

Notes forming part of the company financial statements for the year ended 30 June 2012

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.

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

	2012 £	2011 £
Staff costs, including Directors, consist of:		
Wages and salaries	338,422	359,764
Social security costs	29,861	27,651
Other pension costs	37,391	37,391
	405,674	424,806

Details of Directors' remuneration and pension entitlements are set out in note 3 on page 23.

	2012 Number	2011 Number
The average number of employees, including directors, during the year was:		
Administration	6	7

3 Loss 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 £510,641 (2011: £2,489,687).

The auditors' remuneration for audit services to the Company was £12,000 (2011: £19,000).

4 Tangible assets

	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<i>Cost</i>			
At 1 July 2011	18,461	8,200	26,661
Additions	125	–	125
Disposals	–	(8,200)	(8,200)
At 30 June 2012	18,586	–	18,586
<i>Depreciation</i>			
At 1 July 2011	16,258	1,196	17,454
Provided for the year	936	854	1,790
Disposals	–	(2,050)	(2,050)
At 30 June 2012	17,194	–	17,194
<i>Net book value</i>			
At 30 June 2012	1,392	–	1,392
At 30 June 2011	2,203	7,004	9,207

Notes forming part of the company financial statements continued

for the year ended 30 June 2012

5 Fixed asset investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 July 2011	10,450,179
Disposals	(1,000,000)
At 30 June 2012	9,450,179
<i>Provision for impairment</i>	
At 1 July 2011	7,500,669
Disposals	(1,000,000)
At 30 June 2012	6,500,669
<i>Net book value</i>	
At 30 June 2012	2,949,510
At 30 June 2011	2,949,510

The Company recognised an impairment charge of £Nil (2011 – £2,862,768) against the carrying value of its investment in a subsidiary company.

During the year a number of dormant subsidiary companies were dissolved at the company's volition.

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 2012 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

	2012 £	2011 £
Amounts falling due within one year:		
Trade debtors	2,986	25,442
Amounts owed from subsidiary undertakings	22,763,601	26,703,768
Other debtors	9,052	9,545
Prepayments and accrued income	124,028	45,670
	22,899,667	26,784,425
Amounts falling due after more than one year:		
Prepayments and accrued income	174,166	–
	23,073,833	26,784,425

7 Creditors: amounts falling due within one year

	2012 £	2011 £
Bank loans (secured – see note 8)	12,500,644	15,905,559
Trade creditors	5,324	55,574
Amounts owed to subsidiary undertakings	654,252	618,879
Other taxes and social security	23,999	24,980
Accruals and deferred income	270,315	57,099
	13,454,534	16,662,091

8 Borrowings

	2012 £	2011 £
Are repayable as follows:		
In less than one year:		
Bank borrowings	12,500,644	15,905,559

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.

9 Provisions for liabilities

	2012 £	2011 £
Provision for claims		
At beginning of year	–	230,452
Release to profit and loss in year	–	(9,650)
Utilised in year	–	(220,802)
At end of year	–	–

Details of provisions for liabilities are included in note 15 to the consolidated financial statements.

10 Share capital

Details of the share capital of the Company are included in note 16 to the consolidated financial statements.

11 Reserves

	Share premium account £	Merger reserve £	Capital redemption reserve £	Profit and loss account £	Own shares held £
At 1 July 2011	11,081,042	689,328	91,750	(1,430,233)	(19,065)
Loss for the year	–	–	–	(510,641)	–
At 30 June 2012	11,081,042	689,328	91,750	(1,940,874)	(19,065)

Notes forming part of the company financial statements continued

for the year ended 30 June 2012

12 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Loss for the year	(510,641)	(2,489,687)
Net movement in shareholders' funds	(510,641)	(2,489,687)
Opening shareholders' funds	13,081,113	15,570,800
Closing shareholders' funds	12,570,472	13,081,113

13 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 2012, bank borrowings of group company members covered by the Company's cross guarantee amounted to £Nil (2011: £1,289,573).

14 Leasing commitments

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

	2012 Land and buildings £	2011 Land and buildings £
Expiring: Within one year	–	143,791

15 Related party disclosure

See note 19 to the Group financial statements.