

Hillreed Properties Limited

**Directors' report and financial
statements**

Registered number 01847448

31 December 2012

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Directors' report

The directors present their report and financial statements for the 18 months ended 31 December 2012

Principal activities, business review and proposed dividend

The principal activity of the company during the period was the purchase and sale of land and property

On 1 October 2012 the entire issued share capital of the company's parent undertaking Hillreed Holding Limited was acquired by Persimmon Homes Limited, part of the Persimmon plc group. Following this acquisition the company changed its accounting reference date to 31 December.

The profit for the period, after taxation, amounted to £137,104 (*12 months ending 30 June 2011 £18,561*). The directors do not recommend the payment of a dividend (*2011 £nil*).

Principal risks and uncertainties are considered on a group wide basis. The company is a wholly owned subsidiary of Persimmon plc, the ultimate parent company and ultimate controlling party, and the company's principal risks and uncertainties are identical to those facing the group. Thus, all principal risks and uncertainties facing the company, relevant key performance indicators (both financial and non-financial), financial risk management objectives and policies, and comments upon likely future developments have been included in the business review within the annual report of Persimmon plc.

Financial and non financial key performance indicators are considered on a group wide basis. Further details of financial and non financial indicators have been included in the business review within the annual report of Persimmon plc.

A copy of the Persimmon plc annual report is available from the company secretary or, alternatively, from the investor relations section of the website at www.persimmonhomes.com.

Directors

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

AJ Hillier	(resigned 5/10/12)
CM Creed	(resigned 5/10/12)
MH Killoran	(appointed 5/10/12)
MP Farley	(appointed 5/10/12, resigned 18/4/13)
J Fairburn	(appointed 5/10/12)
GN Francis	(appointed 5/10/12)
NP Greenaway	(appointed 18/4/13)

Directors' report *(continued)*

Auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves 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 Section 418 of the Companies Act 2006

In accordance with S487(2) of the Companies Act 2006, KPMG Audit Plc will be deemed automatically re-appointed as auditor of the company

By order of the board



TL Davison
Secretary

Persimmon House
Fulford
YORK
YO19 4FE

11 September 2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the 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 financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- 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 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
United Kingdom

Independent auditor's report to the members of Hillreed Properties Limited

We have audited the financial statements of Hillreed Properties Limited for the period ended 31 December 2012 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 and of its profit for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

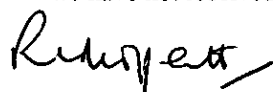
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Hillreed Properties Limited
(continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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



Iain Moffatt (Senior Statutory Auditor)

For and on behalf of KPMG Audit Plc, Statutory Auditor

Chartered Accountants
1 The Embankment
Leeds
West Yorkshire
LS1 4DW

11 September 2013

Profit and loss account

for the 18 months ended 31 December 2012

	Note	18 months ended 31 December 2012 £	Year ended 30 June 2011 £
Turnover	<i>1</i>	5,819,708	904,450
Cost of sales		(5,560,361)	(890,900)
Gross profit		259,347	13,550
Other operating income		36,253	37,889
Administrative expenses		(123,024)	(32,451)
Operating profit		172,576	18,988
Interest receivable		10,500	4,433
Profit on ordinary activities before taxation	<i>2</i>	183,076	23,421
Tax on profit on ordinary activities	<i>5</i>	(45,972)	(4,860)
Profit for the financial period	<i>11</i>	137,104	18,561

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

There is no material difference between the result on ordinary activities before taxation and the result for the period stated above, and their historical cost equivalents

All results arose from the continuing operations of the company

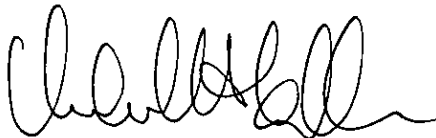
The notes on pages 8 to 11 form part of these financial statements

Balance sheet
at 31 December 2012

	<i>Note</i>	31 December 2012 £	30 June 2011 £
Current assets			
Stocks	6	137,000	2,310,655
Debtors	7	-	433
Cash at bank and in hand		4,046	25,506
		<u>141,046</u>	<u>2,336,594</u>
Creditors amounts falling due within one year	8	(507,680)	(2,840,332)
		<u>(366,634)</u>	<u>(503,738)</u>
Net liabilities			
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	(366,636)	(503,740)
		<u>(366,634)</u>	<u>(503,738)</u>
Shareholders' deficit	11	(366,634)	(503,738)

The notes on pages 8 to 11 form part of these financial statements

These financial statements were approved by the board of directors on 11 September 2013 and were signed on its behalf by



MH Killoran
 Director

Notes

(forming part of the financial statements)

1 Principal accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

After making due enquires, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. The company accounts reflect an excess of liabilities over assets. The directors have prepared the financial statements on the going concern basis given the continuing support of the parent undertaking.

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.

Turnover

Turnover represents the gross proceeds of houses on which contracts for sale have legally completed during the period, land sales and other work done.

Stocks and work in progress

Land and buildings held for resale and development are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the stock to its condition at the balance sheet date. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

2 Notes to the profit and loss account

	18 months ended 31 December 2012 £	Year ended 30 June 2011
<i>Profit on ordinary activities before taxation is stated after charging/(crediting).</i>		
Rents receivable	(36,253)	(37,889)
Auditor's remuneration		
Audit of these financial statements	-	814
	<hr/>	<hr/>

The 2012 auditors' fees of £250 were met by other group companies.

Notes (continued)

3 Directors emoluments

No director received any payments in respect of services as a director of the company (2011 £nil)

4 Staff numbers and costs

There were no employees, other than directors noted above, employed during the current or previous period

5 Taxation

	18 months ended 31 December 2012		Year ended 30 June 2011	
	£	£	£	£
Analysis of charge in period				
<i>UK Corporation tax</i>				
Current tax on income for the period	45,972		4,860	
Total current tax		45,972		4,860
Tax on profit on ordinary activities		45,972		4,860

Factors affecting the tax charge for the current period

The current tax charge for the period is equal to (2011 equal to) the standard rate of corporation tax in the UK of 25 1% (2011 20 75%)

Factors affecting future tax charge

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce from 24% to 22% by 1 April 2014. It was subsequently announced in the Autumn Statement on 5 December 2012 that the rate would drop 1% to 21% by 1 April 2014, and in the 2013 Budget on 20 March 2013, that the rate would drop a further 1% to 20% from 1 April 2015. The reduction in the UK corporation tax rate from 24% to 23% was enacted in July 2012 and effective from 1 April 2013. This will reduce the company's future current tax charge and is the rate at which deferred tax is recognised. It is expected that the impact of these changes will not be material to the company.

6 Stocks

	31 December 2012 £	30 June 2011 £
Land	-	602,955
Part exchange properties	137,000	1,707,700
	<u>137,000</u>	<u>2,310,655</u>

7 Debtors

	31 December 2012 £	30 June 2011 £
Other debtors	-	433
	<u>-</u>	<u>433</u>

Notes (continued)

8 Creditors: amounts falling due within one year

	31 December 2012 £	30 June 2011 £
Trade creditors	-	6,044
Amounts owed to group undertakings	461,708	2,826,965
Corporation tax	45,972	4,860
Other creditors	-	2,463
	<u>507,680</u>	<u>2,840,332</u>

9 Called up share capital

	31 December 2012 £	30 June 2011 £
<i>Authorised</i> 250,000 (2011 250,000) Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
	31 December 2012 £	30 June 2011 £
<i>Allotted and called up and fully paid</i> 2 (2011 2) Ordinary shares of £1 each	<u>2</u>	<u>2</u>

10 Reserves

	Profit and loss account £000
At 30 June 2011	(503,740)
Retained profit for the period	<u>137,104</u>
At 31 December 2012	<u>(366,636)</u>

11 Reconciliation of movements in shareholders' deficit

	18 months ended 31 December 2012 £	Year ended 30 June 2011 £
Profit for the period	137,104	18,561
Opening shareholders' deficit	<u>(503,738)</u>	<u>(522,299)</u>
Closing shareholders' deficit	<u>(366,634)</u>	<u>(503,738)</u>

Notes *(continued)*

12 Related party transactions

The company is controlled by Persimmon plc, the ultimate parent company

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS 8 by not disclosing transactions with entities of the group qualifying as related parties

The cost of the annual return fee was borne by the company's ultimate parent company without any right of reimbursement

13 Ultimate parent company

The directors regard Persimmon plc, a company incorporated in England and Wales, as the ultimate parent company and the ultimate controlling party. Persimmon plc is the parent company of the smallest and largest group of which the company is a member and for which group financial statements are drawn up

Copies of the financial statements of this company are available from

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