Wescott Homes Limited

Directors' report and financial statements

Registered number 4995310

31 December 2021

Contents

Directors' report

The directors present their annual report and financial statements for the year ended 31 December 2021. The directors have taken advantage of the small company's exemption in not preparing a strategic report.

Principal activities

The company's principal activity was that of residential building and development. The company did not trade during either the current or previous year and is not expected to trade in the future.

Business review, results and dividend

The profit on ordinary activities for the year ended 31 December 2021, after taxation, amounted to £nil *(2020: £nil)*. The directors are not able to recommend payment of a dividend *(2020: £nil)*.

The company has net liabilities at 31 December 2021 of £1,672,403 (*2020: £1,672,403*), however the directors have prepared the financial statements on a going concern basis as they have received an undertaking from the ultimate parent company, Persimmon plc, that it will provide such financial support as will enable the company to meet its liabilities for the foreseeable future.

The company is a wholly owned subsidiary of Persimmon plc, the ultimate parent company and ultimate controlling party. 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.

A copy of the Persimmon plc annual report is available from the company secretary or, alternatively, at www.persimmonhomes.com/corporate.

Going Concern

The Directors have considered the Company's principal risk areas that they consider material to the assessment of going concern. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate Parent Company Persimmon plc. The Directors have received confirmation that Persimmon plc intends to support the Company to 31 December 2023.

Persimmon's long-term strategy, which recognises the risks associated with the housing cycle by maintaining operational flexibility, investing in high quality land, minimising financial risk and deploying capital at the right time in the cycle, has equipped the business with strong liquidity and a robust balance sheet.

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 Group's treasury policy and management is controlled by Persimmon plc.

The Directors of Persimmon plc have assessed the impact of a severe but plausible downside scenario for the housing market, from the date of signing these accounts to 31 December 2023, on the resilience of the Group. This scenario assumes a c.44% reduction in volumes and a c.14% reduction in average selling prices through to 31 December 2023 along with the likely effectiveness of mitigating actions that would be executed by the Directors. The combined impact results in a c.51% fall in the Group's housing revenues. The assumption used in this scenario reflects the experience management gained during the Global Financial Crisis from 2007 to 2010, it being the worst recession seen in the housing market since World War Two. Throughout this scenario, the Group maintains substantial liquidity with a positive cash balance and no requirement to access the Group's £300m Revolving Credit Facility.

Having considered the continuing strength of the UK housing market, the sales rates being achieved by the Group, the resilience of the Group's average selling prices, the Group's scenario analysis and 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. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

Directors' report *(continued)*

These financial statements for the year ended 31 December 2021 have been prepared on the going concern basis as the Directors have determined that the Company has sufficient resources and liquidity facilities to meet its liabilities as they fall due for the period from the date of approval of the accounts up to 31 December 2023.

Directors

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

MH Killoran (resigned 14 January 2022)
RP Stenhouse (resigned 30 September 2021)
MJ Smith (appointed 14 January 2022)
J Nichols (appointed 30 September 2021)

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 information 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

T. Davison

T L Davison
Secretary

Persimmon House
Fulford
York
YO19 4FE

30th September 2022

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), 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 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.

Independent auditor's report to the members of Wescott Homes Limited

Opinion

We have audited the financial statements of Wescott Homes Limited (the 'company') for the year ended 31 December 2021 which comprise the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period to 31 December 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent auditor's report to the members of Wescott Homes 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 contained within the annual report.

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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

Independent auditor's report to the members of Wescott Homes Limited *(continued)*

Responsibilities of directors

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, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to reporting framework (FRS 101 and The Companies Act 2006), tax compliance legislations, employment law and building safety legislations.
- We understood how Wescott Homes Limited is complying with those frameworks by making enquiries with management and those charged with governance. We corroborated our enquiries through our review of board minutes and papers provided to the Board, and made inquiries of management to identify if there are matters where there is a risk of breach such frameworks that could have a material adverse impact on the company, as well as considerations of the results of our audit procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management and those charged with governance to understand where it considered there was a susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by the management to manage earnings. We considered programmes and controls that the company has established to address the risks identified, or that otherwise prevent, deter or detect fraud, and how senior management monitors those programmes and controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. These procedures included testing manual journals and were designed to provide reasonable assurance that the financial statements were free from fraud and error.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and accounts with the requirements of the relevant accounting standards and the UK legislation.

Independent auditor's report to the members of Wescott Homes Limited *(continued)*

Auditor's responsibilities for the audit of the financial statements (continued)

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.

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
30th September 2022

Balance sheet
at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	4	**1**	1
Current assets			
Debtors	5	**31,911,972**	31,911,972
		31,911,972	31,911,972
Creditors: amounts falling due within one year	6	**(33,584,376)**	(33,584,376)
Net current liabilities		**(1,672,404)**	(1,672,404)
Net liabilities		**(1,672,403)**	(1,672,403)
Capital and reserves			
Called up share capital	7	**59,260**	59,260
Share premium account		**5,866,740**	5,866,740
Profit and loss account		**(7,598,403)**	(7,598,403)
Shareholders' deficit		**(1,672,403)**	(1,672,403)

The company has not traded during the current or preceding year and therefore generated no income and incurred no expenditure. No income statement has therefore been prepared. There have been no movements in shareholders' funds during the year under review or the preceding year.

The notes on pages 10 to 13 form part of these financial statements.

The directors have taken advantage of the small company's exemption in not preparing a strategic report.

These financial statements were approved by the board of directors on 30th September 2022 and were signed on its behalf by:

MJ Smith
Director

Statement of Changes in Equity

	Called up Share capital	Share Premium account	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2020	59,260	5,866,740	(7,598,403)	(1,672,403)
Profit after tax	-	-	-	-
Balance at 31 December 2020	**59,260**	**5,866,740**	**(7,598,403)**	**(1,672,403)**

	Called up Share capital	Share Premium account	Profit and loss account	Total equity
	£	£	£	£
Balance at 1 January 2021	59,260	5,866,740	(7,598,403)	(1,672,403)
Profit after tax	-	-	-	-
Balance at 31 December 2021	**59,260**	**5,866,740**	**(7,598,403)**	**(1,672,403)**

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.

The company has net current liabilities at 31 December 2021 of £1,672,404 (*2020: £1,672,404*) and net liabilities at 31 December 2021 of £1,672,403 (*2020: £1,672,403*), however the directors have prepared the financial statements on a going concern basis as they have received an undertaking from the ultimate parent company, Persimmon plc, that it will provide such financial support as will enable the company to meet its liabilities for the foreseeable future.

The company is exempt, under section 400 of the Companies Act 2006, from the requirement to prepare group accounts.

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

These financial statements are prepared in accordance with UK adopted International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006.

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 following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2021:

- Amendments to IFRS 4 Insurance Contracts
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2
- Amendment to IFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021

The effects of the implementation of these standards have been limited to disclosure amendments where applicable.

The Company has not applied the following new amendments to standards which are not yet effective:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant & Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020
- IFRS 17 Insurance Contracts; including amendments to IFRS 17

Notes *(continued)*

1 Principal accounting policies *(continued)*

Going Concern

The Directors have considered the Company's principal risk areas that they consider material to the assessment of going concern. Having completed this assessment, the Directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate Parent Company Persimmon plc. The Directors have received confirmation that Persimmon plc intends to support the Company to 31 December 2023.

Persimmon's long-term strategy, which recognises the risks associated with the housing cycle by maintaining operational flexibility, investing in high quality land, minimising financial risk and deploying capital at the right time in the cycle, has equipped the business with strong liquidity and a robust balance sheet.

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 Group's treasury policy and management is controlled by Persimmon plc.

The Directors of Persimmon plc have assessed the impact of a severe but plausible downside scenario for the housing market, from the date of signing these accounts to 31 December 2023, on the resilience of the Group. This scenario assumes a c.44% reduction in volumes and a c.14% reduction in average selling prices through to 31 December 2023 along with the likely effectiveness of mitigating actions that would be executed by the Directors. The combined impact results in a c.51% fall in the Group's housing revenues. The assumption used in this scenario reflects the experience management gained during the Global Financial Crisis from 2007 to 2010, it being the worst recession seen in the housing market since World War Two. Throughout this scenario, the Group maintains substantial liquidity with a positive cash balance and no requirement to access the Group's £300m Revolving Credit Facility.

Having considered the continuing strength of the UK housing market, the sales rates being achieved by the Group, the resilience of the Group's average selling prices, the Group's scenario analysis and 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. Accordingly, they continue to adopt the going concern basis in preparing these condensed consolidated half year financial statements.

These financial statements for the year ended 31 December 2021 have been prepared on the going concern basis as the Directors have determined that the Company has sufficient resources and liquidity facilities to meet its liabilities as they fall due for the period from the date of approval of the accounts up to 31 December 2023.

Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment.

Taxation

Current tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

Notes *(continued)*

2 Notes to the income statement

No fees were paid by the company for audit services performed in either the current or prior year. Audit fees of £200 (*2020: £200*) were met by other group companies. The company did not pay any fees in respect of non-audit services in the year (*2020: £nil*).

3 Staff numbers and costs

No persons were employed by the company during either the current or prior year other than the directors, who received no emoluments from this company (*2020: £nil*). All other staff duties were carried out by employees of other group companies.

4 Fixed asset investments

	2021	2020
	£	£
Investment in subsidiary undertaking	**1**	1

Wescott Homes Limited has one wholly owned subsidiary, Broomco (3385) Limited, which is incorporated in Great Britain and registered at Persimmon House, Fulford, York, YO19 4FE. Wescott Homes Limited owns 100% of the £1 Ordinary Shares of this company.

Wescott Homes Limited also owns 8 of the £1 C Ordinary Shared of Leftbank Management Limited (representing a 50% holding of that share class).

5 Debtors

	2021	2020
	£	£
Amounts due from group undertakings	**31,911,972**	31,911,972

6 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**729**	729
Other creditors	**300,993**	488,458
Amounts owed to group undertakings	**33,282,654**	33,095,189
	33,584,376	33,584,376

7 Called up share capital

	2020	2019
	£	£
Allotted, called up and fully paid:		
5,926,000 *(2019: 5,926,000)* ordinary shares of 1 pence each	**59,260**	59,260

Notes *(continued)*

8 Related party transactions

The company has taken advantage of the exemptions available to subsidiary undertakings under FRS 101 by not disclosing transactions with entities of the group qualifying as related parties.

9 Ultimate parent undertaking

Wescott Homes 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 Wescott Holdings 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