



**BUSINESS LOANS**

# **Annual Report 2017**

**20 Years  
1997-2017**

**JOBS  
GROWTH  
INNOVATION  
ENTERPRISE  
OPPORTUNITY**  
Jobs supported 7000+  
Loans made £22.5m  
Businesses assisted 1000+

# ART Business Loans

This annual report comprises the Chairman's and Chief Executive's Reports and the Summary Financial Information of ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited for the year ended 31 March 2017. This financial information is not the statutory accounts but is derived from the full financial statements which have been audited.

The auditor's report contained within the Report of the Directors and Consolidated Financial Statements of ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited for the year ended 31 March 2017 was unqualified.

Copies of these financial statements, which were approved by the directors on 23rd June 2017, can be obtained from ART, Faraday Wharf, Holt St, Innovation Birmingham Campus, Birmingham B7 4BB.

## Board of Directors

As at 1/9/2017

The Directors during the year under review to the date of this report:

<b>Dr Nick Venning DL (Chairman)</b>	Former Marketing Director, Global Industries at PwC
<b>Andeep Mangal (Deputy Chair)</b>	Managing Partner, Thapers Chartered Accountants
<b>Christopher Davis</b>	Retired Area Regional Credit Director, Barclays Bank
<b>Winston Duguid</b>	Former MD of Bowater Building Products – now Non-Exec Director at several organisations in the Midlands and South West
<b>Ian Forrest</b>	Consultant, Squire Patton Boggs
<b>Dr David Hardman MBE</b>	Chief Executive Officer, Innovation Birmingham
<b>Beverley Nielsen</b>	Director & Associate Professor – Institute for Design & Economic Acceleration, Birmingham City University
<b>Professor Monder Ram OBE</b>	Director, Centre for Research in Ethnic Minority Entrepreneurship, University of Birmingham
<b>Christopher Tucker</b>	Retired Area Director, Commercial Banking, Lloyds Banking Group

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## Staff

<b>Dr Steve Walker</b>	Chief Executive
<b>Christine Allen-Lloyd</b>	Operations Officer
<b>Graham Donaldson</b>	Loans Manager
<b>Martin Edmonds</b>	Loans Manager
<b>Rozna Haque</b>	Loans Manager
<b>Andy King</b>	Loans Manager
<b>Barbara Seaton</b>	Operations Manager

## CHAIRMAN'S REPORT

With a background in business and a long-standing interest in Third Sector affairs - including CSR (Corporate Social Responsibility), community and social enterprise and charitable work - I am delighted to have joined the Board and assumed the position of Chairman of ART Business Loans in its 20th anniversary year.

ART was a pioneer Community Development Finance Institution and has been a champion of access to finance for business since its foundation by the late Sir Adrian Cadbury in 1997. As we celebrate our 20th birthday, the ART team remains committed to ensuring that businesses and social enterprises with a viable proposition are able to access fair and responsible loan finance to support their objectives, whether those relate to surviving market challenges and protecting jobs or growing and creating jobs.

The figures are impressive. Over 7,000 jobs have been protected or created since 1997 and more than £22m in loans injected into the West Midlands economy. Without ART much of what our borrowers have achieved would not have been possible - either at all, or as quickly. The existence of the jobs so protected or created has delivered a valuable social as well as economic impact in the region.

Evidence from academic studies, and the experience of the ART team, suggests that the requirement for ART to fill gaps in the market left by other business lenders is as necessary today as it has ever been. The challenge for ART now is how to sustainably access sufficient capital and borrowing facilities to meet client demand over the long term.

One answer has been to look locally. There have been some exciting developments in the past year, such as the establishment of the Birmingham Small Business Loan Fund in partnership with Birmingham City Council, peer to peer lender ThinCats and Unity Trust Bank. I am also delighted to confirm that repayments of ART loans made under the UK RGF (Regional Growth Fund) over the last three years have now been made available for recycling. With these arrangements, over £7.5m in new funding is currently in place for the next three years. I look forward to working with my colleagues on the Board and with ART's staff team to explore and utilise further innovative channels of funding to enable us to plan for longer term growth and build on ART's record of success.

I would like to end by thanking Craig Errington and Ian Forrest, who have stepped down as Chairman and Interim Chairman respectively during the last year. I am also indebted to the Board - particularly Chris Tucker, Chairman of our Risk & Lending Committee who also stands down this year - and of course to each and every member of our staff team for their hard work and ongoing support of ART and our mission.

**Dr Nick Venning**

Chairman

25th July 2017



# CHIEF EXECUTIVE'S REPORT

As we celebrated our 20th birthday in June 2017, we have taken the opportunity in this report to look back over the years and reflect on our activity and impact.

There are many positive results, not least of which is that the majority of the businesses who were declined by the banks for a loan have repaid our faith and support to achieve their objectives. Some have started businesses, some have grown businesses and some have just been able to sustain their activity - all have been able to support the local economy with jobs.

When we were 10 years old our Annual Report front cover was a montage of pictures of borrowers. As the years passed by we were able to look at that and readily see our successes and failures. It is fair to say, however, that the owners of some of the businesses that failed learnt valuable lessons and went on to success. In terms of our own mission, these represent a social return on investment and fit with our aim of improving opportunities for entrepreneurs. We are designed to take more risk than the banks do, with their purely commercial outlook, and this helps to stimulate the local economy.

Research reports published over the years consistently demonstrate the need for ART and the value for money that funding ART represents for the public sector. In the light of that, the past year has been particularly frustrating as promises that funding would be made available did not come to fruition as quickly as we had hoped.

We are pleased that local support has now been obtained from Birmingham City Council and this, linked to money from private investors via the Thin Cats peer lending platform and Unity Trust Bank, has provided ART with the base, alongside recycled funds from the Regional Growth Fund, to be confident that we start the current year with funds available to achieve our mission.

It is ironic that we have spent so much time over 20 years campaigning and supporting the access to finance agenda for businesses in a changing world. Our own biggest challenge at this time has become accessing a sustained source of funding to support our lending.

I would like to thank the ART team and our volunteer Board for the energy and enthusiasm which they continue to bring both to the everyday work and strategic challenges that inevitably come along. I am proud of what we have achieved over the past 20 years and look forward to working with them to ensure that ART continues to grow and create opportunity for enterprise in the future.

**Dr Steve Walker**  
Chief Executive  
25th July 2017



## Summary Financial Information

### Group Statement of Comprehensive Income For the year ended 31 March 2017

	2017 £'000	2016 £'000
Turnover	894	905
Administrative expenses	(803)	(820)
Operating profit	<u>91</u>	<u>84</u>
Interest receivable and similar income	5	10
Interest payable and similar charges	(96)	(94)
Profit for the financial year	<u>-</u>	<u>-</u>

Turnover includes £158,000 (2016 £250,000) from capital grants utilised.

Administrative expenses include provision to write off specific bad debts. For the year ended 31 March 2017 the charge for bad debts was £343,000 (2016 £444,000). During the year, bad debts recovered amounted to £83,000 (2016 £119,000).

### Group Balance Sheet As at 31 March 2017

	2017 £'000	2016 £'000
<b>Assets</b>		
Tangible fixed assets	2	6
Debtors	4,325	5,617
Cash at bank	<u>4,619</u>	<u>3,840</u>
	<u>8,944</u>	<u>9,457</u>
Creditors due within one year	<u>(718)</u>	<u>(1,030)</u>
Net current assets	<u>8,226</u>	<u>8,427</u>
Total assets less current liabilities	8,228	8,433
Creditors due after more than one year	(6,568)	(6,897)
<b>Net Assets</b>	<u><b>1,660</b></u>	<u><b>1,536</b></u>
<b>Capital and reserves</b>		
Member share capital	629	505
Profit and loss account	<u>1,031</u>	<u>1,031</u>
	<u>1,660</u>	<u>1,536</u>

# ART Business Loans

## Thanks to all our members and supporters

The **co-operative**  
bank

  
unitytrust  
bank

Supported by the  
 Regional Growth Fund

 **Responsible  
Finance**

 | **Birmingham  
City Council**

investing  
in **your** future   
European Regional Development Fund  
European Union

**For all enquiries on loans  
and investments  
or to support  
ART Business Loans**

Telephone: 0121 359 2444

Mail: Faraday Wharf, Holt St  
Innovation Birmingham Campus  
Birmingham B7 4BB

E Mail: [art@artbusinessloans.co.uk](mailto:art@artbusinessloans.co.uk)  
Website: [www.artbusinessloans.co.uk](http://www.artbusinessloans.co.uk)

  
**BUSINESS LOANS**

ART Business Loans and Aston Reinvestment Trust are the trading names of: ART SHARE  
(Social Help Association for Reinvesting in Enterprise) Limited  
– a Community Benefit Society, registered number 28537R and Aston Reinvestment Guarantee Company Limited  
– a company limited by guarantee, registered number 2422872  
The registered address for all companies is Faraday Wharf, Holt St, Innovation Birmingham Campus, Birmingham B7 4BB

**ART Business Loans – West Midlands**

**1997** **NO MONEY TO LEND, NO LOANS MADE, NO JOBS SUPPORTED** - Founded by **Sir Adrian Cadbury** with the support of a strong board with a mission to "alleviate poverty through enterprise" ■ Initial funds secured from private sector benefactors ■ ART was an early **UK pioneer of community finance-lending** to businesses and social enterprises that could not attract funding ■ **OPPORTUNITY** ■ Lent £53k in first year targeting inner city Birmingham ■ Raised Area Regeneration funds ■ Piloted the KEY Loan Fund for the EU providing loan finance to the social enterprise sector ■ Founder member of Birmingham and Solihull Social Economy Consortium and the Community Development Finance Association ■ Worked with support of many organisations including the Bank of England, national government, AWM and Birmingham City Council to support access to appropriate finance ■ **ENTERPRISE** ■ 2008 **Steve Walker** Chief Executive received Honorary Doctorate from the University of Birmingham in recognition of his work as champion of enterprise in the city ■ Received numerous delegates from foreign shores and other UK CDFIs to find out how its done! ■ Visits from China, South Korea, Australia, Japan, Russia and many more ■ **INNOVATION** ■ One of the first CDFIs to be accredited to offer CITR (Community Investment Tax Relief) to investors ■ ART was one of the first such lenders to receive mainstream bank loan support from key funders such as Unity Trust Bank ■ ART recognised for its social mission and business model by a visit from **HRH The Duke of York** ■ **GROWTH** ■ Funded many sectors: Engineering, Social Care, IT, Retail, Web Designers, Restaurants, Gyms the list goes on and on.... ■ Received Regional Growth Funding to provide increased support to businesses now across the West Midlands ■ Working with The Women's Enterprise Hub and local universities offering mentor support ■ **JOBS** ■ New fund initiated – **Birmingham Small Business Loan Fund** with support from Birmingham City Council ■ Now lend from £10k - £150K across the West Midlands ■ Where are we now: **JOBS SUPPORTED 7000+, £22.5m LOANS MADE, MONEY TO LEND.**

**2017**



### **Purnells**

*"The loan enabled me to open my first restaurant"*



### **AceOn Technology**

*"ART was fantastic"*



### **Synapse**

*"ART was a life saver"*



### **ChangeKitchen**

*"ART helped us keep trading when spending cuts hit"*



### **Enigma Digital**

*"They are looking for reasons to give you a loan"*



### **FW Fitness**

*"ART was amazing, the best"*



### **Joanne's Florist and Tea Room**

*"ART was really helpful and still keep in touch"*



### **LearnPlay Foundation**

*"The loan meant we were able to win national government contracts"*



### **M & BG**

*"Without ART we wouldn't be in such a strong position"*



### **M6 Motor Bodies**

*"The process was quicker than with the banks"*



### **Mojito Events**

*"ART was supportive and understood our plans"*



### **Oaks Consultancy**

*"ART understood the business and acted quickly"*



### **Able Journeys**

*"They were prepared to lend me the money, when other funders would not"*



### **Reynolds Technology**

*"In spite of a good record we did not fit the criteria for the banks"*



### **StayDry**

*"Thank goodness that organisations like ART exist"*