

Persimmon Homes (West Yorkshire) Limited

**Directors' report and financial
statements**

Registered number 2988198

31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The company's principal activity is that of residential building and development.

Business review

The directors are satisfied with the performance of the company in the current economic climate.

On 31 December 2000 the business and trading assets (including beneficial title to land assets) of Persimmon Homes (West Yorkshire) Limited were transferred to Persimmon Homes Limited at book value.

On the same date an agency and management agreement was also entered into with Persimmon Homes Limited.

Dividends

An interim dividend of £5,113,000 was paid during the year.

The directors do not propose the payment of a final dividend.

Policy and practice on payment of creditors

The company's policy and practice for the payment of most of its trade creditors is to follow the CBI's Prompt Payment Code (copies available from the CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU). For other suppliers, payment terms are agreed when goods and services are ordered, and payment is made according to those terms. The company's average creditor payment period at 31 December 2000 was 50 days (1999: 40 days).

Directors and directors' interests

The directors who held office during the year and to the date of this report were as follows:

M J Allen	(Chairman - resigned 21 August 2000)
J White	
G Grewer	
C A Johnson	
P Calvert	
W Gradwell	
I C Ruthven	
RL Smith	(appointed 1 January 2000)
J Millar	(appointed 21 August 2000)

None of the directors has an interest in the shares of the company.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The directors who held office at the end of the financial year had the following interests in the ordinary shares of 10p each of the ultimate parent company, Persimmon plc, as recorded in the register of directors' share and debenture interests:

	Interest at 31 December 2000	Number of shares			Interest at 1 January 2000
Ordinary shares					
C A Johnson	18,602				20,611
P Calvert	1,797				707
W Gradwell	-				3,736
I C Ruthven	-				-
RL Smith	-				-
		Number of options during the year			
		Exercised	Granted	Lapsed	
Share options					
C A Johnson	145,555	-	15,000	-	130,555
P Calvert	40,000	-	5,000	-	35,000
W Gradwell	55,000	-	20,000	-	35,000
I C Ruthven	45,000	-	5,000	-	40,000
RL Smith	10,000	-	10,000	-	-
SAYE share options					
C A Johnson	7,738	-	-	-	7,738
P Calvert	2,080	1,047	-	-	3,127
W Gradwell	6,926	5,239	2,284	-	9,881
I C Ruthven	3,095	-	-	-	3,095
RL Smith	6,140	-	1,713	-	4,427

The interests of J Millar, J White and G Grever are disclosed in the directors' report of the ultimate parent company.

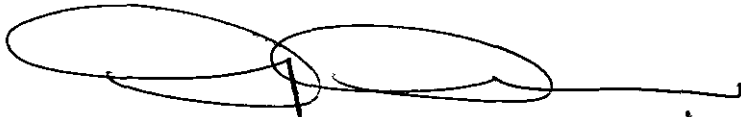
The share options held are exercisable from May 1997 to March 2010 at prices ranging from 126p to 269p.

Directors' report *(continued)*

Auditors

Pursuant to Section 386 of the Companies Act 1985, an elective resolution to dispense with the obligation to appoint auditors annually was passed on 11 January 1995.

By order of the board

A handwritten signature in black ink, consisting of a large, stylized 'G' followed by a horizontal line and a small flourish at the end.

G Grewer
Secretary

Persimmon House
Fulford
YORK
YO19 4FE

28 February 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors confirm that:

- suitable accounting policies have been selected and then applied consistently;
- judgements and estimates have been made that are reasonable and prudent;
- applicable accounting standards have been followed; and
- the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

1 The Embankment
Neville Street
Leeds
LS1 4DW

Report of the auditors to the members of Persimmon Homes (West Yorkshire) Limited

We have audited the financial statements on pages 6 to 17.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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 with the company 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 as at 31 December 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc
Chartered Accountants
Registered Auditor

28 February 2001

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Turnover			
Continuing operations		25,992	27,892
Cost of sales		(21,357)	(24,346)
Gross profit		4,635	3,546
Net operating expenses		(2,056)	(1,961)
Operating profit			
Continuing operations		2,579	1,585
Net interest payable and similar charges	2	(62)	(78)
Profit on ordinary activities before taxation	3	2,517	1,507
Tax on ordinary activities	6	(773)	(469)
Profit on ordinary activities after taxation		1,744	1,038
Dividends	7	(5,113)	-
Balance transferred (from)/to reserves	15	(3,369)	1,038

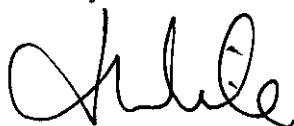
No separate statement of total recognised gains and losses has been presented as the company has no recognised gains or losses other than the result for the year as shown above.

There is no material difference between the profit on ordinary activities before taxation and the result for the year stated above, and their historic cost equivalents.

Balance sheet
at 31 December 2000

	<i>Note</i>	2000 £000	1999 £000
Fixed assets			
Tangible assets	8	-	418
Current assets			
Stocks and work in progress	9	-	16,880
Debtors	10	15,446	2,284
		15,446	19,164
Creditors due within one year	11	(15,446)	(15,643)
Net current assets		-	3,521
Total assets less current liabilities		-	3,939
Creditors due after more than one year	12	-	(570)
Net assets		-	3,369
Capital and reserves			
Called up share capital	14	-	-
Profit and loss account	15	-	3,369
Equity shareholders' funds	16	-	3,369

These financial statements were approved by the board of directors on 28 February 2001 and were signed on its behalf by:



J White
 Director

Notes

(forming part of the financial statements)

1 Principal accounting policies

The financial statements 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 financial statements are prepared in accordance with the historical cost convention.

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Persimmon plc, and its cash flows are included within the consolidated cash flow statement of that company.

Depreciation

Depreciation on tangible fixed assets is provided using the straight line method to write off the cost, less estimated residual value, over the following number of years:

Plant, fixtures and fittings -	3 to 5 years
Freehold buildings -	50 years

No depreciation is provided on freehold land.

Leases

Assets financed by means of a finance lease are treated as if they had been purchased outright and the corresponding liability to the leasing company is included as an obligation under finance leases. Depreciation on such assets is charged to the profit and loss account in accordance with the accounting policy above over the lease term.

The interest element of payments to leasing companies is calculated on a straight line basis over the lease term and charged to the profit and loss account.

Amounts payable under operating leases are charged to work in progress or net operating expenses on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value, after deducting deposits received. Land includes undeveloped land and land under development but excludes land being developed under licence agreements and land option payments. Work in progress, showhouses and Business Expansion Scheme ("BES") assets comprise direct materials, labour costs, site overheads, associated professional charges and other attributable overheads.

Notes (continued)

1 Principal accounting policies (continued)

Turnover

Turnover represents the total sales value of legally completed properties in the United Kingdom, excluding land sales and part exchange properties. Turnover and profit on sales are recognised upon legal completion. Turnover does not include properties sold to BES companies until the schemes mature. The properties are held in the balance sheet at their original cost with the associated sale proceeds treated as advances.

Interest

Interest is written off to the profit and loss account as incurred.

Taxation

Provision is made for tax on taxable profit, payments to group undertakings for the surrender of taxation losses and for deferred tax which is likely to crystallise in the foreseeable future.

Pension costs

Pension costs are accounted for on the basis of charging the expected costs of providing pensions over the period during which the company benefits from the employees' services.

2 Net interest payable and similar charges

	2000 £000	1999 £000
Interest payable and similar charges		
On bank overdrafts wholly repayable within five years	43	54
Finance charges payable in respect of finance leases	21	25
	64	79
Other interest receivable	(2)	(1)
	62	78

Notes (continued)

3 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditor's remuneration:		
Audit	9	7
Depreciation:		
Owned assets	96	48
Assets held under finance leases	120	138
Operating lease:		
Plant hire	537	586
Land and buildings	45	42
<i>after crediting</i>		
Rent receivable	3	5

4 Remuneration of directors

	2000 £000	1999 £000
Directors' emoluments	476	314

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £131,000 (1999: £118,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £23,000 (1999: £18,000). During the year, the highest paid director exercised share options.

	Number of directors	
	2000	1999
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	5	4
The number of directors who exercised share options was	2	2
The number of directors in respect of whose services shares were received or receivable under long term incentive schemes was	5	4

Notes (continued)

5 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the year was 94 (1999: 102).

Staff costs (for the above persons):

	2000 £000	1999 £000
Wages and salaries	1,892	1,953
Social security costs	158	160
Other pension costs	113	108
	<u>2,163</u>	<u>2,221</u>

6 Tax on ordinary activities

	2000 £000	1999 £000
UK corporation tax at 30% (1999: 30.25 %)	<u>773</u>	<u>469</u>

7 Dividends

	2000 £000	1999 £000
Equity shares		
Interim paid	<u>5,113</u>	<u>-</u>

Notes (continued)

8 Tangible fixed assets

	Plant	Fixtures and fittings	Total
	£000	£000	£000
Cost			
At 1 January 2000	768	96	864
Additions	269	13	282
Disposals	(126)	-	(126)
Transfers to Persimmon Homes Limited	(911)	(109)	(1,020)
At 31 December 2000	-	-	-
Depreciation			
At 1 January 2000	384	62	446
Charge for year	200	16	216
Disposals	(69)	-	(69)
Transfers to Persimmon Homes Limited	(515)	(78)	(593)
At 31 December 2000	-	-	-
Net book value			
At 31 December 2000	-	-	-
At 31 December 1999	384	34	418
Finance leases included in the above:			
Net book value			
At 31 December 2000	-	-	-
At 31 December 1999	231	14	245

9 Stocks and work in progress

	2000 £000	1999 £000
Land	-	8,770
Work in progress	-	6,187
Part exchange properties	-	896
Showhouses	-	1,079
Deposits received	-	(52)
	-	16,880

Notes (continued)

10 Debtors

	2000 £000	1999 £000
Trade debtors	-	1,092
Other debtors	-	-
Amounts owed by group undertakings	15,446	821
Licensed land prepayments	-	255
Prepayments and accrued income	-	116
	<u>15,446</u>	<u>2,284</u>

All debtors are due within one year.

11 Creditors due within one year

	2000 £000	1999 £000
Bank overdraft	-	671
Obligations under finance leases	-	160
Trade creditors	-	2,539
Land creditors	-	283
Amounts owed to group undertakings	15,446	10,459
Other creditors including taxation and social security:		
Corporation tax	-	823
Other taxes and social security	-	122
	<u>-</u>	<u>945</u>
Taxation and social security	-	945
Other creditors	-	109
	<u>-</u>	<u>1,054</u>
Accruals and deferred income	-	477
	<u>15,446</u>	<u>15,643</u>

Notes (continued)

12 Creditors due after more than one year

	2000 £000	1999 £000
Obligations under finance leases	-	86
Land creditors	-	484
	-	570

The following amounts are repayable by instalments:

	2000 £000	1999 £000
Finance leases		
Between one and two years	-	53
Between two and five years	-	33
	-	86
Land creditors		
Between one and two years	-	484
Between two and five years	-	-
	-	484

Certain land creditors included above and in note 11 are secured upon land.

13 Deferred tax

There is no potential liability for deferred tax.

14 Called up share capital

	2000 £	1999 £
<i>Authorised</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
<i>Allotted, called up and fully paid</i>		
1 Ordinary share of £1	1	1

Notes (continued)

15 Reserves

	Profit and loss account £000
At 1 January 2000	3,369
Retained loss for the year	(3,369)
At 31 December 2000	-

16 Reconciliation of movements in shareholders' funds

	2000 £000	1999 £000
Profit for the financial year	1,744	1,038
Dividends	(5,113)	-
Net (reduction in)/increase to shareholders' funds	(3,369)	1,038
Opening shareholders' funds	3,369	2,331
Closing shareholders' funds	-	3,369

17 Contingent liabilities

The company has given an unlimited cross guarantee in respect of the bank overdrafts of certain other group companies. At 31 December 2000 the overdrafts amounted to £1,753,000 (1999: £1,800,000).

The company together with fellow subsidiaries has guaranteed bank loans made to Persimmon plc; the amount outstanding at the year end was £131,891,000 (1999: £131,891,000).

In the normal course of business, the company has given counter-indemnities in respect of performance bonds and financial guarantees.

The company has entered into certain licence agreements with third parties, which give it the right to build and sell houses on land owned by the third party. Upon legal completion the house purchaser makes a land payment to the third party and the balance of the sales proceeds is paid to the company. In some instances, the company may guarantee minimum aggregate land payments at appropriate dates. If it becomes necessary to make advance payments to the licensor, amounts paid are included as prepayments in the balance sheet and are subsequently recovered on the sale of the properties.

Notes (continued)

18 Commitments

- (i) At 31 December 2000, there were no capital commitments contracted for but not provided in the financial statements (1999: £Nil).
- (ii) At 31 December 2000, annual commitments under non-cancellable operating leases were as follows:

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Expiring within one year	-	-	-	30
Expiring between two and five years inclusive	-	-	42	73
	-	-	42	103

- (iii) On 16 March 1998 the company, together with three fellow subsidiaries, entered into a conditional agreement to purchase a group of companies with an interest in land. The acquisition is conditional upon planning permission being granted at which point the consideration will be determined. Until planning permission is obtained the company, together with its fellow subsidiaries, has no control over the companies. Consequently, the acquisition has not been accounted for as an investment, in accordance with Financial Reporting Standard 2, "Accounting for subsidiary undertakings".

19 Pension scheme

The company is a member of a group operated pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary. The most recent valuation was at 1 July 2000. The assumptions which have the most significant effect on the results of the valuation are shown in the financial statements of the ultimate parent company, Persimmon plc.

The total pension cost for the company was £113,000 (1999: £108,000).

20 Related party disclosures

The company is controlled by Persimmon plc, its ultimate parent company.

Notes *(continued)*

21 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Persimmon plc.

The consolidated financial statements of Persimmon plc are available to the public and may be obtained from:

The Company Secretary
Persimmon plc
Persimmon House
Fulford
YORK
YO19 4FE