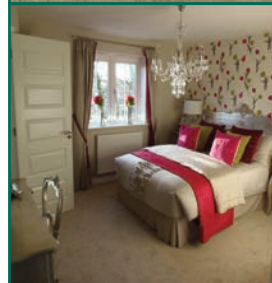




Report and Accounts

30 June 2014





This is the new facility for a significant local manufacturer being developed by Artisan (UK) Projects Limited in St Ives Cambridgeshire.

The scheme was led by Artisan (UK) Developments Limited who assisted the client in sourcing and negotiating the land upon which the development is sited. Considerable skill and effort was used working with the client and their design team to bring this project to fruition.

Build completion will be in early 2015.



ARTISAN
(UK) plc

Report and Financial Statements

30 June 2014

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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 and surrounding 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 have been built on both a speculative basis and more usually now as bespoke units commissioned by our customers. Its activity is concentrated in East Anglia and Hertfordshire.

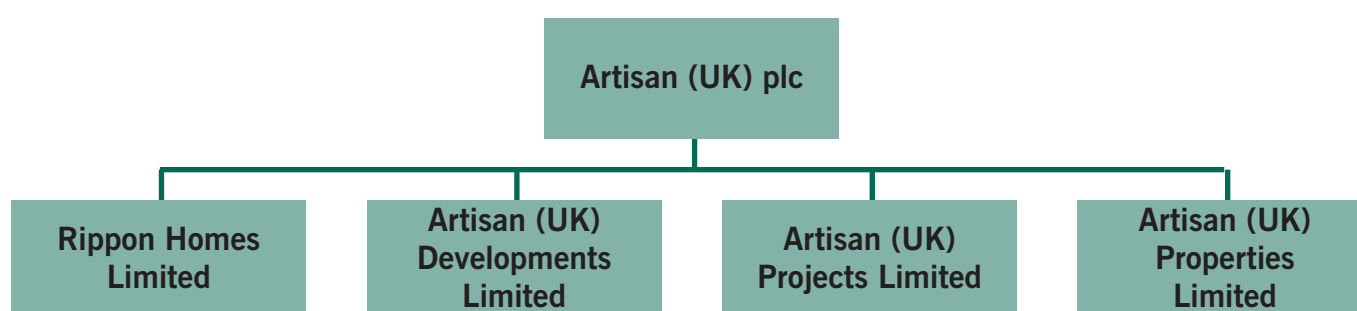
Artisan (UK) Projects Limited

This Company manages the construction activity, principally for Artisan (UK) Developments Limited. Projects are also undertaken for clients on their own land from schemes led by Artisan (UK) Developments.

Artisan (UK) Properties Limited

This Company is engaged in property investment activities. It mainly 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

During the year to 30 June 2014, we have seen improvement in both operating divisions. Trading volumes in our residential business remained lower than needed to return a profit but at a better level than the previous year. The Help to Buy shared equity scheme has helped house sales, particularly 3 bedroom properties, but we have had less stock available to buyers. Since the year end sales reservations have generally been maintained but this has been largely thanks to the release for sale of two large sites, Wingerworth and Pontefract, the former being particularly well received.

The commercial property division saw a significant improvement in activity with better sales during the year. The year to 30 June 2014 had benefitted with a contract to build a large extension to a property previously developed and sold at St Neots, the sale of a plot at Kings Lynn with a contract to build a c.370m² office and the sale of the two largest stock units at the year end. After the year end activity has continued with a contract commenced in the last quarter of the financial year to 30 June 2014 to build a substantial new property for a local manufacturer and this underpins the trading in the division for the 2015 year.

Group results

Group turnover for the year increased significantly to £14.0m (2013: £5.3m). The residential business generated turnover of £9.6m (2013: £4.9m) whilst the commercial business generated turnover of £4.3m (2013: £0.3m). The improved level of sales reduced the operating loss for the year to £0.4m (2013: £2.0m). The Group loss before tax for the year was £0.9m (2013: £2.6m).

Dividend

No dividend has been recommended for the year in view of the loss incurred. As previously stated 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.

Outlook

The future success of the Group is closely aligned to the ability to source replacement funding for our existing bank facilities within a suitable timescale. The Royal Bank of Scotland ("RBS") have made it clear they are not able to provide a renewal of the existing facility. Your board is making progress on identifying and negotiating new facilities. These are needed to replace the existing facility debt and also to provide necessary working capital. The Group may however need to raise further funding to support investment in land and development. In the circumstances and if appropriate, Aspen Finance has indicated a willingness to provide additional working capital (most likely through a convertible loan structure subject to the agreement of our bankers) and further details will be provided if and when this step is taken.

We strongly believe that there are clear signs of improvement in the commercial markets and the residential market now has a degree of normality, and that the prospect of a return to profitability is feasible.

Geoff Melamet

Chairman

Date 19 December 2014

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					
2014	9.6	4.3	0.1	–	14.0
2013	4.9	0.3	0.1	–	5.3
Operating loss before group management charges					
2014	(0.3)	0.5	0.5	(1.1)	(0.4)
2013	(0.5)	(0.6)	(0.2)	(0.7)	(2.0)

Residential Division

The residential division has improved the volume of transactions with 61 completions in the year (2013: 31). The level of activity, whilst an improvement is not yet sufficient to return the division to profit but we can see there is an encouraging trend back towards profitability. The level of activity reflects some improved consumer confidence, and the support to the market provided by the Help to Buy scheme. We continue to dispose of older stock and we have been trading from fewer sites and with less finished stock. The Rippon Homes shared equity scheme, which has effectively been replaced by the government schemes, has resulted in an asset reflected in the Group's balance sheet of £357,000 at 30 June 2014 (2013: £333,000). The primary risk with these debts is that the purchasers may default on their principal mortgage and the Group would suffer a loss if there were to be a forced sale. One such default occurred in the year resulting in a loss of £17,000 (2013: nil). We believe that the risk of loss will reduce as the economy improves and there is an increase in house values and a real increase in wage levels.

The sales resulting from the area of our Wingerworth site with planning permission are expected to be particularly profitable and will enhance the profitability of the Group over the next two years or so.

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 5 part exchange properties in stock (2013: 7 units). We do however expect this will increase as more sales of larger properties come through. The management of Rippon Homes are aware of the need to realise

part exchange stock at a rate akin to the rate at which properties are taken in.

We have increased our efforts to acquire new development sites, but have been frustrated by delays throughout the acquisition process and the need to source new funding for land purchases. RBS have decided they no longer wish to fund new sites under our current facility agreement without changes that are unacceptable to Artisan and its principal shareholder.

Towards the end of the year, the managing director of Rippon Homes, John Jones, retired from this position and as a director of Artisan (UK) plc after many years' service. We wish him a long and happy retirement. He has been successfully replaced by a new managing director, Ian Dyke, who has been externally recruited and has a good and relevantly experienced background. Ian has settled in well, having been welcomed by the existing management team and he is now taking the business forward.

Commercial Division

The commercial division has improved significantly from the previous year which had been poor. The 1,673m² extension for Black Teknigas at St Neots was successfully completed ahead of time and budget and underpinned the trading result for the year. This was followed by the development of a 370m² office at Kings Lynn for a leading firm of regional solicitors. This utilised half of the remaining land at Kings Lynn held by Artisan (UK) Developments. We were also able to complete the sale of the last two stock units held at our business park in St Albans. These higher valued properties substantially reduced the value of the finished commercial stock held.

The management team have and continue to be in discussions for potential property deals. It remains true that many of these do not come to fruition, often because of the market distortion between existing stock values and the value required for a forward sale or a lack of confidence in the market or financing availability. However some more progressive organisations recognise that the rental cost of a property can be relatively insignificant compared with other costs, especially as regards offices, and it is more important to the business to have a property that properly meets its operational requirements.

The remaining stock units are now three offices in Huntingdon and one industrial unit in Ipswich. We are currently experiencing improved interest in the Ipswich unit but enquiries for the Huntingdon stock remain sporadic as tends to be the case in Huntingdon generally.

As stated last year, the available stock in the market continues to decline and the available stocks of Grade A space are reducing in particular. Comment from our agents is that they see little stock available in the market for 2015. This situation should improve the demand for forward sales and lets as occupiers will have difficulty finding appropriate second hand stock to meet their needs. We are also seeing more distinction between successful businesses that can afford property at normal market prices and those businesses whose business model is going to struggle when they are no longer able to use premises that have been priced at depressed levels seen in the market in recent years.

No speculative commercial development is planned. The last three years results have shown that when we are successful in securing a substantial forward sale or forward let, they have a transformational impact on our results. We have also shown that we can successfully act as a development partner for businesses wishing to develop properties on third party land. This allows us to maintain the opportunity for profitable projects, particularly as we reduce our land stocks.

Investment Properties

Our remaining investment property, Vantage House, is partly occupied by Artisan as its head office. The part of the building occupied by Artisan is recorded as Property Plant and Equipment on our balance sheet rather than an investment property. The larger part of the building is let to a group though they have ceased trading from the unit and the building is being marketed for let or sale, either for

just the sub-let part or the entire building. We still expect that the break clause in the lease which is exercisable in 2018 will be exercised at that time. The balance of our land at Wingerworth is held by Artisan (UK) Properties and currently in use as horsiculture.

Inventories

Inventories continued to reduce in the year from £18.8m to £13.7m reflecting the ongoing sale of stock in excess of new land purchased and development activity. We continue to generate better profit from recently acquired land rather than the old stock of land, which has continued to be reduced. Two new sites were purchased in the year totalling 21 plots. The management team at Rippon Homes has been revitalised by the new managing director and new residential sites have been identified, negotiated and agreed. Our challenge is now to be able to fund all the sites we might like to acquire. However site acquisitions are still thwarted by delays arising from, the vendors and the negative attitude and short staffing of some planning departments and the councils behind them. We can then experience significant delays in getting sites into production as we try to satisfy the planning department's pre development conditions.

Land Stocks

Residential land stock owned by the Group at the year end amounted to 162 plots (2013: 201). All but 6 of these plots have the benefit of detailed planning permission. This includes the 51 plots (including 20 affordable units) granted planning during the year as a result of the successful appeal for part of our Wingerworth site. The Group also continues to hold some other small pieces of land and the balance of the Wingerworth site, 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 12,179 m² (2013: 12,560m²). All of this land has planning permission, most of it detailed. In addition there are stock units totalling 923m² (2013: 1,621m²). The Group continues to attempt to secure control or working arrangements over development land as an alternative to outright purchase.

We remain confident that we can realise the carrying value of stocks through development of the properties and sale in normal timescales.

Debt and Banking

The Group had borrowings net of offset cash balances of £6.5m at 30 June 2014 (2013: £11.0m). The reduction in net borrowing is

Operational and financial review continued

as a result of proceeds from the development and sale of development properties being used to reduce bank borrowing. The Group's gearing is 99.3% at the year end (2013: 147.0%).

Over the year to 30 June 2014 we have reduced the Loan to Value ratio ("LTV") on our revolving credit bank facility from 58.9% to 40.1% (as based on the bank's lower assessment of our stock values).

The RBS facility is due for repayment 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 or base rate.
- 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 originally 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%.

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

Following the year end, there has been a negotiation to reduce the facility limit as all of the facility is unlikely to be used and the Group will reduce the non-utilisation fees incurred.

The 2013 property valuation reduced the value of the investment property, Vantage House, and created a position whereby there is an excessively high LTV. The bank have reserved the right to repayment but have not demanded payment.

The primary concern for Artisan is that the existing facilities provided by RBS terminate in July 2015 and RBS have advised that they will not offer a renewal. We are led to understand that this is because RBS are not in a position to offer a facility. The Group must therefore establish new facilities. The directors are in active negotiation concerning new facilities. The existing RBS facility is comprised mainly of a revolving credit facility. It appears that this structure of facility is not likely to be available to Artisan in the near future as debt providers have moved away from providing this type of facility. Therefore we are considering a shorter term facility to replace the existing debt and then look to finance new projects utilising project finance. It is expected that this will increase the cost of funding for the foreseeable future.

Share Capital and funding

As indicated Artisan (UK) plc may raise new funding or similar to support a return to profitability and possibly as part of the completion of new debt facilities.

Christopher Musselle
Chief Executive

Date 19 December 2014

Directors and advisers

Directors

Geoffrey Melamet

Non-Executive Chairman

Christopher Musselle

Chief Executive and Finance Director

Michael Eyre

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 Asset Services

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

Strategic report

for the year ended 30 June 2014

The Directors present their strategic report together with the audited financial statements for the year ended 30 June 2014.

Development, performance and position

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 17 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 whilst sites have been acquired on acceptable terms more suitable land will be required. 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 feasible 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 17 on pages 31 and 32. 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.

Approval

This strategic report was approved by order of the Board on 19 December 2014

Philip Speer
Secretary

Report of the directors for the year ended 30 June 2014

The Directors present their report together with the audited financial statements for the year ended 30 June 2014.

Principal activities

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.

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 97% 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.

Directors' shareholdings

The Directors at 30 June 2014 and their interests in the share capital (beneficially or potentially beneficially held) of the Company at the dates stated were:

	Ordinary shares		Deferred shares	
	2014	2013	2014	2013
Christopher Musselle	19,200	19,200	364,800	364,800
Michael Eyres	300	300	5,700	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 19 December 2014 the Company has been notified of the following interests in its issued share capital:

	Ordinary shares of 1p each (2012 – 1p each)			
	2014	2014	2013	2013
Aspen Finance Limited	9,268,721	69.5%	9,268,721	69.5%
	Deferred shares of 1p each (2012 – 1p each)			
	2014	2014	2013	2013
Aspen Finance Limited	176,105,699	69.5%	176,105,699	69.5%

Details of transactions with Aspen Finance Limited are set out in note 18 (related parties).

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. The Group maintains training programmes, health and safety rules, monitoring and auditing procedures in order to promote a high level of awareness and commitment.

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 £922,082 (2013 – £2,554,900).

The Directors do not propose to pay a final dividend for the year (2013 – £Nil). No interim dividend was paid during the year (2013 – £Nil).

Directors

The following Directors have held office during the year:

Christopher Musselle
 John Jones (resigned 30 April 2014)
 Michael Eyres
 Geoffrey Melamet (appointed 10 July 2013)

Geoffrey Melamet is also a director of Aspen Finance Limited and has held that position since 25 September 2012.

Report of the directors continued

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 2014 was 28 days (2013 – 44 days).

Directors' responsibilities

The Directors are responsible for preparing the strategic report, 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.

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;
- 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 Tuesday 3 March 2015 at 11.30 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

Date 19 December 2014

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 2014 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 the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Group's ability to continue as a going concern. The Group is reliant on the availability of financing. At 30 June 2014 the Group's bank loan facility was £20,846,527, of which £5,806,426 had been drawn down. The facility is due to expire on 13 July 2015. On 19 December 2014, by negotiation the bank loan facility was reduced to £9,088,549. Although the directors expect to be able to obtain alternative funding they have no binding agreement to this effect. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and 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 matters where the Companies Act 2006 requires us 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 19 December 2014

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 2014

	Note	2014 £	2013 £
Revenue	2	13,990,234	5,337,256
Cost of sales		(12,748,932)	(5,301,434)
Gross profit		1,241,302	35,822
Other operating income		98,957	104,464
Administrative expenses		(1,772,347)	(1,969,749)
		(432,088)	(1,829,463)
Revaluation surplus/(deficit) on investment properties	8	8,333	(194,924)
Operating loss	4	(423,755)	(2,024,387)
Finance income		39,763	36,497
Finance expense	5	(556,186)	(567,010)
Loss before taxation		(940,178)	(2,554,900)
Tax credit	6	18,096	–
Loss for the year attributable to the equity holders of the parent		(922,082)	(2,554,900)
Other comprehensive income			
Revaluation of Group occupied property		(5,773)	(116,182)
Loss for the year and total comprehensive expense attributable to the equity holders of the parent		(927,855)	(2,671,082)

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 2014

	Share capital £	Share premium account £	Other reserve £	Merger reserve £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Own shares held £	Total £
At 30 June 2012	2,668,291	11,356,683	–	515,569	91,750	167,592	(4,770,229)	(19,065)	10,010,591
Total comprehensive expense	–	–	–	–	–	(116,182)	(2,554,900)	–	(2,671,082)
Convertible loan note issued	–	–	173,088	–	–	–	–	–	173,088
At 30 June 2013	2,668,291	11,356,683	173,088	515,569	91,750	51,410	(7,325,129)	(19,065)	7,512,597
Total comprehensive expense	–	–	–	–	–	(5,773)	(922,082)	–	(927,855)
At 30 June 2014	2,668,291	11,356,683	173,088	515,569	91,750	45,637	(8,247,211)	(19,065)	6,584,742

Group statement of financial position at 30 June 2014

Company Number: 3630998

	Note	2014 £	2014 £	2013 £	2013 £
ASSETS					
Non-current assets					
Investment properties	8		554,170		545,837
Property, plant and equipment	9		789,004		799,689
Other receivables	10		426,101		411,000
			1,769,275		1,756,526
Current assets					
Inventories	11	13,671,391		18,771,633	
Trade and other receivables	12	1,221,621		821,414	
Cash and cash equivalents		569		609	
			14,893,581		19,593,656
Total assets			16,662,856		21,350,182
LIABILITIES					
Non-current liabilities					
Trade and other payables	13		(488,782)		(240,033)
Interest bearing loans and borrowings	14		(6,351,316)		(10,861,257)
			(6,840,098)		(11,101,290)
Current liabilities					
Trade and other payables	13	(3,048,797)		(2,551,877)	
Interest bearing loans and borrowings	14	(189,219)		(184,418)	
			(3,238,016)		(2,736,295)
Total liabilities			(10,078,114)		(13,837,585)
Net assets			6,584,742		7,512,597
EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY					
Called up share capital	15	2,668,291		2,668,291	
Share premium account	16	11,356,683		11,356,683	
Other reserve	16	173,088		173,088	
Merger reserve	16	515,569		515,569	
Capital redemption reserve	16	91,750		91,750	
Revaluation reserve	16	45,637		51,410	
Retained earnings	16	(8,247,211)		(7,325,129)	
Own shares	16	(19,065)		(19,065)	
Total equity			6,584,742		7,512,597

The financial statements were approved by the Board of Directors and authorised for issue on 19 December 2014

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 2014

	2014 £	2014 £	2013 £	2013 £
Cash flows from operating activities				
Loss before taxation	(940,178)		(2,554,900)	
Depreciation	9,411		19,955	
Amortisation of bank facility costs	190,107		183,975	
Finance income	(39,763)		(36,497)	
Finance expense	556,186		567,010	
Profit on disposal of property, plant and equipment	(4,759)		(500)	
Revaluation (surplus)/deficit on investment properties	(8,333)		194,924	
Operating loss before changes in working capital and provisions	(237,329)		(1,626,033)	
Decrease in inventories	5,100,242		1,105,103	
Increase in trade and other receivables	(377,210)		(495,782)	
Increase/(decrease) in trade and other payables	649,612		(163,312)	
Cash from/(used by) operations	5,135,315		(1,180,024)	
Finance income received	1,665		36,497	
Finance costs paid	(403,235)		(345,089)	
Tax received	18,096		–	
Net cash from/(used by) operating activities	4,751,841		(1,488,616)	
Cash flows from investing activities				
Purchase of property, plant and equipment	(4,499)		(20,965)	
Proceeds from sale of property, plant and equipment	4,759		500	
Net cash from/(used by) investing activities	260		(20,465)	
Cash flows from financing activities				
Movement on bank borrowings	(4,752,141)		1,034,975	
Bank facility costs paid	–		(526,510)	
Convertible loan note	–		1,000,000	
Net cash from financing activities	(4,752,141)		1,508,465	
Net decrease in cash and cash equivalents	(40)		(616)	
Cash and cash equivalents at the beginning of the year	609		1,225	
Cash and cash equivalents at the end of the year	569		609	

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 2014

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 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were approved by the Directors on 19 December 2014.

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

At 30 June 2014 the Group's loan facility was £20,846,527, of which £5,806,426 had been drawn down. The facility is due to expire on 13 July 2015. On 19 December 2014, by negotiation the bank loan facility was reduced to £9,088,549. Although the directors expect to be able to obtain alternative funding to enable the business to continue, discussions are ongoing and they have no binding agreement to this effect. However, the ability of the Group to continue as a going concern depends on the negotiation of appropriate financing as required. These conditions indicate that there is a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include adjustments that would result if the Group was unable to continue as a going concern. Such adjustments would include presenting assets at their recoverable amounts which would be likely to result in further provisions to carrying amounts in 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:

- **IFRS 1 Amendment** – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective for accounting periods beginning on or after 1 January 2013).
- **IAS 12 Amendment** – Deferred Tax: Recovery of Underlying Assets (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 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** – 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).

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):

- **IFRS 10** – Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2014).
- **IFRS 11** – Joint Arrangements (effective for accounting periods beginning on or after 1 January 2014).
- **IFRS 12** – Disclosure of Interests in Other Entities (effective for accounting periods beginning on or after 1 January 2014).
- **IAS 27** – Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2014).
- **IAS 28** – Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2014).
- **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 2014).
- **Amendments to IAS 32** – Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning on or after 1 January 2014).

1 Significant accounting policies (continued)

- **Amendments to IFRS 10, IFRS 12 and IAS 27** – Investment Entities (effective for accounting periods beginning on or after 1 January 2014).
- **Amendments to IAS 36** – Recoverable Amounts Disclosures for Non-financial Assets (effective for accounting periods beginning on or after 1 January 2014).
- **Amendments to IAS 39** – Novation of Derivatives and Continuation of Hedge Accounting (effective for accounting periods beginning on or after 1 January 2014).
- **IFRIC 21 Levies** (effective for accounting periods beginning on or after 1 January 2014).
- **Amendments to IAS 19** – Defined Benefit Plans: Employee Contributions (effective for accounting periods beginning on or after 1 July 2014).
- **Improvements to IFRSs** – 2010 to 2012 Cycle (effective for accounting periods beginning on or after 1 July 2014).
- **Improvements to IFRSs** – 2011 to 2013 Cycle (effective for accounting periods beginning on or after 1 July 2014).
- **IFRS 14 Regulatory Deferral Accounts** – (effective for accounting periods beginning on or after 1 January 2016).
- **Amendments to IFRS 1** – Accounting for Acquisitions of Interests in Joint Operations (effective for accounting periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 and IAS 38** – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for accounting periods beginning on or after 1 January 2016).
- **Amendments to IAS 16 and IAS 41** – Agriculture: Bearer Plants (effective for accounting periods beginning on or after 1 January 2016).
- **IFRS 15** – Revenue from Contracts with Customers (effective for accounting periods beginning on or after 1 January 2017).
- **IFRS 9** – Financial Instruments (effective for accounting periods beginning on or after 1 January 2018).

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 the acquisition of Artisan (UK) Developments Limited which was acquired at the same time that Artisan (UK) plc was formed from a de-merger of Dean Corporation plc. 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.

Notes forming part of the group financial statements continued

for the year ended 30 June 2014

1 Significant accounting policies (continued)

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.

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.

1 Significant accounting policies (continued)

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.

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.
- Convertible loan notes – the component of convertible loan notes that exhibits characteristics of debt is recognised as a liability in the Statement of Financial Position. On issue of convertible loan notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds is allocated to the equity component and is recognised in shareholders' equity. The carrying amount of the equity component is not remeasured in subsequent years.

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, other 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.

Notes forming part of the group financial statements continued

for the year ended 30 June 2014

1 Significant accounting policies (continued)

Key sources of estimation and uncertainty:

i. Going concern

In arriving at its assessment of going concern, the Group has prepared forecasts. These have been reviewed by the Directors and are 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, employment prospects and the overall level of economic activity in the UK economy.

The forecasts also make assumptions about the availability of financing beyond the expiry of the current loan facility on 13 July 2015. Whilst the Directors expect the Group to be able to obtain alternative funding there is currently no binding agreement to this effect. This gives rise to a material uncertainty.

Further details of the Board's assessment of going concern are set out on page 16.

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.

v. Investment property valuation

Investment properties are stated at fair value at the balance sheet date. Fair values are arrived at by the Directors, who are suitably experienced and having regard to professional advice and valuations prepared for our bankers. Valuations are based on assumptions including future rental income and appropriate discount rates. Reference is also made to market evidence of transaction prices for similar properties.

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 2014

	Residential Development £	Commercial Development £	Property Investment £	Central and Other £	Total £
Income statement					
Revenue					
External revenue	9,567,699	4,355,690	66,845	–	13,990,234
Inter-segment revenue	–	–	43,500	(43,500)	–
	9,567,699	4,355,690	110,345	(43,500)	13,990,234
Segment result					
Segment result before central charges	(322,802)	540,328	500,115	(1,141,396)	(423,755)
Central charges	(107,279)	(220,247)	(45,402)	372,928	–
Segment result after central charges	(430,081)	320,081	454,713	(768,468)	(423,755)
Finance income	38,266	75,345	28,015	(101,863)	39,763
Finance expense	(422,565)	(254,250)	(30,492)	151,121	(556,186)
Loss before taxation	(814,380)	141,176	452,236	(719,210)	(940,178)
Taxation	126,943	(152,932)	(33,730)	77,815	18,096
Loss after taxation	(687,437)	(11,756)	418,506	(641,395)	(922,082)
Transactions between segments are accounted for at market value.					
Statement of financial position					
Assets					
Segment assets	10,647,756	8,214,653	2,568,304	(4,767,857)	16,662,856
Liabilities					
Segment liabilities	10,434,921	10,395,721	916,870	(11,669,398)	10,078,114
Segment net assets	212,835	(2,181,068)	1,651,434	6,901,541	6,584,742
Other information					
Capital expenditure	2,430	979	–	1,090	4,499
Depreciation of property plant and equipment	12,648	927	–	(4,164)	9,411

Notes forming part of the group financial statements continued

for the year ended 30 June 2014

2 Segmental analysis (continued)

Year ended 30 June 2013

	Residential Development £	Commercial Development £	Property Investment £	Central and Other £	Total £
Income statement					
Revenue					
External revenue	4,958,994	311,095	67,167	–	5,337,256
Inter-segment revenue	–	–	43,500	(43,500)	–
	4,958,994	311,095	110,667	(43,500)	5,337,256
Segment result					
Segment result before central charges	(483,987)	(599,185)	(207,214)	(734,001)	(2,024,387)
Central charges	(109,839)	(94,218)	(27,875)	231,932	–
Segment result after central charges	(593,826)	(693,403)	(235,089)	(502,069)	(2,024,387)
Finance income	36,497	42,504	18,584	(61,088)	36,497
Finance expense	(463,049)	(259,817)	(32,182)	188,038	(567,010)
Loss before taxation	(1,020,378)	(910,716)	(248,687)	(375,119)	(2,554,900)
Taxation	–	–	–	–	–
Loss after taxation	(1,020,378)	(910,716)	(248,687)	(375,119)	(2,554,900)
Transactions between segments are accounted for at market value.					
Statement of financial position					
Assets					
Segment assets	13,147,448	7,929,911	2,220,685	(1,947,862)	21,350,182
Liabilities					
Segment liabilities	12,397,176	10,099,223	987,757	(9,646,571)	13,837,585
Segment net assets/(liabilities)	750,272	(2,169,312)	1,232,928	7,698,709	7,512,597
Other information					
Capital expenditure	14,661	2,256	–	4,048	20,965
Depreciation of property plant and equipment	17,639	669	–	1,647	19,955

3 Directors and employees

	2014 £	2013 £
Staff costs, including directors, consist of:		
Wages and salaries	1,652,165	1,728,587
Social security costs	172,747	159,226
Other pension costs	88,647	85,679
	1,913,559	1,973,492
	2014 Number	2013 Number
The average number of employees, including directors, during the year was:		
Administration	18	17
Operations	30	29
	48	46
	2014 £	2013 £
Directors' remuneration consists of:		
Directors' emoluments	421,343	532,852
Directors' pension contributions	34,930	34,930
	456,273	567,782

The total amount payable to the highest paid director in respect of emoluments was £148,121 (2013 – £167,667). Company pension contributions of £24,930 (2013 – £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 (2013 – 2).

4 Operating loss

	2014 £	2013 £
This has been arrived at after charging/(crediting):		
Depreciation	9,411	19,955
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of:		
– the Company's annual accounts	18,067	22,364
– the subsidiaries' annual accounts	14,558	13,886
Fees payable to the Company's auditor for other services:		
– tax compliance	10,500	11,750
– other	3,000	3,000
Hire of plant and machinery	69,266	36,338
Other operating lease rentals – vehicles	19,422	16,515
– land and buildings	17,827	17,630
Impairment charge, net of reversals, in respect of carrying value of inventories	168,990	49,633
Rent receivable	(174,135)	(179,964)
Profit on sale of property, plant and equipment	(4,759)	(500)

During the year overhead costs totalling £174,242 (2013 – £104,689) were allocated from administrative expenses to work-in-progress.

Notes forming part of the group financial statements continued

for the year ended 30 June 2014

5 Finance expense

	2014 £	2013 £
Bank overdrafts and loans repayable within 5 years	449,291	472,110
Convertible loan note	106,895	94,900
	556,186	567,010

6 Tax credit

Recognised in the income statement	2014 £	2013 £
<i>Current tax</i>		
UK corporation tax on loss for the year	–	–
Adjustment in respect of prior periods	(18,096)	–
Total tax credit reported in the income statement	(18,096)	–

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

	2014 £	2013 £
Loss before tax	(940,178)	(2,554,900)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 22.50% (2013 – 23.75%)	(211,540)	(606,789)
Effects of:		
Expenses not deductible for tax purposes	16,620	3,158
Change in fair value of investment and owner occupied properties	(1,875)	46,294
Depreciation for the year in excess of capital allowances	2,117	4,739
Utilisation of tax losses brought forward	(25,947)	(34,102)
Unrelieved trading losses for the year carried forward	221,508	586,817
Adjustment in respect of prior year	(18,096)	–
Other	(883)	(117)
Tax credit for the year	(18,096)	–

Subject to the agreement of HM Revenue & Customs, there are trading tax losses of approximately £18.3 million (2013 – £17.4 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 (2013 – Nil p per ordinary share). The Directors do not propose to pay a final dividend for the year (2013 – Nil p per ordinary share).

8 Investment properties

	2014 £	2013 £
<i>Fair value</i>		
At beginning of year	545,837	740,761
Revaluations included in income statement	8,333	(194,924)
At end of year	554,170	545,837

As at 30 June 2014, the historical cost of investment property owned by the Group was £599,245 (2013 – £599,245).

The fair value of the Group's investment property at 30 June 2014 has 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 £64,167 (2013 – £64,167) 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 £839 (2013 – £839).

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 2013	759,999	182,833	110,079	245,941	1,298,852
Additions	–	–	–	4,499	4,499
Disposals	–	–	(27,464)	–	(27,464)
Revaluation	–	–	–	–	–
At 30 June 2014	759,999	182,833	82,615	250,440	1,275,887
<i>Depreciation</i>					
At 1 July 2013	–	182,243	88,357	228,563	499,163
Provided for the year	(5,773)	460	4,254	10,470	9,411
Disposals	–	–	(27,464)	–	(27,464)
Revaluation	5,773	–	–	–	5,773
At 30 June 2014	–	182,703	65,147	239,033	486,883
<i>Net book value</i>					
At 30 June 2014	759,999	130	17,468	11,407	789,004
At 30 June 2013	759,999	590	21,722	17,378	799,689

The fair values of the Group's property occupied for its own purposes at 30 June 2014 has been arrived at on the basis of open market value by the Directors, who are suitably experienced and having regard to professional advice and taking into consideration an external valuation obtained for the Group's bankers.

Notes forming part of the group financial statements continued

for the year ended 30 June 2014

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 2012	881,954	182,833	108,065	236,676	1,409,528
Additions	–	–	11,700	9,265	20,965
Disposals	–	–	(9,686)	–	(9,686)
Revaluation	(121,955)	–	–	–	(121,955)
At 30 June 2013	759,999	182,833	110,079	245,941	1,298,852
<i>Depreciation</i>					
At 1 July 2012	–	181,518	91,263	221,886	494,667
Provided for the year	5,773	725	6,780	6,677	19,955
Disposals	–	–	(9,686)	–	(9,686)
Revaluation	(5,773)	–	–	–	(5,773)
At 30 June 2013	–	182,243	88,357	228,563	499,163
<i>Net book value</i>					
At 30 June 2013	759,999	590	21,722	17,378	799,689
At 30 June 2012	881,954	1,315	16,802	14,790	914,861

10 Other receivables

	2014 £	2013 £
Trade receivables	357,310	333,037
Other receivables	68,791	77,963
	426,101	411,000

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

	2014 £	2013 £
Raw materials and consumables	23,067	23,574
Land held for development	7,818,384	8,506,920
Work in progress	872,290	2,423,461
Completed developments and houses for sale	4,957,650	7,817,678
	13,671,391	18,771,633

Inventories with a carrying amount of £13,671,391 (2013 – £18,771,633) have been pledged as security for the Group's bank borrowings.

During the year ended 30 June 2014, 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 £199,402 (2013 – £273,487) in the year and a reversal of £30,412 (2013 – £223,854) 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, 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 £2,603,626 (2013 – £5,496,270) of inventories are valued at net realisable value rather than at historical cost.

£12,257,678 (2013 – £4,767,288) of inventories were recognised as an expense in the year.

12 Trade and other receivables

	2014 £	2013 £
Trade receivables	737,073	534,946
Amounts recoverable on contracts	175,184	68,217
Other receivables	139,206	9,363
Prepayments and accrued income	170,158	208,888
	1,221,621	821,414

All trade and other receivables are non-interest bearing. Further disclosures relating to financial instruments are set out in note 17.

13 Trade and other payables

	2014 £	2013 £
Amounts falling due within one year		
Trade payables	594,436	500,654
Other taxes and social security	347,353	100,921
Other payables	11,704	7,207
Retentions	479,172	447,860
Accruals and deferred income	1,616,132	1,495,235
	3,048,797	2,551,877

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 2014

13 Trade and other payables (continued)

	2014 £	2013 £
Amounts falling due after one year		
Other payables	226,416	111,001
Accruals and deferred income	262,366	129,032
	488,782	240,033

14 Borrowings

	2014 £	2013 £
Are repayable as follows:		
<i>In less than one year:</i>		
Bank borrowings	189,219	184,418
<i>In more than one year but not more than two years</i>		
Bank borrowings	5,617,207	10,374,149
Less unamortised facility fees	(196,240)	(386,347)
Convertible loan note	930,349	873,455
Total greater than one year	6,351,316	10,861,257
Total borrowings	6,540,535	11,045,675

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 convertible loan note is unsecured and is issued to Aspen Finance Ltd (see note 18).

The Directors consider that the carrying value of bank borrowings equate to fair value because interest on borrowings is charged at floating rates of interest. The convertible loan note is stated at amortised cost using the effective interest rate method.

The interest rate profile of the borrowings is as follows:

	Currency	Nominal interest rate	Year of maturity	2014 £	2013 £
Bank borrowings:					
Revolving credit	GBP	base + 3.00%	2015	1,524,953	3,726,595
Revolving credit – tranche A	GBP	LIBOR + 3.00%	2015	2,816,895	4,816,895
Revolving credit – tranche B	GBP	LIBOR + 3.00% plus 6.00% PIK	2015	1,918,336	1,918,336
Investment property facility	GBP	LIBOR + 3.00%	2015	846,527	888,676
Less:					
Unamortised facility fees				(196,240)	(386,347)
Credit balances				(1,300,285)	(791,935)
Convertible loan note	GBP	5%	2015	930,349	873,455
				6,540,535	11,045,675

15 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
13,341,455 (2013 – 13,341,455) ordinary shares of 1p (2013 – 1p) each	133,415	133,415
253,487,645 (2013 – 253,487,645) deferred shares of 1p (2013 – 1p) each	2,534,876	2,534,876
	2,668,291	2,668,291

All rights as regards voting at general meetings of the Company and in relation to dividends attach to the 1p ordinary shares. The deferred shares do not carry voting rights, the right to receive dividends and 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.

16 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.

Other reserve – the other reserve represents the equity component of the convertible loan note.

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 2014

17 Financial instruments

Financial risk management

The Group's financial instruments comprise bank loans, convertible loan notes, cash and various items such as trade receivables and trade payables that arise directly from its operations. Cash, convertible loan notes 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

	2014 £	2013 £
Non-current financial assets		
Trade receivables	357,310	333,037
Current financial assets		
Cash and cash equivalents	569	609
Trade receivables	737,073	534,946
Amounts recoverable on contracts	175,184	68,217
Other receivables	139,206	9,363
Total current financial assets	1,052,032	613,135
Total financial assets	1,409,342	946,172

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

	2014 £	2013 £
Non-current financial liabilities		
Other payables	226,416	111,001
Accrued charges	262,366	129,032
Loans and borrowings	6,547,556	11,247,604
	7,036,338	11,487,637
Current financial liabilities		
Loans and borrowings	189,219	184,418
Trade payables	594,436	500,654
Retentions	479,172	447,860
Accrued charges	1,588,929	1,468,032
Total current financial liabilities	2,851,756	2,600,964
Total financial liabilities	9,888,094	14,088,601

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

	2014 Level 3 £	2013 Level 3 £
Financial assets		
Non-current financial assets		
Trade receivables	357,310	333,037

17 Financial instruments (continued)

	2014 Level 3 £	2013 Level 3 £
Financial liabilities		
Non-current financial liabilities		
Convertible loan note	930,349	873,455

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:

	2014 Level 3 £	2013 Level 3 £
Non-current financial assets – trade receivables		
At beginning of year	333,037	281,668
Additions	9,584	15,328
Disposals	(23,409)	–
Gains and losses recognised in profit or loss (finance income)	38,098	36,041
At end of year	357,310	333,037

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.

	2014 Level 3 £	2013 Level 3 £
Non-current financial liabilities – convertible loan note		
At beginning of year	873,455	–
Issues	–	826,912
Gains and losses recognised in profit or loss (finance expense)	56,894	46,543
At end of year	930,349	873,455

Level 3 inputs are sensitive to the assumptions made when determining fair value, principally the discount rate used to discount cash flows. 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 bank 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 2014, the Group had no hedging arrangements in place.

Notes forming part of the group financial statements continued for the year ended 30 June 2014

17 Financial instruments (continued)

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 2014 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 £93,537 (2013 – £101,700).

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.

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:

	2014 £	2013 £
Residential	580,140	342,246
Commercial	827,942	603,861
Other	1,260	65
	1,409,342	946,172

The Group's credit risk is distributed over a number of parties. The maximum credit risk should any single party fail to perform is £764,434 (2013 – £523,427). At 30 June 2014 the Group had £12,106 (2013 – £10,795) 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.

17 Financial instruments (continued)

The Group's policy on the payment of trade payables is set out in the director's report on page 10. 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 2014 the Group had revolving credit facilities committed until 13 July 2015, at a competitive rate linked partly to the base rate and partly to LIBOR. Un-drawn committed facilities at the reporting date amount to £13,739,816 (2013 – £9,538,174). On 19 December 2014, by negotiation the bank loan facility was reduced to £9,088,549.

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.

18 Related parties

Artisan (UK) plc ("Artisan") is the intermediate holding company for the Artisan Group. At 30 June 2014 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 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 (2013 – £2,000). £2,000 was owed by Aspen at the year end (2013 – £2,000).

On 13 July 2012 £1 million of convertible unsecured loan notes were issued to Aspen. 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's request at the rate of one ordinary share of 1p for an amount in nominal value of loan notes equal to 14.5p. During the year the interest payable on the loan notes was £50,000 (2013 – £48,357). At the balance sheet date the Group owed Aspen £12,468 of accrued interest (2013 – £12,466).

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.

	2014 £	2013 £
Short-term employee benefits	421,343	532,852
Post-employment benefits	34,930	34,930
	456,273	567,782

The remuneration for Geoffrey Melamet is payable in accordance with agreements with Arkion Limited and HMSA Limited for the provision of his services.

19 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 2014, bonds in issue amount to £409,242 (2013 – £493,381).

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.

Notes forming part of the group financial statements continued

for the year ended 30 June 2014

20 Leasing commitments

Commitments under non-cancellable operating leases are as follows:

	2014 Land and buildings £	2014 Other £	2013 Land and buildings £	2013 Other £
Expiring:				
Within one year	5,199	–	1,200	2,260
Between two and five years	10,800	33,782	16,699	37,677
After five years	366,125	–	409,625	–

Company balance sheet

at 30 June 2014

Company number 3630998

	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	4		3,274		3,793
Investments	5		2,857,636		1,967,636
			2,860,910		1,971,429
Current assets					
Debtors	6	16,952,118		20,249,068	
Cash at bank and in hand		103		64	
		16,952,221		20,249,132	
Creditors: amounts falling due within one year	7	2,953,307		1,341,238	
Net current assets			13,998,914		18,907,894
Total assets less current liabilities			16,859,824		20,879,323
Creditors: amounts falling due after one year	9		(6,942,061)		(10,693,444)
Net assets			9,917,763		10,185,879
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	
Other reserves	11	173,088		173,088	
Capital redemption reserve	11	91,750		91,750	
Profit and loss account	11	(4,766,671)		(4,498,555)	
Own shares	11	(19,065)		(19,065)	
Shareholders' funds	12		9,917,763		10,185,879

The financial statements were approved by the Board of Directors and authorised for issue on 19 December 2014.

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 2014

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

	2014 £	2013 £
Staff costs, including Directors, consist of:		
Wages and salaries	201,024	300,355
Social security costs	18,119	25,197
Other pension costs	37,391	37,391
	256,534	362,943

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

	2014 Number	2013 Number
The average number of employees, including Directors, during the year was:		
Administration	5	5

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 £268,116 (2013 – £2,557,681).

The auditors' remuneration for audit services to the Company was £18,067 (2013 – £22,364).

4 Tangible assets

	Equipment, fixtures and fittings £
<i>Cost</i>	
At 1 July 2013	22,634
Additions	1,090
At 30 June 2014	23,724
<i>Depreciation</i>	
At 1 July 2013	18,841
Provided for the year	1,609
At 30 June 2014	20,450
<i>Net book value</i>	
At 30 June 2014	3,274
At 30 June 2013	3,793

Notes forming part of the company financial statements continued

for the year ended 30 June 2014

5 Fixed asset investments

	Subsidiary undertakings £
<i>Cost</i>	
At 1 July 2013	10,450,179
Additions	150,000
At 30 June 2014	10,600,179
<i>Provision for impairment</i>	
At 1 July 2013	8,482,543
Impairment reversal	(740,000)
At 30 June 2014	7,742,543
<i>Net book value</i>	
At 30 June 2014	2,857,636
At 30 June 2013	1,967,636

The Company recognised an impairment reversal of £740,000 (2013 charge – £1,981,874) against the carrying value of its investments in subsidiary companies.

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 2014 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

	2014 £	2013 £
Amounts falling due within one year:		
Amounts owed from subsidiary undertakings	16,914,701	20,222,079
Other debtors	5,710	4,200
Prepayments and accrued income	31,707	22,789
	16,952,118	20,249,068

7 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	26,553	20,293
Amounts owed to subsidiary undertakings	2,761,121	1,032,585
Other taxes and social security	14,074	20,251
Accruals and deferred income	151,559	268,109
	2,953,307	1,341,238

8 Borrowings

	2014 £	2013 £
Are repayable as follows:		
In more than one year but not more than two years		
Bank borrowings	5,945,586	9,966,303
Less unamortised facility fees	(196,240)	(386,347)
Convertible loan note	930,349	873,455
	6,679,695	10,453,411

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 Creditors: amounts falling due after one year

	2014 £	2013 £
Bank loans (secured see note 8)	5,522,930	9,579,956
Convertible loan note (see note 8)	930,349	873,455
Interest on bank loan rolled up	226,416	111,001
Accruals and deferred income	262,366	129,032
	6,942,061	10,693,444

10 Share capital

Details of the share capital of the Company are included in note 15 to the consolidated financial statements.

Notes forming part of the company financial statements continued

for the year ended 30 June 2014

11 Reserves

	Share premium account £	Merger reserve £	Other reserve £	Capital redemption reserve £	Profit and loss account £	Own shares held £
At 1 July 2013	11,081,042	689,328	173,088	91,750	(4,498,555)	(19,065)
Loss for the year	–	–	–	–	(268,116)	–
At 30 June 2014	11,081,042	689,328	173,088	91,750	(4,766,671)	(19,065)

12 Reconciliation of movements in shareholders' funds

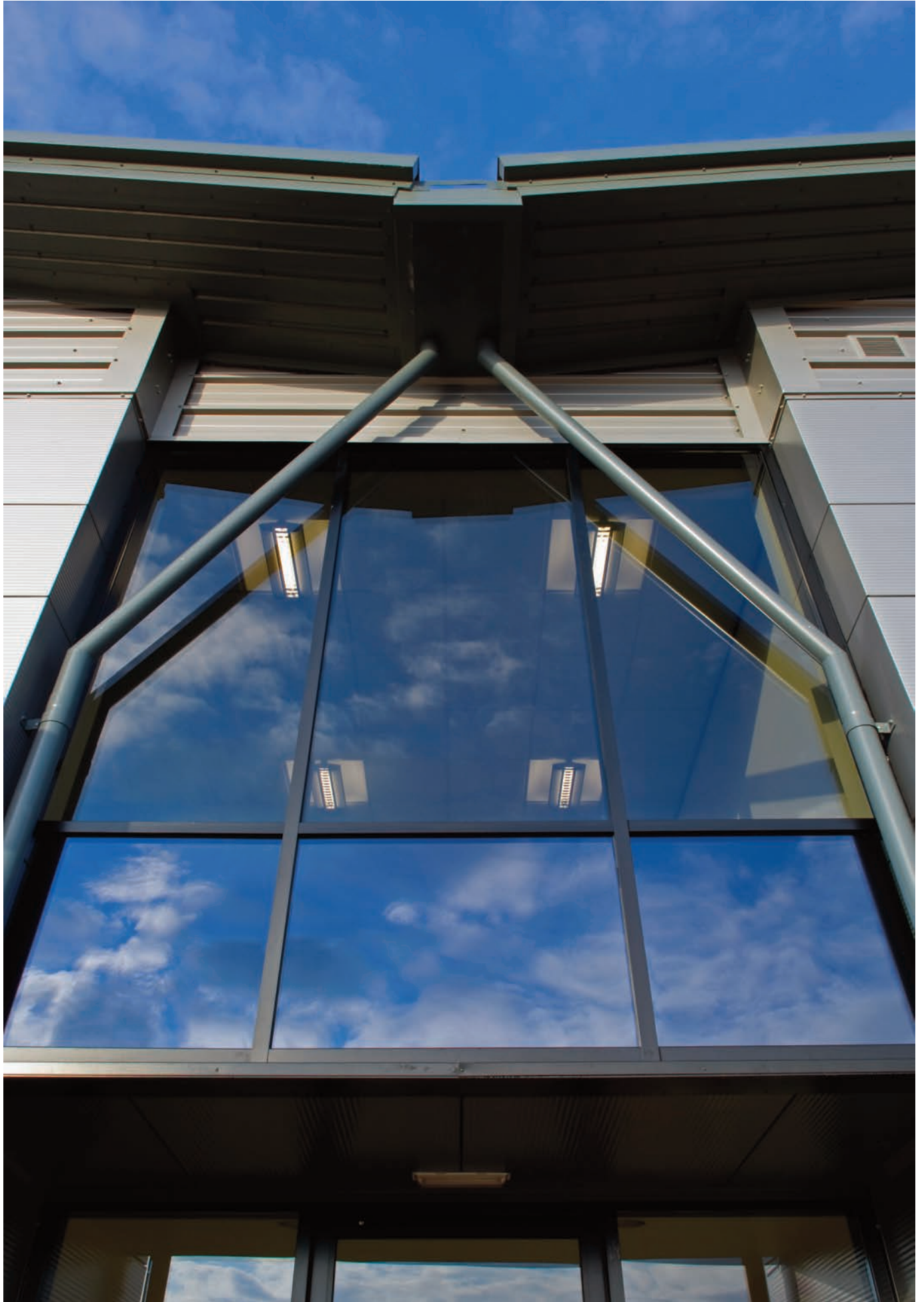
	2014 £	2013 £
Loss for the year	(268,116)	(2,557,681)
Issue of convertible loan note	–	173,088
Net movement in shareholders' funds	(268,116)	(2,384,593)
Opening shareholders' funds	10,185,879	12,570,472
Closing shareholders' funds	9,917,763	10,185,879

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 2014, bank borrowings of group company members covered by the Company's cross guarantee amounted to £87,256 (2013 – £592,264).

14 Related party disclosure

See note 18 to the Group financial statements.



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