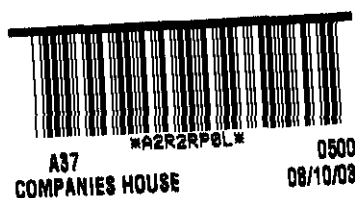


Persimmon Homes (North East) Limited

**Directors' report and financial
statements**

Registered number 1271677

31 December 2002



Contents

Directors' report	1
Statement of directors' responsibilities	4
Balance sheet	5
Notes	6

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 that of residential building and development.

Business review

The company has not traded during the year to 31 December 2002.

Dividends

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

Directors and directors' interests

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

J Millar (Chairman)
J White
DW Broadbent
J Fairburn
D Jenkinson
M G Wood
MH Killoran
D Anderson
K Thubron
R Tindale
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.

Directors' report *(continued)*

Directors and directors' interests *(continued)*

GN Francis, G Grewer, MG Wood, DW Broadbent, D Jenkinson, K Thubron, R Tindale, D Anderson and J Fairburn 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
<i>Ordinary shares</i>					
GN Francis	3,922				5,861
G Grewer	333,626				307,209
D W Broadbent	41,811				22,981
D Jenkinson	2,889				-
K Thubron	-				-
R Tindale	1,256				3,176
MG Wood	10,391				8,170
J Fairburn	8,867				11,068
D Anderson	-				-
		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
D W Broadbent	178,330	(8,500)	20,000	(1,500)	168,330
D Jenkinson	35,000	(10,000)	10,000	-	35,000
K Thubron	10,000	-	10,000	-	-
R Tindale	25,000	-	10,000	-	15,000
MG Wood	12,000	(10,000)	-	-	22,000
J Fairburn	67,240	-	12,000	-	55,240
D Anderson	25,000	-	10,000	-	15,000
<i>SAYE share options</i>					
GN Francis	3,813	-	-	-	3,813
G Grewer	4,952	-	-	-	4,952
D W Broadbent	5,105	-	536	-	4,569
D Jenkinson	3,809	-	-	-	3,809
K Thubron	2,684	-	2,684	-	-
R Tindale	2,217	-	1,073	-	1,144
MG Wood	3,894	(2,221)	1,342	-	4,773
J Fairburn	4,382	-	-	-	4,382
D Anderson	2,684	-	2,684	-	-

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

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

Directors' report *(continued)*

Auditors

The company has elected to dispense with the laying of accounts before the company in general meeting, with holding an annual general meeting and under Section 250 of the Companies Act 1985 to dispense with the requirement to appoint auditors.

By order of the board



TL Davison
Secretary

Persimmon House
Fulford
YORK
YO19 4FE

30 September 2003

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.

Balance sheet
at 31 December 2002

	<i>Note</i>	2002 £000	2001 £000
Current assets			
Debtors	4	32,434	32,434
		<hr/>	<hr/>
Creditors due within one year	5	32,434 (32,434)	32,434 (32,434)
		<hr/>	<hr/>
Total assets		-	-
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	6	-	-
Profit and loss account		-	-
		<hr/>	<hr/>
Equity shareholders' funds		-	-
		<hr/>	<hr/>

The company was a dormant company within the meaning of Section 250 of the Companies Act 1985 throughout the accounting year ended at the date of this balance sheet.

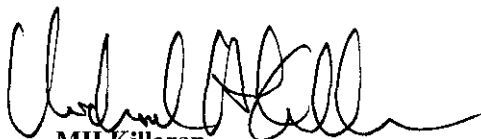
For the year ended 31 December 2002 the company was entitled to exemption under section 249 AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249B(2).

The directors acknowledge their responsibility for :

- a) Ensuring the company keeps accounting records which comply with section 221;
- b) Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit and loss for the financial year in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

These financial statements were approved by the board of directors on 30 September 2003 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 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.

2 Remuneration of directors

None of the directors received any remuneration in relation to their services to the company.

3 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the year was £nil (2001: nil).

4 Debtors

	2002 £000	2001 £000
Amounts owed by group undertakings	32,434	32,434

All debtors are due within one year.

5 Creditors due within one year

	2002 £000	2001 £000
Amounts owed to group undertakings	32,434	32,434

6 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
100 Ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2

Notes (continued)

7 Contingent liabilities

The company has given an unlimited cross guarantee in respect of the bank overdrafts of certain other group companies. At 31 December 2002 the overdrafts amounted to £nil (2001: £17,633,645).

The company together with fellow subsidiaries has guaranteed bank loans made to Persimmon plc; the amount outstanding at the year end was £108,212,000 (2001: £116,105,000).

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.

8 Related party disclosures

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

9 Ultimate parent company

The company is a wholly owned subsidiary undertaking of Persimmon Holdings Limited.

The largest group in which the results of the company are consolidated is that headed by 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