

Persimmon Developments (Didcot) Limited

Annual report and financial statements

Registered number 6252681

31 December 2019



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Directors' report

The directors present their report and financial statements for the year ended 31 December 2019. The directors have taken advantage of the small company's exemption in not preparing a strategic report.

Dividends

The directors do not propose the payment of a dividend (2018: £nil).

Going concern

The Directors of Persimmon plc, the ultimate Parent undertaking, have assessed the future funding requirements of the Persimmon Group and compared it to the level of long-term debt, committed bank facilities and cash resources over the medium term. The assessment included the impact of the ongoing social distancing restrictions, introduced by the UK and devolved Governments to contain the spread of Covid-19 and the risk of a new pandemic. The Directors of Persimmon plc considered the impact of these risks on the going concern of the Persimmon Group by performing a range of sensitivity analyses including severe but plausible scenarios materialising together with the likely effectiveness of mitigating actions that would be executed by the Directors of Persimmon plc.

Having considered the Group's forecasts, sensitivity analysis and the Group's significant financial headroom, the Directors of Persimmon plc have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group's treasury policy and management is controlled by Persimmon plc. As such, the Directors have received an undertaking from Persimmon plc that the necessary funds will be made available to enable the Company to trade for the foreseeable future.

Having undertaken this full review and obtained reasonable assurances, the Directors have a reasonable expectation that the company has adequate resources to fund its operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Directors

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

MH Killoran
D Jenkinson (resigned 20 September 2020)
RP Stenhouse

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 Ernst and Young LLP will therefore continue in office.

By order of the board



TL Davison
Secretary

Persimmon House
Fulford
York
YO19 4FE

12 November 2020

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

The directors are responsible for preparing the Strategic report, 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), including FRS101 *Reduced Disclosure Framework*.

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 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.

Independent auditor's report to the members of Persimmon Developments (Didcot) Limited

Opinion

We have audited the financial statements of Persimmon Developments (Didcot) Limited for the year ended 31 December 2019 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 10, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards including FRS 101 "*Reduced Disclosure Framework*" (UK Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year 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.

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 below. 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 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.

Emphasis of Matter – COVID-19

We draw attention to note 1 and 9 of the financial statements, which describes the economic and social consequences the Company is facing as a result of COVID-19 which is impacting the UK economy. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the 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.

Independent auditor's report to the members of Persimmon Developments (Didcot) Limited *(continued)*

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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.

Independent auditor's report to the members of Persimmon Developments (Didcot) Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

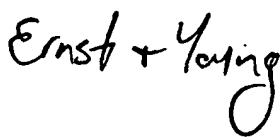
Auditor's responsibilities for the audit of the financial statements

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 Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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



Peter McIver (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

13 November 2020

Income statement
for the year ended 31 December 2019

	<i>Note</i>	2019 £	2018 £
Administrative expenses		(4,991)	(2,791)
Operating loss on ordinary activities before taxation	2	(4,991)	(2,791)
Tax on loss on ordinary activities	4	(22,650)	(4,312)
Loss for the financial year		(27,641)	(7,103)

No separate statement of other comprehensive income has been presented as the company has no other comprehensive income or loss other than the result for each year as shown above.

All results arose from the continuing operations of the company.

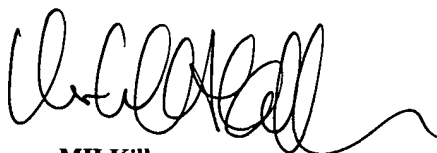
The notes on pages 9 to 13 form part of these financial statements.

Balance sheet
at 31 December 2019

	<i>Note</i>	2019 £	2018 £
Current assets			
Debtors	5	15,096,610	15,119,410
		<hr/>	<hr/>
Creditors: amounts falling due within one year	6	15,096,610 (3,309,956)	15,119,410 (3,305,115)
		<hr/>	<hr/>
Net assets		11,786,654	11,814,295
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	1	1
Profit and loss account		11,786,653	11,814,294
		<hr/>	<hr/>
Shareholders' funds		11,786,654	11,814,295
		<hr/>	<hr/>

The notes on pages 9 to 13 form part of these financial statements.

These financial statements were approved by the board of directors on 12 November 2020 and were signed on its behalf by:



MH Killoran
Director

Statement of Changes in Equity

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2018	1	11,821,397	11,821,398
Loss after tax	-	(7,103)	(7,103)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2018	1	11,814,294	11,814,295
	<hr/>	<hr/>	<hr/>

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2019	1	11,814,294	11,814,295
Loss after tax	-	(27,641)	(27,641)
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2019	1	11,786,653	11,786,654
	<hr/>	<hr/>	<hr/>

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 enquiries, 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.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Persimmon plc includes the Company in its consolidated financial statements. The consolidated financial statements of Persimmon plc are prepared in accordance with International Financial Reporting Standards.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital; and
- The effects of new but not yet effective IFRSs

As the consolidated financial statements of Persimmon plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

Notes *(continued)*

1 Principal accounting policies *(continued)*

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2019:

- IFRS 16 Leases
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment Features with Negative Compensation

The effects of the implementation of these standards have been limited to presentational and disclosure amendments.

The Company has not applied the following amendments to standards which are EU endorsed but not yet effective:

- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 18 Definition of Material
- Amendments to Reference to Conceptual Framework in IFRS Standards

The Company is currently considering the implication of these standards.

Going Concern

The Directors of Persimmon plc, the ultimate Parent undertaking, have assessed the future funding requirements of the Persimmon Group and compared it to the level of long-term debt, committed bank facilities and cash resources over the medium term. The assessment included the impact of the ongoing social distancing restrictions, introduced by the UK and devolved Governments to contain the spread of Covid-19 and the risk of a new pandemic. The Directors of Persimmon plc considered the impact of these risks on the going concern of the Persimmon Group by performing a range of sensitivity analyses including severe but plausible scenarios materialising together with the likely effectiveness of mitigating actions that would be executed by the Directors of Persimmon plc.

Having considered the Group's forecasts, sensitivity analysis and the Group's significant financial headroom, the Directors of Persimmon plc have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Group's treasury policy and management is controlled by Persimmon plc. As such, the Directors have received an undertaking from Persimmon plc that the necessary funds will be made available to enable the Company to trade for the foreseeable future.

Having undertaken this full review and obtained reasonable assurances, the Directors have a reasonable expectation that the company has adequate resources to fund its operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Notes (continued)

1 Principal accounting policies (continued)

Impairment of financial assets

The Company recognises an allowance for expected credit losses for all debt instruments not held at fair value through profit and loss. Expected credit losses are based on the difference between the contracted cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and intercompany receivables, the Company applies a simplified approach in calculating expected credit losses. The Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date.

2 Notes to the income statement

No fees were paid by the company for audit services performed in the year (2018: £nil). Audit fees of £200 (2018: £200) were met by other group companies. The company did not pay any fees in respect of non-audit services.

3 Remuneration of directors and staff costs

None of the directors received any remuneration in respect of their services to the company during either the current or prior year. The company had no employees during either the current or prior year, other than the directors.

4 Taxation

	2019		2018	
	£	£	£	£
Analysis of charge in year				
UK Corporation tax				
Current tax on income for the year	(948)		(530)	
Adjustments in respect of prior periods	23,598		4,842	
	<hr/>		<hr/>	
Total current tax		22,650		4,312
		<hr/>		<hr/>
Tax on loss on ordinary activities		22,650		4,312
		<hr/>		<hr/>

Factors affecting the current tax on income for the year

The current tax on income for the year is the same as (2018: same as) the standard rate of corporation tax in the UK of 19% (2018: 19%).

Factors affecting future tax charge

The applicable corporation tax rate is consistent with the prior year in line with corporation tax rates effective from 1 April 2017 (19%).

The 2016 Finance Act introduced a UK corporation tax rate of 17% from 1 April 2020. However, the Budget which took place on 11 March 2020 confirmed the rate of corporation tax will remain at 19% from 1 April 2020, cancelling the enacted rate reduction to 17%. The rate reduction reversal was substantively enacted on 17 March 2020 by way of a special resolution.

Notes (continued)

5 Debtors

	2019 £	2018 £
Amounts owed by group undertakings	15,096,610	15,119,410
	<u>15,096,610</u>	<u>15,119,410</u>

6 Creditors: amounts falling due within one year

	2019 £	2018 £
Corporation tax	22,650	4,312
Amounts owed to group undertakings	2,395,993	2,391,681
Other creditors	891,313	909,122
	<u>3,309,956</u>	<u>3,305,115</u>

7 Called up share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
1(2018: 1) Ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

8 Related party transactions

The company has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group.

Notes (continued)

9 Non-Adjusting Post Balance Sheet Events

At the initial onset of the Covid-19 pandemic, on 25 March 2020, Persimmon plc, the company's ultimate parent undertaking, announced a controlled and orderly shutdown of the Persimmon Group's ('the Group's') sites, sales offices, and off-site manufacturing facilities. Regional offices also closed, with a skeleton staff supporting colleagues working from home.

During the shutdown period, the Group successfully maintained operational momentum, with colleagues working from home progressing planning and construction management work. The Group's sales teams also remained fully operational, serving our customers using online resources, including virtual viewings and our digital sales reservation platform. This momentum has proved crucial in securing an efficient and effective re-start to our construction activities, a strong forward order book and encouraging average weekly net reservation rates.

By the end of April 2020, the Group had introduced effective Covid-19 secure operating procedures, aligned with Government guidelines, covering all of its sites, offices and manufacturing facilities. The Group's sites in England and Wales commenced a phased re-opening on 27 April 2020 and on 15 June 2020 in Scotland for construction operations and on 15 May 2020 in England, 22 June 2020 in Wales and 29 June 2020 in Scotland for site-based sales activity.

Despite the significant disruption caused by the Covid-19 pandemic, the Group delivered a resilient trading performance in the six months to 30 June 2020 completing 4,900 new homes (2019: 7,584) and generating a profit before tax of £292.4m (2019: £509.3m). At 30 June 2020, the Group had a strong balance sheet with £829m of cash (2019: £833m), high quality land holdings and reduced land creditors of £374.5m (December 2019: £435.2m). In addition, the Group has an undrawn Revolving Credit Facility of £300m, which has a five year term out to 31 March 2025.

This non adjusting post balance sheet event has not resulted in any material impairment to asset carrying values and its impact on the going concern of the Company is disclosed in note 1.

10 Ultimate parent company

Persimmon Developments (Didcot) Limited is a private company limited by shares and domiciled in England and Wales. The registered address for the company is Persimmon House, Fulford, York, YO19 4FE.

The immediate parent company is Persimmon Homes Limited.

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