

Notes forming part of the Company financial statements for the period ended 30 June 2007

1 Accounting policies

The following principal accounting policies have been applied:

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with UK GAAP.

A cash flow statement has not been presented as permitted by FRS 1 (revised) 'Cash flow statements'.

Changes in accounting policy

During the year the Company adopted FRS 20 'Share-based payments'. Grants under the Company's Approved and Unapproved share option schemes fall within the scope of FRS 20. Whilst the adoption of this standard represents a change in accounting policy there is no impact on the comparative figures in the Company's balance sheet and hence there is no need to restate this. The profit for the year ended 31 March 2006 is reduced by the amount of the share-based payment charge for the year.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. It is calculated at the following rates:

Leasehold improvements	–	25% per annum on the straight line basis
Fixtures and fittings	–	25% per annum on the straight line basis

Fixed asset investments

Investments in subsidiary undertakings are stated at cost less any allowance for impairment.

Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

Own shares

The cost of the Company's investment in its own shares is shown as a reduction in shareholders' funds in retained earnings.

Share-based payments

In accordance with the transitional provisions FRS 20 has been applied to share options granted after 7 November 2002 that had not vested at 1 April 2006. The Company grants equity-settled share-based payments under the Approved and Unapproved share option schemes. The fair value of these grants is spread on a straight line basis over the vesting period, as adjusted for any leavers to the schemes.

Financial instruments

The Company's principal financial assets and liabilities are cash at bank and borrowings. Cash at bank is carried in the balance sheet at nominal value. Borrowings are recognised initially at net proceeds less issue costs and subsequently at amortised cost.

Operating leases

When assets are financed by operating leases, their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

2 Directors and employees

	Period 1 April 2006 to 30 June 2007 £	Year ended 31 March 2006 £
Staff costs, including directors, consist of:		
Wages and salaries	556,294	749,079
Social security costs	51,030	91,976
Equity settled share-based payments	51,957	43,373
Other pension costs	24,557	25,149
	683,838	909,577

Details of remuneration, pension entitlement and interest in share options for each director are set out in the Report on Directors' Remuneration on pages 15 to 17.

Included within wages and salaries and social security costs for the Company for the previous year are amounts of £244,321 and £26,781 respectively being compensation for loss of office in respect of the former Chief Executive.

	Period 1 April 2006 to 30 June 2007 Number	Year ended 31 March 2006 Number
The average number of employees, including directors, during the period was:		
Administration	6	6
Operations	–	1
	6	7

3 Profit for the financial period

The Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The profit for the period, dealt with in the profit and loss account of the company and after taking into account dividends from subsidiary undertakings, was £696,303 (2006: £448,369 – restated).

The auditors' remuneration for audit services to the Company was £17,000 (2006: £17,600).

Notes forming part of the Company financial statements continued

for the period ended 30 June 2007

4 Tangible assets

	Leasehold improvements £	Equipment, fixtures and fittings £	Total £
<i>Cost</i>			
At 1 April 2006	1,714	34,524	36,238
Additions	–	3,753	3,753
Disposals	–	(2,194)	(2,194)
At 30 June 2007	1,714	36,083	37,797
<i>Depreciation</i>			
At 1 April 2006	1,477	27,756	29,233
Provided for the period	96	4,152	4,248
Disposals	–	(775)	(775)
At 30 June 2007	1,573	31,133	32,706
<i>Net book value</i>			
At 30 June 2007	141	4,950	5,091
At 31 March 2006	237	6,768	7,005

5 Fixed asset investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 April 2006 and 30 June 2007	11,452,149
<i>Provisions</i>	
At 1 April 2006 and 30 June 2007	1,000,000
<i>Net book value</i>	
At 30 June 2007 and 31 March 2006	10,452,149

In the opinion of the directors the aggregate value of the Company's investments are not less than the amount included in the balance sheet.

At 30 June 2007 the principal subsidiary undertakings all of which are included within the consolidated financial statements, were:

Name	Class of share capital held	Proportion held	Nature of business
Artisan (UK) Developments Limited	Ordinary	100%	Commercial property development
Rippon Homes Limited	Ordinary	100%	House building and development
Artisan (UK) Projects Limited	Ordinary	100%	Building construction
Artisan (UK) Properties Limited	Ordinary	100%	Property sales and letting

All the above companies are registered in England and Wales.

6 Current asset investments

	30 June 2007 £	31 March 2006 £
Listed investments	–	1,000

The listed investment was sold during the period at a profit of £308 to book value.

7 Debtors

	30 June 2007 £	31 March 2006 £
Trade debtors	23,019	26,244
Amounts owed from subsidiary undertakings	24,214,611	17,368,532
Other debtors	4,494	13,532
Prepayments and accrued income	106,102	45,207
	24,348,226	17,453,515

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	30 June 2007 £	31 March 2006 £
Trade creditors	23,491	30,273
Amounts owed to subsidiary undertakings	1,085,453	1,049,758
Other taxes and social security	16,103	15,389
Accruals and deferred income	440,185	541,159
	1,565,232	1,636,579

9 Creditors: amounts falling due after more than one year

	30 June 2007 £	31 March 2006 £
Bank loans (secured – see note 10)	18,579,420	12,341,754

10 Borrowings

	30 June 2007 £	31 March 2006 £
Are repayable as follows:		
In more than one year but not more than two years:		
Bank borrowings	18,579,420	12,341,754

The bank loans are secured by a fixed and floating charge over the assets of the Group. Set-off is available to the bank between the Company and its group company members by virtue of the bank holding a debenture from each company together with a cross corporate guarantee.

Notes forming part of the Company financial statements continued

for the period ended 30 June 2007

11 Provisions for liabilities

	Provision for claims £
At 1 April 2006	447,745
Utilised during the period	(3,673)
At 30 June 2007	444,072

Details of provisions for liabilities are included in note 19 to the Group financial statements.

12 Share capital

Details of the share capital of the Company are included in note 20 to the Group financial statements.

13 Reserves

	Share premium account £	Merger reserve £	Capital redemption reserve £	Profit and loss account £	Own shares held £
At 1 April 2006	10,356,668	689,328	91,750	707,441	–
Retained profit for the period	–	–	–	696,303	–
Premium arising on issue of shares	15	–	–	–	–
Equity settled share- based payments	–	–	–	51,957	–
Purchase of own shares	–	–	–	–	(19,065)
At 30 June 2007	10,356,683	689,328	91,750	1,455,701	(19,065)

The own shares reserve represents the cost of “excess” fractional entitlements purchased pursuant to the Capital Reorganisation following the general meeting held on 19 January 2007.

14 Reconciliation of movements in shareholders' funds

	Period 1 April 2006 to 30 June 2007 £	Year ended 31 March 2006 £
Profit for the period	696,303	448,369
Shares issued in period	18	1,100,000
Own shares acquired in period	(19,065)	–
Equity settled share-based payments	51,957	43,373
Net movement in shareholders' funds	729,213	1,591,742
Opening shareholders' funds	13,487,834	11,896,092
Closing shareholders' funds	14,217,047	13,487,834

15 Contingent liabilities and commitments

A cross guarantee held by the bank in favour of Artisan (UK) plc and its group company members has been given by the Company for all monies owing. At 30 June 2007, bank borrowings of group company members covered by the Company's cross guarantee amounted to £Nil (31 March 2006 – £Nil).

In the normal course of business the Company has given counter indemnities in respect of performance bonds and financial guarantees. As at 30 June 2007, bonds in issue amount to £8,613 (31 March 2006 – £8,613).

16 Leasing commitments

Annual commitments under non-cancellable operating leases are as follows:

	30 June 2007 Land and buildings £	30 June 2007 Other £	31 March 2006 Land and buildings £	31 March 2006 Other £
Within one year	1,096	969	–	–
Between two and five years	–	7,105	100,000	11,454