

**Community  
share offer  
document**

Offer open until: 24<sup>th</sup> March 2020

Target: £500,000

[www.ethex.org.uk/ART2020](http://www.ethex.org.uk/ART2020)



# ART BUSINESS LOANS

Registered Community Benefit Society number 28537R

**JOBS | GROWTH | INNOVATION | ENTERPRISE | OPPORTUNITY**

An investment should be seen as a social investment, which is not covered by the Financial Services Compensation Scheme. Your investment is at risk and past performance is not a guide to future performance. If in doubt, consult a professional adviser.

# ART

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**This document is important and  
requires your careful attention**

# The investment opportunity

Through its 2019 Community Share Offer, ART Business Loans raised over £250,000 of additional capital to support responsible finance to businesses. ART Business Loans is now seeking to raise a further £500,000 through its 2020 Community Share Offer.

Founded in 1997, ART Business Loans has been lending successfully to small businesses and social enterprises, including those in underserved areas and communities, ever since. Through its work, ART Business Loans continues to address the lending gap left by the high street lenders.

The investment on offer is shares in ART Business Loans. The money raised will support enterprise

and the West Midlands economy by providing loan assistance to viable businesses that are unable to access all the finance they need from the banks. The loans will help these businesses survive challenging trading conditions, thrive and grow and help to protect and create jobs.

Investors will qualify for a financial return through Community Investment Tax Relief (CITR). We estimate this tax relief could be the equivalent of an annual interest rate of 9.1% per annum for the highest rate tax payer (6.2% per annum for a standard rate tax payer).

To find out how CITR works, see [page 6](#).



## Investment risks

Investors should note that the money they invest through this share offer will be at risk. For details of the risks and benefits of the investment identified by the Directors of ART Business Loans and how they propose to mitigate the risks see page 23.

Share offer: Summary of key terms	
Investee	ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited trading as ART Business Loans
Investment type	Withdrawable shares
Offer open until	24 <sup>th</sup> March 2020
Target raise	£500,000
Minimum investment	£500
Maximum personal and corporate investment (and total shareholding in ART Business Loans)	£100,000
Maximum investment (and total shareholding in ART Business Loans) for other Co-operative Societies and Community Benefit Societies	No upper limit
Indicative draw down dates for money invested	30 <sup>th</sup> September 2019 / 30 <sup>th</sup> December 2019 / 30 <sup>th</sup> March 2020
Minimum length of investment	5 years
Net effective tax return	5% per annum for five years – for individuals and companies

Please read this document in full and consider carefully whether this investment is appropriate for you. An investment should be seen as a social investment which is not covered by the Financial Services Compensation Scheme. Your investment is at risk and past performance is not a guide to future performance. If in doubt, consult a professional adviser.



# Welcome

## A message from our Chair



ART Business Loans is a business lender with a difference. Our primary purpose is to support enterprises, where the banks are unable to fully meet their requirements. As one borrower put it, "ART Business Loans is looking for reasons to give you a loan, rather than reasons not to."

Key to ART Business Loans' approach is relationship building. The lending team seeks to understand applicants and their businesses and make a considered judgment on whether or not to lend. They offer guidance on finance and will signpost to other lenders where appropriate. Sometimes ART Business Loans will lend alongside others, including the banks, as part of a package of finance.

When the economy or a specific market becomes challenging, ART Business Loans continues to maintain relationship support to its borrowers and takes the approach of a patient lender when needed.

The team is highly knowledgeable and experienced in business finance and the Chief Executive is widely respected throughout the sector. We were delighted when he was voted Responsible Finance Leader of the Year in March 2018.

I feel privileged to be serving as current Chair of the ART Business Loans Board and am keen to play my part in ART Business Loans' ongoing success and development. I believe it is performing a vital service to underserved enterprises in the West Midlands.

To achieve its objectives, ART Business Loans needs access to finance itself and seeks funding from a variety of sources, including private and corporate member investors. I would like to thank you for taking the time to read about this share offer and consider an investment in ART Business Loans.

**Dr Nick Venning DL**

Chair of ART Business Loans

## A message from our Chief Executive



It has been my pleasure to help bring ART Business Loans into existence and see it flourish for over 20 years, making a real difference to lives in the West Midlands through the creation and preservation of jobs.

I have been fortunate to work alongside many passionate and dedicated individuals, from our founders to the current staff team and Board members, all of whom are supportive of ART Business Loans' aim, which is to help prevent groups or areas being underserved in terms of access to fair and responsible finance.

I see the purpose of ART Business Loans as helping to make things happen that otherwise wouldn't and we have lent to some interesting and inspiring businesses over the years. You can read about some of them in this document and on our website.

From the outset, the support of social, private and corporate investors has been important to us. This share offer provides an opportunity for you, or your company, to invest in ART Business Loans, support us in our aim and gain a financial return through tax relief.

I would like to take this opportunity to thank all those who have invested in ART Business Loans to date, from the minimum £500 to the maximum £100,000. The Community Share Offer for the tax year 2018/19 was well supported and we hope that many more people will feel inspired to take the opportunity to invest in ART Business Loans during this tax year, providing us with additional capital to enable businesses and social enterprises to meet their objectives in the years ahead.

**Dr Steve Walker**

Chief Executive of ART Business Loans

# How Community Investment Tax Relief works

Community Investment Tax Relief (CITR) gives a deduction of 5% of the amount invested from an investor's Income Tax bill or Corporation Tax bill each year for five years.

For example, if an individual invests £10,000 they should receive a £500 per annum reduction against their income tax liability (being a total of £2,500 over the five year period following the investment). This equates to 5% per annum net of taxation.

The gross benefit to an investor depends on the investor's tax rate, as outlined below:

Tax payer rate	Gross Effective Rate
20% Income Tax rate	6.2%
40% Income Tax rate	8.3%
45% Income Tax rate	9.1%
17.5% Corporation Tax	5.8%

A CITR eligible share investment must carry no right to be repaid and needs to be maintained for a period of five years from the date of the investment. Shares raised through this offer are not withdrawable at any stage during the first five years following the date of the investment in accordance with the terms of the tax relief.

At the end of that five year period shares purchased under the terms of this offer are withdrawable at the request of the investor, subject to the rules of ART Business Loans (which provide that the directors may suspend the right to withdraw). ART Business Loans will write to all investors towards the end of the five year period and it is ART Business Loans' intention to invite investors either to withdraw their shares at that point or to reinvest them in ART Business Loans through a fresh issue of shares.

**Investors should be aware that the tax relief is limited to the amount of tax you pay. If an investor's tax liability for a tax year is less than the tax relief**

**claimable for that tax year, the investor can carry over the relief to the following tax year (but this is only possible within the tax years that relate to the five years of the investment). This means that if you think you may not be paying tax at some point over the next five years, this investment may not be appropriate for you. Investors should note that the relief is only claimable in the tax year in which the investment is made (and the four subsequent tax years).**

## Claiming CITR

ART Business Loans will issue a tax certificate to investors, which will include their name, address and size of their shareholding in ART Business Loans.

**Whilst an investor does not have to submit the tax certificate to HMRC, they will have to claim the relief – ART Business Loans is not able to do this on their behalf.**

Individual investors should claim relief on their self-assessment tax return for each tax year for which relief is due. If you do not normally complete a tax return, you will need to request one from HMRC.

A corporate wishing to claim relief should claim as part of its Corporation Tax return for each appropriate accounting period.

**Further information on CITR and how it can be claimed by investors can be found on these websites:**

[www.responsiblefinance.org.uk/the-community-investment-tax-relief-citr](http://www.responsiblefinance.org.uk/the-community-investment-tax-relief-citr)

[www.gov.uk/government/publications/community-investment-tax-relief-citr](http://www.gov.uk/government/publications/community-investment-tax-relief-citr)

## Enterprise Finance Guarantee Fund

The Enterprise Finance Guarantee Fund (EFG) can now be used with CITR. See [page 21](#) for details.

# About ART Business Loans

ART Business Loans is the trading name of ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited (ART), registered Community Benefit Society number 28537R, trading as ART Business Loans, which is one of the leading Community Development Finance Institutions (CDFIs) in the UK. CDFIs are also now known as Responsible Finance Providers.

**For further information about responsible finance providers see the trade association website:**

[www.responsiblefinance.org.uk](http://www.responsiblefinance.org.uk)

## History

ART Business Loans was founded in 1997 by its first Chairman Sir Adrian Cadbury and others with a passion for tackling access to finance and the alleviation of poverty through enterprise. Its

objective was, and remains, to provide finance to businesses and social enterprises that need funding to grow, but which are unable to access that funding from the banks – either at all, or in full. The aim, through this, is to enable such businesses to support local employment and boost the local economy. This not only benefits employers and employees but also their families and the public sector, reducing costs associated with unemployment, including benefits, healthcare and housing.

Originally ART Business Loans lent to enterprises based in inner city Birmingham. Over the years, with increased private and public sector support, ART Business Loans has expanded to support the access to finance agenda across the wider West Midlands region, which includes the counties of Herefordshire, Shropshire, Staffordshire, Warwickshire, the West Midlands and Worcestershire.



© Dave, James and Sue Perry with Warren Delo, StayDry

## Impact since 1997



### Social purpose

ART Business Loans focuses its lending to create and preserve jobs, in particular to those who have been traditionally deprived of opportunities, for example, enterprises geographically located in areas of disadvantage or led by Black, Asian and Minority Ethnic (BAME) people, women or disabled individuals. At least 75% of the businesses that ART Business Loans lends to fall into these categories.

### Structure

ART Business Loans is authorised and regulated by the Financial Conduct Authority (No 723068). It is owned by its members, who elect representatives to the Board of Directors at each Annual General Meeting. With the exception of the Chief Executive, these Directors are unpaid volunteers. Originally an Industrial and Provident Society, ART Business Loans became a Community Benefit Society under the Cooperative and Community Benefit Societies Act 2014. This means that it is required to act for the benefit of its community.

Aston Reinvestment Guarantee Company Limited is a separate legal entity to ART Business Loans. It is a Company Limited by Guarantee (number 2422872). It can provide guarantees in favour of ART Business Loans for loans made to ART Business Loans and holds certain funds in reserve as provision for bad debts incurred in ART Business Loans' lending book. It has predominantly been funded by way of donations and currently holds a reserve of around £220,000. It is a wholly owned subsidiary of ART Business Loans.

### Funding

At start up in 1997, ART Business Loans raised grant funds from several sources to cover revenue costs – staff, marketing and rent etc. The major providers were Barclays, NatWest, Investors in Society and Birmingham City Council.

As scale increased, income generation from interest and fees was able to cover all the overheads of the business, excluding bad debts.

Initially, capital for lending was obtained from a share issue to investors who invested for purely social purposes, raising about £360,000. Investors included large private sector companies, major banks, housing associations, local and national government, trust funds, high net worth individuals and other individuals wanting to put their money to work for a social purpose and support the economy in the area that ART Business Loans served. They received no financial return.

Since launch, ART Business Loans has been supported by local, national and European public sector funding, including the Phoenix Fund, the Regional Growth Fund and the European Regional Development Fund. The major loan provider to ART Business Loans has been, and continues to be, Unity Trust Bank. Following the closure of the Regional Growth Fund in 2015, ART Business Loans and other CDFIs were encouraged to seek funding for their activities from local public sector sources. ART Business Loans has established, with support from Birmingham City Council, Unity Trust Bank, ThinCats peer lending platform and loan investors using that platform, a targeted

Birmingham Small Business Loan Fund to provide loans totalling £1 million a year for three years to March 2020. This commenced in the financial year 2017/18.

All loans made to ART Business Loans (to date in excess of £10m) have been for capital to lend to businesses and social enterprises and have either been fully repaid or are still being serviced in line with terms and conditions.

ART Business Loans has also raised in excess of £350k with the benefit of Community Investment Tax Relief (CITR) from individuals and companies and in 2019 raised over a further £250,000 with the benefit of CITR through a Community Share Offer using the Ethex platform.

## Loans

ART Business Loans lends between £10,000 and £150,000, to businesses and social enterprises operating in any sector, for any legitimate business purpose.

For all loans above £25,000 security from the borrower is sought. If security is not available certain loans can be provided subject to the Enterprise Finance Guarantee scheme (EFG), which provides cover to lenders for losses of up to 15% on an annual loan book.

Interest charged on a loan from ART Business Loans ranges from 9.25% over Bank of England base rate to 18% over base and the current average is 13.5% over a term of 54 months. The interest rate charged to an enterprise reflects the considered level of risk involved in investing in it.

ART Business Loans is designed to take a greater risk than the banks. Therefore we experience write-off rates that are typically higher than the banks'. For forecasting purposes we work to an average rate of 16%, which has been our experience over the last five years.

## Demand

Recent research (see [www.british-business-bank.co.uk/markets-update-october-2018](http://www.british-business-bank.co.uk/markets-update-october-2018)) has confirmed that small and medium sized businesses, especially early stage businesses even with a viable proposition, are not being serviced fully by the banks. Access to finance remains a challenge for many despite the

large growth in the alternative business funding sector, which is operating in competition to the banks. The gaps which ART Business Loans attempts to fill as an additional source of finance remain substantial.

The Directors believe that ART Business Loans, with its existing staff team, has the capacity to deliver up to £4 million per annum of lending across the West Midlands and is on target to achieve £2.5m in the current financial year. This is in line with the total lending for ART Business Loans' last financial year. ART Business Loans is keen to support demand by seeking funding from a broad range of sources, including this share offer for investors using both Community Investment Tax Relief (CITR) and EFG. ART Business Loans is accredited for both schemes respectively by the Department for Business, Energy and Industrial Strategy (BEIS) and the British Business Bank.

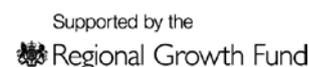
## Partners

ART Business Loans works closely with a wide range of public and private sector partners and is a long-standing champion of access to finance for business.

ART Business Loans is a member of a number of representative bodies, including Responsible Finance, Co-operatives UK, Federation of Small Businesses and Greater Birmingham Chambers of Commerce.

Many of ART Business Loans' borrowers are referred to ART Business Loans by others working in the finance and business support sectors.

In many cases ART Business Loans lends alongside the banks (when they have already lent to their credit approved levels), as well as providers of alternative sources of finance, to make up a package of finance.



# Meet the ART team

## Board of Directors

ART Business Loans currently has a Board of ten prominent local individuals with relevant backgrounds in finance, business, corporate social responsibility and supporting diversity and inclusivity in the West Midlands. With the exception of the Chief Executive, the Board members provide their

services on a voluntary basis. The Board meets quarterly to set strategy, review performance and ensure that ART Business Loans is a robust and sustainable business, able to fulfil its objectives. The Board also overviews operational performance.

### **Dr Nick Venning DL (Chairman)**

Former Marketing Director,  
Global Industries at PwC

Nick has a background in business – including manufacturing, management consultancy and professional services. In addition, he has a long-standing interest in Third Sector affairs – including CSR (Corporate Social Responsibility), community and social enterprise plus charitable work, Nick's experience and ethos are a good fit with ART Business Loans.

### **Dr Steve Walker (Chief Executive)**

Steve established a reputation for successful relationship banking and support for small businesses during a 29 year career with Barclays.

Since joining ART Business Loans in 1996, he has become a well-known expert on access to finance for enterprise throughout the UK and overseas, advising national and local government on policy and helping other Community Development Finance Institutions to get started. He has served on the national Small Business Investment Task Force and regional bodies such as the Regional Finance Forum (West Midlands) and the Access to Finance Sub Group of the Greater Birmingham and Solihull Local Enterprise Partnership.

Steve received an Honorary Doctorate from the University of Birmingham in 2007 in recognition of his work as a champion of enterprise in the City. In 2018 he was named Responsible Finance Leader of the Year.

### **Andeep Mangal (Deputy Chair)**

Managing Partner, Thapers  
Chartered Accountants

### **Christopher Davis**

Retired Area Regional Credit  
Director, Barclays Bank

### **Winston Duguid**

Former MD of Bowater Building Products, now  
Non-Exec Director at several organisations  
in the Midlands and South West

### **Ian Forrest**

Consultant, Squire Patton Boggs

### **Dr David Hardman MBE**

Chief Executive Officer, Innovation Birmingham

### **Darren Hodson**

Corporate Finance Partner, Smith Cooper LLP

### **Manjit Kang**

Banker & Diversity Ambassador, NatWest Bank

### **Professor Monder Ram OBE**

Director, Centre for Research in Ethnic  
Minority Entrepreneurship, Aston University



Our staff team, left to right: Steve Walker, Yasar Irfat, Martin Edmonds, Christine Allen-Lloyd, Graham Donaldson, Rozna Haque

## Staff

The experienced staff team has a thorough understanding of business and finance. The Loans Managers take a personal approach to lending, meeting with potential borrowers to get to know their businesses and understand their plans. The

team is able to signpost to other financiers and facilitate packages of finance where appropriate. They are well connected and attend a large number of relevant business and finance events.

**Christine Allen-Lloyd**

Operations Officer

**Graham Donaldson**

Loans Manager

**Martin Edmonds**

Loans Manager

**Rozna Haque**

Loans Manager

**Yasar Irfat**

Finance and Operations  
Manager and  
Company Secretary

**Dr Steve Walker**

Chief Executive

# ART Business Loans' impact on the regional economy

## Impact 2013 to 2019



ART Business Loans exists to boost enterprise and the regional economy, by helping to ensure that businesses can access the finance they need to flourish. Some of these businesses are social enterprises, meaning that ART Business Loans is helping them to achieve their diverse social objectives.

Since launch in 1997, ART has lent over £27.5m to more than 1,370 businesses that may have grown more slowly, or even ceased to trade, because they couldn't obtain the finance they needed from anywhere else. Those businesses have safeguarded or created in excess of 7,500 jobs.

The type of finance provided by ART Business Loans is needed as much now as it was 21 years ago. In recent years, ART Business Loans has been able to increase its annual lending and consequently its impact. With more funding, it could support even more businesses.

Unlike the wider alternative finance sector, which has grown significantly in terms of the number of new providers over the last 10 years, ART Business Loans offers an **additional** source of finance to the banks. All ART Business Loans loans are provided after a bank lending decision decline. ART Business Loans specifically targets underserved

areas and communities. That is why investments in ART Business Loans may qualify for Community Investment Tax Relief, which seeks to prioritise access to finance for underserved communities in terms of geography, gender, age, ethnicity or disability.

ART Business Loans' average loan size is currently around £35,000 (with an average term of 54 months), a sum that often makes a significant difference to small and medium sized businesses, but which can be particularly hard for them to access from many other finance providers.

Investors should note that ART Business Loans has reduced its lending to start-up businesses, as most businesses under two years old are now served by the Government's Start Up Loan scheme at soft loan rates, which is a more appropriate form of finance for them. We refer potential borrowers to providers of that service.

# Borrowers

ART Business Loans' borrowers are diverse businesses in terms of size, activity, stage of development and the challenges they face. They have ranged from

traditional manufacturers to hi-tech digital companies, and from caterers to consultants. Here is what some of them have said about ART Business Loans:



📷 Tajinder Chaudhry, Director, Able Journeys

## Able Journeys

Able Journeys specialises in offering holidays around the world with appropriate support for the disabled, including wheelchair users and the visually and hearing impaired. A loan from ART Business Loans allowed founder Tajinder Chaudhry to buy the necessary specialist equipment – hoists, ramps, mobile stair climber, etc – to get started and develop a comprehensive and sophisticated website.

**“ART Business Loans was not the cheapest, but they were prepared to lend me the money, which other funders weren't in the early days.”**

Tajinder Chaudhry, Director

## ChangeKitchen

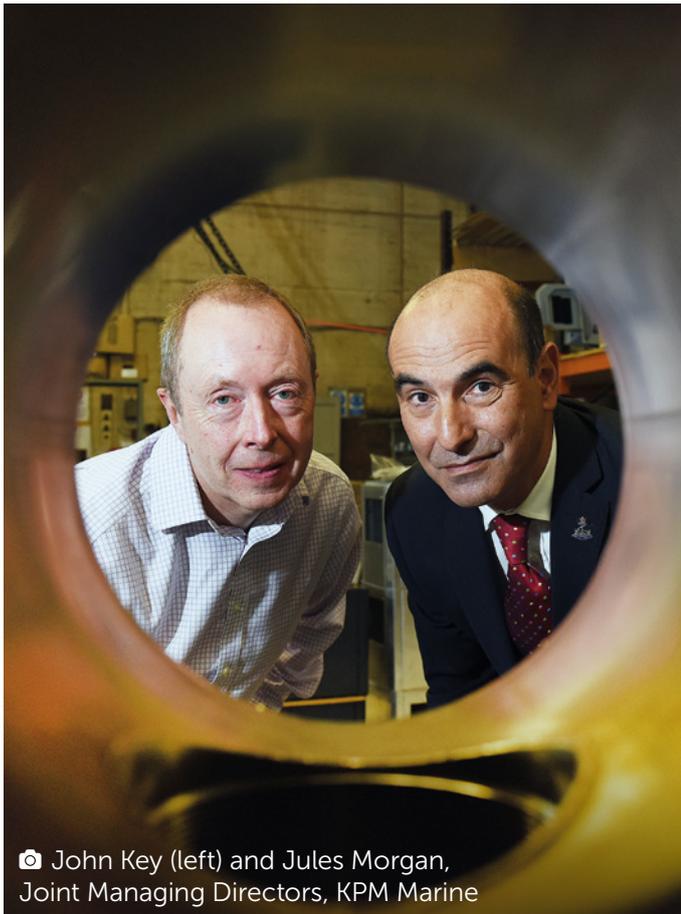
Social enterprise ChangeKitchen provides imaginative combinations of freshly prepared vegetarian and vegan food for events, as well as employment for people coping with a variety of difficulties, including homelessness, mental illness and addiction. A loan from ART Business Loans supported the business when it quite suddenly lost the majority of its customers – charities and social enterprises – as their funding was withdrawn.

**“ART Business Loans helped us to keep trading and find new markets when public sector spending cuts hit our customer base.”**

Birgit Kehrer, Director



📷 Birgit Kehrer, Director, Change Kitchen



📷 John Key (left) and Jules Morgan, Joint Managing Directors, KPM Marine

## KPM Marine

KPM Marine designs and exports precision engineered products and parts around the world. ART Business Loans has supported the business with several loans over the years, which helped to bring new products to market, move to more efficient premises and protect and create jobs.

**“We’re grateful for the existence of ... ART Business Loans. In today’s economic environment UK business more than ever need financiers with vision, who are prepared to take a calculated risk and support an entrepreneurial approach.”**

Jules Morgan, Joint Managing Director

## Reynolds Technology

Reynolds Technology manufactures the specialist tube that is used to make some of the best bicycles in the world. ART Business Loans has supported the business with a number of loans at critical points, allowing it to stay afloat whilst sourcing an alternative supplier of specialist alloys, enabling it to downsize and change focus when mass manufacturing moved from the Western World to the Far East and helping with a move to more efficient premises.

**“In spite of having a good financial record, we did not fit the criteria for the banks. ART Business Loans is less restrictive in its lending assessments and very fair.”**

Keith Noronha, Director



📷 Keith Noronha, Director, Reynolds Technology

## Joanne's Florist and Tea Room

Joanne was running a small shop with her mother, selling flowers and plants, when the chance to move to bigger premises came up. Having always fancied running a tea shop, she jumped at the opportunity to include both under one roof. A loan from ART Business Loans enabled Joanne and her mother to buy a van, stock and improve the premises.

**“Graham from ART Business Loans was really helpful and friendly. He still pops by when he is in the area to see how we are getting on.”**

Joanne McDonnell, Director



📷 Joanne McDonnell, Director, Joanne's Florist and Tea Room



📷 Mark Walker, Director, Oaks Consultancy

## Oaks Consultancy

Oaks Consultancy offers business planning, transformation and fundraising expertise to sports-related third sector organisations. A loan from ART Business Loans helped brothers Adam and Mark Walker to employ more staff to support rapid growth of their business. Reaching 10 times the size they were at the outset meant that in Mark's words they were 'burning cash', but the banks couldn't help.

**“Martin from ART Business Loans was a realist. He was grounded and intelligent. He understood the business and the bigger picture.”**

Mark Walker, Director

Read their full stories and other case studies on our website: [www.artbusinessloans.co.uk/casestudies](http://www.artbusinessloans.co.uk/casestudies)

# Investors

The generosity and vision of social investors, looking to put their money to work for the benefit of society have always been important to ART Business Loans. Early investors included some of the UK's major clearing banks, IMI, Jaguar, Severn Trent and several housing associations. Individual share investors were led by Sir Adrian Cadbury and his family.

**With interest rates for savers remaining low, the tax relief (in addition to a social return) is currently an attractive proposition to a broader range of people than ever before.**

Here is what some of ART Business Loans' existing investors have to say:

## Wesleyan



**“We have been a long-term supporter of ART Business Loans and recognise the invaluable**

**work they undertake to help local business growth. As one of the largest employers in Birmingham we're delighted to be one of the first organisations to offer funding in their drive for social investment. This extension to our relationship fits with our mutual ethos and commitment to supporting our local community.”**

Caroline Hill, Director of HR & Corporate Services, Wesleyan

## Peter Maskell



**“I was keen to take the opportunity to provide capital to ART Business Loans. For me it makes**

**sense as an investment. I get a good return from the tax relief, but importantly I know that my money is being put to good use, helping to support the small business community in the West Midlands, preserving and creating vital jobs. That has to be good for all of us who live and work in the region.”**

Peter Maskell, Former Chief Executive  
Birmingham Hospital Saturday Fund

## Paul Faulkner



**“I am delighted to personally support local businesses and the West Midlands economy**

**by investing in ART Business Loans' community share offer.”**

Paul Faulkner, , CEO Greater Birmingham Chambers



📷 Cadbury family investors Caroline and Benedict (centre) with ART Business Loans' Chief Executive Dr Steve Walker (far left) and Chairman Dr Nick Venning DL (far right) at ART Business Loans' 20<sup>th</sup> anniversary AGM

## Caroline and Benedict Cadbury

**“I am pleased to invest in this organisation, which my father supported from the start, recognising its ability to channel finance to businesses otherwise unable to access it. This is an investment which pays a substantial community dividend in local businesses and jobs.”**

Benedict Cadbury, son of Sir Adrian Cadbury – founding Chairman of ART Business Loans, Principal – Lampholder Lighting Design, Northampton

## Ninder Johal



**“In order to encourage entrepreneurial activity, we need to ensure that businesses of all sizes**

**and from all sectors have access to finance to enable us to continue to build sustainable communities. So I am very happy to support ART Business Loans' community share offer in providing opportunities for inclusive growth in the West Midlands.”**

Ninder Johal, Deputy Lieutenant of the West Midlands and Managing Director of Nachural Communications and HRA Loudspeakers

## Annie Murray



**“As an early investor in ART Business Loans, it has been my pleasure to watch it flourish**

**over the last 20 years. Investing in ART feels like a great way to give something back to Birmingham and know that it will go to help launch someone else with a very a good start.”**

Annie Murray, Best-selling author of Birmingham based novels

# Membership of ART

Investors in ART Business Loans automatically become members of ART Business Loans. Investors can be individuals or corporates.

ART Business Loans currently has more than 300 investor members, who have invested a total of over £1m over the years.

All members, in line with the rules of the Society, are entitled to vote at the Annual General Meeting or, if called, at Special General Meetings. Each member has one vote, irrespective of the size of their investment.

Members are kept informed about ART Business Loans' activities and performance through our Newsletter, and Annual Report, the website and social media platforms.

There is no requirement for members to take an active role in ART Business Loans. However, those who wish to attend the AGM or other networking events are most welcome and we appreciate members helping us to raise awareness of what we do, either through word of mouth or by following us on social media and sharing our posts.

ART Business Loans takes data protection seriously and operates a robust internal Data Protection Policy. Details of ART Business Loans' privacy policy, which explains what it will do with the personal data of its members, can be found at:

[www.artbusinessloans.co.uk/content/uploads/2018/05/ART-privacy-policy-002-1.pdf](http://www.artbusinessloans.co.uk/content/uploads/2018/05/ART-privacy-policy-002-1.pdf)



© Andy King, ART Business Loans, with Elaine Halliwell, Horgan's Sandwich Bar

# Finance summaries

## Performance history

ART Business Loans' performance for the three financial years ended 31<sup>st</sup> March 2019 is summarised below:

	Year ended 31 <sup>st</sup> March		
	2019 (£'000)	2018 (£'000)	2017 (£'000)
<b>Profit and Loss</b>			
Turnover	924	902	894
Administrative expenses	(888)	(870)	(803)
Operating profit	36	32	91
Cost of finance	(80)	(56)	(91)
Net loss	(44)	(24)	-
Loans made	2,522	2,544	1,092
<b>Balance sheet</b>			
Tangible assets	8	12	2
Prepayments and other debtors	172	80	78
Loan books	5,011	4,610	4,247
Bank balances	4,283	4,097	4,618
Accruals and other creditors	(2,762)	(2,809)	(3,030)
Bank and other loans	(4,745)	(4,320)	(4,255)
<b>Net assets</b>	<b>1,967</b>	<b>1,670</b>	<b>1,660</b>
<b>Capital and reserves</b>			
Share capital	1,004	663	629
Retained reserves	963	1,007	1,031
<b>Total equity</b>	<b>1,967</b>	<b>1,670</b>	<b>1,660</b>
<b>Summary of changes in total equity</b>			
Opening	1,670	1,660	1,536
Net loss	(44)	(24)	-
Shares issued	351	63	150
Shares withdrawn	(7)	(29)	(26)
Shares cancelled	(3)	-	-
<b>Closing</b>	<b>1,967</b>	<b>1,670</b>	<b>1,660</b>
<b>Note</b>			
Bank balances ringfenced for loan and share repayments	3,018	2,520	3,028

Source: audited financial statements

**ART Business Loans' Annual Reports, including the summary audited accounts, can be viewed on its website:**

[www.artbusinessloans.co.uk/resources](http://www.artbusinessloans.co.uk/resources)

**Full accounts for the financial years ending 2017 and 2018 can be viewed at:**

[www.artbusinessloans.co.uk/invest-in-art](http://www.artbusinessloans.co.uk/invest-in-art)

Lending reduced in 2017 due to delays in agreement as to the recycling of loan receipts for the CDFI sector

from the Regional Growth Fund (RGF) and, in ART Business Loans' case, there were no other available funds for lending at that time. For more background on RGF and ART Business Loans, see [page 8](#). Since then, RGF recycling has been agreed and is planned to continue until all RGF grant funds have been exhausted. The Birmingham Small Business Loan Fund was established from the financial year ending 2018 and will run until the financial year 2020. This increased our lending for the financial year ending 31<sup>st</sup> March 2018 back up to £2.5m, which was also achieved in the financial year ending 31<sup>st</sup> March 2019.

## Forecast

The forecast below covers the financial year from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

	<b>Year ending 31<sup>st</sup> March</b>
	<b>2020</b>
	<b>(£'000)</b>
<b>Profit and Loss</b>	
Turnover	1,060
Administrative expenses	(968)
Operating profit	92
Cost of finance	(90)
<b>Net profit</b>	<b>(2)</b>
<b>Balance sheet</b>	
Tangible assets	4
Prepayments and other debtors	131
Loan books	6,050
Bank balances (see note below)	4,319
Accruals and other creditors	(2,685)
Bank and other loans	(5,576)
<b>Net assets</b>	<b>2,243</b>
<b>Capital and reserves</b>	
Share capital	1,266
Retained reserves	977
<b>Total equity</b>	<b>2,243</b>
<b>Note</b>	
Bank balances ringfenced for loan and share repayments	3,221

The principal assumptions underlying the forecast are as follows:

## Lending

Lending for the next year is a base level for ART Business Loans and, if more funds are available to us, we have the capacity to deliver more lending.

The lending is from three funds, which are the recycled RGF funds, the Birmingham Small Business Loan Fund and private sector funds invested in ART Business Loans as withdrawable shares. All these sources are to be supplemented with bank loans. The funds raised through this share offer will form part of planned lending from April 2020.

## Bad debts and bad debt cover

The nature of our borrowers provides a high risk of default and irrecoverable debts, which means we take decisive action to mitigate this both through our relationships with borrowers and provision of bad debt cover.

Our experienced lending team provides strong and active account management throughout the life of a loan (e.g. by prompt and active engagement where repayments are more than thirty days overdue or proposing refinance where appropriate).

Bad debt cover is available from several sources as follows:

- For the loans made from investments made in respect of this share offer we plan to use the Enterprise Finance Guarantee Fund (EFG). This provides cover of up to 75% of the guaranteed loan book with a cap of 15% of the loan delivery. We plan to supplement any further shortfall from income earned on the loans. This is set out in the investment illustration below.
- Lending from recycled RGF funds is covered by a grant which provides cover of 100% of the amount written off subject to an annual cap of 30% of loan delivery. Our experience with the RGF programme has proved that this is more than sufficient to cover the incidence of losses from bad debts.

- The Birmingham Small Business Loan Fund has additional cover of up to 15% provided by Birmingham City Council which is equally matched by ART Business Loans from the income generated from the loans.
- For the forecast, an average bad debt rate of 16% has been assumed, which is in line with our bad debt experience over the last five years.

## Turnover

Turnover represents interest and arrangement fees earned on loans made. The average interest rate on our forecast lending through to 31<sup>st</sup> March 2024 is 13.6%. The average arrangement fee is 4.5%. Turnover also includes £150,000, being the amount of guarantee funds utilised for bad debts.

## Administrative expenses

Our principal administrative costs are staff costs and marketing. These are forecast to deliver total lending of £3m in the next year. If more capital becomes available to lend, then costs would increase accordingly. Administrative expenses also include the charge for bad debts net of amounts recovered, but excluding grants utilised.

## Cost of finance

The cost of finance represents interest on bank loans. There is no cost of investment (i.e. interest) payable to the investors under the terms of this share offer.

## Bank balances

Capital loan repayments from borrowers are held in ringfenced bank accounts to repay the associated loans. They cannot be used to make further borrower loans without the specific permission from our bank, UTB. Amounts are also set aside in these bank accounts for share capital redemptions.

## Share capital

We propose to raise additional investment in withdrawable share capital of £500,000 in the next year.

## Investment illustration

The forecast of how a capital investment of £500,000 in ART Business Loans will be available for repayment to investors should they choose to withdraw their investment at the end of the five-year investment period is as follows:

	Year ending 31 <sup>st</sup> March				
	2021 (£'000)	2022 (£'000)	2023 (£'000)	2024 (£'000)	2025 (£'000)
Capital funds brought forward	-	46	143	262	387
Investment received	500	-	-	-	-
Loans made	(500)	-	-	-	-
Loan repayments	40	91	113	119	107
Funds transferred from income	6	6	6	6	6
Investment repaid	-	-	-	-	(500)
<b>Capital funds carried forward</b>	<b>46</b>	<b>143</b>	<b>262</b>	<b>387</b>	<b>-</b>

The principal assumptions underlying this illustration are as follows:

- All the capital will be lent to small businesses and social enterprises in the first year. We anticipate that the portfolio will be approximately 15 term loans, with an average value of approximately £34,000.
- The loan terms will be on average around 54 months, thereby ensuring that there will be sufficient capital realised at the end of five years to repay those of our investors who choose to withdraw their investment at this point.
- The income ART Business Loans earns from the loans is in the form of arrangement fees and interest. This income is used to pay our running costs and to make up any shortfall in the capital due to investors. In the above illustration a shortfall of £30,000 is anticipated and £6,000 per year is transferred to the capital fund from our income earned on the loans.
- Bad debts of 16% before any recoveries or amounts received under EFG are assumed for the portfolio. The loans will either be secured through tangible security in the form of a legal charge over property or where this cannot be provided by the borrower, we will use the Enterprise Finance Guarantee scheme.
- Capital receipts from the loans made will be ringfenced to be available to redeem the shares after the 5 year investment period.

# Risks and benefits

Risks	Comments and mitigations
<p><b>The money you pay for shares is not safeguarded by any depositor protection scheme such as the Financial Services Compensation Scheme (FSCS).</b></p>	<p>ART Business Loans is not an authorised institution under the Financial Services and Markets Act 2000 or deposit protection scheme for investors. The withdrawable shares are a risk investment for the purpose of the relief of poverty through the promotion of enterprise. The issue of shares by ART Business Loans does not constitute an offer to the public under section 85 Financial Services and Markets Act 2000 since it is not an issue of transferable securities nor is it a controlled investment by virtue of paragraph 16(3) of Schedule 1 of the Financial Services and Markets Act 2000 (Financial Promotion) Order.</p> <p>Note that the shares are not tradeable and the full value would not be returned if the risks to income described below were to materialise.</p> <p>ART Business Loans has a strong balance sheet and income from its existing loan book. It has always paid back money invested or lent in accordance with the relevant terms of its facilities and will take any commercially practicable steps to protect the investment made under this share offer.</p>
<p><b>ART Business Loans has bad debts which are greater than forecasted.</b></p>	<p>The Directors will seek to mitigate these risks through prudent management policies in ART Business Loans.</p> <p>ART Business Loans has established loan procedures that will seek to target bad debt write-offs at a figure which will be covered by income generation on the loan book and the Enterprise Finance Guarantee.</p> <p>ART Business Loans also has funds available in its wholly owned subsidiary company (Aston Reinvestment Guarantee Company Limited) to provide some cover in the event of any shortfalls.</p>
<p><b>ART Business Loans does not raise sufficient income or grants to pay for its running costs.</b></p>	<p>ART Business Loans has generated from its loan book sufficient funds to cover all ordinary and anticipated overheads, except bad debts, for a period of over 8 years. Bad debts incurred have either been covered by surplus generated or grants received from public sector support, eg the Regional Growth Fund. If insufficient capital funds were available ART Business Loans' Directors would fully review lending plans and credit policies.</p>
<p><b>ART Business Loans is unable to lend the money raised within 18 months to comply with CITR rules.</b></p>	<p>Demand for loans from businesses unable to meet the lending requirements of the banks is strong across the West Midlands.</p> <p>ART Business Loans has an experienced team who would increase the networking and marketing to small businesses should it appear that the money was not being lent in a timely manner.</p>
<p><b>ART Business Loans ceases to be accredited for Community Investment Tax Relief, reducing the tax relief to an investor.</b></p>	<p>ART Business Loans will seek to ensure that its lending activities from amounts invested through this share offer meet the terms and conditions of accreditation and the tax relief by regularly monitoring compliance against those terms and conditions.</p>

RISKS AND BENEFITS

Benefits	Comments
Financial Return	With interest rates for savers remaining low, Community Investment Tax Relief at 5% per annum spread over a five year period of the total sum invested is an attractive return for UK tax payers – both individuals and corporates.
Enterprise Finance Guarantee Fund	ART Business Loans will use the Enterprise Guarantee Fund scheme, when it deems appropriate, when lending the money raised from investors through this Community Share Offer, thereby reducing risk for investors.
'Social' Investment	This investment can be described as a 'social' investment, because the money invested will be used by a social enterprise (ART Business Loans) to achieve its 'social' purpose, which is to provide access to business finance for underserved groups and businesses operating in geographically disadvantaged areas.
Community Benefit	ART Business Loans is a Community Benefit Society. Your investment will benefit the community in the West Midlands, because ART Business Loans' loans support businesses in this area, which can lead to support for enterprise and jobs, providing opportunities for employment.
Economic Impact	An investment in ART Business Loans is an investment in the local economy, because all of the money invested will be lent to businesses in the West Midlands, enabling them to provide goods and services and safeguard and create jobs.
Corporate Social Responsibility	Corporates may choose to invest in ART Business Loans as part of their Corporate Social Responsibility agenda. Supporting the local economy, of which they and their employees are a part, will benefit everyone who lives and works in the West Midlands.



# How to apply for shares

You can apply to buy shares either by investing online through the Ethex investment platform at [www.ethex.org.uk/ART2020](http://www.ethex.org.uk/ART2020), which is our preferred method; or by completing an application form and returning it by post to Ethex at the address given on the form. The form can be downloaded from ART Business Loans' website at:

🔗 [www.artbusinessloans.co.uk/invest-in-art](http://www.artbusinessloans.co.uk/invest-in-art)

If you cannot apply online or download the form, please call Ethex on:

**01865 403304**

Once you have read this offer document, visit the ART Business Loans pages on the Ethex website at:

🔗 [www.ethex.org.uk/ART2020](http://www.ethex.org.uk/ART2020)

Click 'Invest Now' and you will be asked to create an Ethex account. Once that's done and you have placed your order for investment, you will be sent an email giving you the bank details to arrange a BACS payment, or details of how to pay by cheque.

Money will be held by Ethex in a client account. Once ART Business Loans has accepted you as a member, your money will be drawn down by ART Business Loans and you will be sent a share certificate and CITR certificate.

An application for shares does not guarantee an investment – ultimately the Directors of ART Business Loans will choose who to receive investment(s) from.

## About Ethex

Ethex is the Receiving Agent for ART Business Loans' share offer, which means that investors wishing to make an investment in the offer will do so via Ethex as set out above. Ethex is a not-for-profit positive investment and savings platform that makes it easy to make your money do good. On the platform, you can browse, compare and invest in a range of products from bank accounts and ISAs, to equity investments and charity bonds that offer a social, as well as a financial, return. Since 2013, Ethex has helped raise over £65 million of investment into more than 60 social businesses, charities and community organisations.

Ethex is registered with HMRC for Anti-Money Laundering purposes. This is in order that it can receive money from investors and pass it on to the businesses invested in. All monies received from investors are held in a segregated client account, so that they are separated from Ethex's own funds.

All Ethex Directors have undertaken a 'fit and proper test', as part of the HMRC registration process. Ethex is not required to be authorised by the Financial Conduct Authority in so far as it provides information on or arranges deals in investments. This is because it is an Enterprise Scheme, which is exempt from regulation in arranging financial deals when not for pecuniary gain as specified in the Financial Services and Markets Act 2000 (Exemption) Order 2001, paragraph 40.

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# Appendix A: Essential investment information

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Before investing in ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited ("ART SHARE Limited"), which is trading as ART Business Loans, you should read this section carefully. It sets out the details of becoming a member investor of ART SHARE Limited.

## Legal Information

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This document is issued by ART SHARE Limited, registered number 28537R, a Community Benefit Society under the Co-operative and Community Benefit Societies Act, incorporated on 24<sup>th</sup> March 1997. The rules of ART SHARE Limited and its past audited accounts are available online at:

[www.artbusinessloans.co.uk/invest-in-art](http://www.artbusinessloans.co.uk/invest-in-art)

## Shareholdings

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The minimum investment in ART SHARE Limited through this share offer is £500 and the maximum £100,000 for personal and corporate investors. There is no upper limit for other Co-operative Societies or Community Benefit Societies. Shares are not transferable and can only be withdrawn at the end of the five year period of investment under the rules for Community Investment Tax Relief, and subject to the rules of ART SHARE Limited. Shareholders are members of ART SHARE Limited.

In the event of ART SHARE Limited ceasing to trade, members will be paid up to a maximum of £1 for every £1 share they hold, once all creditors have been paid.

Voting is on a one member one vote basis and is independent of the amount of shares held by each member. Investor members will be kept informed of ART SHARE Limited's activities and development through newsletters and the Annual General Meeting.

If you are considering investing in this share offer you should read the rules of ART SHARE Limited. A copy of which is available on the ART Business Loans website at:

[www.artbusinessloans.co.uk/invest-in-art](http://www.artbusinessloans.co.uk/invest-in-art)

The rules, alongside this share offer document, govern the terms and conditions of the shares issued under this share offer.

## Risk

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The risks the Directors have identified in connection with this share offer are listed on [page 23](#) of this document. The Directors will seek to mitigate these risks through prudent management of ART SHARE Limited and in the manner set out against each identified risk.

If you are in any doubt about the terms of the offer or the risks of an investment in ART SHARE Limited as set out in this document you should consult a professional adviser, e.g. an independent financial adviser, an accountant or a solicitor.

## Appendix B: Frequently asked questions

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### Q Can companies and individuals invest in ART Business Loans?

A Yes, both companies and individuals can invest in ART Business Loans and benefit from Community Investment Tax Relief.

### Q How much can I invest in ART Business Loans?

A With this share offer, as an individual or corporate investor, you can invest a minimum of £500 and a maximum of £100,000. For Co-operative Societies and Community Benefit Societies there is no upper limit.

### Q How long will this share offer be open?

A This share offer will be open until 24<sup>th</sup> March 2020.

### Q If I invest, for how long will my money be tied up?

A To comply with the rules of Community Investment Tax Relief (CITR), your investment in CITR shares carries no right of redemption and must be left in place for five years from the date your investment is accepted by ART Business Loans.

### Q What happens if the Government changes CITR?

A The rules in place at the time of your investment will hold for the first five years of your investment. At the end of that time there may or may not be new rules in place that would apply to future investments.

### Q Will my money be at risk?

A Yes. ART Business Loans is not an authorised institution under the Financial Services and Markets Act 2000 or deposit protection scheme for investors. However, we have plans in place to ensure that we will be in a position to repay any investor that seeks to withdraw their investment at the end of the first five years of their investment.

### Q How will my investment be used?

A All money invested in ART Business Loans through this share offer will be used to provide loans to businesses and social enterprises in the West Midlands.

### Q Can I track the businesses my money has supported?

A No. We will be unable to track exactly what proportion of which investor's money has supported which business/social enterprise. However, we will be able to tell you about the businesses and social enterprises which received funding from the total money raised through this share offer. This will be through our members' newsletter, Annual Report, and on our website and social media platforms.

### Q What return will I get on my investment?

A Your investment will qualify for a financial return, through Community Investment Tax Relief. For details see [page 6](#). You will also get a 'social' return, because your investment will be used to make a positive impact on the economy and communities in the West Midlands. Your money will be lent to businesses and social enterprises in the West Midlands, helping them to survive and grow, to protect and create jobs, and to provide valuable goods and services.

### Q Do I have to become a member of ART Business Loans?

A Yes. ART Business Loans is a Co-operative and Community Benefit Society. Existing investors are already members and all new investors automatically become members.

### Q What is the role of members?

A Members are not obliged to do anything. However, active participation is welcomed. This might be through attending the AGM and other networking events to meet other members, offering feedback on your experiences with ART Business Loans, helping to raise awareness of ART Business Loans and the services we offer by mentioning us to others, or following us on social media and sharing our posts.

**Q Do you need me to provide ID?**

**A** To comply with Money Laundering regulations, Ethex will perform an Anti-Money Laundering check using the details you provide when registering with the platform; checking those details match against publicly available data. If your details cannot be verified against that data, then Ethex may request copies of Proof of Identification (Drivers Licence or Passport) and Proof of Address (recent utility bill).

**Q Can I invest on someone else's behalf?**

**A** No. Tax relief is personal to you. This offer is linked to Community Investment Tax Relief.

**Q Why are you making this share offer through the Ethex platform?**

**A** Ethex is a not-for-profit platform which makes it easy for investors interested in social, ethical and community investments to navigate financial promotions and decide where to invest their money to do good. The process for investment is straightforward. As such it fits with the ethos of ART Business Loans and enables us to reach individuals and companies who might not have come across us previously, but who are interested in supporting us, once they have read up about us.

**Q Do I have to live in the West Midlands to qualify to invest?**

**A** No. ART Business Loans can take investments from any UK Income Tax or Corporation Tax payer.

**Q Why does the share offer close before the end of the tax year?**

**A** Under the rules of CITR, ART Business Loans must have the money from investors cleared into its bank account by the end of the tax year to enable those investors to claim tax relief in that financial year. We are allowing two weeks to ensure that all applications are processed in time.

**Q What happens if the target of £500,000 to be raised is not reached?**

**A** The share offer will still go ahead. We will use whatever funds are raised for loans to businesses and social enterprises.

**Q Is my investment guaranteed when I apply for shares in ART Business Loans?**

**A** No. ART Business Loans' Directors have the right to review all applications and choose who to accept as a member.

**Q When does my investment start?**

**A** The start date for your investment is the date ART Business Loans accepts you as a member. It is not the date on which you pay Ethex. If you are not accepted as a member of ART Business Loans, then your money will be returned by Ethex. It is intended that there will be three drawdowns during the period of the share offer – 30<sup>th</sup> September 2019, 30<sup>th</sup> December 2019 and 30<sup>th</sup> March 2020. Each will represent the date from which an investment in ART Business Loans, which is applied for during the relevant period, will commence.

Ethex and ART Business Loans would be happy to answer any other questions arising from this share offer. Please email:

[✉ help@ethex.org.uk](mailto:help@ethex.org.uk)

or

[✉ ART@artbusinessloans.co.uk](mailto:ART@artbusinessloans.co.uk)

# Application to become a member investor

We would prefer you to apply for shares online at: [www.ethex.org.uk/ART2020](http://www.ethex.org.uk/ART2020)

If you are unable to do that, please complete both sides of this Share Offer Application in black ink and CAPITAL LETTERS and send it, together with a cheque payable to Ethex Investment Club Limited, to the address at the end of this form, or indicate that you would like to make a BACS payment.

## Membership investment

I wish/my organisation wishes to become a member investor of ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited ("ART SHARE Limited"), which trades as ART Business Loans, based on the Terms and Conditions of the Share Offer document and the rules of ART SHARE Limited, and apply for:

<input type="checkbox"/> £100,000	<input type="checkbox"/> £20,000	<input type="checkbox"/> £5,000	<input type="checkbox"/> £500	<input type="checkbox"/> Other £
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of withdrawable shares of £1 each (minimum £500, maximum £100,000 (unless your organisation is a Co-operative and Community Benefit Society in which case there is no maximum) and enclose a cheque payable to Ethex Investment Club Limited, or will make a BACS payment to Ethex, for that amount.

## Money laundering

It is a term of the offer that to ensure compliance with the Money Laundering Regulations 2017 ART SHARE Limited may at its absolute discretion require verification of any person seeking to invest in ART SHARE Limited.

## Name and contact details

Title (if individual) or name of organisation	
Full name of individual investor or authorised signatory of organisation investor	
Name of organisation	
Organisation's registered company/charity/society number	
Address	Post code
Previous address (if less than three years at the above)	Post code
Telephone	
Email	
Date of birth (if individual investor)	/ /
Nationality (if individual investor)	

## Data protection

The data provided by you will be stored within a computerised database. This data will only be used for ART SHARE Limited's purposes and in accordance with the provisions of the Co-operative and Community Benefit Societies Act 2014 and will not be disclosed to a third party, unless required by law. ART SHARE Limited takes data protection seriously and operates a robust internal Data Protection Policy. Details of ART SHARE Limited's GDPR-compliant privacy policy, which explains what it will do with your personal data, can be found at:

[www.artbusinessloans.co.uk/content/uploads/2018/05/ART-privacy-policy-002-1.pdf](http://www.artbusinessloans.co.uk/content/uploads/2018/05/ART-privacy-policy-002-1.pdf)

Ethex's Privacy and Data Protection Policy can be viewed at:

[www.ethex.org.uk/our-privacy-and-data-protection-policy\\_73.html](http://www.ethex.org.uk/our-privacy-and-data-protection-policy_73.html)

# Investment information

Before investing in ART SHARE Limited, which trades as ART Business Loans, you should read this section carefully. It sets out the details of becoming a member investor of ART SHARE Limited.

## Legal information

This Share Offer document is issued by ART SHARE Limited, registered number 28537R, a Community Benefit Society under the Co-operative and Community Benefit Societies Act incorporated on 24<sup>th</sup> March 1997. The rules and past audited accounts are available upon request.

## Shareholdings

The minimum investment in ART SHARE Limited is £500 and the maximum £100,000 (unless the member investor is another Co-operative Society or Community Benefit Society in which case there is no maximum). The shares are withdrawable but not transferable. In the event of ART SHARE Limited ceasing to trade, investor members will be paid up to a maximum of £1 for every £1 share they hold, once all

creditors have been paid. Voting is on a one member one vote basis and is independent of the amount of shares held by each investor. Investor members will be kept informed about ART SHARE Limited's activities and development through newsletters and the Annual General Meeting.

## Risk

ART SHARE Limited is not an authorised institution under the Financial Services and Markets Act 2000 or deposit protection scheme for investors.

**AN INVESTMENT SHOULD BE SEEN AS A SOCIAL INVESTMENT, WHICH IS NOT COVERED BY A FINANCIAL SERVICES COMPENSATION SCHEME. YOUR INVESTMENT IS AT RISK AND PAST PERFORMANCE IS NOT A GUIDE TO FUTURE PERFORMANCE. IF YOU ARE IN DOUBT ABOUT WHETHER THIS IS AN APPROPRIATE INVESTMENT FOR YOU, YOU SHOULD CONSULT A PROFESSIONAL ADVISER (EG INDEPENDENT FINANCIAL ADVISER, ACCOUNTANT OR SOLICITOR).**

## Signature

### I confirm that:

- I have read the Share Offer document and understand and accept the terms of the Share Offer;
- I am not relying on any information or representation in relation to this Offer which is not included in the Share Offer document;
- I am responsible for obtaining any financial and tax advice concerning this Offer which I feel is necessary;
- If signing this Application on behalf of an organisation, I have the explicit authority to do so.

### I understand that:

- When accepted by ART SHARE Limited, this Application forms a contract subject to the law of England and Wales on the Offer Terms of the Share Offer document;
- The payment supporting this Application will be presented upon receipt and I warrant that it will be paid on first presentation;
- My Application will be handled by Ethex who may need to contact me for further information to be able to complete my Application;
- If my Application is successful I will become a Member of ART SHARE Limited and agree to be bound by its Rules;
- Under the rules of Community Investment Tax Relief (CITR) my investment cannot be withdrawn for five years from the date my investment is accepted and I become a member of ART SHARE Limited.

### In addition:

- I authorise Ethex and ART SHARE Limited to make such enquiries as are deemed necessary to confirm the eligibility of my Application;
- I will provide any additional information on request from Ethex or ART SHARE Limited in connection with this Application (including any information to provide satisfactory evidence of my identity);
- I consent to using the email address above as the primary means of communication for official documents from Ethex and ART SHARE Limited.

### PLEASE NOTE THAT BEFORE COMPLETING THIS FORM YOU SHOULD HAVE:

- Read the Share Offer document and the Rules of ART SHARE Limited;
- Considered the Offer Terms and the Risks as set out in the Share Offer document;
- Considered whether you need to take any financial advice in relation to the Offer Terms.

I enclose a cheque, payable to *Ethex Investment Club Limited*

I would like to make a BACS payment, please email the details to me

All applications received will be acknowledged by Ethex.

Signature\*

Date / /

\*If applying on behalf of an organisation, the authorised signatory must sign here

Once completed please send your application to: Ethex, The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE

## Notes

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### Photos

- Front cover; page 3; page 4, right; page 5, left; page 7; page 11; Page 13, top; page 14, top; page 15; page 17 (top), page 18; page 24 (right): © Marc Kirsten – [www.marckirsten.co.uk](http://www.marckirsten.co.uk)
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ART Business Loans  
Faraday Wharf, Holt Street  
Innovation Birmingham Campus  
Birmingham B7 4BB  
0121 359 2444 / art@artbusinessloans.co.uk  
www.artbusinessloans.co.uk

