

Hillreed Properties Limited

**Directors' report and financial
statements**

Registered number 01847448

31 December 2013

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Directors' report

The directors present their report and financial statements for the year ended 31 December 2013.

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 year, after taxation, amounted to £372,422 (*18 months ended 31 December 2012: £137,104*). The directors do not recommend the payment of a dividend (*2012: £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 strategic report 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 strategic report 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:

MH Killoran
MP Farley (resigned 18/4/13)
J Fairburn
GN Francis
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.

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office. However KPMG Audit Plc has instigated an orderly transfer of its business to its parent company KPMG LLP. Therefore KPMG LLP will be appointed auditor in due course.

By order of the board



TL Davison
Secretary

Persimmon House
Fulford
YORK
YO19 4FE

8 September 2014

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, subject to any material departures disclosed and explained in the financial statements; 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 year ended 31 December 2013 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 2013 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

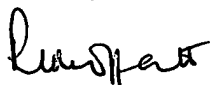
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



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
8 September 2014

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	Year ended 31 December 2013	18 months ended 31 December 2012
		£	£
Turnover	<i>1</i>	137,500	5,819,708
Cost of sales		(137,000)	(5,560,361)
Gross profit		500	259,347
Other operating income		371,394	36,253
Administrative expenses		(36)	(123,024)
Operating profit		371,858	172,576
Interest receivable		1,243	10,500
Profit on ordinary activities before taxation	<i>2</i>	373,101	183,076
Tax on profit on ordinary activities	<i>5</i>	(679)	(45,972)
Profit for the financial period	<i>10</i>	372,422	137,104

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 2013

	<i>Note</i>	2013 £	2012 £
Current assets			
Stocks	6	-	137,000
Cash at bank and in hand		6,467	4,046
		<u>6,467</u>	<u>141,046</u>
Creditors: amounts falling due within one year	7	(679)	(507,680)
		<u>5,788</u>	<u>(366,634)</u>
Net assets / (liabilities)		<u>5,788</u>	<u>(366,634)</u>
Capital and reserves			
Called up share capital	8	2	2
Profit and loss account	9	5,786	(366,636)
		<u>5,788</u>	<u>(366,634)</u>
Shareholders' funds / (deficit)	10	<u>5,788</u>	<u>(366,634)</u>

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

These financial statements were approved by the board of directors on 8 September 2014 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

	Year ended 31 December 2013	18 months ended 31 December 2012
	£	£
<i>Profit on ordinary activities before taxation is stated after crediting:</i>		
Rents receivable	(1,214)	(36,253)

The 2013 auditors' fees of £250 (2012: £1,000) 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 (2012: £nil).

4 Staff numbers and costs

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

5 Taxation

	£	Year ended 31 December 2013 £	£	18 months ended 31 December 2012 £
Analysis of charge in period				
<i>UK Corporation tax</i>				
Current tax on income for the period		679		45,972
Total current tax		<u>679</u>		<u>45,972</u>
Tax on profit on ordinary activities		<u>679</u>		<u>45,972</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is less than (2012: the same as) the standard rate of corporation tax in the UK of 23.25% (2012: 25.1%). The differences are explained below:

	2013 £000	2012 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	373,101	183,076
Current tax at 23.25% (2012: 25.1%)	86,746	45,972
<i>Effects of:</i>		
Non-taxable income	(86,067)	-
Total current tax charge (see above)	<u>679</u>	<u>45,972</u>

Factors affecting future tax charge

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future tax charge accordingly.

Notes *(continued)*

6 Stocks

	2013	2012
	£	£
Part exchange properties	-	137,000
	<u> </u>	<u> </u>

7 Creditors: amounts falling due within one year

	2013	2012
	£	£
Amounts owed to group undertakings	-	461,708
Corporation tax	679	45,972
	<u> </u>	<u> </u>
	679	507,680
	<u> </u>	<u> </u>

8 Called up share capital

	2013	2012
	£	£
<i>Allotted and called up and fully paid</i>		
2 (2012: 2) Ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

9 Reserves

	Profit and loss account £000
At 1 January 2013	(366,636)
Retained profit for the period	372,422
	<u> </u>
At 31 December 2013	5,786
	<u> </u>

Notes (continued)

10 Reconciliation of movements in shareholders' funds / deficit

	2013 £	2012 £
Profit for the period	372,422	137,104
Opening shareholders' deficit	(366,634)	(503,738)
	<hr/>	<hr/>
Closing shareholders' funds / (deficit)	5,788	(366,634)
	<hr/>	<hr/>

11 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.

12 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