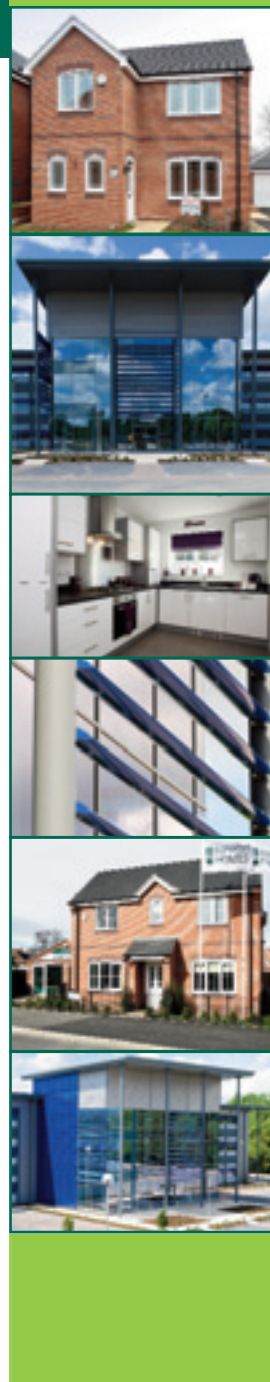




Report and Accounts

30 June 2012





This is the 30,000ft² new office in Peterborough at the Opus site. It was forward let, sold as an investment and built by Artisan (UK) Developments. It was delivered on time, on budget and was the first office to achieve a BREEAM 'Excellent' status under the current 2011 regulations.



ARTISAN
(UK) plc

Report and Accounts

30 June 2012

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Corporate profile



Artisan (UK) plc

Artisan (UK) plc is the holding company for a group of property development companies and a property holding company. Artisan (UK) plc commenced trading in December 1998. The current principal trading companies are shown below.

Rippon Homes Limited

Rippon Homes Limited, which has been part of the Artisan Group since December 2000, is a residential house developer based in Mansfield operating in the East Midlands, Lincolnshire and Yorkshire areas. Rippon Homes incorporates the Living Heritage name for the more exclusive properties.

Artisan (UK) Developments Limited

This Company develops business parks consisting of commercial office space together with light industrial units. The properties are built on both a speculative basis and as bespoke units commissioned by our customers. Its activity is concentrated in East Anglia and Hertfordshire.

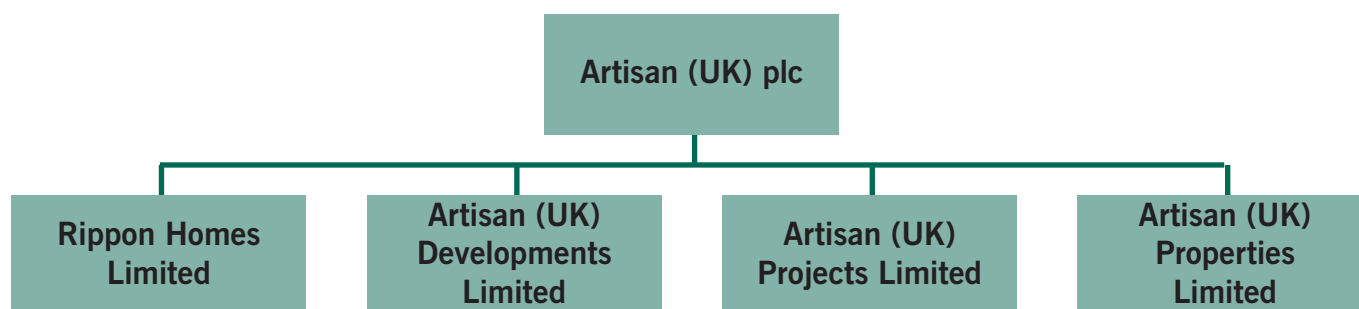
Artisan (UK) Projects Limited

This Company manages the construction activity, principally for Artisan (UK) Developments Limited.

Artisan (UK) Properties Limited

This Company is engaged in property investment activities. It holds selected properties from its ongoing property portfolio where it believes the covenant of the tenant, possibility for further development or medium term asset appreciation will provide scope for additional attractive returns to the Group compared with the immediate disposal of the property on completion. It will also consider selectively acquiring third party properties where it believes that there is similar scope for attractive returns.

GROUP STRUCTURE AND PRINCIPAL OPERATING SUBSIDIARIES



All of the above are 100% subsidiaries of Artisan (UK) plc.

Chairman's statement

Overview

The difficult trading conditions brought on by the credit crunch in 2008 have continued to have a major impact on the property industry. However, there has been some improvement in activity, particularly in our commercial property division, and I am pleased to report that our results show a very significant improvement over the previous year with an 88% increase in turnover and much reduced loss before tax.

The improvement was principally the result of one large contract that was secured and delivered within the financial year. Against tough competition, our commercial division were preeminent in securing a pre-let on a 2,880 m² office, obtaining planning permission, constructing and selling the property to an investor, all within the space of eleven months. The finished product is a striking modern and highly energy efficient building which was delivered on time and within budget. The key to the success of the commercial division in the current market will be to capitalise on the success of this development and secure further pre-let or pre-sale opportunities.

Trading volumes in our residential business remain at a low level but have improved on the previous year. Demand for our bungalows in particular remains high and we are seeking to exploit this by acquiring new sites for this product. This differentiates us from many of our competitors who favour a denser product mix.

As noted last year, during August 2011 we sold the larger of our two investment properties which helped reduce the level of our borrowings and free up working capital for deployment elsewhere in the Group.

Group results

The results for the year were broadly in-line with management's expectations. Group turnover for the year increased to £13.9m (2011: £7.4m). The residential business generated turnover of £7.3m (2011: £6.6m) whilst the commercial business generated turnover of £6.5m (2011: £0.5m). The increased level of sales led to a much reduced operating loss for the year of £0.6m (2011: £2.2m). The Group loss before tax for the year was £1.0m (2011: £2.7m).

Refinancing

Following a prolonged period of negotiation, I am pleased to report that shortly after the year-end the Group secured a new £21m bank

facility with its existing bankers which runs to July 2015. The facility was approximately 60% drawn on day one, leaving headroom for additional borrowing as the level of trading expands and we move forward with new site purchases. As a condition precedent to the new bank facility and as a sign of its ongoing support, Aspen Finance Limited, the major shareholder of the Group, provided as part of the refinancing £1m of additional funding through subscription to a convertible loan note.

Dividend

No dividend has been recommended for the year in view of the loss incurred. The Company will not be in a position to pay a dividend until it generates distributable profits, both to cover a dividend payment and its accumulated losses. The Company may in the future be able to apply for a capital reduction to extinguish the accrued negative reserves.

Cancellation of AIM listing and share capital

Following approval of the delisting at the last Annual General Meeting, trading in the shares of the Company on AIM was cancelled on 2 February 2012. A matched bargain facility was put in place with Brewin Dolphin, initially for a period of one year, to provide an ongoing mechanism for shareholders to trade their shares. In view of the insignificant use that has been made of the facility to date and the ongoing cost of maintaining it, we have decided not to renew it when it expires on 22 January 2013.

Outlook

A return to profitability for the Group is dependant on an improvement in market conditions and investment into new sites where improved margins can be achieved. The improvement in market conditions is largely dependant on a normalisation of credit conditions and a return of consumer confidence. We have however seen an improvement in enquiries for forward let accommodation with customers that do have sufficient confidence, having endured their existing premises long enough and realised that, for them, there is not appropriate second hand space available. Having renewed its bank facility and raised further capital the Group is keen to take advantage of improvements in market conditions as they arise.

Michael W Stevens
Chairman

Date 18 December 2012

Operational and financial review

Results

The results for the year summarised by division are as follows:

	Residential £m	Commercial £m	Investment £m	Central & Other £m	Total £m
Revenue					
2012	7.3	6.5	0.1	–	13.9
2011	6.6	0.5	0.3	–	7.4
Operating profit/(loss) before group management charges					
2012	(0.1)	0.2	0.7	(1.4)	(0.6)
2011	(1.1)	(0.6)	0.3	(0.8)	(2.2)

Residential Division

The residential division has continued to experience low volumes of transactions, albeit there has been an improvement in volumes with 45 completions in the year (2011: 37). The continued low level of activity reflects consumer confidence, the difficulty potential purchasers are experiencing in obtaining mortgage finance and, in particular, the higher levels of deposit now required. Demand varies with product type. Demand for bungalows has remained robust, 4 bedroom properties have slackened of late and with the exception of detached properties 3 bedroom properties have been more difficult to sell. This tends to reflect the availability of our customers' equity positions.

Sales incentives continue to be an important factor in securing sales of new homes. For our smaller homes the shared equity schemes that we operate are the most important sales incentive. Rippon Homes had applied to the Government's FirstBuy scheme and was successful in being allocated up to 20 units under the scheme which runs to 31 March 2013. This is a scheme where assistance is given to the purchaser of a new home in the form of an equity loan of up to 20% of the full price of the property, with up to 10% being provided by Rippon Homes and 10% by the Homes and Communities Agency. The purchaser is required to have a 5% deposit, meaning that they only need take a mortgage for 75% of the price of the property. Rippon Homes had 5 completions under this scheme during the year. We plan to apply for an additional allocation under the new FirstBuy scheme which is due to start in April 2013.

In addition Rippon Homes continues to offer its own shared equity scheme which has an alternative structure in support of the preferred FirstBuy scheme although since the introduction of FirstBuy we have only achieved 1 completion in the year (2011: 4 units).

Rippon Homes also continues to offer its part exchange scheme to purchasers of larger properties. All part exchange deals are closely managed to minimise the dealing risk. At the year end we had reduced our stock holding to 6 part exchange properties (2011: 12 units).

Following renewal of our banking facilities we have stepped up our efforts to acquire new development sites. Since the year end we have exchanged on the purchase of two new bungalow sites and are in the process of making offers on a number of additional sites. We have also brought the first phase of our Portland Street site in Mansfield into production; this land has been owned for a number of years and will provide 31 units of varying house types.

Commercial Division

The increase in turnover for the Group in the year is largely attributable to a significant improvement in trading for the commercial property division. The commercial division has always been a lower volume; higher value orientated operation and one large contract can have a very significant impact on the results for the year. This has been the case in the last year where the division has returned to profit compared to a significant loss in the prior year.

The result for the year is principally attributable to a pre-let secured on a 2,880m² office building constructed on land owned by the Group at its Opus Business Park in Peterborough. The property was pre-let to Kelway (UK) Ltd, a nationwide IT supplier with offices across the UK and beyond. Prior to completion of the property the freehold investment was sold to a local investor, with the resulting funds used to pay down debt and provide working capital for continuing operations.

The project was very successful on many levels. It delivered to the client a modern cost effective design and energy efficient building, both on time and within budget. This was all the more commendable given the tight timescales involved; the property was completed by mid June 2012 despite the initial planning application only having been submitted in August 2011. The building was the first commercial building in the UK to achieve a BREEAM excellent rating under the criteria set out in the BREEAM New Construction technical manual 2011. The property has subsequently been the subject of a design award from Peterborough City Council for the strong visual statement that it makes and its sustainable transport provision.

Demand for the division's stock units remains low. However, we did achieve the sale of three further stock units during the year, the largest of which was let and then sold to an investor. Margins on stock units tend to be low unless we can secure a tenant with a good covenant on an institutional lease which will facilitate the sale of the freehold investment. Our current experience of the investor market is that demand continues to be patchy and selective.

With little or no new speculative stock having been built over the past few years, we expect to see a shortfall in the availability of new high grade commercial property as the economic outlook improves and demand increases.

No speculative commercial development is planned. There has been ongoing interest in further pre-let and pre-sales and these opportunities continue to be pursued. Inevitably many deals fall away before they can be contracted but as these deals are for larger properties than we have traditionally constructed, if we are successful in securing them, then they can have a transformational impact on our results. We are also looking at other project management and trading opportunities where we can use our in-house expertise and resources to generate additional revenue streams for the Group. Our in house construction expertise has been a significant factor in our ability to negotiate and undertake projects.

Investment Properties

In August 2011 the Group sold the larger of its two investment properties located on the Colmworth Business Park in St Neots, Cambridgeshire. This property had been constructed by the Group in 2007 and had been let to Black Teknigas & Electro Controls Ltd and Watts Industries B.V. on a 15 year lease. The Group realised a small surplus on the disposal over book value. The proceeds of sale were

used to repay approximately £2.25m of the investment property loan facility and the balance was used to provide increased working capital of approximately £1.0m. Though we have sold the Black Teknigas property we retained the right to construct a contracted extension to the property for the tenant and new landlord on good commercial terms.

The remaining investment property, Vantage House, continues to be occupied by a tenant and Artisan as its head office. The directors do not believe that the market value of the property has changed over the past year.

Land Stocks

The elapsed process of obtaining renewed bank facilities on acceptable terms delayed the acquisition of new development land during the year. On the residential side of the business two small bungalow sites were purchased from existing working capital, the first of which provided seven completions in the year. We did not purchase any commercial land as we concentrated on opportunities to develop our existing stock.

Land stock owned by Rippon Homes at the year end amounted to 166 plots (2011: 198). All of these plots have the benefit of detailed planning permission. In addition Rippon Homes continues to hold several small pieces of land where there is a chance that planning permission could be achieved at some point in the future.

Land stocks owned by Artisan (UK) Developments at the year end amounted to 12,560 m² (2011: 15,340 m²). All of this land has planning permission, most of it detailed. In addition there are stock units totalling 1,888 m² (2011: 2,870 m²). The Group continues to attempt to secure control over development land as an alternative to outright purchase, as control is key in securing pre-lets and pre-sales.

As noted last year, the Group has held approximately 42 acres of land at Wingerworth in Derbyshire for many years. This land is currently let for horsiculture use and is located just outside the current local development framework. With the assistance of professional planning consultants a planning application for 51 homes occupying a part of the site was presented at the North East Derbyshire District Council planning committee meeting held on 23 October 2012. The planning application was rejected, the principal reason being that the development would be beyond the defined Settlement Developments Limits for Wingerworth and would

Operational and financial review continued

lead to an intrusion into the countryside. The Group is actively considering its options for an appeal.

Debt and Banking

The Group had borrowings net of offset cash balances of £9.5m at 30 June 2012 (2011: £17.2m). The £7.7m reduction in borrowing has been funded by £4.7m of cash generated from operating activities (principally from the sale of stock) and £3.3m from investing activities (principally from the sale of one of the Group's investment properties). This has reduced the Group's gearing to 95.1% at the year end (2011: 158.2%).

The Group's development facility had been due to expire on 1 July 2011 but was extended to allow time for renegotiation of the terms of a new bank facility. An extended period of time for negotiations proved necessary as the bank sought to significantly change the structure and operation of the facilities that it provided. A new facility for £20,927,649 was completed in July 2012 and lasts to 13 July 2015. The facility is subdivided into three tranches with different terms applying to each tranche.

The tranches are:

- Tranche A being the active rolling credit facility for current and new property and development activity at a margin of 3% over LIBOR.
- Tranche B approximately £1.9m, being the element of value loaned by our bank that is over their required LTV ratio compared with the valuation independently prepared for the bank. This has a total margin of 9%, 6% of which is rolled up.
- The investment property loan of £0.927m.

The principal covenants are:

- loan to value must not exceed 65% of the most recent valuation for development property (applies to tranche A of the facility only) and 72.5% of the most recent valuation for investment property.
- historical interest cover on the investment property loan (being rent as a percentage of finance costs) is, at all times, at least 125%.

At the same time that the new bank facility was agreed £1m of convertible unsecured loan notes were issued to Aspen Finance Limited. Interest is payable on the loan notes at 5% p.a. and they fall

due for repayment on 13 July 2015. The loan notes may be converted to equity at any time at Aspen Finance Limited's request at the rate of one ordinary share of 1p for an amount in nominal value of loan notes equal to 14.5p.

The significant bank and adviser fees incurred in securing the facility have been accrued and are being written off over the period of the facility.

The Board is confident that the new bank facility coupled with the loan note will support the Group's ongoing trading operations for the foreseeable future.

Inventories

Inventories continued to reduce in the year from £24.6m to £19.9m reflecting the ongoing sale of stock with limited replacement with new land. There has been a deliberate strategy to dispose of the older, low margin stock to create funds available for purchase of new land at better margins. Following renewal of the banking facilities the Group is actively seeking new residential sites in order to replace completed sites, increase its number of sales outlets and ultimately to rebuild sales volumes.

Property, Plant and Equipment

The office occupied by Rippon Homes was valued in the year by external valuers. In accordance with the Group's accounting policy for property occupied by the Group for its own purposes it has been included in these accounts at fair value. The resulting increase in value of £0.1m has been included under other comprehensive income in the Group statement of comprehensive income.

Share Capital

Following shareholder approval at the last Annual General Meeting, the Company's ordinary shares of 20p were subdivided into one ordinary share of 1p each and nineteen deferred shares of 1p each to facilitate the issue of further ordinary shares at 14.5p, should Aspen Finance Limited exercise its conversion rights under the convertible loan note issued to it after the year end.

Chris Musselle
Chief Executive

Date 18 December 2012

Directors and advisers

Directors

Michael W Stevens

Non-Executive Chairman

Christopher Musselle

Chief Executive and Finance Director

John Jones

Executive Director

Michael Eyres

Executive Director

Secretary and registered office**Philip Speer**

Vantage House

Vantage Park

Washingley Road

Huntingdon

Cambridgeshire PE29 6SR

Company number

3630998 Registered in England and Wales

Auditors**BDO LLP**

55 Baker Street

London W1U 7EU

Registrar**Capita Registrars**

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

Legal advisers**Thomson Webb & Corfield**

16 Union Road

Cambridge

CB2 1HE

Bankers**The Royal Bank of Scotland plc**

Corporate Banking

10 St Peter's Street

St Albans

Hertfordshire AL1 3LY

Report of the directors for the year ended 30 June 2012

The Directors present their report together with the audited financial statements for the year ended 30 June 2012.

Principal activities, review of the business and future developments

The principal activities of the Group during the year were property related services which included residential house building, commercial property development and property investment and management. There have not been any significant changes in the Group's principal activities in the year under review and the Directors are not aware of any likely major changes in the Group's activities in the next year.

The Chairman's Statement and Operational and Financial Review on pages 3 to 6 contain a review of the development and performance of the Group during the financial year and its position at the end of the year, covering the Enhanced Business Review requirements of the Companies Act 2006.

Principal risks and uncertainties

As detailed in note 18 on page 32, the main risk arising from the Group's financial instruments is liquidity risk. The Group is funded by significant levels of debt and consequently the Group seeks to maintain an open and regular dialogue with its bankers. The Group is reliant on the continued provision of debt facilities. It is particularly relevant to note that, in the current economic climate, the Group is dependent upon the continued willingness and ability of the Group's bank to provide debt funding to the Group. The value of the Group's security for its borrowings, principally stocks, work in progress and finished units, is affected by the market and the opinions of the valuers reporting to our bank, and this can affect the amount of debt funding available to the Group and the level of working capital available.

As the purchase of either a residential or commercial property is normally a significant commitment by our purchaser, the purchaser's confidence to proceed is affected by the general economic outlook, the level of interest rates and the availability of credit. All of these factors are outside the Group's control.

The Group's operations are clearly affected by the general economic cycle and are subject to short-term volatility in demand. Rippon Homes product and site development does not lend itself towards forward-sales, which allows it to respond to market conditions when setting prices and deciding on production. Conversely, our business model for commercial development is now weighted towards achieving forward sales where possible as this has the advantage that we are able to build units to meet our customers' exact requirements in terms of size and specification whilst at the same time limiting our exposure to unsold stock.

The ability to secure land for development is key to the Group's ongoing success and expansion. Whilst there is land available there

is no doubt that it is challenging to secure suitable sites on acceptable terms and not as much land is available as could have been expected at this stage of the economic cycle. We have an experienced management team tasked with identifying and evaluating potential sites supplemented by close relationships with agents, and a rigorous process for considering and approving land purchases. The acquisition of land can become elongated where there are issues to resolve on the land being purchased and this can delay production and ensuing sales. Dependent on market conditions, holding land over a period of time can result in significant profits or losses.

The planning process is uncertain. Where possible land acquisition terms are linked to the grant of planning permission. However, the timing of planning permission can become elongated and this can affect the delivery of intended sales within any given accounting year.

In addition to the liquidity risk described above, the Group is also exposed to interest rate risk on its financial instruments, as the group's borrowings are at floating rates of interest. Further details are set out in note 18 on page 31. The Board have considered and will continue to consider whether any form of hedging is appropriate in relation to this risk, especially if the level of net indebtedness rises.

Environment

The Group recognises the importance of its environmental responsibilities and is required to comply with all relevant environmental legislation. In particular, we aim to ensure that our designs meet the latest building regulations and the requirements of our customers.

We also ensure that our staff undertake training and qualifications where appropriate in the ongoing requirements of current and expected future building regulations and quality assessment.

Approximately 87% of our homes sold in the year were built on brown-field sites. In many cases we incur significant land remediation expenditure in dealing with contamination left by the previous occupiers of the land.

Employees and health and safety at work

Details of the number of employees and related costs can be found in note 3 on page 23.

A high standard of health and safety management is promoted at all levels within the Group. This is reflected in the quarterly reports prepared by our external health and safety auditor which show that there were no reportable accidents in the year under the current HSE rules.

Results and dividends

The statement of comprehensive income is set out on page 12 and shows the loss for the year. The Group loss for the year after taxation amounted to £1,000,480 (2011 – £2,621,789).

The Directors do not propose to pay a final dividend for the year (2011 – £Nil). No interim dividend was paid during the year (2011 – £Nil).

Directors

The following Directors have held office during the year:

Michael W Stevens
 Christopher Musselle
 Norman Saunders (resigned 25 January 2012)
 John Hemingway (resigned 25 January 2012)
 John Jones
 Michael Eyres

Directors' shareholdings

The Directors at 30 June 2012 and their interests in the share capital (beneficially or potentially beneficially held) of the Company at the dates stated were:

	Ordinary shares		Deferred shares	
	2012	2011	2012	2011
Michael W Stevens	9,268,721	9,268,721	176,105,699	–
Christopher Musselle	19,200	19,200	364,800	–
John Jones	5,400	5,400	102,600	–
Michael Eyres	300	300	5,700	–

Indemnification of directors

Qualifying third party indemnity provisions (as defined in Section 234 of the Companies Act 2006) are in force for all Directors who held office during the year.

Substantial shareholders

At 18 December 2012 the Company has been notified of the following interests in its issued share capital:

	Ordinary shares of 1p each (2011: 20p each)			
	2012	2012	2011	2011
Aspen Finance Limited	9,268,721	69.5%	9,268,721	69.5%

	Deferred shares of 1p each (2011: not applicable)			
	2012	2012	2011	2011
Aspen Finance Limited	176,105,699	69.5%	–	–

Aspen Finance Limited is a related party (see note 19)

Creditors' payment policy

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted. It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions. The number of average days' purchases of the Group represented by trade creditors at 30 June 2012 was 47 days (2011 – 41 days).

Directors' responsibilities

The Directors are responsible for preparing the director's 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 the Directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have chosen to prepare the financial statements for the Company in accordance with UK Generally Accepted Accounting Practice. 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 Group and Company and of the profit or loss of the Group for that period.

Report of the directors continued

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- for the Company financial statements, state whether applicable UK Accounting Standards have been followed; 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 requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern

The Directors are required to make an assessment of the Group's ability to continue to trade as a going concern. As explained in note 1 to the financial statements, after making appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Annual general meeting

The Annual General Meeting of the Company will be held at the Company's offices at Vantage House, Vantage Park, Washingley Road, Huntingdon, Cambridgeshire, PE29 6SR on Wednesday 27 February 2013 at 11 am. Notice of the Annual General Meeting will be separately enclosed with the distribution of the Report and Accounts.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re appoint them will be proposed at the annual general meeting.

By order of the Board

Philip Speer
Secretary

18 December 2012

Independent auditor's report to the members of Artisan (UK) plc

We have audited the financial statements of Artisan (UK) plc for the year ended 30 June 2012 which comprise the Group statement of comprehensive income, the Group statement of changes in equity, the Group and Company statement of financial position, the Group statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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.

Respective Responsibilities of Directors and auditors

As explained more fully in the statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2012 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Geraint Jones (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

London

United Kingdom

Date 18 December 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Group statement of comprehensive income

for the year ended 30 June 2012

	Note	2012 £	2011 £
Revenue	2	13,891,967	7,403,852
Cost of sales		(12,775,491)	(7,600,732)
Gross profit/(loss)		1,116,476	(196,880)
Other operating income		293,444	366,517
Administrative expenses		(2,010,988)	(2,353,319)
		(601,068)	(2,183,682)
Profit on disposal of investment property		13,563	–
Revaluation surplus on investment properties	8	9,719	17,476
Operating loss	4	(577,786)	(2,166,206)
Finance income		30,590	26,174
Finance expense	5	(453,284)	(526,617)
Loss before taxation		(1,000,480)	(2,666,649)
Tax credit	6	–	44,860
Loss for the year attributable to the equity holders of the parent		(1,000,480)	(2,621,789)
Other comprehensive income			
Revaluation of Group occupied property		139,548	–
Loss for the year and total comprehensive expense attributable to the equity holders of the parent		(860,932)	(2,621,789)

The notes on pages 16 to 34 form part of these financial statements.

Group statement of changes in equity

for the year ended 30 June 2012

	Share capital £	Share premium account £	Merger reserve £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Own shares held £	Total £
At 30 June 2010	2,668,291	11,356,683	515,569	91,750	28,044	(1,147,960)	(19,065)	13,493,312
Total comprehensive expense	–	–	–	–	–	(2,621,789)	–	(2,621,789)
At 30 June 2011	2,668,291	11,356,683	515,569	91,750	28,044	(3,769,749)	(19,065)	10,871,523
Total comprehensive expense	–	–	–	–	139,548	(1,000,480)	–	(860,932)
At 30 June 2012	2,668,291	11,356,683	515,569	91,750	167,592	(4,770,229)	(19,065)	10,010,591

The notes on pages 16 to 34 form part of these financial statements.

Group statement of financial position at 30 June 2012

Company number 3630998

	Note	2012 £	2012 £	2011 £	2011 £
ASSETS					
Non-current assets					
Investment properties	8		740,761		3,740,668
Property, plant and equipment	9		914,861		777,215
Other receivables	10		542,969		539,929
			2,198,591		5,057,812
Current assets					
Inventories	11	19,876,736		24,590,964	
Trade and other receivables	12	449,580		303,601	
Cash and cash equivalents		1,225		881	
		20,327,541		24,895,446	
Total assets			22,526,132		29,953,258
LIABILITIES					
Current liabilities					
Trade and other payables	13	(2,991,949)		(1,886,604)	
Interest bearing loans and borrowings	14	(9,523,592)		(17,195,131)	
Provisions	15	–		–	
		(12,515,541)		(19,081,735)	
Total liabilities			(12,515,541)		(19,081,735)
Net assets			10,010,591		10,871,523
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
Called up share capital	16	2,668,291		2,668,291	
Share premium account	17	11,356,683		11,356,683	
Merger reserve	17	515,569		515,569	
Capital redemption reserve	17	91,750		91,750	
Revaluation reserve	17	167,592		28,044	
Retained earnings	17	(4,770,229)		(3,769,749)	
Own shares	17	(19,065)		(19,065)	
Total equity			10,010,591		10,871,523

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2012.

Christopher Musselle
Director

The notes on pages 16 to 34 form part of these financial statements.

Group statement of cash flows

for the year ended 30 June 2012

	2012 £	2012 £	2011 £	2011 £
Cash flows from operating activities				
Loss before taxation	(1,000,480)		(2,666,649)	
Depreciation	20,211		39,545	
Finance income	(30,590)		(26,174)	
Finance expense	453,284		526,617	
Profit on disposal of investment property	(13,563)		–	
Loss/(profit) on disposal of property, plant and equipment	142		(851)	
Disposal costs investment property	(326,811)		–	
Revaluation surplus on investment properties	(9,719)		(17,476)	
Operating loss before changes in working capital and provisions	(907,526)		(2,144,988)	
Decrease in inventories	4,714,228		3,806,983	
(Increase)/decrease in trade and other receivables	(149,019)		126,963	
Increase/(decrease) in trade and other payables	1,106,288		(20,000)	
Cash from operations	4,763,971		1,768,958	
Finance income received	30,590		26,174	
Finance costs paid	(454,227)		(537,170)	
Tax received	–		78,732	
Net cash from operating activities	4,340,334		1,336,694	
Cash flows from investing activities				
Proceeds from sale of investment property	3,350,000		–	
Purchase of property, plant and equipment	(32,101)		(15,238)	
Proceeds from sale of property, plant and equipment	13,650		851	
Net cash generated/(used) in investing activities	3,331,549		(14,387)	
Cash flows from financing activities				
Movement on borrowings	(7,671,539)		(1,725,300)	
Net cash used in financing activities	(7,671,539)		(1,725,300)	
Net increase/(decrease) in cash and cash equivalents	344		(402,993)	
Cash and cash equivalents at the beginning of the year	881		403,874	
Cash and cash equivalents at the end of the year	1,225		881	

The notes on pages 16 to 34 form part of these financial statements.

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

1 Significant accounting policies

Artisan (UK) plc (the "Company") is a company incorporated as a public limited company under the Companies Act 1985 and domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were approved by the Directors on 18 December 2012.

Statement of compliance

The Group's consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as endorsed for use in the EU (Endorsed IFRS). The Company has elected to prepare its parent company financial statements in accordance with UK Generally Accepted Accounting Practice (GAAP). These are presented on pages 35 to 40.

Basis of preparation

The financial statements are presented in pounds sterling. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements, as detailed below.

Going concern

The Group's business activities, together with factors which the Directors consider are likely to affect its future development, financial performance and financial position are set out in the Chairman's statement on page 3 and the Operational and Financial review on pages 4 to 6. The principal business risks and uncertainties affecting the Group are set out in the director's report on page 8. In addition, note 18 to the Group financial statements includes information on the Group's policies and processes for managing financial risk, details of its financial instruments and exposures to interest rate, credit and liquidity risk.

As highlighted in noted 18, the Group meets its day to day working capital requirements through revolving credit and investment property facilities provided by the Group's bankers. At 30 June 2012 the Group had drawn £9,523,592 of bank borrowings, net of offset credit balances, against these facilities. On 13 July 2012 the Group successfully completed new banking facilities to support its ongoing trading operations. The new facility is for a maximum of £20,927,649 with a term to 13 July 2015.

Forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group will be able to operate within the level of the new facility. In view of this the Directors are satisfied that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Adoption of new and revised standards and interpretations Standards and interpretations effective during the year

The following new and revised standards and interpretations have been adopted in the current financial year. Their adoption has not had any significant impact on these financial statements and has not required any additional disclosures but may affect the accounting for future transactions:

- **IAS 24 Amendment** – Related Party Disclosures (effective for accounting periods beginning on or after 1 January 2011).
- **IFRIC 14 Amendment & IAS 19** – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2011).
- **Improvements to IFRSs 2010** (effective for accounting periods beginning on or after 1 January 2011).
- **IFRS 7 Amendment** – Transfers of Financial Assets (effective for accounting periods beginning on or after 1 July 2011).
- **IFRS 1 Amendment** – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters (effective for accounting periods beginning on or after 1 July 2011).

Standards and interpretations in issue but not yet effective

At the date of issue of these financial statements the following standards and interpretations, which have not been applied in these financial statements, were in issue but not yet effective (and in some cases, had not yet been adopted by the EU):

- **IAS 12 Amendment** – Deferred Tax: Recovery of Underlying Assets (effective for accounting periods beginning on or after 1 January 2012).
- **IAS 1 Amendment** – Presentation of Items of Other Comprehensive Income (effective for accounting periods beginning on or after 1 July 2012).
- **IFRS 10** – Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
- **IFRS 11** – Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013).

1 Significant accounting policies (continued)

- **IFRS 12** – Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2013).
- **IFRS 13** – Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013).
- **IAS 27** – Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013).
- **IAS 28** – Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013).
- **IAS 19** – Employee Benefits (effective for accounting periods beginning on or after 1 January 2013).
- **IFRIC 20** – Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013).
- **IFRS 7 Amendments** – Disclosures, Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning on or after 1 January 2013).
- **Amendments to IFRS 1 and IFRS 7** – Government Loans (effective for accounting periods beginning on or after 1 January 2013).
- **Improvements to IFRSs** – 2009 to 2011 Cycle (effective for accounting periods beginning on or after 1 January 2013).
- **Amendments to IFRS 10, IFRS 11 and IFRS 12** – Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective for accounting periods beginning on or after 1 January 2013).
- **Amendments to IAS 32** – Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning on or after 1 January 2014).
- **Amendments to IFRS 10, IFRS 12 and IAS 27** – Investment Entities (effective for accounting periods beginning on or after 1 January 2014).
- **IFRS 9** – Financial Instruments (effective for accounting periods beginning on or after 1 January 2015).

The Group is currently assessing the impact of the standards and interpretations in issue but not yet effective.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and its subsidiary undertakings. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control potential voting rights that presently are exercisable or convertible are taken into account. The results of any subsidiaries sold or acquired are included in the Group statement of comprehensive income up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

The consolidated financial statements incorporate the results of business combinations using the purchase method other than as disclosed below. On acquisition of a subsidiary, all of the subsidiary's separable, identifiable assets and liabilities existing at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the Group has gained control of the subsidiary are charged to the post acquisition statement of comprehensive income.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is stated exclusive of VAT and represents the value of work done and properties sold, excluding part exchange properties, the profit or loss on which is included within cost of sales. Revenue consists of sales of trading and development properties, together with gross rental income receivable on investment properties. Revenue does not include the sale of investment properties, for which the profits or losses on sale are shown separately, and rents receivable on development properties, which are shown as other operating income.

In respect of sales of property, revenue and profit are recognised upon legal completion of the legal transfer of title to the customer. Profit or loss is calculated with reference to each site or phase within a site.

Revenue recognised on properties sold under shared equity schemes is reduced by the interest income implicit in the transaction.

Profit is recognised on long term work in progress contracts if the final outcome can be assessed with reasonable certainty, by including in the statement of comprehensive income revenue and related costs as contract activity progresses. Revenue is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract. Losses are recognised as soon as they are foreseen.

Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the statement of comprehensive income for the period in which they arise.

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

1 Significant accounting policies (continued)

Property occupied by the Group for its own purposes is included in property, plant and equipment and stated at fair value. Changes in fair value are accounted for as set out in the accounting policy "Property, plant and equipment".

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation with the exception of owner occupied property which is stated at fair value with changes in fair value recognised directly in the statement of comprehensive income. Depreciation on other property, plant and equipment is provided 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:

Freehold buildings	–	2% per annum on the straight line basis
Motor vehicles	–	20-25% per annum on the straight line or reducing balance basis
Fixtures and fittings	–	15-25% per annum on the straight line or reducing balance basis
Plant and machinery	–	15-25% per annum on the straight line or reducing balance basis

Freehold land is not depreciated. Residual value and expected useful life are re-assessed annually.

Inventories

Inventories are valued at the lower of cost and net realisable value. Work in progress includes materials and labour costs and an appropriate proportion of overheads incurred on developments in progress or awaiting sale at the balance sheet date.

Land held for building is stated at the lower of cost and net realisable value. Cost comprises land cost and direct materials and labour.

Net realisable value is the amount that the Group expects to realise from the sale of inventory in the ordinary course of business, after allowing for the estimated costs of completion and the estimated costs necessary to make the sale. It is assumed that sites will be completed and sold in line with the Group's intended development plans. In the event land or partly completed sites were sold without completing the development the amounts realised would be lower and may be below the carrying value in these accounts.

Leases

Leases where the lessor retains substantially all of the risks and benefits of ownership are classified as operating leases. Operating lease rental charges are charged to the statement of comprehensive income on a straight-line basis over the term of each lease. Lease incentives are charged to operating profit on a straight line basis over the full term of the lease.

Taxation

Income tax comprises current and deferred tax.

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax expected to be payable or recoverable on differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible differences can be utilised.

Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that at the time of the transaction, affects neither taxable profit nor the accounting profit. Deferred tax is calculated at the rates of taxation enacted or substantively enacted at the balance sheet date.

Dividends

Dividends are recorded in the year in which they become legally payable.

Sales and marketing costs

Costs relating to sales and marketing activities are written off as incurred.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Operating profit

Operating profit is stated after crediting all items of operating income, after charging all items of operating expenditure, and also after crediting or charging all changes in value of investment properties. It is stated before crediting or charging financial income or expenditure.

Borrowings

Borrowings are recognised initially at fair value and subsequently at amortised cost. Borrowing costs are charged as an expense over the period for which they are attributable.

1 Significant accounting policies (continued)

Retirement benefit costs

The Group operates defined contribution pension schemes for employees. Contributions are charged to the statement of comprehensive income in the year in which they become payable.

Financial assets

The Group's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

i. Trade and other receivables

Trade receivables on normal terms do not carry any interest and are stated at their nominal value less any allowance for impairment. The effect of discounting on these financial instruments is not considered to be material. Impairment provisions are recognised when there is objective evidence that the Group will be unable to collect all of the amounts due under the terms of the receivable.

Trade receivables on extended terms granted in respect of sales under shared equity schemes are secured by way of a second legal charge on the respective property and are stated at their fair value based on the discounted present value of the expected future cash inflow. The difference between the initial fair value and the expected future cash inflow is credited over the deferral term to the statement of comprehensive income as finance income, with the financial asset increasing to its full cash settlement value on the anticipated receipt date. Credit risk is accounted for in determining fair values and appropriate discount factors are applied. Gains and losses arising from changes in fair value of the asset over their term are recognised in the statement of comprehensive income as other operating income or charges.

ii. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

Financial liabilities

The Group financial liabilities consist of the following:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Owing to the short term nature of these liabilities, there are no significant difference between the carrying amounts of these liabilities and their fair values.

- Bank borrowings, which are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method.

Share capital

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Groups ordinary and deferred shares are classified as equity instruments.

For the purposes of capital management, the Group considers its capital to comprise its ordinary and deferred share capital, share premium and retained earnings less the own share reserve. Neither the merger reserve, capital redemption reserve nor the revaluation reserve is considered as capital. There have been no changes in what the Group considers to be capital since the previous period.

The Group is not subject to any externally imposed capital requirements, other than the Companies Act requirement for public limited companies to have £50,000 of capital at nominal value.

Accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of income and expenditure during the reporting period. Actual results could differ from those estimates.

Key sources of estimation and uncertainty:

i. Going concern

The Group has prepared forecasts which have been reviewed by the Directors, based on estimates and judgements of the market conditions faced by the Group, including residential and commercial property demand, customer funding availability, selling prices and the levels of finance available. Many factors will influence customer demand including interest rates, the perception of bank funding availability and stability, the availability of further equity or similar, employment prospects and the overall level of economic activity in the UK economy.

The Directors consider that these forecasts demonstrate an adequate level of headroom for the next 12 months. Accordingly the Board has adopted the going concern basis for the preparation of these financial statements. Further details of the Board's assessment are set out on page 16.

Notes forming part of the group financial statements continued

for the year ended 30 June 2012

1 Significant accounting policies (continued)

- ii. Carrying value of land and work in progress and estimation of costs to complete

The Group holds inventories stated at the lower of cost and net realisable value. Such inventories include land, work in progress and completed units. Judgements and estimates have been made by management in relation to both the net realisable value and cost of inventories.

Net realisable value is the net amount that the Group expects to realise from the sale of inventory in the ordinary course of business, i.e. assuming sites are completed and sold in line with the Group's intended development plans. As residential development in particular is speculative by nature, most inventories are not covered by forward sale contracts, hence it is necessary to make judgements about likely future sales values.

Furthermore due to the nature of the Group's activity, and in particular the size and length of the development cycle, the Group has to allocate site wide developments costs between units being built or completed in the current year and those for future years. In doing this it also has to forecast the costs to complete on such developments. The Group also has to consider the proportion of overheads that it is appropriate to allocate to inventories.

In making such assessments and allocations, there is a degree of inherent estimation uncertainty. The Group has established internal controls designed to effectively assess and review inventory carrying values and ensure the appropriateness of the estimates made.

- iii. Part exchange properties

The carrying values of part exchange properties are assessed based on external valuations completed on the properties. These valuations are based on the prevailing market conditions in the second hand housing market and to the extent that housing market price levels change, the values of the part exchange properties may vary. Part exchange property values at the end of the financial period were based on recent valuations and realistic market expectations.

- iv. Provisions and contingencies

When evaluating the impact of potential liabilities from claims against the Group, the Directors take professional advice, as appropriate, to assist them in arriving at their estimation of the liability taking into account the probability of the success of any claims.

2 Segmental analysis

The Group operates through its three principal business segments which form the basis upon which the Group reports for management and statutory purposes. The Group does not operate outside the United Kingdom. The business segments are as follows:

Residential development	Residential house development mainly in the East Midlands, Lincolnshire and Yorkshire areas.
Commercial development	Business park development concentrated in East Anglia and Hertfordshire.
Property investment	Property investment activities throughout the UK.
Central and other	Represents unallocated Group overheads and consolidation adjustments.

Year ended 30 June 2012

	Residential Development £	Commercial Development £	Property Investment £	Central and Other £	Total £
Income statement					
Revenue					
External revenue	7,322,748	6,470,068	99,151	–	13,891,967
Inter-segment revenue	–	–	43,500	(43,500)	–
	7,322,748	6,470,068	142,651	(43,500)	13,891,967
Segment result					
Segment result before central charges	(65,645)	230,542	644,930	(1,387,613)	(577,786)
Central charges	(86,476)	(91,170)	(34,016)	211,662	–
Segment result after central charges	(152,121)	139,372	610,914	(1,175,951)	(577,786)
Finance income	30,591	22,963	10,862	(33,826)	30,590
Finance expense	(356,107)	(219,700)	(38,772)	161,295	(453,284)
Loss before taxation	(477,637)	(57,365)	583,004	(1,048,482)	(1,000,480)
Taxation	8,557	–	(8,557)	–	–
Loss after taxation	(469,080)	(57,365)	574,447	(1,048,482)	(1,000,480)
Transactions between segments are accounted for at market value.					
Statement of financial position					
Assets					
Segment assets	15,620,547	9,576,830	2,466,939	(5,138,184)	22,526,132
Liabilities					
Segment liabilities	14,849,897	10,835,426	985,324	(14,155,106)	12,515,541
Segment net assets/(liabilities)	770,650	(1,258,596)	1,481,615	9,016,922	10,010,591
Other information					
Capital expenditure	31,619	357	–	125	32,101
Depreciation of property plant and equipment	15,197	3,224	–	1,790	20,211

Notes forming part of the group financial statements continued

for the year ended 30 June 2012

2 Segmental analysis (continued)

Year ended 30 June 2011

	Residential Development £	Commercial Development £	Property Investment £	Central and Other £	Total £
Income statement					
Revenue					
External revenue	6,573,182	533,336	297,334	–	7,403,852
Inter-segment revenue	–	–	43,500	(43,500)	–
	6,573,182	533,336	340,834	(43,500)	7,403,852
Segment result					
Segment result before central charges	(1,094,673)	(597,265)	278,536	(752,804)	(2,166,206)
Central charges	(374,995)	(343,249)	(169,246)	887,490	–
Segment result after central charges	(1,469,668)	(940,514)	109,290	134,686	(2,166,206)
Finance income	26,005	20,389	–	(20,220)	26,174
Finance expense	(413,051)	(222,529)	(109,244)	218,207	(526,617)
Loss before taxation	(1,856,714)	(1,142,654)	46	332,673	(2,666,649)
Taxation	44,860	–	–	–	44,860
Loss after taxation	(1,811,854)	(1,142,654)	46	332,673	(2,621,789)
Transactions between segments are accounted for at market value.					
Statement of financial position					
Assets					
Segment assets	17,907,269	9,782,816	4,914,307	(2,651,134)	29,953,258
Liabilities					
Segment liabilities	16,667,540	10,984,047	4,007,139	(12,576,991)	19,081,735
Segment net assets/(liabilities)	1,239,729	(1,201,231)	907,168	9,925,857	10,871,523
Other information					
Capital expenditure	5,022	824	–	9,392	15,238
Depreciation of property plant and equipment	28,533	8,297	–	2,715	39,545

3 Directors and employees

	2012 £	2011 £
Staff costs, including directors, consist of:		
Wages and salaries	1,778,175	1,776,238
Social security costs	163,999	160,299
Other pension costs	111,444	92,055
	2,053,618	2,028,592
	2012 Number	2011 Number
The average number of employees, including directors, during the year was:		
Administration	20	22
Operations	30	33
	50	55
	2012 £	2011 £
Directors' remuneration consists of:		
Directors' emoluments	565,664	587,069
Directors' pension contributions	56,310	34,930
	621,974	621,999

The total amount payable to the highest paid director in respect of emoluments was £173,092 (2011: £173,677). Company pension contributions of £24,930 (2011: £24,930) were made to a money purchase scheme on their behalf.

Pension contributions to money purchase schemes were made in respect of 2 directors (2011: 2).

4 Operating loss

	2012 £	2011 £
This has been arrived at after charging/(crediting):		
Depreciation	20,211	39,545
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of:		
– the Company's annual accounts	12,000	19,000
– the subsidiaries' annual accounts	29,000	45,000
Fees payable to the Company's auditor for other services:		
– tax compliance	14,000	18,000
– other	3,000	–
Hire of plant and machinery	48,466	33,535
Other operating lease rentals – vehicles	15,426	18,640
– land and buildings	175,974	286,758
Impairment charge, net of reversals, in respect of carrying value of inventories	290,744	591,507
Rent receivable	(388,428)	(659,685)
Loss/(profit) on sale of property, plant and equipment	142	(851)
Profit on disposal of investment property	13,563	–

During the year overhead costs totalling £284,012 (2011: £101,014) were allocated from administrative expenses to work-in-progress.

Notes forming part of the group financial statements continued

for the year ended 30 June 2012

5 Finance expense

	2012 £	2011 £
Bank overdrafts and loans repayable within 5 years	453,284	526,617

6 Tax credit

Recognised in the income statement	2012 £	2011 £
<i>Current tax</i>		
UK corporation tax on loss for the year	–	–
Adjustment in respect of prior periods	–	(44,860)
Total tax credit reported in the income statement	–	(44,860)

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	2012 £	2011 £
Loss before tax	(1,000,480)	(2,666,649)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 25.5% (2011: 27.5%)	(255,122)	(733,328)
Effects of:		
Expenses not deductible for tax purposes	15,579	38,317
Change in fair value of investment properties	(2,478)	(5,952)
Depreciation for the year in excess of capital allowances	4,936	7,528
Utilisation of tax losses brought forward	(45,337)	(54,446)
Unrelieved trading losses for the year carried forward	285,846	810,114
Movement in provision	–	(61,999)
Other	(3,424)	(234)
Adjustment in respect of prior periods	–	(44,860)
Tax credit for the year	–	(44,860)

Subject to the agreement of HM Revenue & Customs, there are trading tax losses of approximately £14.9 million (2011: £13.8 million) available for set off against future years profits. No deferred tax asset has been recognised in respect of these losses due to the unpredictability of future profit streams against which these losses could be offset. Under present tax legislation, these losses may be carried forward indefinitely.

7 Dividends

No interim dividend was paid (2011: Nil p per ordinary share). The Directors do not propose to pay a final dividend for the year (2011: Nil p per ordinary share).

8 Investment properties

	2012 £	2011 £
<i>Fair value</i>		
At beginning of year	3,740,668	3,723,192
Revaluations included in income statement	9,719	17,476
Disposal of investment property	(3,009,626)	–
At end of year	740,761	3,740,668

As at 30 June 2012, the historical cost of investment property owned by the Group was £599,245 (2011: £2,779,931).

The fair values of the Group's investment properties at 30 June 2012 have been arrived at on the basis of open market value by the Directors, who are suitably experienced and having regard to professional advice.

During the year £96,151 (2011: £294,334) was recognised in the income statement as revenue in respect of rental income from investment properties. Direct operating expenses arising from investment properties amounted to £1,116 (2011: £4,163).

9 Property, plant and equipment

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 July 2011	812,354	182,833	112,851	224,609	1,332,647
Additions	–	–	20,034	12,067	32,101
Disposals	–	–	(24,820)	–	(24,820)
Revaluation	69,600	–	–	–	69,600
At 30 June 2012	881,954	182,833	108,065	236,676	1,409,528
<i>Depreciation</i>					
At 1 July 2011	64,175	180,768	96,650	213,839	555,432
Provided for the year	5,773	750	5,641	8,047	20,211
Disposals	–	–	(11,028)	–	(11,028)
Revaluation	(69,948)	–	–	–	(69,948)
At 30 June 2012	–	181,518	91,263	221,886	494,667
<i>Net book value</i>					
At 30 June 2012	881,954	1,315	16,802	14,790	914,861
At 30 June 2011	748,179	2,065	16,201	10,770	777,215

The fair values of the Group's property occupied for its own purposes at 30 June 2012 has been arrived at on the basis of open market value by the Directors, who are suitably experienced and having regard to professional advice.

Notes forming part of the group financial statements continued

for the year ended 30 June 2012

9 Property, plant and equipment (continued)

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 July 2010	812,354	193,843	104,651	219,061	1,329,909
Additions	–	1,490	8,200	5,548	15,238
Disposals	–	(12,500)	–	–	(12,500)
At 30 June 2011	812,354	182,833	112,851	224,609	1,332,647
<i>Depreciation</i>					
At 1 July 2010	58,402	192,259	86,608	191,118	528,387
Provided for the year	5,773	1,009	10,042	22,721	39,545
Disposals	–	(12,500)	–	–	(12,500)
At 30 June 2011	64,175	180,768	96,650	213,839	555,432
<i>Net book value</i>					
At 30 June 2011	748,179	2,065	16,201	10,770	777,215
At 30 June 2010	753,952	1,584	18,043	27,943	801,522

10 Other receivables

	2012 £	2011 £
Trade receivables	281,668	232,683
Other receivables	87,135	307,246
Prepayments and accrued income	174,166	–
	542,969	539,929

Other receivables represent the value of unamortised lease incentives and letting fees on investment properties. The director's believe there is no material difference between the carrying value and fair value of other receivables.

11 Inventories

	2012 £	2011 £
Raw materials and consumables	23,555	23,345
Land held for development	9,712,706	10,925,715
Work in progress	1,901,256	1,191,119
Completed developments and houses for sale	8,239,219	12,450,785
	19,876,736	24,590,964

Inventories with a carrying amount of £19,876,736 (2011: £24,590,964) have been pledged as security for the Group's bank borrowings.

During the year ended 30 June 2012, the Group conducted a further net realisable value review of its inventories. The review compared the estimated net realisable value of each of the Group's development sites with its balance sheet carrying-value. Where the estimated net realisable value of an individual site was less than its carrying-value within the balance sheet, the Group impaired the inventory value of the site. The impairment review resulted in a further impairment charge of £290,744 (2011: £614,151) in the year and a reversal of £Nil (2011: £22,644) on inventories that were written down in previous accounting periods.

The key judgement in estimating the net realisable value of the sites was the estimation of likely sales prices and estimated costs to complete. Sales prices were estimated on a site-by-site basis based upon local market conditions and considered the current prices being achieved upon each site for each product type.

Although the impairment of inventories was based upon the current prices being achieved or anticipated prices by the Group in the difficult conditions within the UK housing market, if the UK housing market were to deteriorate or improve beyond management expectations in the future then further adjustments to the carrying-value of inventories may be required.

Following these impairment charges £5,083,027 (2011: £6,335,468) of inventories are valued at net realisable value rather than at historical cost.

12 Trade and other receivables

	2012 £	2011 £
Trade receivables	71,600	28,105
Amounts recoverable on contracts	60,353	–
Other receivables	–	49,818
Prepayments and accrued income	317,627	225,678
	449,580	303,601

All trade and other receivables are non-interest bearing. Further disclosures relating to financial instruments are set out in note 18.

13 Trade and other payables

	2012 £	2011 £
Trade payables	1,046,467	426,169
Other taxes and social security	163,333	68,352
Other payables	6,727	12,320
Retentions	567,556	431,115
Accruals and deferred income	1,207,866	948,648
	2,991,949	1,886,604

The director's consider that the carrying value of trade and other payables included within current liabilities approximate to fair value as a result of the short maturity period of the amounts held at the year end.

Notes forming part of the group financial statements continued

for the year ended 30 June 2012

14 Borrowings

	2012 £	2011 £
Are repayable as follows:		
In less than one year:		
Bank borrowings	9,523,592	17,195,131

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.

The Directors consider that the carrying value of borrowings equate to fair value because interest on borrowings is charged at floating rates of interest. The interest rate profile of the borrowings is as follows:

	Currency	Nominal interest rate	Year of maturity	2012 £	2011 £
Bank borrowings:					
Revolving credit	GBP	base + 3.25%	2012	2,983,876	1,655,693
Revolving credit	GBP	LIBOR + 2.25%	2012	10,500,000	15,000,000
Investment property facility	GBP	LIBOR + 2.25%	2012	927,620	3,173,529
Less:					
Credit balances				(4,887,904)	(2,634,091)
				9,523,592	17,195,131

15 Provisions

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

16 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
13,341,455 (2011: 13,341,455) ordinary shares of 1p (2011: 20p) each	133,415	2,668,291
253,487,645 deferred shares of 1p each (2011: not applicable)	2,534,876	–
	2,668,291	2,668,291

On 2 February 2012 each ordinary share of 20p was subdivided into one ordinary share of 1p and nineteen deferred shares of 1p each.

All rights with regard to voting at general meetings of the Company and in relation to dividends attach to the 1p ordinary shares created by this subdivision. The deferred shares do not carry any voting rights or the right to receive dividends or have the right to participate in any return of capital by the Company, such as on liquidation, except after £1,000,000 has been repaid to the holder of each ordinary share. As this situation is extremely unlikely to arise the deferred shares effectively have no value.

The objective of the share subdivision was to attach the current trading value of the Company existing ordinary shares at the date of the subdivision to the new ordinary shares with a lower nominal value, so as to facilitate equity fundraising by the Company.

17 Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium account – the share premium account arose on the issue of shares by the Company at a premium to their nominal value.

Merger reserve – the merger reserve arose following the creation of Artisan (UK) plc in 1998 from the de-merger of Dean Corporation plc and the simultaneous acquisition of Artisan (UK) Developments Limited by the Group.

Capital redemption reserve – the capital redemption reserve arises upon the purchase and cancellation by the Company from time to time of shares in the Company.

Revaluation reserve – the revaluation reserve arises from the revaluation of owner occupied property from cost to fair value.

Retained earnings – the retained earnings represent profits made by the Group that have not been distributed to shareholders.

Own shares – the own shares reserve represents the cost of fractional entitlement shares purchased pursuant to the Capital Reorganisation approved at a general meeting of the Company held on 19 January 2008.

Notes forming part of the group financial statements continued

for the year ended 30 June 2012

18 Financial instruments

Financial risk management

The Group's financial instruments comprise bank loans, cash and various items such as trade receivables and trade payables that arise directly from its operations. Cash and bank loans are used to finance the Group's operations and finance its acquisitions. The categories of the Group's financial assets and liabilities are summarised below.

Financial assets classified as loans and receivables

	2012 £	2011 £
Non-current financial assets		
Trade receivables	281,668	232,683
Current financial assets		
Cash and cash equivalents	1,225	881
Trade receivables	71,600	28,105
Amounts recoverable on contracts	60,353	–
Other receivables	–	19,498
Prepayments	8,873	15,901
Total current financial assets	142,051	64,385
Total financial assets	423,719	297,068

There is no material difference between the carrying value and fair value of the Group's aggregate financial assets.

Financial liabilities measured at amortised cost

	2012 £	2011 £
Current financial liabilities		
Loans and borrowings	9,523,592	17,195,131
Trade payables	1,046,467	426,169
Other payables	–	6,000
Retentions	567,556	431,115
Accrued charges	1,188,163	863,733
Total current financial liabilities	12,325,778	18,922,148
Total financial liabilities	12,325,778	18,922,148

Financial assets and liabilities carried at fair value are categorised with the hierarchical classification of IFRS7 Revised (as defined within the standard) as follows:

	2012 Level 3 £	2011 Level 3 £
Financial assets		
Non-current financial assets		
Trade receivables	281,668	232,683

18 Financial instruments (continued)

There are no level 1 or level 2 financial assets or liabilities. The following table sets out the changes in level 3 instruments over the year:

	2012 Level 3 £	2011 Level 3 £
Non-current financial assets – trade receivables		
At beginning of year	232,683	143,418
Additions	18,421	63,500
Gains and losses recognised in profit or loss (finance income)	30,564	25,765
At end of year	281,668	232,683

Level 3 inputs are sensitive to the assumptions made when determining fair value, principally the discount rate used to discount cash flows and the annual rate of change in house prices. However, reasonably possible alternative assumptions would not have a material impact on the carrying value of the asset shown in the statement of financial position.

The Group has exposure to the following risks from the use of its financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Market risk

Market risk represents the potential for changes in interest rates and foreign exchange rates to affect the Group's profit and the value of its financial instruments. It also includes the effect of the level of UK house prices and commercial property values which are in turn affected by factors such as employment levels, interest rates, the supply of suitable land, availability of consumer funding and consumer confidence.

Interest rate risk

Exposure to interest rate risk arises in the normal course of the Group's business as all of the Group's borrowings are at variable rates of interest, based on either the base rate or LIBOR plus a lending margin. This margin may vary from time to time as the result of the Group's Banker's own risk assessment in the light of varying levels of profitability and cash flows generated by the Group. The Board consider on an ongoing basis whether any form of hedging is appropriate in relation to interest rate risk, in the light of likely cash flows and indebtedness, interest rate movements and other macro economic factors looking ahead. At 30 June 2012, the Group had no hedging arrangements in place.

The interest rate profile of the Group's interest bearing financial instruments is set out in note 14.

Sensitivity analysis for the year ended 30 June 2012 indicates that a general increase of one percentage point in interest rates applying for the full year would increase the Group's loss after tax by approximately £153,770 (2011: £186,000).

Exchange rate risk

The Group has no exposure to exchange rate risk as all financial assets and liabilities are denominated in sterling.

Credit risk

Credit risk is the risk of financial loss where counterparties are not able to meet their obligations.

The Group has a minimal exposure to credit risk from trade receivables on the residential side of the business given the nature and legal framework of the UK housing industry. In the vast majority of cases the full cash receipt for each sale occurs on legal completion, which is also the point of revenue recognition under the Group's accounting policies. However, some credit risk arises through the use of shared equity schemes. To mitigate the risk the Group is selective in deciding which customers can be accepted for the scheme and a second charge is taken over the property concerned.

Credit risk also arises from local authority bonds and advance payments although these are considered to be of low risk.

Notes forming part of the group financial statements continued

for the year ended 30 June 2012

18 Financial instruments (continued)

On the commercial side of the business the Group is exposed to credit risk from credit sales on forward sale build contracts where the customer has purchased land and entered into a contract for the development of a building. It is the Group's policy, implemented locally, to assess the credit risk of major customers before entering into such contracts. The risk is managed by receiving staged payments as the development progresses.

On the property investment side of the business the Group is exposed to credit risk relating to the payment of rents. Tenant's covenants are considered carefully before entering into lease agreements. This risk is mitigated by the use of rent deposits and client guarantees where appropriate and possible.

Credit risk analysed by segment is as follows:

	2012 £	2011 £
Residential	295,979	270,362
Commercial	124,639	1,202
Other	3,101	25,504
	423,719	297,068

The Group's credit risk is distributed over a number of parties. The maximum credit risk should any single party fail to perform is £61,991 (2011: £23,236). At 30 June 2012 the Group had £66,130 (2011: £30,094) of receivables past due. The Group has reviewed the items that comprise this balance and believes that these amounts will be recovered, accordingly no provision against impairment is considered necessary.

Liquidity risk

Liquidity risk is the risk that the Group will have insufficient resources to meet its financial obligations as they fall due. The Group's strategy to manage liquidity risk is to ensure that the Group has sufficient liquid funds to meet all its potential liabilities as they fall due.

Projections are prepared on a regular basis to ensure that covenant compliance and medium to longer-term liquidity is maintained. Longer-term projections are also used to identify strategic funding requirements.

As the Group's liquidity is largely derived from the revolving credit facility and the investment property loan, the continued willingness and ability of the Group's bankers to provide these facilities is crucial to the Group's continued ability to trade. The Group manages this risk by maintaining a regular dialogue with the Group's bankers and providing reliable and early information to the bank on the Group's trading progress and cash flow requirements in order that the Group's funding requirements are matched to the banks appetite for lending.

The Group's policy on the payment of trade payables is set out in the director's report on page 9. Trade and other payables and retentions fall due for payment within one year. Details of the maturity and security of loans and borrowings are disclosed in note 14.

At 30 June 2012 the Group had revolving credit facilities committed until 31 July 2012, at a competitive rate linked partly to the base rate and partly to LIBOR. Un-drawn committed facilities at the reporting date amount to £16,516,124 (2011: £13,344,307). Subsequent to the year end a new £20,927,649 facility was put in place which lasts for three years to 13 July 2015.

Capital management

The Group aims to maintain a balance between debt and equity that will both maximise shareholder return and keep financial risk to an acceptable level. It also aims to maintain sufficient capital to facilitate future growth.

19 Related parties

Artisan (UK) plc ("Artisan") is the intermediate holding company for the Artisan Group. At 30 June 2012 Aspen Finance Limited ("Aspen") owned 69.5% of the share capital of Artisan (UK) plc. Aspen is a private limited company, registered in England and Wales, whose principal activity is to act as a holding company for an investment in Artisan. The financial statements of Aspen are available from the Registrar of Companies, Companies House Crown Way, Cardiff CF14 3UZ.

Aspen is wholly owned by Aspen Group Inc which in turn is owned by the Brownis Trust. The Brownis Trust was declared for the benefit of Mr Stevens, the Non-Executive Chairman of Artisan, and his family. The Board understand that the Brownis Trust is the ultimate controlling party.

During the year Artisan provided accounting support to Aspen in respect of the production of consolidated financial statements for Aspen. A fee of £2,000 is payable for this work (2011: £2,000). £2,000 was owed by Aspen at the year end (2011: £2,000).

Transactions between Artisan and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Group, is set out below in aggregate for each of the categories specified in IAS 24 "Related Party Disclosures". Further information on Directors' remuneration is provided in note 3 on page 23.

	2012 £	2011 £
Short-term employee benefits	565,664	587,069
Post-employment benefits	56,310	34,930
	621,974	621,999

20 Contingent liabilities and commitments

In the normal course of business the Group has given counter indemnities in respect of performance bonds and financial guarantees. As at 30 June 2012, bonds in issue amount to £704,548 (2011: £856,179).

On occasion the Group receives claims in the normal course of its business. Where appropriate, when evaluating the impact of potential liabilities arising from such claims, the Directors take professional advice to assist them in arriving at their estimation of the liability taking into account the probability of the success of any claims.

At the year end the Directors are unaware of any material liability that is not provided within the financial statements.

21 Leasing commitments

Commitments under non-cancellable operating leases are as follows:

	2012 Land and buildings £	2012 Other £	2011 Land and buildings £	2011 Other £
Expiring:				
Within one year	–	2,716	148,583	3,836
Between two and five years	34,271	–	10,800	6,543
After five years	453,125	–	496,625	–

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

22 Events after the reporting period date

On 13 July 2012 the Group successfully completed new banking facilities to support its ongoing trading operations. The new facility is for £20,927,649 with a term to 13 July 2015. On the same day £1 million of convertible unsecured loan notes were issued to Aspen Finance Limited. Interest is payable on the loan notes at 5% p.a. and they fall due for repayment on 13 July 2015. The loan notes may be converted to equity at any time at Aspen Finance Limited's request at the rate of one ordinary share of 1p for an amount in nominal value of loan notes equal to 14.5p.

On 10 December 2012 Speymill PLC announced that it intended to put its subsidiary, Speymill Contracts Limited, into administration. Speymill Contracts Limited is the current occupier of the Group's investment property. The lessee and guarantor of the lease on the investment property are other companies in the Speymill group and we understand that these companies are continuing to trade and are not directly affected by the proposed administration of Speymill Contracts Limited. As set out on page 6, our bank covenant requires historical interest cover on the investment property of at least 125%.

Company balance sheet

at 30 June 2012

Company number 3630998

	Note	2012 £	2012 £	2011 £	2011 £
Fixed assets					
Tangible assets	4		1,392		9,207
Investments	5		2,949,510		2,949,510
			2,950,902		2,958,717
Current assets					
Debtors					
– due within one year	6	22,899,667		26,784,425	
– due after one year	6	174,166		–	
		23,073,833		26,784,425	
Cash at bank and in hand		271		62	
		23,074,104		26,784,487	
Creditors: amounts falling due within one year	7	13,454,534		16,662,091	
Net current assets			9,619,570		10,122,396
Total assets less current liabilities			12,570,472		13,081,113
Provisions for liabilities	9		–		–
Net assets			12,570,472		13,081,113
Capital and reserves					
Called up share capital	10	2,668,291		2,668,291	
Share premium account	11	11,081,042		11,081,042	
Merger reserve	11	689,328		689,328	
Capital redemption reserve	11	91,750		91,750	
Profit and loss account	11	(1,940,874)		(1,430,233)	
Own shares	11	(19,065)		(19,065)	
Shareholders' funds	12	12,570,472		13,081,113	

The financial statements were approved by the Board of Directors and authorised for issue on 18 December 2012.

Christopher Musselle
Director

The notes on pages 36 to 40 form part of these financial statements.

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.

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DEVELOPMENTS LIMITED

ARTISAN (UK)
PROJECTS LIMITED

ARTISAN (UK) plc

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