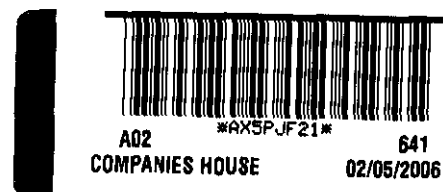


Barratt Commercial Limited
Annual report
for the year ended 30 June 2005

Registered Number 168039



Barratt Commercial Limited
Annual report
for the year ended 30 June 2005
Contents

Directors' report for the year ended 30 June 2005	1
Independent auditors' report to the members of Barratt Commercial Limited	4
Profit and loss account for the year ended 30 June 2005	5
Balance sheet as at 30 June 2005	6
Accounting policies	7
Notes to the financial statements for the year ended 30 June 2005	9

Barratt Commercial Limited

Directors' report for the year ended 30 June 2005

The directors present their report and the audited accounts for the year ended 30 June 2005.

Principal activities

The company's principal activities are the development of and trading in commercial properties. The company is also a holding company and the principal activities of its subsidiary companies are building and development.

Review of business and future developments

The directors note the progress of the business during the year and consider the company's state of affairs at the end of the year and its future prospects to be satisfactory.

Dividends

The directors have declared or now recommend the following dividends in respect of the year ended 30 June 2005:

	2005 £'000	2004 £'000
Interim 0.60p per £0.25 share (2004: 0.45p per £0.25 share)	140	106
Final 2.14p per £0.25 share (2004: 1.07p per £0.25 share)	502	250
Total 2.74p per share (2004: 1.52p per £0.25 share)	642	356

Directors

The directors of the company at 30 June 2005, all of whom have been directors for the whole of the year ended on that date, were:

D A Pretty (Chairman)
C A Dearlove
D R Broadhead
L Dent

Barratt Commercial Limited

Directors' interests

None of the directors had any interests in the share capital of the company during the year or at the year end other than as set out below. The interests of Mr C A Dearlove and Mr D A Pretty in the shares of the ultimate parent company, Barratt Developments PLC, are shown in that company's accounts. The interests of Mr L Dent in the ultimate parent, Barratt Developments PLC, are shown in the accounts of Barratt Homes Limited, a fellow subsidiary undertaking.

Mr D R Broadhead had shares and options in the shares of the ultimate parent company as stated below:

	Beneficial interest in the ordinary shares of Barratt Developments PLC			30 June 2004	
	30 June 2005			30 June 2005	30 June 2004
	Shares	Options	Note	Shares	Options
D R Broadhead	6,250			-	
		20,000	(a)		20,000
		12,000	(b)		12,000
		-	(c)		8,000
		8,000	(d)		8,000
		8,000	(e)		8,000
		12,000	(f)		12,000
		12,000	(g)		12,000
		20,000	(h)		-

(a) These options, granted at 222p per share, are not exercisable before 11 December 2000 and after 10 December 2007.

(b) These options, granted at 205p per share are not exercisable before 15 October 2001 and after 14 October 2008.

(c) These options, granted at 275p per share are not exercisable before 30 September 2002 and after 29 September 2009.

(d) These options, granted at 273p per share are not exercisable before 27 October 2003 and after 26 October 2010.

Barratt Commercial Limited

- (e) These options, granted at 330p per share are not exercisable before 1 November 2005 and after 31 October 2011.
- (f) These options, granted at 435p per share are not exercisable before 22 October 2005 and after 21 October 2012.
- (g) These option, granted at 545p per share are not exercisable before 10 October 2006 and after 9 October 2013.
- (h) These options, granted at 543p per share are not exercisable before 8 October 2007 and after 7 October 2014.

The mid-market share price of the company was 592.0p at 1 July 2004 and 716.5p at 30 June 2005. The mid-market high and low share prices of the company during the year were 716.5p and 499.5p respectively. No options of directors in office at 30 June 2005 lapsed unexercised during the year.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 30 June 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors

A resolution concerning the reappointment of PricewaterhouseCoopers LLP as auditors will be proposed at the annual general meeting.

By order of the board



C A Dearlove
Director
27 April 2006

Barratt Commercial Limited

Independent auditors' report to the members of Barratt Commercial Limited

We have audited the financial statements which summarise the profit and loss account, the balance sheet, the accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

27 April 2006

Barratt Commercial Limited

Profit and loss account for the year ended 30 June 2005

	Note	2005 £'000	2004 £'000
Turnover	1	6,364	3,913
Profit on ordinary activities before taxation	1	3,803	800
Taxation	5	(1,029)	(224)
Profit on ordinary activities after taxation		2,774	576
Dividends	6	(642)	(356)
Retained profit for the financial year	14	2,132	220

All activities of the company are continuing.

The company has no recognised gains and losses other than the profit above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Barratt Commercial Limited

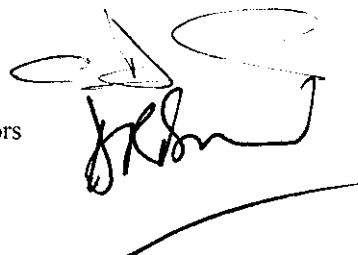
Balance sheet as at 30 June 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Investments	7	56	56
		56	56
Current assets			
Stocks	8	2,155	2,259
Debtors: amounts falling due after more than one year	9	69,175	64,731
Debtors: amounts falling due within one year	9	5,205	5,761
Cash at bank and in hand		95	714
		76,630	73,465
Creditors: amounts falling due within one year	10	(10,002)	(8,968)
Net current assets		66,628	64,497
Total assets less current liabilities		66,684	64,553
Creditors: amounts falling due after more than one year	11	(27,532)	(27,533)
Net assets		39,152	37,020
Capital and reserves			
Called up share capital	13	5,860	5,860
Profit and loss account	14	33,292	31,160
Equity shareholders' funds	15	39,152	37,020

The accounts on pages 5 to 16 were approved by the board of directors on 27 April 2006 and signed on its behalf by:

C A Dearlove }
 }
 D R Broadhead }

Directors



Barratt Commercial Limited

Accounting policies

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The company prepares its accounts under the historical cost convention.

Intermediate parent company

The accounts contain information about Barratt Commercial Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated accounts as it and its subsidiaries are included by full consolidation in the consolidated accounts of its ultimate parent, Barratt Developments PLC, a company registered in England and Wales.

Cash flow

The company is a wholly owned subsidiary of Barratt Developments PLC and the cash flows of the company are included in the consolidated cash flow statement of Barratt Developments PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing a cash flow statement.

Transactions with related parties

The company has taken advantage of the exemption permitted by Financial Reporting Standard No. 8 'Related Party Disclosures' and has not disclosed intra-group transactions with other companies in the Barratt Group.

Turnover

Turnover represents gross rents receivable and total proceeds of building and development on completion, excluding value added tax.

Properties held for sale

Properties held for sale, comprising properties previously held for investment, are stated at lower of cost and net realisable value.

Operating leases

Operating lease rentals are charged to the profit and loss account in equal instalments over the life of the lease.

Fixed asset investments

Investments in subsidiary companies are stated at cost.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes legal costs of purchase, development land tax where applicable and direct construction costs, but excludes finance charges.

Barratt Commercial Limited

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis.

Pension costs

Barratt Development PLC operates a defined benefit and defined contribution scheme which covers employees of the Company. Contributions made to the defined benefit scheme are based on the cost of providing pensions across all participating group companies. Costs are not determined for each individual company. Contributions payable by the Company are charged to the profit and loss account in the period in which they fall due. Contributions payable under the defined contribution scheme are charged to the profit and loss account as they arise.

Barratt Commercial Limited

Notes to the financial statements for the year ended 30 June 2005

1 Profit on ordinary activities before taxation

	2005 £'000	2004 £'000
Turnover	6,364	3,913
Cost of sales	(3,971)	(4,180)
Gross profit/(loss)	2,393	(267)
Administrative expenses	(272)	(236)
Operating profit/(loss)	2,121	(503)
Net interest receivable and similar income (note 4)	1,682	1,303
Profit on ordinary activities before taxation	3,803	800

In the opinion of the directors the company has only one class of business, all of which is carried out in the United Kingdom.

	2005 £'000	2004 £'000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration		
Audit services	2	2
Operating lease charges - other	7	7

There were no non-audit services provided to the company during the year (2004: £Nil).

2 Directors' emoluments

The remuneration paid to the directors of Barratt Commercial Limited was:

	2005 £'000	2004 £'000
Emoluments (including benefits in kind)	192	177

Retirement benefits are accruing to one director under a defined benefit scheme. D A Pretty, C A Dearlove and L Dent received no remuneration from the company.

Barratt Commercial Limited

3 Employee information

The average monthly number of persons (including executive directors) employed during the year was:

	2005	2004
	Number	Number
Administration	6	6

	2005	2004
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	187	138
Social security costs	21	15
Other pension costs (see note 16)	22	17
	230	170

4 Net interest receivable and similar income

	2005	2004
	£'000	£'000
Group interest receivable	1,693	1,298
Other interest receivable	2	7
Less: interest payable on bank overdrafts	(13)	(2)
	1,682	1,303

Barratt Commercial Limited

5 Taxation

(a) Analysis of charge in the year

	2005 £'000	2004 £'000
Current tax		
UK corporation tax at 30% (2004: 30%)	1,159	288
Adjustment in respect of prior periods	(134)	(66)
Total current tax	1,025	222
Deferred tax		
Origination and reversal of timing differences	4	2
	1,029	224

(b) Factors affecting the tax charge for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK. The differences are explained below:

	2005 £'000	2004 £'000
Profit on ordinary activities before tax	3,803	800
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004: 30%)	1,141	240
<i>Effects of:</i>		
Expenses not deductible for tax purposes	18	49
Other timing differences	-	(1)
Adjustments to tax charge in respect of previous periods	(134)	(66)
Current tax charge for the year	1,025	222

(c) Factors that may affect future tax charge

There are no factors that are expected to affect future tax charges materially.

Barratt Commercial Limited

6 Dividends

	2005 £'000	2004 £'000
Ordinary:		
Interim paid: 0.60p (2004: 0.45p) per £0.25 share	140	106
Final proposed: 2.14p (2004: 1.07p) per £0.25 share	502	250
	642	356

7 Fixed asset investments

	£'000
Shareholdings in subsidiary companies at cost:	
At 30 June 2004 and 30 June 2005	56

Details of subsidiary companies at 30 June 2005, all of which are registered in England and Wales, are given below:

Name of subsidiary company	Description of shares	Proportion of nominal value of shares held %
Barratt Southern Properties Limited	Ordinary £1 shares	100
Barratt Properties Limited	Ordinary £1 shares	100
Barratt East Anglia Limited	Ordinary £1 shares	100

The principal activity of Barratt Southern Properties Limited is building and development. Barratt Properties Limited and Barratt East Anglia Limited are dormant companies.

In the directors' opinion, the value of the company's investments in its subsidiary companies is not less than the amount at which it is stated in the balance sheet.

Barratt Commercial Limited

8 Stocks

	2005	2004
	£'000	£'000
Work in progress	405	509
Properties held for resale	1,750	1,750
	2,155	2,259

9 Debtors

	2005	2004
	£'000	£'000
Amounts falling due after more than one year:		
Amounts owed by group undertakings	69,175	64,731
	69,175	64,731
Amounts falling due within one year:		
Trade debtors	288	166
Amounts owed by group undertakings	4,862	5,524
Deferred tax asset (see note 12)	4	8
Prepayments and accrued income	51	63
	5,205	5,761
	74,380	70,492

Barratt Commercial Limited

10 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Trade creditors	336	335
Amounts due to group undertakings	5,328	5,780
Corporation tax payable	1,166	423
Other creditors	591	165
Accruals and deferred income	2,079	2,015
Proposed dividend	502	250
	10,002	8,968

11 Creditors: amounts falling due after more than one year

	2005	2004
	£'000	£'000
Amounts due to group undertakings	27,532	27,533

12 Deferred tax

	£'000
At 1 July 2004	(8)
Charged to profit and loss account	4
At 30 June 2005	(4)

	2005	2004
	£'000	£'000
Accelerated capital allowances	3	5
Other timing differences	1	3
	4	8

Barratt Commercial Limited

13 Called-up share capital

	2005	2004
	£'000	£'000
Authorised, allotted, issued and fully paid		
23,439,328 (2004: 23,439,328) ordinary shares of £0.25p each	5,860	5,860

14 Profit and loss account

	£'000
At 1 July 2004	31,160
Retained profit for the financial year	2,132
At 30 June 2005	33,292

15 Reconciliation of movements in equity shareholders' funds

	2005	2004
	£'000	£'000
Profit for the year	2,774	576
Dividends	(642)	(356)
Net addition to equity shareholders' funds	2,132	220
Equity shareholders' funds at 1 July	37,020	36,800
Equity shareholders' funds at 30 June	39,152	37,020

Barratt Commercial Limited

16 Pension and similar obligations

(a) Pension costs under SSAP24

The Barratt Developments PLC Pension and Life Assurance Scheme makes provision for pensions to eligible past and present employees of the company; contributions to the scheme are based upon pension costs across the group as a whole.

The funded defined benefit final salary section of the pension scheme was closed to new members on 1 July 2001 and was replaced by a defined contribution section of the scheme for new employees.

Full disclosure relating to the above pension fund arrangements can be found in the accounts of Barratt Developments PLC.

The pension cost charge for the year represents contributions payable and amounts to £21,716 (2004: £17,013).

(b) Pension disclosures under FRS17 transitional arrangements

The company participates in the Barratt Developments PLC Pension and Life Assurance Scheme which is both a defined benefit and defined contribution scheme. It is not possible to identify the share of the underlying assets and liabilities in the scheme relating to individual participating employees. Consequently in accordance with FRS17, the company will account for its liability to the fund as if it were a defined contribution scheme and the charge to the profit and loss account in future years will represent the actual contribution paid by the company.

No disclosure of the balance sheet position is required. Details of the scheme are included in the disclosure in the financial statements of the parent company, Barratt Developments PLC.

17 Financial commitments

At 30 June 2005, the company had annual commitments under non-cancellable operating leases for the hire of plant and machinery as follows:

	2005	2004
	£'000	£'000
Expiring between two and five years	7	7

18 Ultimate parent company and controlling party

The directors regard Barratt Developments PLC, a company registered in England and Wales, as the ultimate parent company and controlling party. Copies of the ultimate parent company's accounts may be obtained from Barratt Developments PLC, Wingrove House, Ponteland Road, Newcastle upon Tyne, NE5 3DP.