

Persimmon Finance Limited

**Directors' report and financial
statements**

Registered number 4099208

31 December 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2002.

Principal activities

The company's principal activity is to assist in the provision of finance to other group companies.

Research and development

Research and development expenditure is written off as incurred.

Business review

The company has not entered into any financing transactions during the year under review.

Dividends

The directors do not recommend the payment of a dividend.

Directors and directors' interests

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

J White
 MH Killoran
 GN Francis (Appointed 1 May 2002)
 G Grewer (Resigned 1 May 2002)

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

The interests of J White and MH Killoran are disclosed in the directors' report of the ultimate parent company.

GN Francis and G Grewer had the following interests in the ordinary shares of 10p each in the ultimate parent company, Persimmon plc, as recorded in the register of directors' share and debenture interests:

	Interest at 31 December 2002 or date of resignation	Number of shares			Interest at 31 December 2001 or date of appointment
GN Francis	3,922				5,861
G Grewer	333,626				307,209
		Number of options during the year			
		Exercised	Granted	Lapsed	
<i>Share options</i>					
GN Francis	37,000	-	12,000	-	25,000
G Grewer	40,000	(37,000)	-	(3,000)	80,000
<i>SAYE share options</i>					
GN Francis	3,813	-	-	-	3,813
G Grewer	4,952	-	-	-	4,952

Options are exercisable from March 2002 to March 2010 at prices ranging from 165p to 451p.

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 has been passed.

By order of the board



TL Davison
Secretary

Persimmon House
Fulford
YORK
YO19 4FE

13 January 2004

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

Independent auditors' report to the members of Persimmon Finance Limited

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 2002 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

13 January 2004

Profit and loss account
for the year ended 31 December 2002

	<i>Note</i>	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Operating loss		-	(1,781)
Interest receivable and similar income	4	-	5,285
Profit on ordinary activities before taxation		-	3,504
Taxation	5	-	(1,051)
Profit for the financial period		-	2,453
Dividends		-	-
Retained profit for the financial period	9	-	2,453

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

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

Balance sheet
at 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Current assets			
Debtors	6	102,504	103,504
Current liabilities			
Creditors	7	(51)	(1,051)
Net assets		<u>102,453</u>	<u>102,453</u>
Capital and reserves			
Called up share capital	8	100,000	100,000
Profit and loss account	9	2,453	2,453
Equity shareholders' funds	10	<u>102,453</u>	<u>102,453</u>

These financial statements were approved by the board of directors on 13 January 2004 and were signed on its behalf by:



MH Killoran
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 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.

Foreign exchange

Assets and liabilities expressed in foreign currencies are translated into Sterling at the rates ruling at the balance sheet date. Transactions expressed in foreign currencies are translated into Sterling at the rates ruling at the transaction date. Exchange gains and losses arising are taken to the profit and loss account.

Interest payable

All interest payable is written off in arriving at profit/(loss) on ordinary activities.

Deferred taxation

Provision is made for current tax on taxable profit and full provision is made for deferred tax in line with FRS 19.

2 Remuneration of directors

None of the directors received any remuneration from the company during the year.

3 Staff numbers and costs

The company had no employees during the period.

4 Interest receivable and similar income

	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Other interest	-	5,285

Notes (continued)

5 Taxation

	Year ended 31 December 2002 £000	Year ended 31 December 2001 £000
Corporation tax at 30% (2001: 30%) – current year	-	1,051

6 Debtors

	2002 £000	2001 £000
Due within one year		
Amounts owed by group undertakings	100,000	100,000
Amounts owed by ultimate parent company	2,504	3,504
	<u>102,504</u>	<u>103,504</u>

7 Creditors

	2002 £000	2001 £000
Amounts due in under one year		
Corporation tax	51	1,051

8 Called up share capital

	2002 £000	2001 £000
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	100,000	100,000

9 Reserves

	Profit and loss account £000
At 31 December 2001	2,453
Retained profit for the year	-
At 31 December 2002	<u>2,453</u>

Notes (continued)

10 Reconciliation of movements in shareholders' funds

	2002 £000	2001 £000
Profit for the financial period	-	2,453
Opening shareholders' funds	102,453	100,000
Closing shareholders' funds	102,453	102,453

11 Contingent liabilities

The company together with fellow subsidiaries has guaranteed bank loans made to Persimmon plc; the amount outstanding at the year end was £330,095,000 (2001: £457,988,000).

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

12 Related party disclosures

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

13 Ultimate parent company

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

The ultimate parent company is 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