	(62.6)
Cash and cash equivalents[1]	**(1,302.7)**	(826.0)	(619.8)	(844.5)	(1,136.0)
Loans and borrowings[1]	**201.1**	399.3	317.7	465.4	377.7
Prepaid fees	**(5.1)**	(7.1)	(6.1)	(8.6)	(7.4)
Capital employed	**3,200.5**	3,454.9	3,626.8	3,324.5	3,249.6
Three point average capital employed	**3,427.4**	3,343.0	3,443.8	3,182.6	3,180.2

[1] The prior period balances for cash and cash equivalents and bank overdrafts have been re-presented in accordance with IAS 32 (see note 1.5).

	31 December 2020	31 December 2019	30 June 2020 (audited)
Annualised earnings before amortisation, interest, tax, adjusted items and defined benefit scheme charges (from table above) (£m)	**610.3**	977.9	536.8
Three point average capital employed (from table above) (£m)	**3,427.4**	3,343.0	3,443.8
ROCE	**17.8%**	29.3%	15.6%