ANNUAL REPORT

CONTENTS

DIRECTORS AND ADVISERS

Directors	M. R. Breen A. P. Cunningham
Non-Executive Director	N. J. L. Welch
Joint Company Secretaries	A. P. Cunningham D. J. T. MacDonald
Registered Office	60 Webbs Road London, SW11 6SE
Independent Auditors	PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditors, 1 Embankment Place, London, WC2N 6RH
Transfer Office	60, Webbs Road, London, SW11 6SE
Registered in England	Number 2552255

CHAIRMAN'S STATEMENT

Dear Shareholder,

Please find enclosed the report of the directors and the audited financial statements for the year ended 31 March 2018 and the Notice of the Annual General Meeting to be held at the East India Club on 20 September 2018.

The key points for this year are:

• Net asset value ("NAV") per share £3.90 (2017: £3.91)

• Net assets have decreased to £6.1m from £6.63m, reflecting in part the costs of the 2017 share buy back.

• Loss before taxation £58,337 (2017: profit £143,145)

As shareholders will know, economic and political conditions over the past year have been uncertain for many sectors of the economy, and property has not been immune from the consequences.

In the residential housing market, prices have stalled, and in London have fallen. Our exposure to the housing market has reduced very considerably over the year. I am glad to report that the four townhouses in Chatham Road, South West London have now all been sold, with three sales during the year, and the final sale shortly after the year end. The prices that were achieved, while still profit generating, were significantly lower than those anticipated when the properties were first marketed but were in line with the values expected at the commencement of the development.

Montrose Gardens, on the Crown Estate in Oxshott, developed jointly with Avicam Homes Limited, was sold during the year, so ending our high end residential activity at present. The cash released from the sale enabled the operation of a share sale facility later in the year, under which some 8% of the share capital was returned to shareholders.

We are now offering our South West London residential portfolio for sale at prices broadly consistent with last year's valuation, as future capital growth prospects are flat at best and negative at worst.

Our current activity is focussed on the co-working and serviced office sectors with a view to building a strong income stream whilst increasing the value of our office assets through redevelopment and, where appropriate, extension. There has been continued and satisfying growth in the recently established centre at 7 Harp Lane, near Monument in the City of London. The Targetspace serviced offices have shown steady performance. During the year, planning permission for a four floor scheme was achieved for the Burford Road site in Stratford, East London, and we have started the enabling works for this scheme. A new five floor scheme, for which planning consent has now been granted, will further increase the prospective revenues from the building. Funding has been obtained for the necessary development work, which will be completed in 2019.

In what represents a new location for Artesian, we have acquired an office building, suitable for serviced offices and co-working, at 5 School House Lane, in the heart of Dublin, where we consider there are strong prospects for good income returns and capital growth. The building is being refurbished over this summer and should be ready to start operations in the autumn. We are already in advanced discussions with potential corporate tenants, who are in the financial services sector with two advance lettings already achieved at a full rate.

The expenditure required for these two new sites means that cash will not be available for a share sale facility this year. However, while profits will be reduced in the next year or so, with the growth in income from the existing serviced office and co-working businesses and with the addition of the two planned further sites at Burford Road and 5 School House Lane, we will have re-focused the company's activities on sectors which offer better opportunities for capital growth for shareholders.

MARK BREEN
Chairman
31 July 2018
60 Webbs Road
London SW11 6SE

STRATEGIC REPORT

As the company's activities are carried out through Artesian Property Partnership ("APP"), in which the company is a partner, the directors submit the strategic report of APP for the year to 31 March 2018 as that of the company.

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 and an Irish company, Artesian UsCo Ltd. APP's activity is property investment, development, trading and property related businesses.

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 of APP. During the year, each of the partner companies, formerly public limited companies ("plc"), re-registered as private limited companies.

Each partner company reports its share of APP as an investment in a jointly controlled entity on the basis that, under the partnership agreement, there are no restrictions on the distribution of profits from the partnership. Partner companies may make cash drawings on APP to meet their own corporate expenses, buy back of shares and taxation liabilities.

Each partner company's share for the current financial year is calculated by reference to the net asset values of all the partner companies of APP at the commencement of the current financial year, reduced by the costs of any buy back and cancellation of shares during the current financial year 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.

APP's profit for the financial year and the total comprehensive income for the year attributable to owners was £58,272 (2017: £1,196,030), which includes the unrealised surplus on revaluation of investment properties of the group of £1,166,960 (2017: £4,045,647).

The company's loss for the financial year was £58,337 (2017: profit £143,145).

During the year there has been further progress in the establishment of income generating businesses.

In the first full year of operation at 7 Harp Lane in the City of London, occupancy of around 90% has been achieved, and prospects for the financial year to March 2019 are very encouraging. During the year, a five year loan secured on the property was obtained, enabling APP to refinance part of the significant cash outlay that had been invested in that project. While the external valuation of the building produced only a small increase, the successful resolution of the dispute with the main building contractor has meant that we were able to release £581,000 of the provision made last year for the amounts then claimed by the contractor.

Targetspace, which provides serviced office facilities in two leased City of London buildings and a third leased building in Holborn, has performed steadily in a sector which has well-publicised and well-funded competitors but which has seen substantial growth which is expected to continue. At one of the sites capital expenditure has been incurred to improve the attractiveness of the layout, which appears to be producing a satisfying improvement in demand.

Burford Road in Stratford, London E15 is now under development for use as a serviced office and co-working building. During the year, planning consent was obtained for a four floor scheme, which was at the same height as the existing building, though with an increased area. The decision was made to invest further funds and to proceed with a full re-development, rather than to continue with the cash generating existing building and tenancies. This has required the then existing tenants to be given notice, and rental income will cease during the rebuilding phase. A new five floor scheme, for which planning consent has now been granted, will further increase the prospective revenues from the building, and building work has now commenced. After the year end, APP has obtained a five year re-financing facility of £3.4m with an £8.9m development facility. The facility allows for the completed income generating site to be re-financed within that facility at a lower rate. A valuation gain of £580,000 has been recognised reflecting the increase in the market value of the site with consent for the four floor planning scheme.

STRATEGIC REPORT (continued)

In a change of geographic location, APP has acquired another building suitable for serviced offices and co-working in Dublin, at 5 School House Lane. The site is in the heart and business hub of Dublin, close to St Stephen's Green, the Irish Parliament and Grafton Street, which should appeal to many, including those re-locating from the UK. Whilst the building does not need a major re-build, some capital expenditure is now underway, due to finish in the autumn, to improve the internal appearance and layout, making the building more attractive to occupiers. There is currently strong interest from potential tenants in the finance sector for occupation in the autumn, which, if confirmed, would provide a better than expected start to the business's operations. Indeed at the time of writing two tenants have been signed at the targeted asking rate. The purchase, which was exchanged before and completed just after the year end, has been made by a new APP subsidiary, Artesian UsCo Limited, an Irish company. The purchase and the business activities are, of course, euro denominated, and the Irish company has purchased this building funded, shortly after the year end, by a five year 10.4m euro denominated loan.

There has been a significant reduction in APP's residential exposure during the year. Three of the four Chatham Road townhouses were sold during the year, and the final unit was sold shortly after the year end. The sales prices generated profit, but have fallen over the year, reflecting a very slow and worsening market for houses at £2m and above, in London. APP has also put on the market houses and flats from its South-West London portfolio, where prices range from £450,000 to £750,000, and offers on three properties have been accepted. One of the offers accepted was at a price some 12.5% below last year's valuation, and that reduction has been recognised in the financial statements. However, current indications are that the values of the other properties are, overall, in line with last year's values. Income yields from that portfolio were low, and the time has come, albeit in a weak market, to realise the gains of previous years for re-investment in sectors with greater current growth prospects.

APP, after the year end, has also accepted an offer to sell the Royal Mail building in Maidstone, at a price which, after sales costs, will realise last year's valuation. The site has generated a good income for some years, but the length of the remaining Royal Mail lease is shortening, and it is a very specific building with a very specific covenant.

In both cases, cash will be generated, after repayment of the loans secured on the properties, and consideration is being given to the future nature of the relevant bank facilities.

Montrose Gardens, on the Crown Estate in Oxshott, developed jointly with Avicam Homes Limited, was sold during the year at a very slightly reduced price, but enabling APP to recover significant cash.

In what is almost the final sale at Yaldham, the majority of the remaining land was sold to the neighbouring estate, and APP now holds only some 6 acres with a barn.

As reported last year, APP both acquired and disposed of, for no gain or loss, 14 lower priced flats in Sutton, as it was considered that the returns offered by that site were reducing with the slowing of the residential market and the effects of the "Help to Buy" scheme, and that the cash that would have been required should be invested elsewhere to greater benefit.

As anticipated last year, there was cash generation during the year from sales, and some £2.8m was made available to the partner companies to enable them to offer share sale facilities to their shareholders, resulting in between 8 and 9% of the companies' capital being returned to shareholders who wished to sell. Given the current cash requirements for the development works at the Burford Road and 5 School House Lane sites, and the funding required during the potentially loss making start-up phase of those future revenue generators, the Committee of Management does not consider that funds can be made available for a share sale facility this year.

The Committee does not expect profits in the current financial year to 31 March 2019, but considers that major progress towards generating greater income from the focussed serviced office and co-working group will have been achieved by March 2019, to the longer term benefit of shareholders.

By order of the Committee of Management

D.J.T. MacDonald
Joint Secretary

31 July 2018
60 Webbs Road
London SW11 6SE

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of Artesian Challenger Limited (the "company") (formally Artesian Challenger plc) for the financial year ended 31 March 2018.

DIRECTORS

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

M. R. Breen

A. P. Cunningham

N. J. L. Welch

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PURCHASE OF OWN SHARES AND DIVIDENDS

During the year the company purchased for cancellation 130,828 of its ordinary shares of 50p each, which represented 7.72% of the called up share capital at 1 April 2017. The purchase price was £3.56 per share, and the total consideration, together with costs, was £469,189. The purchase was made following approval by shareholders. No dividend has been paid or is proposed.

DIRECTORS' REPORT (continued)

RE-REGISTRATION AS PRIVATE LIMITED COMPANY

In November 2017, the company, formerly Artesian Challenger plc, re-registered as a private limited company, following approval by the shareholders.

POST BALANCE SHEET EVENTS

After the year end, APP has entered into a five year loan facility for £9.5m and a five year re-financing facility of £3.4m with an £8.9m development facility, both secured on investment properties.

INDEPENDENT AUDITORS AND STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The term of office of the auditors, PricewaterhouseCoopers LLP, will expire at the forthcoming Annual General Meeting, and a resolution to re-appoint them as auditors of the company will be proposed at that Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies under Part 15 of the Companies Act 2006.

By order of the Board

D. J. T. MacDonald
Joint Company Secretary
31 July 2018
60 Webbs Road,
London, SW11 6SE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTESIAN CHALLENGER LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Artesian Challenger Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss and cash flows for the year then ended;
- have been properly prepared 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); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise the Balance sheet as at 31 March 2018; the Statement of comprehensive income; the Statement of changes in equity and the Statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

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

Independence

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARTESIAN CHALLENGER LIMITED (continued)

REPORTING ON OTHER INFORMATION (continued)

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

OTHER REQUIRED REPORTING

COMPANIES ACT 2006 EXCEPTION REPORTING

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

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

We have no exceptions to report arising from this responsibility.

Ian Benham

Ian Benham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
31 July 2018

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2017 £
Administrative expenses		(68,668)	(68,316)
Income from fixed asset investment:			
APP jointly controlled entity	4.2	10,331	211,461
(Loss)/profit on ordinary activities before taxation		(58,337)	143,145
Tax on (loss)/profit on ordinary activities	7	–	–
(Loss)/profit for the financial year and total comprehensive (expense)/income for the year		(58,337)	143,145

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Called up share capital £	Share premium account £	Capital redemption reserve £	Retained earnings £	TOTAL EQUITY £
Balance as at 1 April 2016	847,230	2,177,972	1,639,621	1,822,711	6,487,534
Profit and total comprehensive income for the year	–	–	–	143,145	143,145
Balance at 31 March 2017	847,230	2,177,972	1,639,621	1,965,856	6,630,679
Balance as at 1 April 2017	847,230	2,177,972	1,639,621	1,965,856	6,630,679
Loss and total comprehensive expense for the year	–	–	–	(58,337)	(58,337)
Transfers	–	–	(1,000,000)	1,000,000	–
Total transactions with owners, recognised directly in equity: Cancellation of shares on buy back	(65,414)	–	65,414	(469,189)	(469,189)
Balance at 31 March 2018	781,816	2,177,972	705,035	2,438,330	6,103,153
Retained earnings:					
Distributable				1,390,410	
Undistributable				1,047,920	
				2,438,330	

BALANCE SHEET
AT 31 MARCH 2018

	Note	2018 £	2017 £
FIXED ASSETS			
Investment in APP jointly controlled entity	4.3	6,038,422	6,583,724
Other investments	8	64,731	64,731
		6,103,153	6,648,455
CREDITORS: amounts falling due within one year	9	–	(17,776)
NET CURRENT LIABILITIES		–	(17,776)
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS		6,103,153	6,630,679
CAPITAL AND RESERVES			
Called up share capital	11	781,816	847,230
Share premium account		2,177,972	2,177,972
Capital redemption reserve		705,035	1,639,621
Retained earnings		2,438,330	1,965,856
TOTAL EQUITY		6,103,153	6,630,679

The financial statements on pages 9 to 27 were approved by the board of directors on 31 July 2018 and were signed on its behalf by:

M. R. Breen
Director

Registered number: 2552255

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2018

	Note	2018 £	2018 £	2017 £	2017 £
Net cash used in operating activities	12	(68,668)		(68,316)	
Cash used in operating activities			(68,668)		(68,316)
Cash flow from investing activities					
Purchase of fixed asset investments		(465,000)		–	
Proceeds from disposal of fixed asset investments		465,000		–	
Drawings from APP jointly controlled entity		537,857		68,316	
Net cash generated from investing activities			537,857		68,316
Cash flows from financing activities					
Purchase of own shares		(469,189)		–	
Net cash used in financing activities			(469,189)		–
Net increase in cash and cash equivalents			–		–
Cash and cash equivalents at the beginning of the year			–		–
Cash and cash equivalents at the end of the year			–		–

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

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. 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. In November 2017, the company, formerly Artesian Challenger plc, re-registered as a private limited company, following approval by the shareholders.

2 STATEMENT OF COMPLIANCE

The individual financial statements of Artesian Challenger Limited 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.

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. 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 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 3 f.

The company's 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. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational business for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

b) Investments

i) Investment in jointly controlled entity - APP

In accordance with FRS 102, the company's share of APP is reported as an investment in a jointly controlled entity. This requires the company to report the fair value of its investment using the equity method of accounting, with the company's share of APP's profits and losses, including any unrealised surplus or deficit on the fair valuation of investment properties, net of tax incurred by APP's subsidiaries, reported in the profit and loss account.

The share of APP's consolidated results that has been recognised by the company is 17.73% (2017: 17.68%) rounded to two decimal places. That share is calculated by reference to the net asset values of all the partner companies of APP at 31 March 2017, reduced by the costs borne directly by the company. The share attributable to the company in the future may vary in line with any fluctuation in the proportion of entitlement that the company may undergo following future amounts returned to shareholders in the company and to the other APP partner companies. Advantage has been taken of the exemption conferred by regulation 7 of SI 1993/1820 from the requirements of regulations 4 to 6 of SI 1993/1820.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Investments (continued)

ii) Other fixed asset investments

Other fixed asset investments represent the cost of acquisitions, less any provision for impairment. 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.

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 year 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 for certain exceptions. 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.

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 jointly controlled entity. That value is reported as the company's share of APP, based on the audited financial statements of APP prepared to 31 March. Further information on APP is set out in note 4.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Post balance sheet events

After the year end, APP has entered into a five year loan facility for £9.5m and a five year re-financing facility of £3.4m with an £8.9m development facility, both secured on investment properties.

4 ARTESIAN PROPERTY PARTNERSHIP

4.1 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 other partners are 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, A. P. Cunningham and N. J. L. Welch are directors of each of the partner companies. The principal place of business of APP is 60 Webbs Road, London, SW11 6SE. During the year, each of the partner companies, formerly public limited companies ("plc"), re-registered as private limited companies.

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

	2018 %	2017 %
Artesian Challenger Limited	17.73	17.68
Artesian Competitor Limited	11.44	11.49
Artesian Performer Limited	15.90	15.84
Artesian Performer II Limited	9.90	9.91
Artesian Select Limited	15.76	15.71
Artesian Select II Limited	8.07	8.09
Artesian Developer Limited	15.43	15.42
Artesian Developments Limited	2.99	3.03
Artesian Developments II Limited	2.78	2.83
	100%	100%

Each partner company's share for the current financial year is calculated by reference to the net asset values of all the partner companies of APP at the commencement of the current financial year, reduced by the costs of any buy back and cancellation of shares during the current financial year 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 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.2. The audited profit and loss account of APP for the years ended 31 March are set out below:

	2018 £	2017 £
Turnover	13,822,183	6,361,585
Cost of sales	(11,161,979)	(5,763,583)
Gross profit	2,660,204	598,002
Administrative expenses	(2,903,233)	(2,776,204)
Unrealised gain on revaluation of investment property	1,166,960	4,045,647
Profit on sale of investment properties	19,542	–
Operating profit	943,473	1,867,445
Interest receivable and similar income	3,604	5,100
Interest payable and similar charges	(888,805)	(676,515)
Profit on ordinary activities before taxation	58,272	1,196,030
Tax on profit on ordinary activities	–	–
Profit for the financial year and total comprehensive income for the year	58,272	1,196,030
Profit attributable to:		
Owners	58,272	1,196,030
% share attributable to the company	17.73%	17.68%
Income from APP jointly controlled entity	10,331	£211,461

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.3 The audited balance sheets of APP at 31 March are set out below:

	APP 2018	APP 2017
Fixed assets:	£	£
Intangible assets	2,339,910	2,693,433
Tangible assets	1,654,183	1,606,857
Investment property	46,980,320	36,743,635
	50,974,413	41,043,925
Current assets:		
Deferred taxation	59,252	59,252
Stock property	2,090,850	8,753,400
Debtors falling due after more than one year	865,200	839,667
Debtors falling due within one year	6,767,527	7,606,302
Cash at bank and in hand	4,547,632	3,137,054
	14,330,461	20,395,675
Creditors: amounts falling due within one year	(20,939,436)	(13,994,109)
Net current (liabilities)/assets	(6,608,975)	6,401,566
Total assets less current liabilities	44,365,438	47,445,491
Creditors: amounts falling due after more than one year	(10,307,090)	(10,207,765)
Net assets and partners' capital	34,058,348	37,237,726
% share attributable to the company	17.73%	17.68%
Investment in APP jointly controlled entity	£6,038,422	£6,583,724

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.4 Analysis of turnover by category:

	2018	2017
	£	£
Rental income	6,786,683	5,119,085
Stock properties	7,035,500	1,242,500
	13,822,183	6,361,585

All turnover was in the United Kingdom.

4.5 Intangible assets

	Goodwill
	£
Cost	3,099,922
Accumulated amortisation	(406,489)
Opening net book amount at 1 April 2017	2,693,433
Amortisation	(353,523)
Closing net book amount at 31 March 2018	2,339,910
At 31 March 2018	
Cost	3,099,922
Accumulated amortisation	(760,012)
Closing net book amount at 31 March 2018	2,339,910

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.6 Investment Property held by APP:

	Freehold property at cost £	Leasehold property at cost £	Total at cost £	Valuation surplus £	Total at valuation £
At 1 April 2017	13,791,577	18,388,377	32,179,954	4,563,681	36,743,635
Additions	14,676,625	(581,394)	14,095,231	–	14,095,231
Disposals	–	(5,025,506)	(5,025,506)	–	(5,025,506)
Increase in valuation in the year	–	–	–	1,166,960	1,166,960
At 31 March 2018	24,468,202	12,781,477	41,249,679	5,730,641	46,980,320

The investment properties of the group have been stated at fair value at 31 March 2018 of £46,980,320 as valued by:

- Lambert Smith Hampton, Chartered Surveyors acting as External Valuers, for a property of the group valued in total at £15,780,000;
- Savills, Chartered Surveyors acting as External Valuers, for a property of the group valued in total at £9,700,000; and
- The Committee of Management for properties of the group valued in total at £21,500,320.

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

Additions of leasehold properties were negative in 2018 reflecting the release of costs claimed in the prior year by a contractor, following arbitration.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.7 Investments: fixed assets

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 Ltd	England and Wales	Dormant	Ordinary	100

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

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

The registered office address of the above subsidiaries is One Aldgate, London EC3N 1RE.

Artesian UsCo Ltd	Ireland	Serviced offices	Ordinary	100

The registered office address of the above subsidiary is One Spencer Dock, North Wall Quay, Dublin 1, Ireland.

Other undertakings:				
Yaldham Estate Management Limited	England and Wales	Dormant	Ordinary	10

During the year, APP disposed of its 24.75% of Oxted Properties Limited.

4.8 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.

i) BASIS OF PREPARATION

APP's 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.

ii) BASIS OF CONSOLIDATION

APP group financial statements consolidate the financial statements of the Artesian Property Partnership ("partnership") and its subsidiary undertakings prepared up to 31 March each year. 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, and an Irish company, Artesian UsCo Ltd.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.8 Principal accounting policies of APP (continued)

iii) 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. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

iv) 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.

v) 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	–	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 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.8 Principal accounting policies of APP (continued)

vi) TURNOVER

Turnover comprises gross rental and service charge income, receivable during the year, the sale of stock properties, serviced office and co-working income, and was all derived from UK 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. Rental, serviced office and co-working income is recognised on an accruals basis as the rent due under the relevant lease or licence for the financial year or part thereof.

vii) 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.

viii) LEASED ASSETS

a) 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.

b) 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.

c) 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 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.8 Principal accounting policies of APP (continued)

ix) FINANCIAL INSTRUMENTS

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

a) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances 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 profit and loss.

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 profit and loss.

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 profit or loss.

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.

b) 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 profit or loss 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 or expires.

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

4 ARTESIAN PROPERTY PARTNERSHIP (continued)

4.8 Principal accounting policies of APP (continued)

ix) FINANCIAL INSTRUMENTS (continued)

c) 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.

x) TAXATION

a) 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. As the partner companies will draw from APP to meet these liabilities as and when they fall due, a liability to the partner companies for those amounts is recognised by APP as "Partners' corporation tax" and is shown both as a drawing by the partners, and as a creditor falling due within one year.

b) CURRENT AND DEFERRED TAXATION – Subsidiary companies

The taxation liabilities of APP's subsidiary companies are recognised within the financial statements of APP. The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement. The current income tax charge is calculated on the basis of the UK tax laws enacted at the balance sheet date.

5 OPERATING RESULT

	2018	2017
The operating result is stated after charging:-	£	£
Auditors' remuneration:-		
Audit services	–	–

Auditors' remuneration is borne by APP. The company's share of the audit of APP, excluding APP subsidiaries, was £8,244 (2017: £25,283).

6 EMPLOYEE INFORMATION

6.1 Directors' remuneration of £68,507 (2017: £68,316) 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.

6.2 Other than directors, the company has no employees (2017: nil).

6.3 The average monthly number of employees of APP including the company's directors during the year was 26 (2017: 24).

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

7 INCOME TAX

a) Tax expense included in profit and loss.

	2018 £	2017 £
Current tax:		
UK corporation tax on (loss)/profit of the year	–	–
Total current tax and tax on (loss)/profit on ordinary activities	–	–

b) Reconciliation of tax charge

The tax assessed for the year is higher (2017: lower) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2018 of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Loss)/profit on ordinary activities before taxation	(58,337)	143,145
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19% (2017: 20%)	(11,084)	28,629
Increased by:		
Expenses not deductible for tax purposes	28,628	28,103
Tax losses not utilised	48,950	99,406
and reduced by:		
Capital losses recognised in respect of unrealised valuation gains	(39,311)	(143,056)
Capital allowances	(25,845)	(9,630)
Losses utilised against realised profits	(1,338)	(3,452)
Tax charge for the year	–	–

c) Tax rate changes
The UK corporation tax rate effective from 1 April 2017 was reduced to 19%, and will reduce to 17% from April 2020.
A planned further reduction to 17%, effective 1 April 2020, was substantively enacted in 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

8 OTHER INVESTMENTS

	2018 £	2017 £
At 1 April	64,731	64,731
Additions in the year	465,000	–
Disposals in the year	(465,000)	–
At 31 March	64,731	64,731

Additions are the company's subscription to shares in Artesian Buy Back 2017 Limited, and disposals are the realisation of that subscription

The directors consider that the investments are worth not less than their carrying value.

9 CREDITORS: amounts falling due within one year

	2018 £	2017 £
Amounts owed to APP partners	–	17,776
Total creditors	–	17,776

The amounts owed to APP partners are unsecured, interest free have no fixed date of repayment and are payable on demand.

10 FINANCIAL INSTRUMENTS

The company has the following financial instruments

	Note	2018 £	2017 £
Financial assets at fair value through profit or loss			
Investment in APP jointly controlled entity	4	6,038,422	6,583,724
Financial assets that are equity instruments measured at cost less impairment			
Other fixed asset investments	8	64,731	64,731
Financial liabilities measured at amortised cost			
Amounts owed to APP partners	9	–	(17,776)

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 MARCH 2018

11 CALLED UP SHARE CAPITAL

	2018	2017	2018	2017
	Number of shares		£	£
Allotted and fully paid:-				
Founders' shares of 50p each	100	100	50	50
Ordinary shares of 50p each				
At 1 April	1,694,363	1,694,363	847,180	847,180
Cancelled on share buy-back during the year	(130,828)	–	(65,414)	–
At 31 March	1,563,535	1,694,363	781,766	847,180
Total share capital	1,563,635	1,694,463	781,816	847,230

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.

12 NET CASH FLOW FROM OPERATING ACTIVITIES

	2018	2017
	£	£
Administrative expenses	68,668	68,316
Net cash flow from operating activities	68,668	68,316

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2018

13 RELATED PARTY TRANSACTIONS

a) TRANSACTIONS WITH APP JOINT VENTURE

The company has drawn £537,857 (2017: £68,316) from the APP jointly controlled entity for the purchase of its own shares for cancellation and the company's corporate expenses and at 31 March 2018 there was a balance of £nil (2017: £17,776) due to APP.

b) DIRECTORS' INTEREST IN APP CONTRACTS

(i) M. R. Breen has an interest in Epicwork Limited which provided property services to the value of £375,000 (2017: £240,000) to APP. At 31 March 2018 the balance due to that company was £40,000 (2017: £93,263).

(ii) N. J. L. Welch has an interest in Crescent Projects Limited, which provided project management and surveying services of £nil (2017: £nil) to APP. At 31 March 2018 there was no balance due to that company (2017: £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 (2017: £nil). At 31 March 2018 the balance due to that company was £nil (2017: £nil).

14 ULTIMATE PARENT AND CONTROLLING PARTY

There is no ultimate parent or controlling party (2017: none).

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Artesian Challenger Limited (the Company) will be held at:-

The East India Club,
16 St James's Square,
London SW1

at 11.00 am on 20 September 2018, for the transaction of the following business:-

To read the notice convening the meeting.

To note the presentation of proxies.

To approve the following resolutions, all of which will be proposed as Ordinary Resolutions:-

1 To receive and adopt the directors' report and financial statements for the year ended 31 March 2018.

2 To re-elect A. P. Cunningham as a director of the Company.

3 That PricewaterhouseCoopers LLP be reappointed auditors of the Company, to hold office until the conclusion of the next annual general meeting at which financial statements are laid before the Company and that their remuneration be fixed by the directors.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy is enclosed.

The Register of directors' shareholdings will be available for inspection during the meeting.

By order of the board,

Dated 31 July 2018

D. J. T. MacDonald
Joint Company Secretary

Registered Office:
60 Webbs Road
London, SW11 6SE