Co. No. 02651952

ARTESIAN PERFORMER II LIMITED

AMENDED

ANNUAL REPORT
for the year ended 30 September 2021

CONTENTS

DIRECTORS AND ADVISERS

Directors	M. R. Breen N. J. L. Welch (Non-executive)
Company Secretary	D. J. T. MacDonald
Registered Office	60 Webbs Road London, SW11 6SE
Transfer Office	60, Webbs Road, London, SW11 6SE
Registered in England	Number 2651952

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COMPANIES HOUSE

CHAIRMAN'S STATEMENT

Dear Shareholder,

Please find enclosed the report of the directors and the financial statements for the year ended 30 September 2021 and the Notice of the Annual General Meeting to be held at the Us&Co business centre at 7 Harp Lane, London EC3R 6DP on 27 October 2022.

The key points for this year are:

• Net asset value ("NAV") per share £2.04 (2020: £2.42)

• Net assets have decreased to £2.09m from £2.47m.

• Loss before taxation £383,235 (2020: £721,177)

The results reflect the challenges which were thrown at us by Covid, together with the closing down of the Targetspace business, which we described in detail when I wrote to you last December.

For many people, Covid may feel like a distant memory, as we recover from the summer heat wave and face a new set of concerns: the global supply shortages caused by the inability to restart production quickly enough coming out of Covid, the resulting spike in energy prices, greatly exacerbated by the very regrettable war in Ukraine and the resulting inflation and cost of living crisis - all this without even thinking of a new virus variant this winter...

Amid this gloomy outlook, there has been considerable positive activity across our business. We have for some time been looking for inward investment or a sale of assets to free up equity and we achieved the sale of our Dublin property at School House Lane in late June. It was with some regret, as it had been a very successful operation, but indeed that is what made it saleable, whereas our other assets did not have such a strong income stream at the time.

I am happy to report that since that time, Harp Lane, our property near Monument in the City, has once more reached 100% occupancy (it had fallen to 60% during Covid) and we expect the revenue for the next twelve months to equal or exceed our best year, 2019, pre-Covid. This will be as a result of existing clients renewing (our oldest client who has already been there over four years, has renewed for another two years) but also through gaining new clients. As the new normal of hybrid working (some days in the office and some working from home) continues to evolve, we are adapting what we offer to meet each client's needs. We had designed flexibility into our buildings with the ability to reconfigure without major expenditure which has been very valuable to us. 90% of our income is now secured until May 2023, which is very good for flexible offices, and it is pleasing once more to have a thriving, lively building full of people enjoying their workplace.

Coming from a lower base, progress has been slower at our property in Stratford which opened just before the first Covid lockdown. However, from the 30% occupancy last reported to you in December, we had reached 43% by March and 54% by June of this year - an encouraging progression in the right direction. All floors have now been subdivided to a lesser or greater extent, two floors are full and there are clients on every floor, which makes the sales process easier. When there are one or two empty floors, it is difficult to negotiate good rates. Our strategy is to prioritise occupancy with attractive deals for our clients. As soon as we achieve a high occupancy, we can start to drive harder bargains and increase our license fees. We can also look forward to the long-delayed Elizabeth Line (Crossrail) finally reaching Stratford next year, which will further enhance the excellent communications, with a travel time of 15 minutes to Bond Street and amazingly, 48 minutes to Heathrow.

Despite the indisputable presence of inflation, we have found resistance from many our clients to an increase in their license fees - understandable perhaps, but nevertheless our costs, including energy, one of our major expenses, will undoubtedly be going up. Fortunately, we had researched future energy contracts in January of this year, in anticipation of needing to renew in November, and were able to lock in to 100% renewable energy, at rates far lower than would be available today.

We are focused on filling up Stratford to make it achieve maturity of income as we have done with our properties in Dublin and Monument, to give us the best chance of realising optimum value. Whilst the markets in Dublin and London have been tight and overpriced over the last year, we are seeing signs of softening in both in the last few weeks. We believe that more reasonable opportunities to make capital profits, in the way we have done historically, by buying the right buildings, obtaining planning permission for change of use, or adding volume to buildings, are beginning to present themselves. We are being offered tired office buildings which need investment

CHAIRMAN'S STATEMENT (continued)

and repositioning or converting to other uses, as they will not meet the new environmental standards now being required (both our current buildings already meet these standards). Some of these opportunities have seen price reductions recently. We are looking at a range of size of transactions and will consider joint ventures with others, as we have done successfully in the past, to make our equity go further.

I would like to take this opportunity to thank our former director Paul Cunningham, who retired in March, for all his contribution to Artesian over many years. An astute commercial negotiator, he was instrumental in the structuring and establishment of Artesian Property Partnership (APP), the partnership of all the Artesian companies, which has enabled those companies to act together to carry out and finance transactions on a greater scale than could be achieved by the individual companies on their own. He also established the format of the share sale facility. Our thanks also go to two other members of our staff. Judi Blackstone, for many years the voice of Artesian dealing with the administration of shareholder matters and well known to many, has also retired, as has Susan Edwards, a long-serving member of the Webbs Road team. Duncan MacDonald, an existing member of the APP Committee of Management, will be appointed a director of each of the Artesian companies, and a resolution for his re-election is included in the AGM agenda.

We will continue with every effort to source inward investment into our portfolio or a sale of assets to release further equity to fund a shareholder buy-back as soon as practicable and for expansion or deployment into new deals. Whilst the sale of Dublin has released very useful equity and helped with cashflow, we need more if we are to achieve all these aims. We have been here before, in 2009, and are determined once more to restore shareholder value in the shortest possible timeframe.

As always, we will keep shareholders informed of our progress.

MARK BREEN
Chairman
31 August 2022
60 Webbs Road
London SW11 6SE

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of Artesian Performer II Limited (the "company") for the financial year ended 30 September 2021.

DIRECTORS

The directors during the year and up to the date of the signing of these financial statements were:

M. R. Breen

N. J. L. Welch

A. P. Cunningham was a director throughout the year until his retirement on 31 March 2022.

A directors' and officers' indemnity policy was in force during the year.

AUDITORS

The directors note that the results of the company are principally derived from the activities of Artesian Property Partnership ("APP"), the audited financial statements of which are appended to the company's financial statements filed with Companies House. Information on APP is also provided in note 10. The directors consider that it is therefore appropriate to apply the exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

DIVIDEND

No dividend has been paid or is proposed.

This report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006, including not preparing a strategic report or a cash flow.

By order of the Board

D. J. T. MacDonald
Company Secretary
31 August 2022
60 Webbs Road,
London, SW11 6SE

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Administrative expenses	4	(19,814)	(48,187)
Share of comprehensive expense of APP	10.2	(363,421)	(672,990)
Loss before taxation		(383,235)	(721,177)
Taxation		–	–
Loss for the year and total comprehensive expense for the year (2020: period)		(383,235)	(721,177)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	TOTAL EQUITY £
Balance as at 1 April 2019	510,273	1,322,004	331,780	1,031,078	3,195,135
Loss and total comprehensive expense for the 18 month period	–	–	–	(721,177)	(721,177)
Balance at 30 September 2020	510,273	1,322,004	331,780	309,901	2,473,958
Balance as at 1 October 2020	510,273	1,322,004	331,780	309,901	2,473,958
Loss and total comprehensive expense for the year	–	–	–	(383,235)	(383,235)
Balance at 30 September 2021	510,273	1,322,004	331,780	(73,334)	2,090,723

BALANCE SHEET
AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
FIXED ASSETS			
Investment in APP	5	2,090,723	2,473,958
TOTAL ASSETS AND NET ASSETS		2,090,723	2,473,958
CAPITAL AND RESERVES			
Called up share capital	7	510,273	510,273
Share premium account		1,322,004	1,322,004
Capital redemption reserve		331,780	331,780
Retained earnings		(73,334)	309,901
TOTAL EQUITY		2,090,723	2,473,958

For the year ending 30 September 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 section 1A - small entities.

The financial statements on pages 5 to 19 were approved by the board of directors on 31 August 2022 and were signed on its behalf by:

M. R. Breen
Director

Registered number: 2651952

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 GENERAL INFORMATION

The company is a private company limited by shares and is incorporated and domiciled in England. The address of its registered office is 60 Webbs Road, London SW11 6SE. The company's activity is property investment, development, trading and property related businesses, including the operation of serviced offices. This activity is carried out principally through a share in Artesian Property Partnership ("APP"), which carries on its activity from 60 Webbs Road, London SW11 6SE.

2 STATEMENT OF COMPLIANCE

The individual financial statements of Artesian Performer II Limited have been prepared in compliance with Section 1A of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in all these financial statements.

a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 f.

The company meets its day-to-day working capital requirements through drawings from APP. The company's forecasts and projections, taking account of reasonably possible changes in the performance of APP, show that the company should be able to continue to operate with drawings from APP. The directors note that APP's use of the going concern basis for the preparation of the APP financial statements is subject to material uncertainties relating to covenant compliance and debt maturities, but that, given the mitigating actions available, the Committee of Management of APP is satisfied that it is appropriate to prepare the financial statements of APP on a going concern basis. The directors of the company are satisfied that it is appropriate to prepare the financial statements of the company on a going concern basis.

b) Investment in APP

The company's investment in APP is reported under the cost model, measured as initial cost less any impairment. In addition the investment in APP balance includes the amounts due to the company from APP in respect of the company's cumulative share of the total comprehensive income or expense of APP on the basis that, under the partnership agreement, there are no restrictions to the distribution of profits or losses from the partnership. Accordingly the investment in APP corresponds to the company's share of APP's net assets.

The company's total comprehensive income or expense from APP is recognised based on the company's 9.90% (2020: 9.90%) ownership in APP, rounded to two decimal places.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except that unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

A deferred taxation liability is recognised on the company's share of unrealised gains on investment property of APP. A deferred taxation asset is recognised in respect of realised capital losses available, restricted to the extent of unrealised revaluation gains for which a deferred taxation liability is recognised.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

d) Share capital

Ordinary and founder shares are classified as equity. The costs of cancellation of shares is shown in equity at cancellation price and directly associated costs.

e) Related party transactions

The company discloses transactions with related parties and, in aggregate, with APP.

f) Critical accounting judgements and estimation uncertainty

The company's principal judgement is that of the value of its share in APP, reported as an investment in APP. That value represents the company's share of APP, based on the audited financial statements of APP prepared to 30 September. The principal judgements within the APP audited financial statements relate to the valuation of investment properties.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 EMPLOYEE INFORMATION

4.1 Directors' remuneration for the year of £19,814 (2020 period: £48,187) comprises fees charged directly to the company by third parties for the services of M. R. Breen and N. J. L. Welch.

The remuneration of A. P. Cunningham is reported in the financial statements of APP.

4.2 Other than directors, the company has no employees (2020: nil).

5 INVESTMENT IN APP

	2021	2020
	£	£
At 1 October	2,473,958	3,195,135
Share of comprehensive expense of APP	(363,421)	(672,990)
Drawings from APP	(19,814)	(48,187)
At 30 September	2,090,723	2,473,958

6 FINANCIAL INSTRUMENTS

The company has the following financial instruments

	2021	2020
	£	£
Financial assets that are debt instruments measured at amortised cost	2,090,723	2,473,958

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

7 CALLED UP SHARE CAPITAL

	2021	2020	2021	2020
	Number of shares		£	£
Allotted and fully paid:-				
Founders' shares of 50p each	100	100	50	50
Ordinary shares of 50p each	1,020,449	1,020,449	510,223	510,223
Total share capital	1,020,549	1,020,549	510,273	510,273

There are no restrictions on the distribution of dividends and the repayment of capital.

The benefits of the Founder Shares rank pari-passu with the Ordinary Shares.

8 RELATED PARTY TRANSACTIONS

a) TRANSACTIONS WITH APP JOINT VENTURE

The company has drawn £19,814 (2020 period: £48,187) from the APP jointly controlled entity for corporate expenses. At 30 September 2021 there was a balance of £nil (2020: £nil) due to APP.

b) DIRECTORS' INTEREST IN APP CONTRACTS

(i) M. R. Breen has an interest in Epicwork Limited which provided property services for the year to the value of £120,000 (2020 period: £310,000) to APP. At 30 September 2021 the balance due to that company was £12,839 (2020: £26,078).

(ii) N. J. L. Welch has an interest in Crescent Projects Limited, which provided project management and surveying services for the year to the value of £nil (2020 period: £13,000) to APP. At 30 September 2021 there was no balance due to that company (2020: £nil).

(iii) M. R. Breen has an interest in Artesian Management Limited ("AML") which owns the trade mark "Us&Co" which is used by APP in connection with its co-working operations. No charge is payable by APP to AML for that use (2020: £nil). At 30 September 2021 the balance due to that company was £nil (2020: £nil).

9 ULTIMATE PARENT AND CONTROLLING PARTY

There is no ultimate parent or controlling party (2020: none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION

10.1 With effect from 1 April 1998, the company became a partner in Artesian Property Partnership ("APP"). APP's activity is property investment, development, trading and property related business. The partners are Artesian Challenger Limited, Artesian Competitor Limited, Artesian Performer Limited, Artesian Performer II Limited, Artesian Select Limited, Artesian Select II Limited, Artesian Developer Limited, Artesian Developments Limited and Artesian Developments II Limited. M. R. Breen and N. J. L. Welch are directors of each of the partner companies. A. P. Cunningham was a director of each of the partner companies until his retirement on 31 March 2022. The principal place of business of APP is 60 Webbs Road, London, SW11 6SE.

The share, rounded to two decimal places, of consolidated results for each partner company is as follows:

	2021 %	2020 %
Artesian Challenger Limited	17.73	17.73
Artesian Competitor Limited	11.44	11.44
Artesian Performer Limited	15.90	15.90
Artesian Performer II Limited	9.90	9.90
Artesian Select Limited	15.76	15.76
Artesian Select II Limited	8.07	8.07
Artesian Developer Limited	15.43	15.43
Artesian Developments Limited	2.99	2.99
Artesian Developments II Limited	2.78	2.78
	100%	100%

Each partner company's share for the current financial period is calculated by reference to the net asset values of all the partner companies of APP at the commencement of the current financial period, reduced by the costs of any buy back and cancellation of shares during the current financial period and by costs borne directly by the companies. The share attributable to a partner company in the future may vary in line with any fluctuation in the proportion of entitlement that the partner companies may undergo following future amounts returned to shareholders in partner companies.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.2: The audited profit and loss accounts of APP are set out below:

	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Turnover	4,799,884	10,385,091
Direct costs	(4,960,276)	(8,196,471)
Gross (loss)/profit	(160,392)	2,188,620
Administrative expenses	(2,888,538)	(5,774,583)
Other operating income	143,739	114,951
Change in fair value of investment property	1,033,706	(1,321,533)
Profit on sale of investment property	-	11,814
Operating loss	(1,871,485)	(4,780,731)
Interest receivable and similar income	-	13,817
Interest payable and similar charges	(1,588,065)	(2,385,923)
Loss before taxation	(3,459,550)	(7,152,837)
Taxation	196,407	(10,792)
Loss for the year (2020: period)	(3,263,143)	(7,163,629)
Other comprehensive (expense)/income:		
Exchange differences	(409,494)	362,568
Total comprehensive expense for the year (2020: period)	(3,672,637)	(6,801,061)
% share attributable to the company	9.90%	9.90%
Share of comprehensive expense of APP	(363,421)	(672,990)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.3 The audited balance sheets of APP are set out below

	APP 30 September 2021	APP 30 September 2020
	£	£
Fixed assets:		
Intangible assets	–	912,652
Tangible assets	991,775	2,263,353
Investment property	53,193,250	53,028,776
	54,185,025	56,204,781
Current assets:		
Stock property	86,000	86,000
Debtors falling due after more than one year	–	649,180
Deferred taxation	196,407	–
Debtors falling due within one year	351,707	1,141,981
Monies in restricted accounts	1,392,253	1,897,290
Cash at bank and in hand	1,184,282	3,542,495
	3,210,649	7,316,946
Creditors: amounts falling due within one year	(13,186,559)	(4,916,598)
Net current (liabilities)/assets	(9,975,910)	2,400,348
Total assets less current liabilities	44,209,115	58,605,129
Creditors: amounts falling due after more than one year	(23,080,824)	(33,603,962)
Net assets	21,128,291	25,001,167
% share attributable to the company	9.90%	9.90%
Investment in APP	£2,090,723	£2,473,958

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.4 Investment Property held by APP:

	Freehold property at cost	Leasehold property at cost	Total at cost	Exchange movement	Valuation surplus	Total at valuation
	£	£	£	£	£	£
At 1 October 2020	34,848,297	11,521,727	46,370,024	891,825	5,766,927	53,028,776
Additions	19,252	–	19,252	–	–	19,252
Exchange movement	–	–	–	(888,484)	–	(888,484)
Change in fair value	–	–	–	–	1,033,706	1,033,706
At 30 September 2021	34,867,549	11,521,727	46,389,276	3,341	6,800,633	53,193,250

The investment properties of the group have been stated at fair value at 30 September 2021 of £53,193,250 as valued by:

- Lambert Smith Hampton, Chartered Surveyors acting as External Valuers, for a property valued at £16,350,000.
- Savills, Chartered Surveyors acting as External Valuers, for a property valued at £15,343,250;

  and
- The Committee of Management for a property valued at £21,500,000.

The external valuations have been carried out in accordance with the RICS Valuation Standards - Professional Standards.

10.5 Principal accounting policies of APP

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. APP has adopted FRS 102 in all these financial statements.

a) Basis of preparation

The group and partnership financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 10.5 n.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.5 Principal accounting policies of APP (continued)

a) Basis of preparation (continued)

Going concern
The Committee of Management ("the Committee") has made a going concern assessment in respect of the preparation of the group and partnership financial statements. This going concern assessment has been made with the backdrop of the Covid-19 pandemic and the substantial impact that has had on the trading performance of the group in the year to 30 September 2021.

The assessment covers the twelve months from the date of the approval of these financial statements (the "assessment period").

The outcome of the Committee's assessment is:

Liquidity
Prior to the consideration of debt maturities, the group is forecasting to have sufficient liquidity for the assessment period.

Debt maturities
Of the group's debt of £32.6m as at 30 September 2021, £10m is due for repayment within the assessment period, of which a related party loan of £0.6m has now been repaid. A formal three-month extension of a loan of £9.4m, due to be repaid in July 2022, has been entered into while terms for a replacement five-year facility, with the same lender, on agreed terms is negotiated. The Committee is confident that the facility will be renewed, though as the facility has not yet been executed, a material uncertainty exists.

Covenant compliance
Formal agreement has been reached on a £14.07m loan to defer by a year the testing of EBITDA covenants and to reschedule instalment loan repayments. The facility requires APP to maintain, during the remaining term of the facility, a minimum net asset value. In view of the volatile property market, and the uncertainty of the timing and amount of any recovery in respect of the contingent asset, the Committee can not be certain that this minimum is being and will be maintained throughout the remaining term of the facility and so a material uncertainty exists.

Debt repayments
Subsequent to 30 September 2021, the loan on the property owned by Artesian UsCo (Dublin) Limited was re-financed. More recently, in June 2022, APP sold its shares in that company, which funded a full repayment of that loan.

Conclusion
The Committee considers that the material uncertainties cast doubt over the group's and the partnership's ability to continue as a going concern. However, given the mitigating actions available, the Committee is satisfied that it is appropriate to prepare the financial statements on a going concern basis.

b) Basis of consolidation

APP group financial statements consolidate the financial statements of the Artesian Property Partnership ("partnership") and its subsidiary undertakings prepared up to 30 September. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. Uniform accounting policies are adopted across the group, and profits and losses on intra group transactions are eliminated.

The "group" figures reflected in the financial statements include the results of the partnership and its wholly owned subsidiary companies, Artesian UsCo Limited, Chatsworth Management Company Limited and its wholly owned subsidiary company Targetspace Limited (which was placed into creditors' voluntary liquidation in July 2021) and a wholly owned subsidiary Irish company, Artesian UsCo (Dublin) Limited (which was sold in June 2022).

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.5 Principal accounting policies of APP (continued)

c) Foreign currency

Functional and presentation currency

The partnership's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Translation

The trading results of group non-sterling undertakings are translated into sterling at the average exchange rates for the period. The assets and liabilities of non-sterling undertakings are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

d) Investment property

Investment property is measured at cost at initial recognition. Cost comprises purchase price and any directly attributable expenditure such as legal and agency fees, property transfer taxes and other transaction costs.

Investment property whose fair value can be measured reliably without undue cost or effort is measured at fair value with changes in fair value being recognised in the profit and loss.

Investment property is reported as acquired at the date of exchange of a purchase contract, or, where later, when all material conditions relevant to that exchanged contract have been satisfied.

Investment property is reported as sold at the date of exchange of a sale contract, or, where later, when all material conditions relevant to that exchanged contract have been satisfied.

Freehold property includes very long leaseholds of over 200 years.

Interest on specific loans for development is capitalised.

e) Property, plant and equipment

Property, plant and equipment is measured at initial recognition at cost, which is the purchase price together with costs of acquisition.

Measurement after initial recognition, under the cost model, is made at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost of property, plant and equipment less its estimated residual value, on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Short leasehold property	–	over the life of the lease
Fixtures, fittings, plant and machinery	–	20% - 25%
Office equipment	–	20% - 33%
Motor vehicles	–	20%

Impairment reviews are performed where there has been an indication of potential impairment and any required provision is charged to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.5 Principal accounting policies of APP (continued)

f) Turnover

Turnover comprises gross flexible serviced office income receivable during the period, the sale of stock properties, and was all derived from UK and Irish activities. Stock properties are reported as sold at the date of exchange of a sale contract, or, where later, when all material conditions relevant to that exchanged sale contract have been satisfied. Flexible serviced office income is recognised on an accruals basis as the rent due under the relevant lease or licence for the financial period or part thereof.

g) Direct costs

Direct costs includes property operational costs such as rent, rates, utilities and external services for flexible serviced office centres operated by the group.

h) Grant income

Grant income is recognised once the conditions attached to the grant are met and there is reasonable assurance that the grant will be received. Recognition is based on the accrual model and the income is included within other operating income.

i) Cash and cash equivalents

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdrafts, where applicable, are shown within borrowings in current liabilities.

j) Leased assets

At inception APP assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the agreement.

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

ii) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

iii) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.5 Principal accounting policies of APP (continued)

k) Taxation

i) Current and deferred taxation – Partner companies

Partner companies have their own liability to taxation, both current and deferred, based on their share of the APP results.

ii) Current and deferred taxation – Subsidiary companies

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except that unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

A deferred taxation liability is recognised on unrealised gains on investment property. A deferred taxation asset is recognised in respect of realised capital losses available, restricted to the extent of unrealised revaluation gains for which a deferred taxation liability is recognised.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

l) Pension

Contributions are made to the defined contribution auto-enrolment and stakeholder pension schemes of employees. The expenditure is charged to the profit and loss account in the period to which it relates.

m) Partners' capital

The aggregate of partner companies' interests is classified as equity. Changes in those interests are shown in the Statement of changes in equity as transactions with owners.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 ARTESIAN PROPERTY PARTNERSHIP INFORMATION (continued)

10.5 Principal accounting policies of APP (continued)

n) Critical accounting judgements and estimation uncertainty

APP makes estimates and judgements concerning the future, which may differ from actual future results. APP's principal estimation uncertainty, which has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, is the value of investment property, which may rise or fall with market movements and has estimation uncertainty. Estimation is exercised when determining the carrying value of investment property, the key assumptions and inputs including rental income and yields.

10.6 Post balance sheet events

After the year-end, APP sold its shareholding in Artesian UsCo (Dublin) Limited at a loss to the partnership of £1.3m after sales costs.

10.7 Contingent asset

APP has made a substantial claim against a contractor of a residential development (sales of which completed in the year to 31 March 2019). The claim is going to mediation shortly prior to the court case which is currently scheduled for July next year. No recognition of any asset arising from this claim has been made.

ANNUAL REPORT
for the year ended 30 September 2021

CONTENTS

COMMITTEE OF MANAGEMENT AND ADVISERS

Committee of Management	M. R. Breen N. J. L. Welch D. J. T. MacDonald
Secretary	D. J. T. MacDonald
Partnership Office	60 Webbs Road, London, SW11 6SE
Independent Auditors	Lewis Golden LLP Chartered Accountants and Statutory Auditors, 40 Queen Anne Street, London, W1G 9EL

The audited financial statements of Artesian Property Partnership for the year ended 30 September 2021 are appended to the financial statements for the year ended 30 September 2021 of ARTESIAN PERFORMER II LIMITED, number 02651952

REPORT OF THE COMMITTEE OF MANAGEMENT

The Committee submits its report and the audited financial statements of Artesian Property Partnership (the "partnership") and the audited consolidated financial statements of the Artesian Property Partnership group ("group").

The group ("APP") comprises Artesian Property Partnership and its wholly owned subsidiary companies Artesian UsCo Limited, Chatsworth Management Company Limited and its wholly owned subsidiary company Targetspace Limited (which was placed into creditors' voluntary liquidation in July 2021) and a wholly owned subsidiary Irish company, Artesian UsCo (Dublin) Limited (which was sold in June 2022). APP's activity is property investment development, trading and property related businesses, including the operation of serviced offices. The principal risks and uncertainties facing APP are movements in the demand for office space, the market valuation of properties and the availability of finance.

The following companies are partners in APP: Artesian Challenger Limited, Artesian Competitor Limited, Artesian Performer Limited, Artesian Performer II Limited, Artesian Select Limited, Artesian Select II Limited, Artesian Developer Limited, Artesian Developments Limited and Artesian Developments II Limited. These companies have each made capital contributions to APP equivalent to the relevant company's net asset value in return for a share in APP.

The prior period represents the 18-month period from 1 April 2019 to 30 September 2020.

COMMITTEE OF MANAGEMENT

The activities of APP are directed by a Committee of Management comprising M R Breen and N. J. L. Welch, who are directors of each of the partner companies, and D. J. T. MacDonald.

A. P. Cunningham was a member of the Committee of Management and a director of the partner companies throughout the year until his retirement on 31 March 2022.

A directors' and officers' indemnity policy was in force during the year, which also provides cover for the Committee of Management.

STATEMENT OF COMMITTEE OF MANAGEMENT'S RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Committee of Management are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008 (the "Regulations"), requires the Committee of Management to prepare financial statements for each financial year. Under that law the Committee of Management has prepared the group and the partnership financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, as applied to qualifying partnerships, the Committee of Management 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 partnership and of the profit or loss of the group for that period. In preparing the financial statements, the Committee of Management is required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and partnership will continue in business.

The Committee of Management is also responsible for safeguarding the assets of the group and partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Committee of Management is responsible for keeping adequate accounting records that are sufficient to show and explain the group's and partnership's transactions and disclose with reasonable accuracy at any time the financial position of the group and partnership and enable them to ensure that the financial statements comply with the Companies Act 2006 as applied to qualifying partnerships by the Regulations.

REPORT OF THE COMMITTEE OF MANAGEMENT (continued)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each Committee member in office at the date the Committee of Management's report is approved:

- so far as the Committee of Management is aware, there is no relevant audit information of which the group's and partnership's auditors are unaware; and
- each member of the Committee of Management has taken all the steps that they ought to have taken as a member of the Committee of Management in order to make themselves aware of any relevant audit information and to establish that the group's and partnership's auditors are aware of that information.

INDEPENDENT AUDITORS

The Committee of Management has appointed Lewis Golden LLP as auditors for the year ended 30 September 2021.

This report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006, as applied to qualifying partnerships, including not preparing a strategic report.

By order of the Committee of Management

D. J. T. MacDonald
Secretary

31 August 2022
60 Webbs Road,
London, SW11 6SE

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF ARTESIAN PROPERTY PARTNERSHIP

Opinion

We have audited the financial statements of Artesian Property Partnership (the 'partnership') and its subsidiaries (the 'group') for the year ended 30 September 2021 which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and partnership statement of changes in equity, the consolidated and partnership balance sheets, the consolidated cash flows statement and the 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the partnership's affairs as at 30 September 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, as applied to qualifying partnerships by the Partnerships (Accounts) Regulations 2008.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and the partnership 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 3(a) in the financial statements, which sets out that following the year end with one of the lenders to the group a formal three month extension of a loan has been entered into while terms for a replacement five year facility are negotiated. In addition, agreement has been reached to defer by a year the testing of covenants and to reschedule payments of another loan to the group. That facility requires the partnership to maintain a minimum net asset value during the remaining term of the facility.

The risk that the partnership is not able to agree a replacement facility, and the partnership's inability to confirm that the minimum net asset value is being met cast significant doubt on the group and partnership's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The Committee of Management is responsible for the other information contained within the annual report. 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.

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF ARTESIAN PROPERTY PARTNERSHIP

Opinions on other matters prescribed by the Companies Act 2006, as applied to qualifying partnerships
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Committee of Management's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Committee of Management's report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the group and the partnership and their environment obtained in the course of the audit, we have not identified material misstatements in the Committee of Management's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006, as applied to qualifying partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the partnership financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Committee of Management's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Committee of Management
As explained more fully in the Committee of Management's responsibilities statement the Committee of Management is 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 Committee of Management determines 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 Committee of Management is responsible for assessing the group's and the partnership'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 Committee of Management either intends to liquidate the group or partnership or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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.

Identifying and responding to risks of material misstatement due to fraud
To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included enquiring of management whether they have knowledge of any actual, suspected or alleged fraud. We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue is recorded in the wrong period and the risk that management may be in a position to make inappropriate accounting entries. We did not identify any additional fraud risks.

We performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

INDEPENDENT AUDITORS' REPORT TO THE PARTNERS OF ARTESIAN PROPERTY PARTNERSHIP

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the group and partnership financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group and partnership are subject to laws and regulations that directly affect the financial statements including financial reporting legislation, taxation legislation and pension legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group and partnership are subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Committee of Management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach. We discussed with members of the Committee of Management matters related to actual or suspected breaches of laws or regulations, for which disclosure is not necessary, and considered any implications for our audit.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the group and partnership financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a higher risk of non-detection of fraud, as it may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located 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 partners of the partnership, as a body, in accordance with the Companies Act 2006, as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the partners of the partnership those matters we are required to state to them in an auditors' 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 partnership and the partners of the partnership as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Dent (Senior Statutory Auditor)
For and on behalf of Lewis Golden LLP
Chartered Accountants and Statutory Auditors

40 Queen Anne Street
London W1G 9EL
31 August 2022

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Turnover	4	4,799,884	10,385,091
Direct costs		(4,960,276)	(8,196,471)
Gross (loss)/profit		(160,392)	2,188,620
Administrative expenses	5a	(2,888,538)	(5,774,583)
Other operating income	5b	143,739	114,951
Change in fair value of investment property	12	1,033,706	(1,321,533)
Profit on sale of investment property		–	11,814
Operating loss	5	(1,871,485)	(4,780,731)
Interest receivable and similar income	7	–	13,817
Interest payable and similar charges	8	(1,588,065)	(2,385,923)
Loss before taxation		(3,459,550)	(7,152,837)
Taxation	9	196,407	(10,792)
Loss for the year (2020: period)		(3,263,143)	(7,163,629)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Loss for the year (2020: period)	(3,263,143)	(7,163,629)
Other comprehensive (expense)/income:		
Exchange differences	(409,494)	362,568
Total comprehensive expense for the year (2020: period)	(3,672,637)	(6,801,061)

CONSOLIDATED AND PARTNERSHIP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Group Total equity £	Partnership Total equity £
Balance at 1 April 2019	32,289,188	37,293,880
Total comprehensive expense for the 18 month period	(6,801,061)	(12,547,259)
Partners' funds drawn for corporate expenses and taxation	(486,960)	(486,960)
Balance at 30 September 2020	25,001,167	24,259,661
Balance at 1 October 2020	25,001,167	24,259,661
Total comprehensive expense for the year	(3,672,637)	(2,700,502)
Partners' funds drawn for corporate expenses and taxation	(200,239)	(200,239)
Balance at 30 September 2021	21,128,291	21,358,920

CONSOLIDATED AND PARTNERSHIP BALANCE SHEETS
AT 30 SEPTEMBER 2021

	Note	2021 Group £	2020 Group £	2021 Partnership £	2020 Partnership £
FIXED ASSETS					
Intangible assets	10	–	912,652	–	–
Tangible assets	11	991,775	2,263,353	687,535	1,022,906
Investment property	12	53,193,250	53,028,776	37,850,000	37,975,000
Net investment in lease		–	–	110,148	153,464
Investments	13	–	–	–	402,593
		54,185,025	56,204,781	38,647,683	39,553,963
CURRENT ASSETS					
Stock property	14	86,000	86,000	86,000	86,000
Debtors falling due after more than one year	15	–	649,180	–	–
Deferred taxation	20	196,407	–	–	–
Debtors falling due within one year	15	351,707	1,141,981	7,636,379	7,815,714
Monies in restricted accounts	16	1,392,253	1,897,290	276,314	276,314
Cash and cash equivalents		1,184,282	3,542,495	517,975	2,071,391
		3,210,649	7,316,946	8,516,668	10,249,419
CREDITORS: amounts falling due within one year	17	(13,186,559)	(4,916,598)	(11,612,146)	(1,906,882)
NET CURRENT (LIABILITIES)/ASSETS		(9,975,910)	2,400,348	(3,095,478)	8,342,537
TOTAL ASSETS LESS CURRENT LIABILITIES		44,209,115	58,605,129	35,552,205	47,896,500
CREDITORS: amounts falling due after more than one year	18	(23,080,824)	(33,603,962)	(14,193,285)	(23,636,839)
NET ASSETS		21,128,291	25,001,167	21,358,920	24,259,661
CAPITAL					
Partners' capital		21,128,291	25,001,167	21,358,920	24,259,661
TOTAL EQUITY		21,128,291	25,001,167	21,358,920	24,259,661

These accounts have been prepared in accordance with the provisions applicable to small companies, as applied to qualifying partnerships, set out in Note 3a.

The financial statements on pages 7 to 31 were approved by the Committee of Management on 31 August 2022 and were signed on its behalf by

M. R. Breen
Chairman of Committee of Management

CONSOLIDATED CASH FLOWS STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Note	Year to 30 September 2021 £	Year to 30 September 2021 £	18 month period to 30 September 2020 £	18 month period to 30 September 2020 £
Net cash (used in)/generated from operating activities	22		(511,814)		269,439
Cash flow from investing activities:					
Purchase of investment properties		(19,252)		(6,835,133)	
Disposal of investment properties		–		835,000	
Purchase of tangible assets		(43,495)		(1,162,960)	
Disposals of tangible assets		–		4,542	
Interest received		–		13,817	
Net cash used in investing activities			(62,747)		(7,144,734)
Cash flow from financing activities:					
Repayment of obligations under finance leases		(287,823)		(491,064)	
Receipts from bank facilities		–		8,801,525	
Receipt from related party		–		600,000	
Partner companies' cash drawings		(200,239)		(486,960)	
Interest paid		(1,295,590)		(2,652,455)	
Net cash (used in)/generated from financing activities			(1,783,652)		5,771,046
Net decrease in cash and cash equivalents			(2,358,213)		(1,104,249)
Cash and cash equivalents at the beginning of the year (2020: period)			3,542,495		4,646,744
Cash and cash equivalents at the end of the year (2020: period)			1,184,282		3,542,495
Cash and cash equivalents consist of: Cash at bank and in hand			1,184,282		3,542,495

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2021

1 GENERAL INFORMATION

Artesian Property Partnership ("APP") is a partnership domiciled in England. APP's activity is property investment, development, trading and property related businesses, including the operation of serviced offices.

The following companies are partners in APP: Artesian Challenger Limited, Artesian Competitor Limited, Artesian Performer Limited, Artesian Performer II Limited, Artesian Select Limited, Artesian Select II Limited, Artesian Developer Limited, Artesian Developments Limited and Artesian Developments II Limited. These companies have each made capital contributions to APP equivalent to the relevant company's consolidated net asset value in return for a share of APP.

M. R. Breen and N. J. L. Welch are directors of each of the partner companies. A. P. Cunningham was a director of each of the partner companies until his retirement on 31 March 2022. The principal place of business of APP is 60 Webbs Road, London, SW11 6SE.

The share, rounded to two decimal places, of consolidated results for each partner company is as follows:

	2021	2020
	%	%
Artesian Challenger Limited	17.73	17.73
Artesian Competitor Limited	11.44	11.44
Artesian Performer Limited	15.90	15.90
Artesian Performer II Limited	9.90	9.90
Artesian Select Limited	15.76	15.76
Artesian Select II Limited	8.07	8.07
Artesian Developer Limited	15.43	15.43
Artesian Developments Limited	2.99	2.99
Artesian Developments II Limited	2.78	2.78
	100%	100%

2 STATEMENT OF COMPLIANCE

The group and individual financial statements of APP have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006, as applied to qualifying partnerships (Accounts) Regulations 2008.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. APP has adopted FRS 102 in all these financial statements.

a) BASIS OF PREPARATION

The group and partnership financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3s.

The partnership has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account and from including its own cash flow. The loss for the year for the partnership was £2,700,502.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

a) BASIS OF PREPARATION (continued)

Going concern

The Committee of Management ("the Committee") has made a going concern assessment in respect of the preparation of the group and partnership financial statements. This going concern assessment has been made with the backdrop of the Covid-19 pandemic and the substantial impact that has had on the trading performance of the group in the year to 30 September 2021.

The assessment covers the twelve months from the date of the approval of these financial statements (the "assessment period").

The outcome of the Committee's assessment is:

Liquidity

Prior to the consideration of debt maturities, the group is forecasting to have sufficient liquidity for the assessment period.

Debt maturities

Of the group's debt of £32.6m as at 30 September 2021, £10m is due for repayment within the assessment period, of which a related party loan of £0.6m has now been repaid. A formal three-month extension of a loan of £9.4m, due to be repaid in July 2022, has been entered into while terms for a replacement five-year facility, with the same lender, on agreed terms is negotiated. The Committee is confident that the facility will be renewed though, as the facility has not yet been executed, a material uncertainty exists.

Covenant compliance

Formal agreement has been reached on a £14.07m loan to defer by a year the testing of EBITDA covenants and to reschedule instalment loan repayments. The facility requires APP to maintain, during the remaining term of the facility, a minimum net asset value. In view of the volatile property market, and the uncertainty of the timing and amount of any recovery in respect of the contingent asset (note 26), the Committee can not be certain that this minimum is being and will be maintained throughout the remaining term of the facility and so a material uncertainty exists.

Debt repayments

Subsequent to 30 September 2021, the loan on the property owned by Artesian UsCo (Dublin) Limited was re-financed. More recently, in June 2022, APP sold its shares in that company, which funded a full repayment of that loan.

Conclusion

The Committee considers that the material uncertainties cast doubt over the group's and partnership's ability to continue as a going concern. However, given the mitigating actions available, the Committee is satisfied that it is appropriate to prepare the financial statements on a going concern basis.

b) BASIS OF CONSOLIDATION

APP group financial statements consolidate the financial statements of the Artesian Property Partnership ("partnership") and its subsidiary undertakings prepared up to 30 September. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. Uniform accounting policies are adopted across the group, and profits and losses on intra group transactions are eliminated.

The "group" figures reflected in the financial statements include the results of the partnership and its wholly owned subsidiary companies, Artesian UsCo Limited, Chatsworth Management Company Limited and its wholly owned subsidiary company Targetspace Limited (which was placed into creditors' voluntary liquidation in July 2021) and a wholly owned subsidiary Irish company, Artesian UsCo (Dublin) Limited (which was sold in June 2022).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) FOREIGN CURRENCY

Functional and presentation currency

The partnership's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Translation

The trading results of group non-sterling undertakings are translated into sterling at the average exchange rates for the period. The assets and liabilities of non-sterling undertakings are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'Other comprehensive income'.

d) BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for by applying the purchase method.

The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the group's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

e) INVESTMENT PROPERTY

Investment property is measured at cost at initial recognition. Cost comprises purchase price and any directly attributable expenditure such as legal and agency fees, property transfer taxes and other transaction costs.

Investment property whose fair value can be measured reliably without undue cost or effort is measured at fair value with changes in fair value being recognised in the profit and loss account.

Investment property is reported as acquired at the date of exchange of a purchase contract, or, where later, when all material conditions relevant to that exchanged contract have been satisfied.

Investment property is reported as sold at the date of exchange of a sale contract, or, where later, when all material conditions relevant to that exchanged contract have been satisfied.

Freehold property includes very long leaseholds of over 200 years.

Interest on specific loans for development is capitalised.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at initial recognition at cost, which is the purchase price together with costs of acquisition.

Measurement after initial recognition, under the cost model, is made at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated so as to write off the cost of property, plant and equipment less its estimated residual value, on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Short leasehold property	–	over the life of the lease
Fixtures, fittings, plant and machinery	–	20% - 25%
Office equipment	–	20% - 33%
Motor vehicles	–	20%

Impairment reviews are performed where there has been an indication of potential impairment and any required provision is charged to the profit and loss account.

g) INVESTMENTS

Partnership fixed asset investments are the cost of shares in subsidiary companies, less any provision for impairment.

h) TURNOVER

Turnover comprises gross flexible serviced office income receivable during the period and the sale of stock properties, and was all derived from UK and Irish activities. Stock properties are reported as sold at the date of exchange of a sale contract, or, where later, when all material conditions relevant to that exchanged sale contract have been satisfied. Flexible serviced office income is recognised on an accruals basis as the rent due under the relevant lease or licence for the financial period or part thereof.

i) DIRECT COSTS

Direct costs includes property operational costs such as rent, rates, utilities and external services for flexible serviced office centres operated by the group.

j) GRANT INCOME

Grant income is recognised once the conditions attached to the grant are met and there is reasonable assurance that the grant will be received. Recognition is based on the accrual model and the income is included within other operating income.

k) STOCK PROPERTY

Stock property is stated at the lower of cost and estimated selling price less costs to complete and sell. Stock property is recognised as an expense in the period in which the related revenue is recognised.

Cost includes the purchase and associated acquisition costs and, for property being developed, costs directly attributable to bringing the property to its present location and condition, including financing costs.

At the end of each reporting period stock property is assessed for impairment. If impairment is recognised, the stock property is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account.

l) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand and deposits held at call with banks. Bank overdrafts, where applicable, are shown within borrowings in current liabilities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) LEASED ASSETS

At inception APP assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the agreement.

i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

ii) Finance leased assets

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

iii) Lease incentives

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period of the lease.

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

n) FINANCIAL INSTRUMENTS

APP has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

i) Financial assets

Basic financial assets, including trade and other debtors are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES* (continued)

n) FINANCIAL INSTRUMENTS (continued)

i) Financial assets (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including trade creditors and other liabilities and bank loans and finance leases are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Liabilities are classified as current if payment is due within one year or less. If not, they are presented as non-current liabilities. Derivatives, including interest rate caps, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the profit and loss account in finance costs or income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled and expires.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

o) TAXATION

i) CURRENT AND DEFERRED TAXATION – Partner companies

Partner companies have their own liability to taxation, both current and deferred, based on their share of the APP results.

ii) CURRENT AND DEFERRED TAXATION – Subsidiary companies

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

o) TAXATION (continued)

ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except that unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

A deferred tax liability is recognised on unrealised gains on investment property. A deferred tax asset is recognised in respect of realised capital losses available, restricted to the extent of unrealised revaluation gains for which a deferred taxation liability is recognised.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

p) PENSION

Contributions are made to the defined contribution auto-enrolment and stakeholder pension schemes of employees. The expenditure is charged to the profit and loss account in the period to which it relates.

q) PARTNERS' CAPITAL

The aggregate of partner companies' interests is classified as equity. Changes in those interests are shown in the statement of changes in equity as transactions with owners.

r) RELATED PARTY TRANSACTIONS

APP discloses transactions with related parties which are not wholly owned within APP or with partner companies.

s) CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

APP makes estimates and judgements concerning the future, which may differ from actual future results. APP's principal estimation uncertainty, which has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, is the value of investment property, which may rise or fall with market movements and has estimation uncertainty. Estimation is exercised when determining the carrying value of investment property, the key assumptions and inputs including rental income and yields.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

4 TURNOVER
Analysis of turnover by category:

	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Flexible serviced office income	4,799,884	10,385,091
Turnover:		
United Kingdom	3,192,441	8,347,757
Ireland	1,607,443	2,037,334
Total	4,799,884	10,385,091

5 OPERATING LOSS
a) Operating loss is stated after charging/(crediting):

	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Wages and salaries	1,220,537	2,110,798
Social security costs	146,524	254,018
Other pension costs	35,363	36,237
Total staff costs	1,402,424	2,401,053
Operating lease charges (in cost of sales)	1,416,056	2,308,157
Amortisation of goodwill (in administrative expenses)	302,190	530,286
Impairment of goodwill (in administrative expenses)	–	543,448
Credit on disposal of Targetspace Limited	(478,362)	–
Depreciation	697,787	1,177,437
Fees payable to APP's auditors	70,000	181,544

The loss attributable to Targetspace Limited, which was placed in creditors' voluntary liquidation during the year, was £2,031,716.

b) Other operating income

Grant income of £143,739 (2020: £114,951) is receivable under the government Coronavirus Job Retention Scheme.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

6 EMPLOYEE INFORMATION

6.1 The remuneration of the members of the Committee of Management remunerated by APP for the year was £315,284 (2020 period: £576,016). The remuneration of the highest paid member for the year was £175,962 (2020: period £336,581).

Remuneration of the members of the Committee of Management who are directors of partner companies of APP and who are remunerated directly by those companies is disclosed in the financial statements of those companies. Details of members' interests in contracts with APP are set out in note 23.

6.2 The average monthly number of employees including the members of the Committee of Management during the year was 29 (2020 period: 32), for the group, and 9 (2020 period: 9) for the partnership.

6.3 APP operates defined contribution auto-enrolment and stakeholder pension schemes for employees and members of the Committee of Management.

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	Year to 30 September 2021	18 month period to 30 September 2020
	£	£
Interest receivable and similar income	–	13,817

8 INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 September 2021	18 month period to 30 September 2020
	£	£
Interest payable on bank loans and overdrafts	1,311,944	2,203,154
less: capitalised as investment property	–	(252,668)
	1,311,944	1,950,486
Amortisation of issue costs of bank loans	159,294	213,074
Finance lease interest	62,033	150,509
Other interest payable	54,794	71,854
Total interest payable and similar charges	1,588,065	2,385,923

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

9 TAXATION

a) Tax expense included in profit or loss:

	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Current tax:		
UK corporation tax on loss	–	–
Total current tax	–	–
Deferred tax:		
Origination and reversal of timing differences	(196,407)	10,792
Total deferred tax	(196,407)	10,792
Tax (credit)/charge on loss on ordinary activities	(196,407)	10,792

b) Reconciliation of tax charge

The tax assessed for the year (2020: period) is higher (2020: higher) than the standard effective rate of corporation tax in the UK for the year ended 30 September 2021 of 19% (2020 period: 19%). The differences are explained below:

Loss before taxation	(3,459,550)	(7,152,837)
Loss before taxation multiplied by standard rate of UK corporation tax of 19% (2020: 19%)	(657,315)	(1,359,039)
Effects of:		
Losses allocated to partner companies not subject to tax	513,375	2,385,615
(Income)/expenses not chargeable/deductible for tax purposes	127,343	(1,084,336)
Capital allowances	(12,742)	(50,820)
Tax losses utilised	–	(17,133)
Tax losses not utilised	136,805	132,526
Benefit of lower rate	(107,466)	(6,813)
Deferred taxation (recognised)/reversed	(196,407)	10,792
Tax (credit)/charge for the year (2020: period)	(196,407)	10,792

Taxation within APP arises on the subsidiaries of APP, which are subject to corporation tax directly upon the profits of those subsidiaries.

Deferred tax arising on revaluation of investment properties is recognised only to the extent that it exceeds any capital losses available. No such recognition was made in the year (2020 period: £nil).

c) Tax rate changes

The Finance Act 2021, which was subsequently enacted on 24 May 2021, increased the headline rate of UK corporation tax to 25% with effect from 1 April 2023.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

10 INTANGIBLE ASSETS

	Goodwill Group £
Cost	3,099,922
Accumulated amortisation and impairment	(2,187,270)
Opening net book amount at 1 October 2020	912,652
Amortisation	(302,190)
Disposal	(610,462)
Closing net book amount at 30 September 2021	-

Goodwill relates to the acquisition of Targetspace Limited and its parent company Chatsworth Management Company Limited. Targetspace Limited was placed into creditors' voluntary liquidation in July 2021, following very difficult trading conditions arising from the Covid-19 lockdown measures.

NOTES TO THE FINANCIAL STATEMENTS

(continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 TANGIBLE ASSETS

GROUP

	Freehold property and improvements	Leasehold plant fixtures and fittings	Office equipment	Motor vehicles	TOTAL
	£	£	£	£	£
COST					
At 1 October 2020	1,811,496	2,979,795	93,184	114,211	4,998,686
Additions	29,571	13,066	858	–	43,495
Disposals	–	(2,063,647)	(2,550)	–	(2,066,197)
Exchange movement	(17,758)	–	–	–	(17,758)
At 30 September 2021	1,823,309	929,214	91,492	114,211	2,958,226
ACCUMULATED DEPRECIATION					
At 1 October 2020	603,918	1,964,253	93,184	73,978	2,735,333
Charge for the year	340,148	337,412	256	19,971	697,787
Disposals	–	(1,464,119)	(2,550)	–	(1,466,669)
At 30 September 2021	944,066	837,546	90,890	93,949	1,966,451
NET BOOK AMOUNT					
At 30 September 2021	879,243	91,668	602	20,262	991,775
At 30 September 2020	1,207,578	1,015,542	–	40,233	2,263,353

The net carrying amount of assets held under finance leases included in tangible assets is £432,472 (2020: £705,875).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

11 TANGIBLE ASSETS (continued)
PARTNERSHIP

	Freehold property fixtures fittings and improvements	Leasehold property fixtures fittings and improvements	Office equipment	Motor vehicles	TOTAL
	£	£	£	£	£
COST					
At 1 October 2020	1,127,600	799,030	93,184	114,211	2,134,025
Additions	13,469	–	858	–	14,327
Disposals	–	–	(2,550)	–	(2,550)
At 30 September 2021	1,141,069	799,030	91,492	114,211	2,145,802
ACCUMULATED DEPRECIATION					
At 1 October 2020	301,037	642,920	93,184	73,978	1,111,119
Charge for the year	203,413	126,058	256	19,971	349,698
Disposals	–	–	(2,550)	–	(2,550)
At 30 September 2021	504,450	768,978	90,890	93,949	1,458,267
NET BOOK AMOUNT					
At 30 September 2021	636,619	30,052	602	20,262	687,535
At 30 September 2020	826,563	156,110	–	40,233	1,022,906

The net carrying amount of assets held under finance leases included in tangible assets is £257,828 (2020: £426,905).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12 INVESTMENT PROPERTY

GROUP

	Freehold property at cost £	Leasehold property at cost £	Total at cost £	Exchange movement £	Valuation surplus £	Total at valuation £
At 1 October 2020	34,848,297	11,521,727	46,370,024	891,825	5,766,927	53,028,776
Additions	19,252	–	19,252	–	–	19,252
Exchange movement	–	–	–	(888,484)	–	(888,484)
Change in fair value	–	–	–	–	1,033,706	1,033,706
At 30 September 2021	34,867,549	11,521,727	46,389,276	3,341	6,800,633	53,193,250

PARTNERSHIP

	Freehold property at cost £	Leasehold property at cost £	Total at cost £	Valuation surplus £	Total at valuation £
At 1 October 2020	18,134,093	11,521,727	29,655,820	8,319,180	37,975,000
Additions	19,252	–	19,252	–	19,252
Change in fair value	–	–	–	(144,252)	(144,252)
At 30 September 2021	18,153,345	11,521,727	29,675,072	8,174,928	37,850,000

The investment properties of the group and the partnership have been stated at fair value at 30 September 2021 of £53,193,250 (partnership: £37,850,000) as valued by:

- Lambert Smith Hampton, Chartered Surveyors acting as External Valuers, for a property of the group and the partnership valued at £16,350,000.
- Savills, Chartered Surveyors acting as External Valuers, for a property of the group valued at £15,343,250; and
- The Committee of Management for a property of the group and the partnership valued at £21,500,000.

The external valuations have been carried out in accordance with the RICS Valuation Standards - Professional Standards.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

13 INVESTMENTS

PARTNERSHIP
Unlisted investments:

Subsidiary undertakings:	£
Cost	4,618,400
Impairment	(4,215,807)
Opening net book amount at 1 October 2020	402,593
Disposal	(402,593)
Closing net book amount at 30 September 2021	-

The cost, impairment and closing net book amount at 30 September 2021 relates to Targetspace Limited.

APP has holdings in the share capital of the following companies:

Company	Country of registration and operation	Activity	Shares held class	%
Subsidiary undertakings:				
Artesian UsCo Limited	England and Wales	Serviced offices	Ordinary	100
76-80 Chatham Road Management Limited	England and Wales	Dormant	Ordinary	100

76-80 Chatham Road Management Limited was disposed of in April 2022.

The registered office address of the above subsidiaries is 60 Webbs Road, London SW11 6SE.

Chatsworth Management Company Limited	England and Wales	Holding company	Ordinary	100
and its subsidiary:				
Targetspace Limited	England and Wales	Serviced offices	Ordinary	100

Targetspace Limited was placed into creditors voluntary liquidation in July 2021.

The registered office address of Chatsworth Management Company Limited is One Aldgate, London EC3N 1RE.

The registered office address of Targetspace Limited is Allan House, 10 John Princes Street, London W1Q 0AH.

Artesian UsCo (Dublin) Limited	Ireland	Serviced offices	Ordinary	100

The registered office address of the above subsidiary is 5 School House Lane East, Dublin 2, Ireland.

Artesian UsCo (Dublin) Limited was sold in June 2022.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14 STOCK PROPERTY

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Stock property	86,000	86,000	86,000	86,000

Stock property includes £nil (2020: £nil) of capitalised interest.

15 DEBTORS

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Debtors falling due after more than one year:				
Other debtors	–	649,180	–	–

Group other debtors in 2020 of £649,180 were rental deposits with landlords.

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Debtors falling due within one year:				
Trade debtors	3,176	52,962	916	1,025
Amounts owed by subsidiaries	–	–	6,982,678	6,987,715
Other debtors	105,352	177,231	557,244	655,934
Prepayments and accrued income	243,179	911,788	95,541	171,040
	351,707	1,141,981	7,636,379	7,815,714

Amounts owed by subsidiaries are unsecured, not interest bearing and repayable on demand.

Amounts owed by subsidiaries have been reviewed for impairment, and an impairment recovery of £649,142 (2020: charge of £3,371,765) has been recognised in the partnership profit and loss account.

16 MONIES IN RESTRICTED ACCOUNTS

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Monies in restricted accounts	1,392,253	1,897,290	276,314	276,314

Monies in restricted accounts which i) relate to clients' deposits and ii) are held in connection with and under the terms of loan facilities, so do not meet the definition of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

17 CREDITORS: amounts falling due within one year

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Bank loan	9,420,292	–	9,420,292	–
Loan from related party	600,000	600,000	600,000	600,000
Finance leases	164,403	291,313	144,709	211,198
Trade creditors	321,523	673,739	227,756	71,536
Taxation and social security	96,662	331,306	19,444	25,312
Other creditors	1,175,934	1,700,693	133,250	185,234
Accruals and deferred income	1,407,745	1,319,547	1,066,695	813,602
Total creditors	13,186,559	4,916,598	11,612,146	1,906,882

APP has an unsecured loan of £600,000 from Artesian Developments III Limited and Artesian Developments IV Limited of which companies members of the APP Committee of Management are directors. Interest is payable on the loan at market rates. After the year end the loan was repaid.

The group and partnership bank loans are secured, denominated in sterling and the interest thereon is linked to three month LIBOR. The bank loan is secured on an investment property.

A cross-guarantee has been given by Artesian UsCo (Dublin) Limited in respect of an APP finance lease.

18 CREDITORS: amounts falling due after more than one year

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Bank loans	22,823,065	32,617,979	13,935,526	23,239,047
Finance leases	257,759	418,672	257,759	397,792
Other creditors	–	567,311	–	–
Total	23,080,824	33,603,962	14,193,285	23,636,839

The group and partnership bank loans are secured, denominated in sterling and in euros and the interest thereon is linked to three month LIBOR and three month EURIBOR. The bank loans are secured on various investment properties.

The unamortised portion of financing fees, included in creditors falling due after more than one year, capitalised for the group is £196,447 (2020: £365,457) and for the partnership is £134,384 (2020: £255,953).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

19 LOANS AND OTHER BORROWINGS

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Bank loans	32,243,357	32,617,979	23,355,818	23,239,047
Finance leases	422,162	709,985	402,468	608,990
Loan from related party	600,000	600,000	600,000	600,000
Total	33,265,519	33,927,964	24,358,286	24,448,037

Finance leases
The future minimum finance lease payments are as follows:

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Not later than one year	197,570	336,993	177,876	252,110
Later than one year and not later than five years	271,508	477,139	271,508	455,918
Total gross payments	469,078	814,132	449,384	708,028
Less: finance charges	(46,916)	(104,147)	(46,916)	(99,038)
Carrying amount of liability	422,162	709,985	402,468	608,990

The bank loans and finance leases are secured on the assets to which they relate.
A cross-guarantee has been given by Artesian UsCo (Dublin) Limited in respect of an APP finance lease.

20 DEFERRED TAXATION
Group

	£
At 1 October 2020	–
Movement for the year	196,407
At 30 September 2021	196,407

Deferred taxation
The deferred taxation consists of the following tax assets and liabilities:

	Group 30 September 2021 £	Group 30 September 2020 £
Unutilised tax losses	196,407	–

Deferred taxation balances at 30 September 2021 have been calculated at the rate at which the relevant balance is expected to be recovered or settled.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

21 FINANCIAL INSTRUMENTS
APP has the following financial instruments

	Group 2021 £	Group 2020 £	Partnership 2021 £	Partnership 2020 £
Financial assets that are debt instruments measured at amortised cost	351,707	1,791,161	7,636,379	7,815,714
Financial liabilities measured at amortised cost	36,170,721	38,100,000	25,785,987	25,518,409

22 RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Operating loss	(1,871,485)	(4,780,731)
Depreciation, impairment and amortisation	999,977	2,251,171
Profit on liquidation of Targetspace	(478,363)	–
Decrease in debtors	79,401	455,218
Increase in creditors	1,351,514	687,194
Decrease in monies held in restricted accounts	440,848	346,868
Change in fair value of investment property	(1,033,706)	1,321,533
Loss on sale of investment property	–	(11,814)
Cash flow (used in)/generated by operating activities	(511,814)	269,439

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 30 SEPTEMBER 2021

23 MEMBERS OF THE COMMITTEE OF MANAGEMENT INTERESTS IN CONTRACTS

23.1 M. R. Breen has an interest in Epicwork Limited which provided property services for the year to the value of £120,000 (2020 period: £310,000) to APP. At 30 September 2021 the balance due to that company was £12,839 (2020: £26,078).

23.2 N. J. L. Welch has an interest in Crescent Projects Limited, which provided project management and surveying services for the year to the value of £nil (2020 period: £13,000) to APP. At 30 September 2021 there was no balance due to that company (2020: £nil).

23.3 M. R. Breen has an interest in Artesian Management Limited ("AML") which owns the trade mark "Us&Co" which is used by APP in connection with its co-working operations. No charge is payable by APP to AML for that use. At 30 September 2021 the balance due to that company was £nil (2020: £nil).

24 RELATED PARTY TRANSACTIONS

Transactions with APP partner companies:

Advances to APP partner companies for corporate expenses

	Year to 30 September 2021 £	18 month period to 30 September 2020 £
Artesian Challenger Limited	35,403	86,337
Artesian Competitor Limited	23,000	55,687
Artesian Performer Limited	31,723	77,431
Artesian Performer II Limited	19,849	48,187
Artesian Select Limited	31,458	76,747
Artesian Select II Limited	16,209	39,299
Artesian Developer Limited	30,873	75,155
Artesian Developments Limited	6,060	14,572
Artesian Developments II Limited	5,664	13,545
	200,239	486,960

25 POST BALANCE SHEET EVENTS

After the year-end, APP sold its shareholding in Artesian UsCo (Dublin) Limited at a loss to the partnership of £1.3m after sales costs.

26 CONTINGENT ASSET

APP has made a substantial claim against a contractor of a residential development (sales of which completed in the year to 31 March 2019). The claim is going to mediation shortly prior to the court case which is currently scheduled for July next year. No recognition of any asset arising from this claim has been made.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

27 FINANCIAL COMMITMENTS

The group has the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than one year	140,000	1,750,847
Later than one year and not later than five years	420,000	5,738,747
Later than five years	11,960,000	2,377,344
	12,520,000	9,866,938

£9,746,938 of the future minimum lease payments at 30 September 2020 related to Targetspace Limited which was placed into creditors' voluntary liquidation in July 2021.

28 ULTIMATE PARENT AND CONTROLLING PARTY

There is not, and was not in 2020, an ultimate parent party and the APP partnership and group are controlled by the partner companies, but no individual partner company has control.