

Registered number: 05876012

BDW (F.R.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

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COMPANIES HOUSE

BDW (F.R.) LIMITED

COMPANY INFORMATION

Directors

S J Boyes
R J R Brooke
G M Ennis
B W Rooney
D F Thomas
M Roberts
J E White

Company secretary

Barratt Corporate Secretarial Services Limited

Registered number

05876012

Registered office

Barratt House, Cartwright Way, Forest Business Park
Bardon Hill
Coalville
Leicestershire
LE67 1UF

Independent auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

BDW (F.R.) LIMITED

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**STRATEGIC REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Introduction

The Company's principal activity is acquiring and selling leasehold residential properties. The Company operates as part of the Barratt Group (Barratt Developments PLC and its subsidiary undertakings: the 'Group').

The key performance indicators of the Company are discussed in the table below

Key performance indicator	2020	2019 (* restated)	Movement	Discussed in the section entitled
Operational				
Customer satisfaction levels The percentage of the Group housebuilding customers surveyed who would 'recommend us to a friend'	HBF 5* Over 90%	HBF 5* Over 90%	N/A	'Customer first'
Financial				
Turnover (£'000)	5,362	14,545	(63)%	'Housebuilding'
Operating profit (£'000)	369	188	96%	'Housebuilding'
Profit before tax (£'000)	369	188	96%	'Housebuilding'
* The prior year results have been restated to include the sale of two additional apartments in June 2019 (see note 10).				

Business review and future outlook

During the year the Company sold 14 (2019 restated: 14) leasehold properties resulting in a total turnover of £5.4m (2019 restated: £14.5m). Going forward, the company will continue to buy and sell leasehold residential properties as required by the group. The operating margin was 6.9% compared to 1.3% (restated) in the prior year, the increase in margin being primarily due to the mix of properties sold and their locations. The resulting profit before tax was £369,000 (2019 restated: £188,000). The Directors consider this to be satisfactory.

Our priorities

The Company operates as part of the Barratt Group acquiring leasehold properties from other Group entities before selling them on, to external purchasers. As such the priorities of the Company are closely linked to two of the Group's priorities: customer first and building excellence by leading construction.

Customer first

The challenge

Britain needs more homes to address its long term housing shortage. While the industry needs to increase volumes, it must also provide quality and customer service.

Key performance indicator

- HBF 5 Star homebuilder

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Key Group issues

- Health and safety and investment in our customer journey
- Further investment in customer service training across the Group
- Affordability

Customer service

Customer service is a long term Group commitment for Barratt. The Group is the only major national housebuilder to be awarded the maximum HBF 5 Star status for eleven years in a row. This is delivered through building high quality homes and providing a good customer experience throughout the sales process, with quick resolution of post occupational issues. Customers' needs are anticipated by continuously improving the homes and places built to meet changing lifestyles and tastes.

During the year, the Group continue to drive improvements to the customer journey and have adapted processes to protect and support customers as a result of COVID-19. In March 2020, a decision was made to temporarily close construction sites, sales centres and customer care operations, with the exception of customer emergencies, in order to protect employees and customers. Since starting to reopen our construction sites in mid-May, Customer Care teams have restarted after-sales repairs with a phased and prioritised approach, with enhanced precautions to enable social distancing during the work.

Training and development

The Group has continued to drive improvements to the customer journey to improve customer experience, including communications throughout the process. One of the main channels of communication and marketing is the Barratt website, which provides interactive site plans across all device types. These enable customers to see real time plot availability across their chosen development. The Group have continued to develop an online portal to support home buyers during the sales journey and after they have moved in. In response to COVID-19, the Group have developed personalised virtual show home tours using mobile technology. The Group plan to use this technology much more going forward to support prospective customers.

Finance and mortgage – affordability

Following the onset of COVID-19, the prospects for the wider UK economy and the medium term impact on the new homes market remain uncertain. Whilst there is a reduced level of availability of higher LTV mortgages, demand from first time buyers looking to use Help to Buy in England has been significant since the housing market reopened in mid-May.

Most of the Group's customers require advice on mortgages and financial assistance which they can, if they choose, obtain through the Group's network of recommended Independent Mortgage Advisers. To provide a seamless and efficient service an online mortgage advice service is available via a regulated third party (L&C Mortgages).

Building excellence by leading construction

The challenge

The long term housing shortage has increased demand for new homes, which has resulted in pressures on the availability of materials, skilled labour and sub-contractors.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Progress

The Group deliver the highest quality homes by focusing on excellence across all aspects of construction. They continue to work with partners to develop MMC at scale, to increase build efficiency whilst minimising the environmental impacts of construction.

Delivering high quality homes

The Group puts customer satisfaction at the heart of their construction processes with a focus upon getting it right first time, and on the lifetime environmental performance of the homes built by the Group. The Group need to increase build efficiency while maintaining safety and quality standards responding to skills shortages.

Our principles

The Company operates as part of the Group and as such its principles are the same as those of the Group. The most important of these to the Company are detailed below.

- **Keeping people safe**

To ensure operations are safe and that the Group and Company have a positive health impact on all those affected by what they do.

Group Strategic priority

Health and safety is a fundamental priority. All of the Group's people are responsible for achieving the Group's commitment to the highest industry health and safety standards.

Key performance indicators

- Group Health and safety compliance rate 96% (2019: 96%)

Key Group highlights

- Decrease in the Group's reportable injury incident rate to 256 (2019: 297) per 100,000 employees including subcontractors

The Challenge and our response

The Group prioritise health and safety across their business and seek to manage the inherent risks by applying its management system across their operations and continuously reviewing safe systems of work.

The challenges this year were increased by the COVID-19 pandemic, which required the Group to implement controls to ensure the safe lockdown of their operations and enhanced safe systems of work to enable their operations to recommence. Plans were developed based on Government, Public Health and Industry guidance. The Group have put in place controls to ensure social distancing and hygiene measures are implemented on their construction sites, and developed a new set of working practices and protocols to ensure sales and customer interactions could be undertaken in accordance with relevant Government guidelines.

- **Safeguarding the environment**

The global challenge of climate change has implications for every nation and industry sector. The UK Government's response to this challenge, achieving net zero carbon emissions by 2050, will impact construction processes and the built environment where people live.

Interconnected environmental concerns over air quality, water resources and habitats are already important to the way we operate and over future years this will only increase.

Group Strategic priority

The Group's operations should be energy efficient and low carbon, minimising waste, air pollution and water use. The Group aim to build homes and places that are adapted to climate change with reduced carbon emissions over their lifetime. The Group seek to enhance local habitats and biodiversity on developments and source from sustainably managed forests, while utilising the possibilities in MMC.

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Key performance indicator

- Carbon intensity (per 100 sq.m of legally completed build area) 1.92 (2019 (restated): 1.75)

Key Group issue

- The lifetime environmental performance of the homes the Group sells

The challenge and our response

The Group seeks to drive progress against all the environmental issues where we have an impact.

The Group aim to be at the forefront of the drive to Build Back Better following the COVID-19 pandemic, engaging closely with Government and collaborating within the sector. The Group will do their part in the national challenge to ensure economic recovery goes hand in hand with the UK's net zero carbon by 2050 target.

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Principal risks and uncertainties

The Company's financial and operational performance is subject to a number of risks. The Board seeks to ensure that appropriate processes are put in place to manage, monitor and mitigate these risks.

Management throughout the Group are involved in this process and the majority of these risks are managed by Barratt Developments PLC at a Group level. Principal risks of the Company include, but are not limited to:

Risk	Economic environment, including housing demand and mortgage availability	
Risk description	<p>Changes in the UK macroeconomic environment may lead to falling demand or tightened mortgage availability, on which the majority of our customers are reliant, reducing the affordability of our homes.</p> <p>An inability to meet customers' needs could lead to falling demand or lower prices, which could lead to impairment of the Company's inventories.</p> <p>Responsibility: Group Executive Committee</p>	
Risk level (net of mitigation)	Risk level/appetite	High risk
	Change from previous year	No change
	<p>COVID-19 and the ongoing requirement for social distancing has disrupted the UK economy and greatly heightened uncertainty over employment levels in the short and medium term.</p> <p>Future developments of the virus or an unfavourable outcome to negotiations regarding the UK's relationship with the EU could cause further economic disruption.</p> <p>From April 2021, the Government's Help to Buy scheme will be subject to regional caps and restricted to first time buyers. The scheme is due to end in March 2023.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Medium risk
	Change from previous year	No change
	<ul style="list-style-type: none"> Continual monitoring of the market at a Board, Group Executive Committee, regional and divisional level, leading to amendments in the Company's forecasts and planning as necessary. Comprehensive sales policies and regular review of pricing, local markets and developing good working relationships with mortgage lenders. Maintenance of an appropriate capital structure and balance sheet control. Planning for the end of the transition period for the UK's exit from the EU and adapting business operations as necessary. Development of alternative strategies to drive sales following the announced changes to Help to Buy. 	
Key risk indicators	Gross and operating margins, PBT, total home completions	

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Risk₁	Government regulation and planning policy	
Risk description	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.	
Risk level (net of mitigation)	Risk level/appetite	Medium risk
	Change from previous year	No change
	<p>The Government continues to reiterate its commitment to facilitating the provision of new homes, but the planning process remains lengthy and complex.</p> <p>Changes to Building Regulations, such as the Future Homes Standard effective in 2025, will increase design requirements.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Medium risk
	Change from previous year	No change
	<p>Development is carried out by another Group Company. The Group has:</p> <ul style="list-style-type: none"> • Considerable in-house technical and planning expertise focused on complying with regulations and achieving implementable planning consents that meet local requirements. • Robust and rigorous design standards for the homes and places we develop that exceed current and expected statutory requirements. • Policies and technical guidance manuals for employees on regulatory compliance and the standards of business conduct expected. • Consultation with Government agencies, membership of industry groups to help monitor, understand and plan for proposed regulation change. 	
Key risk indicators	Gross and operating margin, PBT, total home completions	

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Risk	Availability of finance and working capital	
Risk description	<p>The Company is dependent upon the Group to fund its working capital. Unavailability of sufficient Group borrowing and surety facilities to settle liabilities, manage working capital, respond to changes in the economic environment, and take advantage of appropriate operational opportunities to deliver strategic priorities.</p> <p>Responsibility: Group Treasury Committee</p>	
Risk level (net of mitigation)	Risk level/appetite	Medium risk
	Change from previous year	Increase
	<p>In November 2019 the Group extended its £700m RCF until 2024 with the option to extend this further by one year. In addition, the Group holds £200m of fixed rate USPP notes that mature in 2027.</p> <p>The temporary closure of Group construction sites and Group sales centres in the year in response to the COVID-19 pandemic significantly reduced cash inflows to the Group. The Group actively managed its cash flows with average net cash for the year of £348.3m and net assets of £4,840.3m as at 30 June 2020.</p>	
Risk appetite and response/mitigation	Risk level/appetite	Low risk
	Change from previous year	No change
	<p>The Group has:</p> <ul style="list-style-type: none"> Committed bank facilities and private placement notes of around £900m with maturity on the RCF in 2024 and the USPP in 2027. Increased frequency of monitoring of working capital and cash requirements and compliance with banking covenants. Obtained confirmation of eligibility for CCFF until March 2021, should it be required. Policy requiring minimum headroom of £150m of drawings against committed facilities Maintenance of an appropriate capital structure 	
Key risk indicators	Average net cash	

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020		

Risk	IT	
Risk description	<p>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.</p> <p>Responsibility: Group Technology Risk Sub-committee</p>	
Risk level (net of mitigation)	Risk level/appetite	Medium risk
	Change from previous year	No change
	<p>Wherever possible, the Group has facilitated home working for its employees, prioritising their safety during the pandemic. This has necessitated the adoption of new and changes to existing IT systems. Whilst presenting an initial challenge, this has also encouraged the improvement of the Group's IT environment.</p> <p>The threat of external cyber-attacks and phishing attempts persists with a number of high profile incidents being reported in the media during the year.</p>	
Risk appetite and response/ mitigation	Risk level/appetite	Low risk
	Change from previous year	No change
	<p>The Group has:</p> <ul style="list-style-type: none"> Centrally maintained IT systems. Fully tested disaster recovery programme. Regular reviews to seek to reduce the risk of successful cyber-attacks. GDPR compliant business processes and data management. Technology Risk Sub-committee provides oversight of technology risk. Group-wide compliance and policies on passwords and transferring data to third parties. 	
Key risk indicators	Customer service, gross and operating margin, PBT	

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STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2020

Financial risk management

Both the Company and Barratt Developments PLC, on behalf of itself and its subsidiaries, manage financial risks that affect the Company. Where Barratt Developments PLC manages financial risks on behalf of the entire Barratt Developments PLC group of companies including the Company, these risks are discussed using the term 'Group' in this section.

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

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

The two most relevant risks affecting the Company are disclosed as below:

a) Liquidity risk

Liquidity risk is the risk that either the Company or the Group will be unable to meet its liabilities as they fall due. The Company relies upon the banking facilities of the Group and is therefore subject to the same risks as the Group. The Group actively maintains a mixture of long term and medium term committed facilities that are designed to ensure that the Group has sufficient available funds for operations. The Group's borrowings are typically cyclical throughout the financial year and peak in April and May; and October and November of each year, due to seasonal trends in income. Accordingly, the Group maintains sufficient facility headroom to cover these requirements. On a normal operating basis, the Group has a policy of maintaining headroom of up to £150.0m. The Group identifies and takes appropriate actions based upon its regular, detailed system for the reporting and forecasting of cash flows from its operations. The Group's drawn debt, excluding fees, represented 35.3% (2019: 42.0% (re-presented)) of available committed facilities at 30 June 2020. In addition, the Group had £619.8m (2019: £1,136.0m (re-presented)) of cash and cash equivalents.

The Group was in compliance with its financial covenants at 30 June 2020. The Group's resilience to its principal risks, including potential impacts resulting from COVID-19, has been modelled together with possible mitigating actions, over a three-year period. At the date of approval of these Financial Statements, the Group's internal forecasts indicate that it will remain in compliance with these covenants for the foreseeable future, being at least twelve months from the date of signing these Financial Statements.

One of the Group's objectives is to minimise refinancing risk. The Group therefore has a policy that the average maturity of its committed bank facilities and private placement notes is a minimum of two years with a target of two to three years. At 30 June 2020, the average maturity of the Group's facilities was 5.0 years (2019: 5.2 years).

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

b) Capital risk management (cash flow risk)

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

The Group ensures that there are appropriate controls over the levels of work in progress in the Group's business in order to appropriately manage its capital. These controls are discussed in the business risk table on pages 5 to 9. In addition, the other methods by which the Group can manage its short-term and long-term capital structure include adjusting the level of dividends and special cash payments paid to shareholders, issuing new share capital, arranging debt to meet liability payments and selling assets to reduce debt.

Section 172(1) statement

In this section we have set out how the Directors have acted in a way that promotes the success of the Company for the benefit of its members as a whole, in accordance with the requirements of the Companies (Miscellaneous Reporting) Regulations 2018, whilst having regard to the following matters set out in s.172(1) of the Act:

- the likely consequences of any decision in the long term;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Group and Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company.

This reporting requirement applies to the Company for the first time this year.

The Directors understand that it is important for the business at all levels to engage with its stakeholders. By engaging with our stakeholders we gain a better understanding of what areas they are interested in or concerned about and also how our decisions have impacted them. Healthy engagement with stakeholders underpins the Group and Company governance framework, which is embedded throughout the Group's and Company's business and helps to ensure that high standards of business conduct are maintained.

Engagement with stakeholders supports the Director's regard to the likely consequences of any decision in the long term, and key areas of focus are explained further in the priorities and principles sections of the Strategic report.

The Directors appreciate that there may be situations where conflicts will arise between different stakeholder groups. In such circumstances, the Directors will seek to understand the needs and priorities of each stakeholder group during its discussions and as part of their decision making process. They will manage any such conflicts by assessing stakeholder interests from the perspective of the long term sustainable success of the business.

COVID-19, the associated lockdown and subsequent business restart, required the Directors and the Group Board to act swiftly and decisively. The Directors and the Group Board remained mindful of the implications that their decisions would have on stakeholders. This highlighted the continual need for regular clear and comprehensive engagement with stakeholders throughout the decision making process.

The stakeholders, which continue to represent the key resources and relationships that support the generation and preservation of value in the Company, are as follows:

- Customers
- Governments and regulators
- Shareholders

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

The Company's engagement with these stakeholders is managed primarily by the Group with the involvement of the Group board and Company Directors. The following paragraphs set out how the Directors and Group Board have engaged with, and taken into consideration, the interests and concerns of our stakeholders who are material to the long term success of the business.

Customers**How the Company engages with its customers:***Customer satisfaction*

- The Company and Group place customers at the heart of everything it does and focus on delivering excellent build quality, and resolving any customer problems quickly and efficiently.
- The Group Customer Care team is available to answer queries throughout the customer journey.
- Customers are encouraged to complete the HBF Homeowner Survey and/or give us feedback through Trustpilot to help us understand their customer experience.
- During the lockdown period, tailored email communications were sent to prospective customers, those in the sales journey and homeowners to inform them of our response to the lockdown and how to contact members of the team.
- Group Customer Care continued to provide limited support to deal with emergencies.
- Emails sent to all customers on the restart of the business to confirm the schedule and safety precautions in place, to safeguard them and the teams on site, in sales centres and show homes.
- The Group websites were regularly updated to include the latest COVID-19 guidance, to allow customers to book virtual appointments and personalised virtual show home tours.
- Customers were advised on the types of works the Group Customer Care teams could undertake in accordance with Government guidelines including the safety precautions needed to be taken by both the customer and the Group customer care operative.
- Communication continued via social media both reactively to deal with specific customer requests, and proactively to update customers on safety procedures, reopening of construction sites and sales centres and charitable donations.

Industry trends

- The Group contributed to an HBF consultation where customers, and their elected officials, provided feedback about a lack of redress for new build homeowners. The Government is keen to improve this by developments to the Consumer Code and launching a New Homes Ombudsman in 2021 which the Group and Company fully support.

Outcomes of engagement

- Improved our sales reservation process to ensure all milestone updates are consistent.
- Developed the Group's new CRM system and customer portal to ensure that customers have a single source of information and a central repository.
- Updated sales schemes and incentives and launched deposit contribution schemes for the Armed Forces and NHS staff.

Effect of engagement with customers on decisions

- Defect resolution included as an element of the Group's annual bonus scheme for FY21 to increase focus on reducing the number of outstanding defects.
- Supported a review into a smaller product range and gaining further insight into future ways of living including flexible use of internal space and more green space.
- Continue to take into account customer satisfaction when making decisions that may impact customers.

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**
Government and regulators
How the Company engages with Government and regulators

The Company is part of the Barratt Developments PLC Group, and engagement with Government and regulators is managed by the Group.

Government

- The Group Chief Executive and the Group Head of Corporate Communications met with members of Government, other political parties and senior officials to provide an overview of the housing industry and to provide feedback on potential changes being considered by the Government.
- Meetings with bodies such as the BEIS Recovery Taskforce, DEFRA and MHLCG.
- Group sponsorship of the Net Zero All-Party Parliamentary Group and a signatory to the COP26 Business Leaders Group.
- Emails sent to all MPs, Council Leaders and Council Chief Executives outlining our overall approach towards temporarily closing construction sites, sales centres, and offices. Followed by information on our phased reopening of sales centres and the COVID-19 working practices and protocols.
- The Group attended a number of webinars and policy consultation events to understand and provide feedback on Government's plans on matters such as zero carbon homes and the Build Back Better scheme.
- Social media updates, and videos about the Group's safe-working procedures shared by the official Number 10 Twitter account.
- the Group lobbied the Government to consider an extension to the Help to Buy scheme in support of those customers whose homes had been delayed beyond the build-complete deadline of December 2020.

Regulators and local authorities

- The Group Board and the Company Directors are committed to ensuring that the Company is open and transparent with regulators and take their regulatory responsibilities very seriously.

Outcomes of engagement

- Help to Buy build complete deadline date extended enabling thousands of purchasers to buy their new homes.
- The Group received a COVID-19 assurance statement certificate from the British Safety Council. Protocols and associated control arrangements considered to be in accordance with current UK Government and sector specific guidelines and arrangements for continual monitoring of their effectiveness are in place.

Effect of engagement with Government and regulators on decisions

- Broad understanding of Government policy and regulation and the environment in which the Company operates.
- Greater understanding of the key drivers for housing policy at a national and local level and impact on the land bids.

Shareholders

The Company is a wholly owned subsidiary within the Barratt Developments PLC Group, it's sole shareholder is BDW Trading Limited.

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**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Greenhouse Gas Emissions (GHG)

No separate information is provided in this report since the emissions reportable for the Company are included within the Group emissions disclosed in the Annual Report and Accounts of Barratt Developments PLC.

This report was approved by the Board on 11 March 2021 and signed on its behalf.



J E White
Director

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors present their annual report and the audited financial statements for the year ended 30 June 2020.

Principal activity

The principal activity of the Company is that of acquiring and selling leasehold residential property.

Results and dividends

The profit for the year, after taxation, amounted to £299,000 (2019 restated: £152,000).

The Directors have not declared a dividend in either the current or prior year. The Company is expected to continue acquiring and selling residential property for the foreseeable future.

Going concern

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

As at 30 June 2020 the Company had net assets of £2,481,000. The financial position of the Company is dependent upon the performance of the Group (Barratt Developments PLC and its subsidiary undertakings, the 'Group').

At 30 June 2020, the Group held cash of £619.8m and total loans and borrowings of £317.7m, consisting of £117.7m of overdrafts repayable on demand and £200.0m sterling US Private Placement notes maturing in August 2027. These balances, set against pre-paid facility fees, comprise the Group's net cash of £308.2m.

At 30 June 2020 and 31 December 2020, should further funding be required, the Group has a committed £700.0m Revolving Credit Facility (RCF), subject to compliance with certain financial covenants, that matures in November 2024.

The financial performance of the Group is dependent upon the wider economic environment in which the Group operates. Factors that particularly affect the performance of the Group include changes in the UK and European macroeconomic environments, included but not limited to, any change or removal of Government's Help to Buy scheme, flat or negative economic growth, inflation, interest rates, buyer confidence, mortgage availability, competitor pricing and falls in house prices or land values.

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.

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

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2020**

Directors

The Directors who served during the year and subsequently to the date of signing were:

S J Boyes
R J R Brooke
C J Burton (resigned 30 June 2020)
G M Ennis
B W Rooney
D F Thomas
M Roberts
J E White

Events after the balance sheet date

At the date of signing there were no post balance sheet events to report.

Directors' indemnities

Following shareholder approval in January 2006, Barratt Developments PLC has provided indemnity to the Directors and Company Secretary of all Group companies, including BDW (F.R.) Limited, against all liability arising in respect of any act or omission in their duties. This is a qualifying indemnity provision for the purposes of Section 234 Companies Act 2006.

Matters covered in the strategic report

A detailed business review and information relating to the principal risks and the priorities of the Company going forward are included within the Strategic Report.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' report is approved has confirmed that:

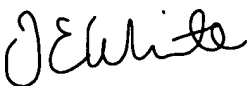
- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418(2) of the Companies Act 2006.

Auditor

Deloitte LLP has expressed a willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditor in the absence of an Annual General Meeting.

This report was approved by the Board on 11 March 2021 and signed on its behalf.



J E White
Director

BDW (F.R.) LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

The Directors are responsible for preparing the Strategic report, the Directors' report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare audited financial statements for each financial year. Under that law the Directors have elected to prepare the audited financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the Directors must not approve the audited financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these audited financial statements, the Directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BDW (F.R.) LIMITED

Report on the audit of the financial statements**Opinion**

In our opinion the financial statements of BDW (F.R.) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 30 June 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 12.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

BDW (F.R.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BDW (F.R.) LIMITED
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Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic report or the Directors' report.

BDW (F.R.) LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BDW (F.R.) LIMITED

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lee Highton (Senior statutory auditor)

for and on behalf of
Deloitte LLP

Statutory Auditor

London
United Kingdom

11 March 2021

BDW (F.R.) LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

		2020	<i>As restated*</i> 2019
	Note	£000	£000
Turnover	3	5,362	14,545
Cost of sales		(4,979)	(14,345)
Gross profit		383	200
Administrative expenses		(14)	(12)
Operating profit	4	369	188
Taxation	5	(70)	(36)
Profit for the financial year		299	152

There was no other comprehensive income for 2020 or 2019.

The notes on pages 23 to 29 form part of these financial statements.

*Prior year numbers are restated as disclosed in note 10 of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

		2020	2020	As restated*	As restated*
	Note	£000	£000	2019	2019
				£000	£000
Current assets					
Stocks	6	323		4,837	
Debtors	7	2,222		-	
		<u>2,545</u>		<u>4,837</u>	
Creditors: amounts falling due within one year	8	(64)		(2,655)	
Net current assets			<u>2,481</u>		<u>2,182</u>
Total assets less current liabilities			<u>2,481</u>		<u>2,182</u>
Net assets			<u><u>2,481</u></u>		<u><u>2,182</u></u>
Capital and reserves					
Called up share capital	9		-		-
Profit and loss account			2,481		2,182
			<u><u>2,481</u></u>		<u><u>2,182</u></u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 11 March 2021.



J E White
Director

The notes on pages 23 to 29 form part of these financial statements.

*Prior year numbers are restated as disclosed in note 10 of these financial statements.

BDW (F.R.) LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Called up share capital	Profit and loss account**	Total equity
	£000	£000	£000
At 1 July 2019 (restated *)	-	2,182	2,182
Comprehensive income for the year			
Profit for the financial year	-	299	299
At 30 June 2020	-	2,481	2,481

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019**

	Called up share capital	Profit and loss account**	Total equity
	£000	£000	£000
At 1 July 2018	-	2,030	2,030
Comprehensive income for the year			
Profit for the financial year	-	152	152
At 30 June 2019 (restated *)	-	2,182	2,182

The notes on pages 23 to 29 form part of these financial statements.

* Prior year numbers are restated as disclosed in note 10 of these financial statements.

** Profit and loss account comprise the accumulated profits and losses of the Company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****1. Accounting policies****1.1 General information and basis of preparation of financial statements**

BDW (F.R.) Limited, a private company limited by shares, is incorporated in the UK and registered in England and Wales. The address of its registered office is Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF. The principal activities of the company and the nature of the company's operations are set out in the Directors' report on pages 1 to 2.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The functional currency of the Company is pound sterling because that is the currency of the primary economic environment in which the Company operates.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Barratt Developments PLC as at 30 June 2020 and these financial statements may be obtained from www.barrattdevelopments.co.uk.

1.3 Going concern

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. The Directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group, and therefore the Company, has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of these financial statements. For this reason, they continue to adopt the going concern basis in the preparation of these financial statements as set out in the going concern section of the Directors' Report.

BDW (F.R.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
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1. Accounting policies (continued)

1.4 Turnover

Turnover on leasehold residential property sales is recognised at legal completion.

1.5 Stocks

Stocks and properties held for sale are valued at the lower of cost and net realisable value. Costs comprise the consideration paid in acquiring the stock and includes those overheads which have been incurred in bringing the stocks to their present location and condition. Management assesses the cost held and where required will book a provision against the stock.

1.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.7 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans to related parties.

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.9 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

1.10 Taxation

Tax is recognised in the Income Statement, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

UK Corporation tax is provided on taxable profits at the current effective rate, based on tax laws enacted or substantively enacted as at 30 June 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the Company's accounting policies, which are described in the accounting policies note, the Directors have made no individual judgements that have a significant impact upon the Financial Statements, and no estimates have been required.

3. Turnover

The entire turnover £5,362,000 (2019: £14,545,000) is attributable to acquiring and selling of leasehold residential property all of which is carried out in the United Kingdom.

4. Operating profit

Operating profit is stated after charging operating lease rentals on land and buildings of £800 (2019: £2,000).

Audit fees

Fees payable to the Company's auditor, Deloitte LLP, for the audit of the Company's annual financial statements were £6,400 (2019: £5,100) and were borne by another Group company. No other fees were payable to the Company's auditor in the current or prior year.

Directors and employees

No Director received separate emoluments in respect of their services to the Company (2019: £nil).

S J Boyes, J E White and D F Thomas are also Directors of Barratt Developments PLC. R J R Brooke, B W Rooney, G M Ennis, C J Burton and M Roberts are or were also Directors of BDW Trading Limited. These Directors received total emoluments of £4,399,000 (2019: £9,015,000) from these companies during the year.

It is not practicable to allocate the emoluments for the Directors between their services as a Director of BDW (F.R.) Limited and other Group companies.

The Company had no employees during the year or prior year.

Stocks

The value of stocks expensed in the year and included in cost of sales was £4,815,858 (2019 restated: £13,904,141).

BDW (F.R.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

5. Taxation

	2020	<i>restated*</i> 2019
	£000	£000
Corporation tax		
Current tax on profits for the year	70	36
Total tax	70	36

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%) as set out below:

	2020	<i>As restated</i> 2019
	£000	£000
Profit before tax	369	188
Profit before tax multiplied by standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%)	70	36
Effects of:		
Total tax charge for the year	70	36

Factors that may affect future tax charges

There is no unrecognised deferred tax asset or liability in either year.

6. Stocks

	2020	<i>As restated</i> 2019
	£000	£000
Properties	323	4,837
	323	4,837

The Directors consider all stocks to be essentially current in nature although the Company's operational cycle is such that a proportion of stocks may not be realised within twelve months. It is not possible to determine with accuracy when specific stocks will be realised as this will be subject to a number of issues such as consumer demand.

BDW (F.R.) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

7. Debtors

	2020	2019
	£000	£000
Amounts owed by Group undertakings	2,222	-
	<u>2,222</u>	<u>-</u>

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

8. Creditors: amounts falling due within one year

	2020	<i>As restated</i> 2019
	£000	£000
Amounts owed to Group undertakings	-	2,619
Corporation tax	64	36
	<u>64</u>	<u>2,655</u>

Amounts owed to Group undertakings are unsecured, interest free and repayable on demand.

9. Called up share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
2 (2019: 2) ordinary shares of £1 each	<u>2</u>	<u>2</u>

BDW (F.R.) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020
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10. Prior year adjustment

During the current year it has been determined that the sale of two apartments in June 2019 was omitted from the prior year results.

The comparative figures in the primary statements and notes have, therefore, been restated.

The effects of the prior period error are summarised below:

	2019 £000
Statement of Comprehensive Income	
Turnover	4,090
Cost of sales	(4,123)
Taxation	6
Decrease in profit for the year	<u>(27)</u>
Profit for the financial year as originally stated	179
Adjustments	(27)
Restated profit for the financial year	<u>152</u>
	2019 £000
Statement of Financial Position	
Stocks	(4,000)
Amounts owed to Group undertakings	3,967
Tax creditor	6
Decrease in net assets	<u>(27)</u>
Net assets for the year as originally stated	2,209
Adjustments	(27)
Restated net assets for the year	<u>2,182</u>

BDW (F.R.) LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020****11. Commitments under operating leases**

At 30 June 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	As restated 2019 £000
Not later than 1 year	1	1
Later than 1 year and not later than 5 years	4	5
Later than 5 years	1,013	1,310
	<u>1,018</u>	<u>1,316</u>

12. Controlling party

The Directors regard Barratt Developments PLC, a company registered in England and Wales, as the ultimate parent company and controlling party. Barratt Developments PLC is the parent of the smallest and largest group of undertakings to consolidate these financial statements at 30 June 2020. The consolidated financial statements of Barratt Developments PLC are available from its registered office at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.

The immediate parent company is BDW Trading Limited, a company registered in England and Wales, with its registered office at Barratt House, Cartwright Way, Forest Business Park, Bardon Hill, Coalville, Leicestershire, LE67 1UF.