

## Notes forming part of the Company financial statements for the year ended 30 June 2008

### 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.

#### 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.

#### 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 are not discounted.

## 2 Directors and employees

	Year ended 30 June 2008 £	15 months ended 30 June 2007 £
Staff costs, including directors, consist of:		
Wages and salaries	<b>385,123</b>	556,294
Social security costs	<b>31,275</b>	51,030
Equity settled share-based payments	<b>22,572</b>	51,957
Other pension costs	<b>21,575</b>	24,557
	<b>460,545</b>	683,838

Details of remuneration, pension entitlement and interest in share options for each director are set out in the Report on Directors' Remuneration on pages 16 to 18.

	Year ended 30 June 2008 Number	15 months ended 30 June 2007 Number
The average number of employees, including directors, during the period was:		
Administration	<b>7</b>	6

## 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 year, dealt with in the profit and loss account of the company and after taking into account dividends from subsidiary undertakings, was £2,591,846 (15 months ended 30 June 2007 – £696,303).

The auditors' remuneration for audit services to the Company was £20,000 (15 months ended 30 June 2007 – £17,000).

## 4 Tangible assets

	Leasehold improvements £	Equipment, fixtures and fittings £	Total £
<i>Cost</i>			
At 1 July 2007	1,714	36,083	37,797
Additions	–	1,358	1,358
Disposals	(1,714)	(21,896)	(23,610)
<b>At 30 June 2008</b>	<b>–</b>	<b>15,545</b>	<b>15,545</b>
<i>Depreciation</i>			
At 1 July 2007	1,573	31,133	32,706
Provided for the year	32	2,249	2,281
Disposals	(1,605)	(21,889)	(23,494)
<b>At 30 June 2008</b>	<b>–</b>	<b>11,493</b>	<b>11,493</b>
<i>Net book value</i>			
<b>At 30 June 2008</b>	<b>–</b>	<b>4,052</b>	<b>4,052</b>
At 30 June 2007	141	4,950	5,091

## Notes forming part of the Company financial statements continued for the year ended 30 June 2008

### 5 Fixed asset investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 July 2007 and 30 June 2008	<b>11,452,149</b>
<i>Provisions</i>	
At 1 July 2007 and 30 June 2008	<b>1,000,000</b>
<i>Net book value</i>	
<b>At 30 June 2008 and 30 June 2007</b>	<b>10,452,149</b>

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 2008 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 Debtors

	2008 £	2007 £
Trade debtors	–	23,019
Amounts owed from subsidiary undertakings	<b>28,738,082</b>	24,214,611
Other debtors	<b>91,060</b>	4,494
Prepayments and accrued income	<b>50,295</b>	106,102
	<b>28,879,437</b>	24,348,226

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

### 7 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	<b>43,507</b>	23,491
Amounts owed to subsidiary undertakings	<b>2,030,818</b>	1,085,453
Other taxes and social security	<b>22,555</b>	16,103
Accruals and deferred income	<b>327,632</b>	440,185
	<b>2,424,512</b>	1,565,232

### 8 Creditors: amounts falling due after more than one year

	2008 £	2007 £
Bank loans (secured – see note 9)	<b>19,857,093</b>	18,579,420

**9 Borrowings**

	2008 £	2007 £
Are repayable as follows:		
In more than one year but not more than two years:		
Bank borrowings	<b>19,857,093</b>	18,579,420

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.

**10 Provisions for liabilities**

	Provision for claims £
<b>At 1 July 2007 and 30 June 2008</b>	<b>444,072</b>

Details of provisions for liabilities are included in note 18 to the consolidated financial statements.

**11 Share capital**

Details of the share capital of the Company are included in note 19 to the consolidated financial statements.

**12 Reserves**

	Share premium account £	Merger reserve £	Capital redemption reserve £	Profit and loss account £	Own shares held £
At 1 July 2007	10,356,683	689,328	91,750	1,455,701	(19,065)
Retained profit for the year	–	–	–	2,591,846	–
Dividends paid	–	–	–	(221,364)	–
Equity settled share-based payments	–	–	–	22,572	–
<b>At 30 June 2008</b>	<b>10,356,683</b>	<b>689,328</b>	<b>91,750</b>	<b>3,848,755</b>	<b>(19,065)</b>

**13 Reconciliation of movements in shareholders' funds**

	Year ended 30 June 2008 £	15 months ended 30 June 2007 £
Profit for the year	<b>2,591,846</b>	696,303
Dividends paid	<b>(221,364)</b>	–
Shares issued in year	–	18
Own shares acquired in year	–	(19,065)
Equity settled share-based payments	<b>22,572</b>	51,957
Net movement in shareholders' funds	<b>2,393,054</b>	729,213
Opening shareholders' funds	<b>14,217,047</b>	13,487,834
Closing shareholders' funds	<b>16,610,101</b>	14,217,047

## Notes forming part of the Company financial statements continued for the year ended 30 June 2008

### 14 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 2008, bank borrowings of group company members covered by the Company's cross guarantee amounted to £Nil (30 June 2007 – £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 2008, bonds in issue amount to £8,613 (30 June 2007 £8,613).

### 15 Leasing commitments

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

	2008 Land and buildings £	2008 Other £	2007 Land and buildings £	2007 Other £
Expiring:				
Within one year	–	5,921	1,096	969
Between two and five years	–	6,681	–	7,105