



Annual Report 2019

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 2019. 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 2019 was unqualified.

Copies of these financial statements, which were approved by the directors on 28th June 2019, can be obtained from ART, Faraday Wharf, Holt St, Innovation Birmingham Campus, Birmingham B7 4BB.

Board of Directors

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

Dr Nick Venning DL (Chairman)	Former Marketing Director, Global Industries at PwC
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	Managing Director, Innovation Birmingham
Darren Hodson (apptd 7/12/18)	Corporate Finance Partner, Smith Cooper LLP
Manjit Kang	Banker & Diversity Ambassador, NatWest Bank
Beverley Nielsen (resigned 22/9/18)	Director & Associate Professor – Institute for Design & Economic Acceleration, Birmingham City University
Professor Monder Ram OBE	Director, Centre for Research in Ethnic Minority Entrepreneurship, Aston University
Dr Steve Walker	Chief Executive, ART Business Loans

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Staff

Dr Steve Walker	Chief Executive
Christine Allen-Lloyd	Operations Officer
Graham Donaldson	Loans Manager
Martin Edmonds	Loans Manager
Rozna Haque	Loans Manager
Yasar Irfat	Finance and Operations Manager

CHAIRMAN'S REPORT

It is absolutely clear that the demand for small business loans in the West Midlands has remained high in 2018/19 and will continue to grow, irrespective of likely political or economic circumstances in the immediate future. Our target for loan delivery in the year of £2.5 million was met and next year we are accordingly targeting an increase in lending to £3.0 million.

However, as with much of the CDFI sector, raising capital to lend continues to present major challenges. The capitalisation horse must come before the lending cart!

Irrespective of the distractions of Brexit many believe that significant responsibility must remain with government, both national and local. During the year we continued to seek additional funding from the public sector and remain committed to holding further discussions in the year ahead when hopefully concentration can be switched from Brexit to local issues.

However, we must be masters of our own destiny and at ART we have sought to broaden our capital base and engage with other sources of finance for on-lending. It is against this background that I am pleased to report that our pioneering Community Share Offer using the ETHEX social investment platform met with considerable success, raising £250k from individual investors across the UK.

The return to investors, in the form of Community Investment Tax Relief (CITR), has proved highly attractive; furthermore, used in combination with the Enterprise Finance Guarantee Scheme, this offers a relatively low risk investment. This share offer will be repeated in the year ahead, closing on 24th March 2020.

Whilst a commercial return must be at the core of our business model and offer to investors, many also believe in our social mission and are attracted by the benefit to the West Midlands economy and local communities that their investment makes possible; some value both. Businesses supported, jobs created /sustained and community impact remain key to what we do.

I remain hugely indebted to my fellow board members and the staff at ART for their dedication and hard work during the year. Our thanks are extended particularly to Beverley Nielsen who stood down from the board during the year and we are delighted to welcome Darren Hodson to the board.

Finally, at the end of the year we were delighted to receive the Small Business Company of the Year Award from national publication Business & Industry Today.

Dr Nick Venning

Chairman

25th July 2019



CHIEF EXECUTIVE'S REPORT

With uncertainty being the major feature of the last year in many areas of life, it is perhaps not surprising that demand for our loan offer, where banks have been unable to fully support their customers' requirements, has been maintained.

With ART concentrating its loan delivery on underserved areas, it has been encouraging to continue to see the wide variety of types of businesses and sectors we are able to help. I have little doubt that this will continue in the years ahead.

Our search for additional capital to lend to fulfil our mission was focused on a Community Share Offer this year. ART raised considerable funds from corporate and private social investors when it started in 1997, offering no financial return. Therefore, I had high hopes that companies and individuals would see the impact of our work and our track record over the years and take the opportunity to reap the benefit of the Community Investment Tax Relief (CITR) which we can now offer. This provides up to 9.1% gross return per annum. Whilst many did, we discovered that we needed to work on raising awareness of the tax relief as well as the share offer. In addition, a major surprise for me was the fact that we were able to raise funds more readily from outside our own area of the West Midlands than within it.

Our grateful thanks are extended to our new shareholders for their support and we are looking forward to building on their confidence in ART in the years ahead. Our knowledgeable and dedicated team of Loans Managers continues to attend many networking events, ensuring that businesses and social enterprises are aware of our existence and how we can help them. Borrowers this year have ranged from a pioneering social enterprise fish and chip shop to supporting well established manufacturers and you can read some of their stories on our website and in our newsletters.

We are a small team, with many long serving members so it is with sadness as well as appreciation for everything they have done over the years to help support and develop ART, that we have said farewell, since the financial year end, to two highly valued members of staff -Andy King and Barbara Seaton. We all would like to wish them both a long and happy retirement.

My thanks go to all the staff for the continued dedication, sound judgment and good humour they bring to their roles.

My sincere thanks are also extended to Nick Venning, ART Chair, and all the members of the voluntary board for their guidance and support during the year.

Dr Steve Walker
Chief Executive
25th July 2019



Summary financial information

Group Statement of Comprehensive Income For the year ended 31 March 2019

	2019 £'000	2018 £'000
Turnover	924	902
Administrative expenses	(889)	(870)
Operating profit	<u>35</u>	<u>32</u>
Interest receivable and similar income	9	3
Interest payable and similar charges	(89)	(59)
Loss for the financial year	<u>(45)</u>	<u>(24)</u>

During the year we charged £369,000 (2018: £414,000) for bad debts, utilised £177,000 (2018: £249,000) of capital grants against bad debts and recovered £84,000 (2018: £101,000) of bad debts previously written off.

Group Balance Sheet As at 31 March 2019

	2019 £'000	2018 £'000
Assets		
Tangible fixed assets	8	12
Debtors	5,183	4,690
Cash at bank	4,283	4,097
	<u>9,466</u>	<u>8,787</u>
Creditors due within one year	(1,435)	(697)
Net current assets	<u>8,031</u>	<u>8,090</u>
Total assets less current liabilities	8,039	8,102
Creditors due after more than one year	(6,073)	(6,431)
Net assets	<u>1,966</u>	<u>1,671</u>
Capital and reserves		
Member share capital	1,003	663
Profit and loss account	963	1,008
	<u>1,966</u>	<u>1,671</u>

ART Business Loans

Thanks to our members and supporters



Supported by the
 Regional Growth Fund



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
Website: www.artbusinessloans.co.uk

Established in 1997, ART Business Loans provides finance to businesses and social enterprises across the West Midlands where full bank support is not available.

- ✓ Up to £150,000
- ✓ In house decision
- ✓ Fast turnaround
- ✓ Any sector / most business purposes
- ✓ Relationship Loan Manager - real people
- ✓ The business must be based in the West Midlands, Staffordshire, Herefordshire, Worcestershire, Shropshire or Warwickshire

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 B74BB

ART



BUSINESS LOANS



Community Share Offer Now Open

**Investments will be eligible for
Community Investment Tax Relief**

See www.ethex.org.uk/ART2020

The investment on offer is shares in ART. The money raised will support enterprise in 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 Community Investment Tax Relief (CITR) of up to 9.1% for the highest rate tax payer.

**See website for details of the share offer
www.artbusinessloans.co.uk/invest-in-art/**

ART Business Loans – Fast, Flexible Finance

Impact on the regional economy years 2013- 2019

