

Notes forming part of the company financial statements for the year ended 30 June 2011

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:

Fixtures and fittings	– 25% per annum on the straight line basis
Motor vehicles	– 25% per annum on the straight line basis

Fixed asset investments

Investments are included in the balance sheet at cost less any provision for impairment. The Company assess investments for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable. If such an indication of impairment exists, the Company makes an estimate of the recoverable amount of the investment. If the recoverable amount is less than the value of the investment, the investment is written down to the recoverable amount. An impairment loss is recognised immediately in the profit and loss account. If the impairment is not considered to be a permanent diminution in value it may reverse in a future period to the extent that it is no longer considered necessary.

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, or over the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate where incentives to enter into a lease are given.

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

	2011 £	2010 £
Staff costs, including directors, consist of:		
Wages and salaries	359,764	292,752
Social security costs	27,651	24,354
Equity settled share-based payments	–	601
Other pension costs	37,391	30,615
	424,806	348,322

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 16.

	2011 Number	2010 Number
The average number of employees, including directors, during the year was:		
Administration	7	7

3 Profit for the financial year

The Company has taken advantage of section 408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The loss for the year, dealt with in the profit and loss account of the company and after taking into account dividends from subsidiary undertakings, was £2,489,687 (2010: £881,843).

The auditors' remuneration for audit services to the Company was £19,000 (2010: £21,000).

4 Tangible assets

	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 July 2010	17,269	–	17,269
Additions	1,192	8,200	9,392
At 30 June 2011	18,461	8,200	26,661
<i>Depreciation</i>			
At 1 July 2010	14,739	–	14,739
Provided for the year	1,519	1,196	2,715
At 30 June 2011	16,258	1,196	17,454
<i>Net book value</i>			
At 30 June 2011	2,203	7,004	9,207
At 30 June 2010	2,530	–	2,530

Notes forming part of the company financial statements continued

for the year ended 30 June 2011

5 Fixed asset investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 July 2010 and 30 June 2011	10,450,179
<i>Provision for impairment</i>	
At 1 July 2010	4,637,901
Charge for the year	2,862,768
At 30 June 2011	7,500,669
<i>Net book value</i>	
At 30 June 2011	2,949,510
At 30 June 2010	5,812,278

The Company recognised an impairment charge of £2,862,768 (2010: £1,472,731) against the carrying value of its investment in a subsidiary company. The impairment reflects the decrease in the value of assets in the subsidiary following a downturn in the UK housing market.

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 2011 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

	2011 £	2010 £
Trade debtors	25,442	–
Amounts owed from subsidiary undertakings	26,703,768	28,932,680
Other debtors	9,545	13,151
Prepayments and accrued income	45,670	118,596
	26,784,425	29,064,427

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

7 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank loans (secured – see note 9)	15,905,559	–
Trade creditors	55,574	30,173
Amounts owed to subsidiary undertakings	618,879	660,947
Other taxes and social security	24,980	24,285
Accruals and deferred income	57,099	110,566
	16,662,091	825,971

8 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Bank loans (secured – see note 9)	–	18,655,523

9 Borrowings

	2011 £	2010 £
Are repayable as follows:		
In less than one year:		
Bank borrowings	15,905,559	–
In more than one year but not more than two years:		
Bank borrowings	–	18,655,523

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

	2011 £	2010 £
Provision for claims		
At beginning of year	230,452	444,072
Release to profit and loss in year	(9,650)	(175,000)
Utilised in year	(220,802)	(38,620)
At end of year	–	230,452

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 2010	11,081,042	689,328	91,750	1,059,454	(19,065)
Loss for the year	–	–	–	(2,489,687)	–
At 30 June 2011	11,081,042	689,328	91,750	(1,430,233)	(19,065)

Notes forming part of the company financial statements continued

for the year ended 30 June 2011

13 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Loss for the year	(2,489,687)	(881,843)
Equity settled share-based payments	–	601
Net movement in shareholders' funds	(2,489,687)	(881,242)
Opening shareholders' funds	15,570,800	16,452,042
Closing shareholders' funds	13,081,113	15,570,800

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 2011, bank borrowings of group company members covered by the Company's cross guarantee amounted to £1,289,573 (2010: £264,909).

15 Leasing commitments

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

	2011 Land and buildings £	2010 Land and buildings £
Expiring: Within one year	143,791	–

16 Related party disclosure

See note 22 to the Group financial statements.