

Artisan (UK) plc

Report and Financial Statements

Year Ended

30 June 2023

Company Number: 03630998

Artisan (UK) plc

Report and financial statements for the year ended 30 June 2023

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Artisan (UK) plc

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 and are all 100% owned subsidiaries of Artisan (UK) plc. In addition a number of projects are undertaken utilising SPV subsidiaries.

Rippon Homes Limited

Rippon Homes Limited, which has been part of the Artisan Group since December 2000 but established for much longer, is a residential house developer based in Mansfield operating in the East Midlands and surrounding areas. Rippon Homes incorporates the Living Heritage name for more exclusive properties. The products are principally based around three and four bedroomed houses and sold mainly to owner occupiers. The Group now utilises Special Purpose Vehicle ("SPV") companies for individually financed projects. These are normally 100% subsidiaries of the group.

Artisan (UK) Developments Limited

In the past this Company has specialised in the delivery of commercial and industrial buildings, either on a speculative basis or for others typically on a design and build basis. More recently the Company has changed its focus to that of a residential developer active in the wider Cambridge area, although for funding reasons developments may be undertaken by SPV companies in the Group.

Artisan (UK) Projects Limited

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

Artisan (UK) Properties Limited and Artisan (UK) Land Limited

These companies are engaged in property investment activities. The primary asset is land with strategic development potential.

Artisan (UK) plc

Chairman's statement

Overview

Having started the year with a good level of reservations and five sites in build the Rippon Homes companies were able to significantly increase the number of properties sold with 106 completions achieved in the year (2022 - 46). The number of completions would have been higher still had we not experienced delays on one site with electric connections and on another site with getting the s106 planning agreement amended. However these are timing issues and the affected sales are expected to complete in the next year.

A new development site for 49 properties was acquired during the year funded through a joint venture arrangement with Housing Growth Partnership. Work on site commenced during the year and we expect to start handing over completed properties to customers shortly. The final phases of the Worksop development land were purchased by the Group after the year end with planning subsequently granted for a further 91 houses subject to a s106 agreement.

Commercial development activity was restricted to completing the fire station and training centre in Huntingdon which was handed over in November 2022. The Huntingdon based companies are now focussed on housing developments. With the last Burwell property sale completing in the year new residential development opportunities are being sought. A small site in Waterbeach for five properties was purchased during the year and construction started after the year end. Unfortunately the planning application for land at Clavering on which we have a conditional purchase contract was refused and we are appealing the decision.

During the year planning permission lapsed on the land at Wingerworth, Derbyshire owned by Artisan (UK) Land Limited. The planning lapsed because it had not been implemented prior to the deadline set out in the planning permission due to delays with clearing the pre-commencement conditions. After the year-end a new planning application has been submitted for the land and we await the outcome of that application.

Group results

Group turnover for the year was £30.4m (2022 - £23.1m). The residential business generated turnover of £29.4m (2022 - £16.7m) whilst the commercial business generated turnover of £1.0m (2022 - £6.4m). Operating loss for the year was £1.7m (2022 operating loss - £1.0m). The Group loss before tax for the year was £2.4m (2022 loss - £1.6m).

Dividend

No dividend has been recommended for the year. As previously stated the Company will not be in a position to pay a dividend until it generates sufficient distributable profits to cover both a dividend payment and its accumulated losses. In the meantime the emphasis is on retaining capital in the business to invest in new projects. The Company may in the future be able to apply for a capital reduction to extinguish the accrued negative reserves.

Outlook

Nationwide the housing market became noticeably slower during 2023 as cost of living pressures and rising mortgage rates affected buyer confidence. However, over the last month or so we have started to see an improvement in visitor levels and reservations and with the sites currently in build we are aiming to increase turnover in the coming year.

Since year end there have been a number of changes in management, particularly at Rippon Homes, where there is now a renewed focus on returning to profitability by reducing overheads, controlling project costs and being more selective when sourcing new development land.

Geoff Melamet
Chairman

Artisan (UK) plc

Operational and Financial review

Residential development

Across the Group the year saw completions achieved on five live development sites plus one completion on a development completed in the prior year. In total 107 sales completed in the year (2022 - 51 completions across six development sites). The increased number of completions resulted in residential turnover increasing by 77% from £16.7m to £29.4m with an average selling price of £274,911 (2022 - £326,490). The reduction in the average sale price is because fewer properties were built and sold by Artisan Developments in the year, which is targeting the development of smaller schemes of higher value properties.

The year saw the first sales of properties on new developments at Market Rasen (12 plots) and Lea (22 plots) as well as ongoing sales on developments at Worksop (28 plots), Old Dalby (15 plots), Navenby (29 plots) and Burwell (1 plot). There were no land sales in the year (2022 land sales: £Nil).

Commercial development

Commercial development turnover reduced significantly in the year to £1.0m from £6.4m in the previous year. The only commercial development project in the year was the successful completion of fire station and training centre in Huntingdon which reached practical completion in November 2022.

As previously noted, the strategy for the Huntingdon based business is now to focus on residential development opportunities within an hour's drive of Cambridge. There are no plans to undertake any further commercial development, although any opportunities that arise will be considered on a case by case basis.

Results

In spite of the Group turnover for the year increasing by 32% to £30.4m (2022 - £23.0m) the loss after tax for the year has increased to £2.5m (2022 - loss after tax £1.9m). This is attributed to the following:

- A reduction in gross margin to 5.3% compared to 8.8% in the prior year. The reduction is attributable to one development site that has been constructed using a 'modern method of construction' rather than traditional brick and block or timber frame construction. The construction method involved using a pre-made high-performance pannellised build system which promised to be more sustainable with faster build times, increased quality, reduced waste and safer working conditions on site. However, being a new system many issues were experienced during construction which had to be overcome and as a result the development is expected to realise a loss. The work-in-progress has been written down to net realisable value at 30 June 2023 and the total loss for this development recognised in the profit and loss account for the year was £1.6m which equates to 5.2% of group turnover. Excluding this site the underlying gross margin is 12.4% (2022 - 12.3%). The use of this building system is restricted to one development which is expected to be finished during the next financial year.
- Overheads have increased by £0.2m or 7.5% compared to the previous year to £3.3m. This reflects increased payroll costs due to salary increases necessary to remain competitive, increased property costs as more space was taken on at Rippon Homes and increased insurance premiums reflecting increased contracting turnover and insurance rates.
- Interest payable has increased by £0.1m which largely reflects the impact of the increases in the base rate on the cost of the bridging loan for Wingerworth and to a lesser extent the additional borrowing from Aspen Finance which has helped fund general working capital and so has not been capitalised to work in progress.
- The tax charge for the year of £0.1m (2022 - tax charge £0.3m) relates solely to deferred tax and arose as the result of remeasurement of the asset at the year end. The Group has trading losses of approximately £21.0m available for offset, subject to HMRC agreement, against future years' profits. A deferred tax asset of £0.7m (2022 - £0.9m) has been recognised in the group statement of financial position which equates to around a 13% of the total tax losses (2022 -18%).

Artisan (UK) plc

Operational and Financial review (*continued*)

Wingerworth strategic land

The Group owns land at Wingerworth amounting to circa 40 acres which had a planning permission for the construction of up to 180 homes on just under half the site area. However, the planning permission lapsed during the year as it had not been 'implemented' prior to the deadline set in the permission due to delays in clearing the pre-commencement planning conditions. A new planning application has been made with a view to gaining a new planning permission along similar lines to the permission that lapsed, although there is no guarantee that this will be successful.

The land is included in the Group balance sheet within stocks and work in progress at historical cost including planning costs incurred. The carrying value of the land in the Group balance sheet at 30 June 2023 was £0.7m (2022 - £0.6m). The land has been used as collateral for a bridging loan used to raise funds for working capital.

Stocks and work in progress

There was little change in the overall value of stocks and work in progress during the year, with closing stock of £27.1m being £0.5m higher than at the previous year end. Sales of stock were offset by the purchase of two new development sites in the year for £2.5m (54 plots) along with substantial expenditure incurred on the construction of properties for sale across all of our live sites. The carrying value of completed houses in closing stock increased to £4.1m at 30 June 2023 (2022 £2.0m) which relates to 24 properties, including 2 show homes, of which the sale of 15 have completed since year end. Residential land stock with full planning permission owned by the Group at the year-end amounted to 222 plots (2022 - 455), the reduction being due to sales and the planning permission for 180 plots at Wingerworth having lapsed.

There was no change in the commercial land stock owned by Artisan (UK) Developments in the year with 376m² of developable space remaining, which relates to one office plot on a development otherwise completed many years ago. The director's continue to seek a suitable purchaser for the plot, either as a land sale or design and build contract.

Group borrowings

The Group had borrowings of £17.8m as at 30 June 2023 (2022 - £17.1m) and cash balances of £0.5m (2022 - £1.4m). Project specific development loans secured against the residential development sites to which they relate had been drawn against six developments at the year end. These loans are typically structured to fund 100% of the construction costs for a development or phase within a development and are repaid from the proceeds of plot sales.

In addition to funding projects with senior and mezzanine debt, one of the sites purchased in the year was funded through a joint venture arrangement with Housing Growth Partnership. Rippon Homes Woodhall Spa LLP, a limited liability partnership, has been established for the purposes of developing 49 residential properties on a new site in Lincolnshire. Profits from the development are shared between the LLP members according to their capital contributions and are paid out once the LLP's senior loan and members' loans have been repaid.

In addition a bridging loan facility of £4.1m was drawn down in an earlier year to fund working capital and assist with land purchases, along with additional loans advanced in the current year from Aspen Finance Limited (£0.5m) and director loans (£1.1m).

Artisan (UK) plc

Directors and advisers

Directors

Geoffrey Melamet (Non-Executive chairman)
David Sheinman (Chief Executive)
Geoffrey Lawler (Finance director)

Secretary and registered office

Philip Speer, 2b 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

Link Asset Services, Unit 10, Central Square, 29 Wellington Street, Leeds, LS1 4DL

Legal advisers

Thomson Webb & Corfield, 16 Union Road, Cambridge, CB2 1HE

Bankers

National Westminster Bank plc, Corporate Banking, 10 St Peter's Street, St. Albans, Hertfordshire, AL1 3LY

Artisan (UK) plc

Strategic report for the year ended 30 June 2023

The Directors present their strategic report together with the audited financial statements for the year ended 30 June 2023.

Development, performance and position

The Chairman's Statement and Operational and Financial Review on pages 2 to 4 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

Availability of materials and labour and cost increases

Production is dependent on the availability of materials and skilled labour. Shortages in materials and skilled labour can cause delays in production and increase costs, both in terms of the price paid for the materials and subcontract labour and also in additional preliminary costs if our developments take longer to complete as a result of the shortages. Inflationary pressures in the economy are currently much higher than for many years as a result of loose monetary policy, ongoing supply chain issues following the Covid pandemic and the current conflict in Ukraine. Higher input prices will impact our project margins if we aren't able to fully mitigate the cost increases by passing on higher costs to our customers. We aim to build good relationships with our supply chain and work with them to ensure consistency of supply. We also look to use alternative construction methods and materials where appropriate to address particular areas where shortages exist.

Availability of external finance for our customers

As the purchase of either a residential or commercial property is normally a significant commitment by our purchaser for which they will borrow money to finance, the purchaser's ability to proceed will be affected by the level of interest rates and the availability of credit. This is particularly relevant at the current time as we are seeing significant increases in the level of interest rates and hence the cost of mortgages. Restrictions in the availability or affordability of mortgages for customers, including the ending of the Government sponsored Help to Buy scheme, will reduce demand for new homes and affect the Group's turnover, profits and cash flow. All of these factors are outside the Group's control.

Availability of external finance for development

The Group is reliant on securing debt funding to speculatively acquire and develop new sites. 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 funders, and this can affect the amount and cost of debt funding available to the Group and the level of working capital available. In the current climate lenders are taking a more cautious view.

Economic conditions

The Group's operations are clearly affected by the general economic cycle and are subject to short-term volatility in demand depending on the level of unemployment, interest rates and consumer confidence. The Group is constantly monitoring market conditions to enable it to react accordingly when setting selling prices. The Group is expanding its operating area to include different markets and a different mix of products to further mitigate the exposure to market frailties.

Artisan (UK) plc

Strategic report for the year ended 30 June 2023 (*continued*)

Principal risks and uncertainties (*continued*)

Health and safety

Health and safety is of paramount importance and a high standard of health and safety management is promoted at all levels in the Group. This is achieved through training programmes and health and safety rules that are backed up by a process of external auditing by suitably qualified consultants.

Land and planning

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

Managing our stakeholder relationships - Section 172 Statement

Section 172(1) of the Companies Act 2006 imposes a general duty on every company director to act, in good faith, in the way they consider would be most likely to promote the success of the company for the benefit of its shareholders, whilst taking into account how the Group's activities and Board decisions affect its stakeholders. For periods beginning on or after 1 January 2022 all large companies must produce a separate statement within their strategic report that explains how the Board complies with its obligations under s172 and this also applies to Artisan (UK) plc as a public limited company, albeit the disclosures are limited to reflect the relatively small size of the group.

Set out below are details of how we have engaged with various stakeholders in the year and the key issues raised:

Employees

The group has approximately 60 employees. Our key priorities are to:

- Ensure the health, safety and wellbeing of employees.
- Provide job security as well as attractive rewards and benefits.
- Promote a culture of fair treatment, respect and integrity.
- Offer opportunities for training, professional development and career development.

In view of the size of our organisation, engagement with employees is generally through face to face meetings and communication directly with directors.

Customers

Our key priorities are:

- Customer service and satisfaction.
- Quality of construction and service.
- High specification of our homes at an affordable price.
- Sustainability and efficiency of our properties.

We indirectly engage with customers through up to date company websites, marketing materials and press or social media coverage.

Artisan (UK) plc

Strategic report for the year ended 30 June 2023 (*continued*)

Managing our stakeholder relationships - Section 172 Statement *continued*

Customers continued

On the residential side of the business direct engagement with customers initially is through our highly experienced and dedicated team of sales advisers, who maintain contact with customers throughout the sale process. This will include show home viewings, selection of colour choices and extras and chasing the legal process through to completion. After customers have purchased a property our Customer Care team will take over responsibility for addressing any issues our customers may encounter. We encourage customer feedback throughout, both informally and through customer surveys and reviews. On the commercial side of the business clients deal direct with directors and senior management throughout the procurement process.

Supply chain

Our key priorities are:

- Health and safety and wellbeing.
- Fair treatment and prompt payment of suppliers and subcontractors.
- Collaborative working.

Our commercial and construction teams oversee engagement with our supply chain on a project by project basis. Where possible we establish long term working relationships with local suppliers.

Shareholders

Our key priorities are:

- Financial performance and trading.
- Restoring the balance sheet to a position where payment of a dividend could be possible as and when cash flow allows.
- Reputation and business ethics.

The Group aims to treat all shareholders fairly. We engage with shareholders through our annual report and website, as well as face to face at the AGM. We also respond to ad hoc queries from shareholders wherever possible.

Approval

This strategic report was approved by order of the Board on 21 December 2023

Philip Speer

Secretary

Artisan (UK) plc

Directors' report for the year ended 30 June 2023

The Directors present their report together with the audited financial statements for the year ended 30 June 2023.

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.

The Group is not required to report under the Streamlined Energy and Carbon Reporting Regulations (SECR) as it does not qualify as large for the year.

Employees and health and safety at work

Details of the number of employees and related costs can be found in note 3 on page 29.

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 16 and shows the result for the year. The Group loss for the year after taxation amounted to £2,519,358 (2022 - loss £1,906,082).

The Directors do not propose to pay a final dividend for the year (2022 - £Nil). No interim dividend was paid during the year (2022 - £Nil).

Directors

The following Directors have held office during the year:

Geoffrey Melamet
Michael Eyres (resigned 30 June 2023)
Ian Dyke (resigned 30 June 2023)
Geoffrey Lawler
David Sheinman

Artisan (UK) plc

Directors' report for the year ended 30 June 2023 (*continued*)

Directors' shareholdings

The Directors at 30 June 2023 and their interests in the share capital (beneficially or potentially beneficially held) of the Company at the dates stated were:

	Ordinary shares		Deferred shares	
	2023	2022	2023	2022
Geoffrey Melamet	300	300	-	-
Michael Eyres	300	300	5,700	5,700
Geoffrey Lawler	600	600	11,400	11,400
David Sheinman	-	-	-	-
Ian Dyke	-	-	-	-

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.

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 2023 was 42 days (2022 – 25 days).

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.

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 21 December 2023

Artisan (UK) plc

Directors' responsibilities statement for the year ended 30 June 2023

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 financial statements for the Group and 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 and Company 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 and 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.

Artisan (UK) plc

Independent auditor's report

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF ARTISAN (UK) PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 June 2023 and of the Group's loss for the year then ended;
- the 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.

We have audited the financial statements of Artisan (UK) plc ("the Parent Company") and its subsidiaries ("the Group") for the year ended 30 June 2023 which comprise the Group statement of comprehensive income, the Group statement of financial position, the Group statement of changes in equity, the Group statement of cash flows, the Company statement of financial position, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Parent Company is reliant on the Group and the Group has various loan facilities in place that will need to be extended or refinanced during the going concern period and there are currently no formal agreements in place. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Artisan (UK) plc

Independent auditor's report (*continued*)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Artisan (UK) plc

Independent auditor's report (*continued*)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud¹

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations to be United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and UK tax legislation.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax experts in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion among the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and the carrying value of development sites.

Artisan (UK) plc

Independent auditor's report (*continued*)

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias in particular those estimates relating to the carrying value of development sites and deferred tax assets.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

Date: 21 December 2023

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

Artisan (UK) plc

Group statement of comprehensive income for the year ended 30 June 2023

	Note	2023 £	2022 £
Turnover	2	30,432,623	23,071,094
Cost of sales		(28,835,093)	(21,041,672)
Gross profit		1,597,530	2,029,422
Other operating income		5,993	-
Administrative expenses		(3,256,729)	(3,029,632)
Operating loss	4	(1,653,206)	(1,000,210)
Interest receivable and similar income	5	9,284	3,415
Interest payable and similar charges	6	(730,866)	(582,354)
Loss before taxation		(2,374,788)	(1,579,149)
Tax (charge)	7	(144,570)	(326,933)
Loss for the year after taxation		(2,519,358)	(1,906,082)
Loss attributable to the equity shareholders of the company		(2,539,988)	(1,906,082)
Loss attributable to the non-controlling interest	20	20,630	-
		(2,519,358)	(1,906,082)

All items above relate to continuing activities

There were no items of other comprehensive income in the current and prior financial year

The notes on pages 22 to 41 form part of these financial statements.

Artisan (UK) plc

Group statement of financial position at 30 June 2023

<i>Company number: 03630998</i>	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Other tangible assets	10		36,251		50,686
Current assets					
Stocks	12	27,088,217		26,602,777	
Debtors					
- due within one year	13	625,381		1,029,497	
- due after one year	13	700,225		757,035	
		1,325,606		1,786,532	
Cash at bank and in hand		497,083		1,434,877	
		28,910,906		29,824,186	
Creditors: amounts falling due within one year	14	(24,214,260)		(22,701,098)	
Net current assets			4,696,646		7,123,088
Total assets less current liabilities			4,732,897		7,173,774
Creditors: amounts falling due after more than one year	15		(1,328,645)		(1,722,719)
Net assets			3,404,252		5,451,055
Capital and reserves					
Called up share capital	17		2,668,291		2,668,291
Share premium account	18		11,356,683		11,356,683
Other reserve	18		645,607		173,088
Merger reserve	18		515,569		515,569
Capital redemption reserve	18		91,750		91,750
Retained earnings	18		(11,875,249)		(9,335,261)
Own shares	18		(19,065)		(19,065)
Shareholders' funds			3,383,586		5,451,055
Non-controlling interests	20		20,666		-
			3,404,252		5,451,055

The financial statements were approved by the Board of Directors and authorised for issue on 21 December 2023

Geoff Melamet
Director

The notes on pages 22 to 41 form part of these financial statements.

Artisan (UK) plc

Group statement of changes in equity for the year ended 30 June 2023

	Share capital £	Share premium account £	Other reserve £	Merger reserve £	Capital redemption reserve £	Retained earnings £	Own shares held £	Non controlling interest's share of equity £	Total £
At 30 June 2021	2,668,291	11,356,683	173,088	515,569	91,750	(7,429,179)	(19,065)	-	7,357,137
Total comprehensive expense	-	-	-	-	-	(1,906,082)	-	-	(1,906,082)
At 30 June 2022	2,668,291	11,356,683	173,088	515,569	91,750	(9,335,261)	(19,065)	-	5,451,055
Total comprehensive expense	-	-	-	-	-	(2,539,988)	-	20,630	(2,519,358)
Non-controlling interest capital contribution	-	-	472,519	-	-	-	-	36	472,555
At 30 June 2023	2,668,291	11,356,683	645,607	515,569	91,750	(11,875,249)	(19,065)	20,666	3,404,252

Artisan (UK) plc

Group statement of cash flows for the year ended 30 June 2023

	2023 £	2022 £
Cash flows from operating activities		
Loss for the financial year	(2,519,358)	(1,906,082)
Adjustments for:		
Depreciation	18,725	18,753
Interest receivable and similar income	(9,284)	(3,415)
Interest payable and similar charges	730,866	582,354
Tax charge	144,570	326,933
Decrease/(increase) in stocks	1,503,493	(6,860,603)
Decrease in trade and other debtors	317,658	368,939
Increase in trade and other creditors	299,360	2,997,542
Cash from/(used) by operations	486,030	(4,475,579)
Interest received	7,982	259
Interest paid	(805,642)	(852,161)
Net cash used by operating activities	(311,630)	(5,327,481)
Cash flows from investing activities		
Purchase of tangible fixed assets	(4,290)	(33,733)
Net cash outflow from investing activities	(4,290)	(33,733)
Cash flows from financing activities		
Loans drawn down	24,829,109	17,284,273
Loans repaid	(25,451,019)	(12,369,575)
Non-controlling interest capital contribution	36	-
Net cash (repaid)/from financing activities	(621,874)	4,914,698
Net decrease in cash and cash equivalents	(937,794)	(446,516)
Cash and cash equivalents at the beginning of the year	1,434,877	1,881,393
Cash and cash equivalents at the end of the year	497,083	1,434,877

The notes on pages 22 to 41 form part of these financial statements.

Artisan (UK) plc

Company statement of financial position at 30 June 2023

<i>Company number: 03630998</i>	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	10		263		486
Investments	11		23,110		236,810
			23,373		237,296
Current assets					
Debtors	13	11,329,969		14,909,009	
Cash at bank and in hand		115,531		182,330	
		11,445,500		15,091,339	
Creditors: amounts falling due within one year	14	(7,749,199)		(7,299,107)	
Net current assets			3,696,301		7,792,232
Net assets			3,719,674		8,029,528
Capital and reserves					
Called up share capital	17		2,668,291		2,668,291
Share premium account	18		11,356,683		11,356,683
Merger reserve	18		689,328		689,328
Other reserves	18		173,088		173,088
Capital redemption reserve	18		91,750		91,750
Profit and loss account	18		(11,240,401)		(6,930,547)
Own shares	18		(19,065)		(19,065)
Shareholders' funds			3,719,674		8,029,528

The financial statements were approved by the Board of Directors and authorised for issue on 21 December 2023

The company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The loss for the year after tax was £4,309,854 (2022 – loss £1,265,426).

Geoff Melamet
Director

The notes on pages 22 to 41 form part of these financial statements.

Artisan (UK) plc

Company statement of changes in equity for the year ended 30 June 2023

	Share capital £	Share premium account £	Other reserve £	Merger reserve £	Capital Redemption Reserve £	Retained earnings £	Own shares held £	Total £
At 30 June 2020	2,668,291	11,356,683	173,088	689,328	91,750	(5,665,121)	(19,065)	9,294,954
Loss for the year	-	-	-	-	-	(1,265,426)	-	(1,265,426)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive expense	-	-	-	-	-	(1,265,426)	-	(1,265,426)
At 30 June 2022	2,668,291	11,356,683	173,088	689,328	91,750	(6,930,547)	(19,065)	8,029,528
Loss for the year	-	-	-	-	-	(4,309,854)	-	(4,309,854)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive expense	-	-	-	-	-	(4,309,854)	-	(4,309,854)
At 30 June 2023	2,668,291	11,356,683	173,088	689,328	91,750	(11,240,401)	(19,065)	3,719,674

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023

1 Significant accounting policies

Artisan (UK) plc (the "Company") is a company incorporated as a public limited company under the Companies Act 2006 and domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 30 June 2023 comprise the Company and its subsidiaries (together referred to as the "Group").

The consolidated financial statements were approved by the Directors on 21 December 2023

Statement of compliance

The financial statements have been prepared and approved by the Directors in accordance with UK Generally Accepted Accounting Practice (GAAP).

Basis of preparation

The financial statements are presented in pounds sterling. The following principal accounting policies have been applied:

Going concern

The Company is a holding entity and as such the going concern is dependent on the Group, therefore the going concern assessment was performed as part of the Group's assessment. The Group meets the majority of its day to day working capital requirements through the convertible loan note issued to Aspen Finance Limited, director's loans, a bridging loan secured against the Group's Wingerworth land and loans for specific development projects. The development loans are typically 15 to 24 months in duration to correspond with the expected development cycle, with larger developments being split into a number of phases of up to 50 units with each phase being separately financed. These loans are repaid from the sale proceeds from the completed properties and as our current sites are well advanced a number of the loans fall due for repayment within the going concern period. At the balance sheet date the Group had net borrowings of £17.3m, comprising borrowings of £17.8m and cash balances on deposit at bank of £0.5m. Included within the £17.3m of borrowings are £16.5m of loans which fall due for repayment within one year, with £4.1m relating to the Wingerworth bridging loan, £9.6m relating to development loan facilities and £2.8m owed to related parties.

The £4.1m bridging loan secured against the Group's Wingerworth development site falls due for repayment within the going concern period. As noted in the Operational and Financial Review the planning permission for this land has lapsed and a new planning application has been submitted. A partial loan repayment of £0.5m has been made since year end and the balance of the loan is due for repayment in early January 2024. The bank has continued to be supportive and the directors have received an informal offer to extend the loan for an additional 12 months whilst the planning application is processed. The directors are confident that the extension of the loan will be completed in due course. However, there is a risk that the existing lender may decide not to extend the loan facility as indicated, or that the new planning application and any subsequent appeal are unsuccessful. This indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, if the Group is unable to repay the loan from either working capital or raise additional funding on other developments.

Of the developments loan balance at year end £3.4m related to three development sites that were refinanced in October 2023, raising £4.1m after costs and repaying the outstanding loan balances secured against the sites at the date of the refinance. The new loan facility is due for repayment by June 2024 and includes £3m of additional funding which is available to draw down to complete the developments. Forecast and projections, having made reasonable assumptions about sales and build, show that this loan should be repaid prior to June 2024.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

1 Significant accounting policies (*continued*)

Going concern (continued)

A further £3.8m of the year end development loan balance related to a development where the loans falls due for repayment in February 2024. Current forecasts show that there are unlikely to be sufficient property sales proceeds to repay the loans prior to February 2024 but as this relates to the first phase of a larger development the directors expect to be able to agree terms with the lender to refinance the balance of the phase 1 loan along with a facility to complete the development of phase 2. Discussions have commenced with the lender but the directors have yet to agree terms for a refinance. As there is currently no financing in place beyond February 2024 this indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, if the directors aren't able to agree a refinance with the current lender they would look to refinance elsewhere and may need to postpone starting phase 2 of the development whilst this is arranged.

Lastly a further £2.3m of the year end development loan balance relates to a further development site where the facility has an indicated repayment date of October 2023 but is capable of extension by agreement with the lender. The lender has issued terms for an extension of the facility to October 2024 which, based on the Group's projections and forecasts, should give sufficient time to complete and sell properties to repay the loan.

Whilst the Group has various loan facilities in place that will need to be extended or refinanced during the going concern period and there are currently no formal agreements in place indicating that a material uncertainty exists which may cast significant doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors are satisfied that the Group should be able to agree extensions to existing facilities or refinance with another lender and therefore that the Group has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and the end of the period has been presented as the reconciliation for the Group and parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

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.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

1 Significant accounting policies (*continued*)

Basis of consolidation (continued)

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

Turnover is measured at the fair value of the consideration received or receivable. Turnover 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. Turnover consists of sales of trading and development properties, revenue from construction contracts, revenue from the sale of land and the gross rental income receivable on investment properties. Turnover 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 turnover and profit are recognised upon unconditional exchange of contracts when it is probable that the company will receive the contracted payment. Profit or loss is calculated with reference to each site or phase within a site.

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 turnover and related costs as contract activity progresses. Turnover 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.

Finance costs

Borrowing and other costs incurred in respect of obtaining loans are accounted for on an accruals basis using the effective interest rate method and amortised to the consolidated statement of comprehensive income over the term of the associated borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantively ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation on other tangible fixed assets 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:

Motor vehicles	-	25% per annum on the straight line basis
Fixtures and fittings	-	25% per annum on the straight line basis
Plant and machinery	-	25% per annum on the straight line basis
Leasehold improvements	-	20% per annum on the straight line basis

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

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

1 Significant accounting policies (*continued*)

Fixed asset investments

Investments are included in the balance sheet at cost less any provision for impairment. The Company assesses 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 statement of comprehensive income. 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.

Stocks

Stocks are valued at the lower of cost and net realisable value. Work in progress includes materials and labour costs and capitalised borrowing costs where applicable.

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 stock 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 reporting 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 reporting date.

Dividends

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

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

1 Significant accounting policies (*continued*)

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.

Own shares

The cost of the Company's investment in its own shares is shown as a reduction in shareholders' funds in retained earnings.

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.

- Trade and other debtors

Trade debtors 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 debtors 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 interest receivable and similar 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.

- Cash at bank and in hand

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

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

1 Significant accounting policies (*continued*)

Financial liabilities

The Group financial liabilities consist of the following:

- Trade creditors and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Development loans are initially recognised net of any transaction costs directly attributable to the issue of the loan. 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 interest payable and similar charges. 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.

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.

A key assumption in the forecasts is the ability of the Group to obtain additional financing on acceptable terms to fund new developments. The Directors expect the Group to be able to obtain additional funding on normal commercial terms.

Further details of the Board's assessment of going concern are set out on pages 22 and 23.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

1 Significant accounting policies (*continued*)

Key sources of estimation and uncertainty (*continued*):

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

The Group holds stocks stated at the lower of cost and net realisable value. Such stocks 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 stocks.

Net realisable value is the net amount that the Group expects to realise from the sale of stock 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 stocks 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 stocks.

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.

iiii. 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.

iv. Impairment of fixed asset investments

Determining whether there are indicators of impairment of the Company's investments in subsidiary undertakings and amounts owed by subsidiary undertakings included within debtors. Factors taken into consideration include the viability and expected future financial performance of the subsidiaries.

v. Deferred tax asset

A deferred tax asset has been recognised in respect of trading losses which cannot be offset in the current period but can be carried forward. Deferred tax assets are recognized only where the Group considers it probable that it will be able to use such losses by offsetting them against future taxable profits. This requires estimates to be made of future profitability for the Group and there are inevitably judgements and uncertainties around such estimates.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

2 Analysis of turnover

Analysis by class of business:

	2023 £	2022 £
Residential	29,415,493	16,650,998
Commercial	1,012,830	6,417,791
Other	4,300	2,305
	<u>30,432,623</u>	<u>23,071,094</u>

Turnover arose wholly within the UK.

3 Directors and employees

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Staff costs, including directors, consist of:				
Wages and salaries	2,966,826	2,813,970	167,809	378,580
Social security costs	336,376	293,397	26,232	24,045
Other pension costs	140,463	127,000	21,400	32,365
	<u>3,443,665</u>	<u>3,234,367</u>	<u>215,441</u>	<u>434,990</u>

The average number of employees, including directors, during the year was:

	Number	Number	Number	Number
Administration	28	26	3	3
Operations	32	33	-	-
	<u>60</u>	<u>59</u>	<u>-</u>	<u>3</u>

	2023 £	2022 £
Directors' remuneration consists of:		
Directors' emoluments	572,366	532,724
Directors' pension contributions	94,197	62,365
	<u>666,563</u>	<u>595,089</u>

The total amount payable to the highest paid director in respect of emoluments was £198,480 (2022 - £205,532). Company pension contributions of £65,000 (2022 - £29,432) were made to a money purchase scheme on their behalf.

Pension contributions to money purchase schemes were made in respect of 3 directors (2022 - 3).

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (continued)

4 Operating loss

	2023 £	2022 £
This has been arrived at after charging/(crediting):		
Depreciation	18,725	18,753
Auditors' remuneration:		
Fees payable to the Company's auditor for the audit of:		
- the Company's annual accounts	61,095	25,000
- the subsidiaries' annual accounts	34,650	34,650
Fees payable to the Company's auditor for other services:		
- tax compliance	14,500	15,750
- other	8,400	5,500
Hire of plant and machinery	441,554	295,448
Other operating lease rentals:		
- land and buildings	123,494	111,610
Rent receivable	(8,293)	(2,305)

5 Interest receivable and similar income

	2023 £	2022 £
Shared equity loans	9,218	3,415
Other interest	66	-
	9,284	3,415

6 Interest payable and similar charges

	2023 £	2022 £
Bank loans and development loans repayable within 5 years	568,850	439,980
Convertible loan note	120,000	120,000
Other loans	42,016	22,374
	730,866	582,354

Finance costs capitalised in the period to work in progress were £1,988,933 (2022 - £1,819,723) based on actual borrowing costs incurred.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

7 Tax charge

Recognised in the income statement

	2023 £	2022 £
<i>Current tax</i>		
UK corporation tax on profit for the year	-	-
<i>Deferred tax</i>		
Origination and reversal of timing differences	144,570	326,933
	<u>144,570</u>	<u>326,933</u>
Total tax charge reported in the income statement	<u>144,570</u>	<u>326,933</u>

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

	2023 £	2022 £
Loss before tax	(2,374,788)	(1,579,149)
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20.5% (2022 – 19.0%)	(486,832)	(300,038)
Effects of:		
Expenses not deductible for tax purposes	171,369	328,047
Capital allowances for the year in excess of depreciation	1,319	(5,724)
Utilisation of tax losses brought forward	-	(92,283)
Unrelieved trading losses for the year carried forward	183,246	185,074
Other	129,929	-
Remeasurement of deferred tax asset	145,539	211,857
	<u>144,570</u>	<u>326,933</u>
Tax charge for the year	<u>144,570</u>	<u>326,933</u>

Subject to the agreement of HM Revenue & Customs, total trading tax losses are approximately £21.0 million (2022 - £19.7 million) available for set off against future years profits. The deferred tax charge in the period is in respect of movements in estimates of the amount recoverable, based on current developments owned.

8 Dividends

No interim dividend was paid (2022 - Nil p per ordinary share). The Directors do not propose to pay a final dividend for the year (2022 - Nil p per ordinary share).

9 Parent company profit for the financial year

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements. The loss for the year after tax, dealt with in the statement of comprehensive income of the parent company and after taking into account dividends from subsidiary undertakings, was £4,309,854 (2022 loss £1,265,426).

The auditors' remuneration for audit services to the parent company was £61,095 (2022 - £25,000).

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

10 Tangible fixed assets

Group	Plant and machinery £	Motor vehicles £	Leasehold improvements £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 July 2022	36,843	9,699	43,412	203,664	293,618
Additions	-	-	-	4,290	4,290
Disposals	-	-	-	-	-
At 30 June 2023	36,843	9,699	43,412	207,954	297,908
<i>Depreciation</i>					
At 1 July 2022	10,307	5,668	43,412	183,545	242,932
Provided for the year	8,457	2,424	-	7,844	18,725
Disposals	-	-	-	-	-
At 30 June 2023	18,764	8,092	43,412	191,389	261,657
<i>Net book value</i>					
At 30 June 2023	18,079	1,607	-	16,565	36,251
At 30 June 2022	26,536	4,031	-	20,119	50,686
Company				Equipment, fixtures and fittings £	
<i>Cost</i>					
At 1 July 2022					17,205
Additions					56
At 30 June 2023					17,261
<i>Depreciation</i>					
At 1 July 2022					16,719
Provided for the year					279
At 30 June 2023					16,998
<i>Net book value</i>					
At 30 June 2023					263
At 30 June 2022					486

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

11 Fixed asset investments

Company	Subsidiary undertakings £
<i>Cost</i>	
At 1 July 2022	10,750,979
Additions	-
At 30 June 2023	10,750,979
<i>Provision for impairment</i>	
At 1 July 2022	10,514,169
Impairment charge	213,700
At 30 June 2023	10,727,869
<i>Net book value</i>	
At 30 June 2023	23,110
At 30 June 2022	236,810

The Company recognised an impairment charge of £213,700 (2022 - £1,593,167) and a reversal of impairment charges of £Nil (2022 - £213,700) 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 2023 the 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%	Property development
Artisan (UK) Projects Limited	Ordinary	100%	Building construction
Rippon Homes Limited	Ordinary	100%	House building and development
Rippon Homes BLG Limited	Ordinary	100%	House building and development
Rippon Homes Welton Limited	Ordinary	100%	House building and development
Rippon Homes Heritable Limited	Ordinary	100%	House building and development
Rippon Homes Skegby Limited	Ordinary	100%	House building and development
Rippon Homes Worksop Limited	Ordinary	100%	House building and development
Rippon Homes Old Dalby Limited	Ordinary	100%	House building and development
Artisan (UK) Properties Limited	Ordinary	100%	Property sales and letting
Artisan (UK) Land Limited	Ordinary	100%	Property investment and development
Artisan Contracting Limited	Ordinary	100%	House building and development
Rippon Homes Ruskington Limited	Ordinary	100%	Dormant
Rippon Homes Woodhall Spa LLP*	n/a	64%	House building and development

All the above companies are registered in England and Wales and have their registered offices at 2b Vantage Park, Washingley Road, Huntingdon, PE29 6SR.

*Rippon Homes Ltd is the designated member.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

12 Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials and consumables	4,000	4,000	-	-
Land held for development	3,919,491	4,097,936	-	-
Work in progress	19,055,664	20,480,824	-	-
Completed developments and houses for sale	4,109,062	2,020,017	-	-
	<u>27,088,217</u>	<u>26,602,777</u>	<u>-</u>	<u>-</u>

Stocks with a carrying amount of £24,798,339 (2022 - £25,375,033) have been pledged as security for the Group's borrowings.

£2,631,134 (2022 - £5,720,018) of stocks are valued at net realisable value rather than at historical cost.

£27,200,658 (2022 - £20,072,240) of stocks were recognised as an expense in the year, including £1,885,972 of capitalised interest (2022 - £812,482).

13 Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
<i>Amounts falling due within one year:</i>				
Trade debtors	53,652	35,630	-	-
Shared equity debtors	-	120,820	-	-
Amounts owed by subsidiary undertakings	-	-	11,316,307	14,896,734
Amounts recoverable on contracts	105,566	627,378	-	-
Other debtors	268,580	33,650	7,571	5,222
Prepayments and accrued income	162,360	89,756	6,091	7,053
Deferred tax asset in respect of tax losses	35,223	122,263	-	-
	<u>625,381</u>	<u>1,029,497</u>	<u>11,329,969</u>	<u>14,909,009</u>
<i>Amounts falling due after one year:</i>				
Shared equity debtors	10,343	9,623	-	-
Deferred tax asset in respect of tax losses	689,882	747,412	-	-
	<u>700,225</u>	<u>757,035</u>	<u>-</u>	<u>-</u>
	<u>1,325,606</u>	<u>1,786,532</u>	<u>11,329,969</u>	<u>14,909,009</u>

All trade and other debtors are non-interest bearing. Further disclosures relating to financial instruments are set out in note 19.

The director's believe there is no material difference between the carrying value and fair value of the shared equity debtors.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (continued)

14 Creditors: amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Development and bridging loans	13,739,788	14,215,995	-	-
Trade creditors	3,322,066	2,049,001	36,389	22,617
Amounts owed to subsidiary undertakings	-	-	5,797,629	5,846,201
Other taxes and social security	143,629	126,344	12,125	12,338
Other creditors	9,804	24,200	-	16,021
Retentions	1,487,136	1,027,265	-	-
Accruals and deferred income	2,784,324	4,108,293	253,056	251,930
Convertible loan note	1,000,000	1,000,000	1,000,000	1,000,000
Aspen Finance Limited loan	650,000	150,000	650,000	150,000
Director loans	1,077,513	-	-	-
	24,214,260	22,701,098	7,749,199	7,299,107

15 Creditors: amounts falling due after one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Development loans	1,328,645	1,722,719	-	-

16 Loans

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Are repayable as follows:				
<i>In less than one year:</i>				
Development and bridging loans	13,739,788	14,220,106	-	-
Less unamortised facility fees	-	(4,111)	-	-
Convertible loan note	1,000,000	1,000,000	1,000,000	1,000,000
Aspen Finance Limited loan	650,000	150,000	650,000	150,000
Director loans	1,077,513	-	-	-
Total less than one year	16,467,301	15,365,995	1,650,000	1,150,000
<i>In more than one year but not more than two years</i>				
Development loans	-	1,722,719	-	-
Total greater than one year and less than two years	-	1,722,719	-	-
Total greater than two years and less than five years	1,328,645	-	-	-
Total borrowings	17,795,946	17,088,714	1,650,000	1,150,000

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (continued)

16 Loans (continued)

The interest rate profile of the borrowings is as follows:

	Currency	Nominal interest rate	Year of maturity	2023 £	2022 £
Bridging loans:					
Bridging loan 1	GBP	10% per annum	2022	-	51,802
Bridging loan 2	GBP	7.75% p.a. plus bank's commercial variable rate	2023	4,154,519	4,102,211
Development loans:					
Senior loan 1	GBP	Commercial variable rate plus 6.0%	2023	-	1,484,964
Senior loan 2	GBP	Interest base plus 6.5% (minimum 7.75%)	2025	25,000	-
Senior loan 3	GBP	Interest base plus 6.5% (minimum 11%)	2024	6,826	-
Senior loan 4	GBP	Commercial variable rate plus 6.1%	2024	(326,615)	1,280,022
Senior loan 5	GBP	Commercial variable rate plus 6.29%	2024	1,282,997	1,269,520
Senior loan 6	GBP	Variable lending rate plus 4.75% (minimum variable lending rate 1%)	2023	2,340,089	95,000
Senior loan 7	GBP	Commercial variable rate plus 6.0%	2024	778,249	1,588,350
Senior loan 8	GBP	Interest base plus 6.2% (minimum interest base 1%)	2024	2,961,113	1,504,213
Senior loan 9	GBP	Commercial variable rate plus 6.25%	2023	-	2,268,901
Mezzanine loan 1	GBP	17% per annum	2024	866,731	722,719
Mezzanine loan 2	GBP	18% per annum	2024	687,628	575,123
Land loan 1	GBP	1.5% per calendar month	2023	963,251	1,000,000
LLP member loan	GBP	Interest free	2027 on-demand	1,328,645	-
Convertible loan note	GBP	12%	on-demand	1,000,000	1,000,000
Aspen Finance loan	GBP	12%	on-demand	650,000	150,000
Director loan	GBP	Interest free	on-demand	1,077,513	-
Less:					
Unamortised facility fees				-	(4,111)
Total loans				17,795,946	17,088,714

The convertible loan note is unsecured and is issued to Aspen Finance Ltd (see note 21). The Aspen Finance Limited loan and the director's loan are also unsecured.

The development and bridging loans are secured by fixed and floating charges over the company to which they have been advanced and are generally guaranteed, either in part or in full, by Rippon Homes and/or Artisan (UK) plc.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

17 Share capital

	2023 £	2022 £
<i>Allotted, called up and fully paid</i>		
13,341,455 (2022 - 13,341,455) ordinary shares of 1p (2022 - 1p) each	133,415	133,415
253,487,645 (2022 - 253,487,645) deferred shares of 1p each (2022 - 1p each)	2,534,876	2,534,876
	<u>2,668,291</u>	<u>2,668,291</u>

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.

18 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 and the interest implicit in the interest free LLP member loan on initial recognition.

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.

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.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

19 Financial instruments

The Group's financial instruments may be analysed as follows:

Financial assets - Group

	2023 £	2022 £
Financial assets at fair value through profit and loss		
Non-current financial assets		
Trade debtors	10,343	9,623
Current financial assets		
Trade debtors	-	120,820
	<u>10,343</u>	<u>130,443</u>
Financial assets measured at amortised cost		
Current financial assets		
Cash at bank and in hand	497,083	1,434,877
Trade debtors	53,652	35,630
Amounts recoverable on contracts	105,566	627,378
Other debtors	32,752	29,792
	<u>689,053</u>	<u>2,127,677</u>
Total current financial assets	<u>689,053</u>	<u>2,127,677</u>
Total financial assets	<u>699,396</u>	<u>2,258,120</u>

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

Financial liabilities - Group

	2023 £	2022 £
Financial liabilities at fair value through profit and loss		
Current financial liabilities		
Convertible loan note	1,000,000	1,000,000
	<u></u>	<u></u>
Financial liabilities measured at amortised cost		
Non current financial liabilities		
Loans and borrowings	1,328,645	1,722,719
	<u></u>	<u></u>
Current financial liabilities		
Trade creditors	3,322,067	2,049,001
Retentions	1,487,136	1,027,265
Accrued charges	2,784,324	4,108,293
Loans and borrowings	15,467,301	14,365,995
	<u>23,060,828</u>	<u>21,550,554</u>
Total current financial liabilities	<u>23,060,828</u>	<u>21,550,554</u>
Total financial liabilities	<u>25,389,473</u>	<u>24,273,273</u>

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

19 Financial instruments (*continued*)

Financial liabilities – Group (*continued*)

The following table sets out the changes in financial assets and liabilities carried at fair value over the year:

	2023 £	2022 £
Non-current financial assets - trade debtors		
At beginning of year	130,443	127,287
Disposals	(126,620)	-
Gains and losses recognised in profit or loss	6,520	3,156
At end of year	10,343	130,443

The principal assumptions made when determining fair value are 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.

	2023 £	2022 £
Financial liabilities - convertible loan note		
At beginning of year	1,000,000	1,000,000
Gains and losses recognised in profit or loss	-	-
At end of year	1,000,000	1,000,000

The principal assumptions made when determining fair value are 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

20 Non-controlling interests

	2023 £
At start of year	-
Share of recognised gains and losses for the year	20,630
Change in non-controlling interest holding in the year	36
At end of year	20,666

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (*continued*)

21 Related parties

Artisan (UK) plc ("Artisan") is the intermediate holding company for the Artisan Group. At 30 June 2023 Aspen Finance Limited ("Aspen") owned 74.8% of the ordinary 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.

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 (2022 - £2,000). £4,000 was owed by Aspen at the year end (2022 - £4,000).

On 13 July 2012 £1 million of convertible unsecured loan notes were issued to Aspen. Interest is payable on the loan notes at 12% p.a. and they fell due for repayment on 1 July 2021. No formal agreement has been reached to extend the loan notes and interest of 12% p.a. continues to be paid. During the year the interest payable on the loan notes was £120,000 (2022 - £120,000). At the reporting date the Group owed Aspen £38,907 of accrued interest (2022 - £Nil).

During the year Aspen advanced a further £500,000 to Artisan increasing its loan to £650,000 at the reporting date (2022 - £150,000). The loan is repayable on demand and has an interest rate of 12%. During the year interest payable was £42,016 (2022 - £15,238) and at the reporting date the Group owed Aspen £57,254 (2022 - £15,238) of accrued interest.

Included within creditors due within one year is an amount of £1,077,513 (2022: £Nil) owed to a director of the company. The loan was made during the year, is interest free and repayable on demand.

Trading with related parties that are not part of the Group

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

During the year Artisan (UK) plc made purchases of consultancy services from HMSA Limited (a company to which Geoffrey Melamet is a director) of £30,000 (2022 - £30,000). The amount outstanding at the report date was £Nil (2022 - £Nil).

The Group has not made any allowance for bad or doubtful debts in respect of related party debtors.

Remuneration of key management personnel

The total compensation paid to the Directors, who are the key management personnel of the Group, for services provided to the Group was £666,563 (2022 - £595,089). The remuneration for Geoffrey Melamet is payable in accordance with an agreement with HMSA Limited for the provision of his services. Geoffrey Melamet is a director of HMSA Limited.

Artisan (UK) plc

Notes forming part of the financial statements for the year ended 30 June 2023 (continued)

22 Analysis of changes in net debt

	At 1 July 2022 £	Cash flow £	Non cash Movement £	At 30 June 2023 £
Cash at bank	1,434,877	(937,794)	-	497,083
	1,434,877	(937,794)	-	497,083
Debt due within one year	(15,365,995)	2,658,039	(3,759,345)	(16,467,301)
Debt due after more than one year	(1,722,719)	(1,596,078)	1,704,669	(1,614,128)
Net debt	(15,653,837)	124,167	(2,054,676)	(17,584,346)

23 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 2023, bonds in issue amount to £1,277,458 (2022 - £1,254,909).

The parent company is joint and severally liable for the VAT debts of the VAT Group which it heads. At the balance sheet date the liability covered by this guarantee was £Nil (2022 - £20,485).

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.

24 Leasing commitments

At 30 June 2023, the Group had minimum lease payments under non-cancellable operating leases as follows:

Group	2023 £	2022 £
Not later than 1 year	25,318	103,536
Later than 1 year and not later than five years	37,500	110,541
	62,818	214,077

The Company had no commitments under non-cancellable operating leases at the reporting date.

