

Registered number: 28537R

**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN  
ENTERPRISE) LIMITED**

**BOARD REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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**SOCIETY INFORMATION**

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<b>Members of the board</b>	Malcolm James Brookes (appointed 17 August 2020) Kirsty Lee Davies Christopher Charles Davis (Deputy Chair) Peter Winston Duguid John Stephen Forrest Dr David Hardman MBE (resigned 25 September 2020) Darren Hodson Manjit Kang Dr Nicholas John Venning (Chair) Dr Steven William Walker
<b>Company secretary</b>	Yasar Irfat
<b>Registered number</b>	28537R
<b>Registered office</b>	Faraday Wharf Holt Street Innovation Birmingham Campus Birmingham B7 4BB
<b>Independent auditor</b>	MHA MacIntyre Hudson Birmingham, United Kingdom

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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## ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED

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### BOARD'S REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The Board present their report and the financial statements for the year ended 31 March 2021.

#### Principal activity

The principal activities of the Society are to provide loans for viable small businesses and social enterprises throughout the West Midlands when the banks are unable to help or have done all they can, with the following aims:

- support local jobs for local people
- promote much needed services in local communities
- promote equal opportunity for access for finance for enterprise
- encourage the take-up of loan finance in the third sector
- promote a culture of social investment

#### Lending activities

During the year loans of £2,573,929 (2020: £3,623,100) were delivered. The loan portfolio at the year end, inclusive of interest receivable and provisions for doubtful or irrecoverable debts, amounted to £5,719,481 (2020: £5,850,656).

#### Members of the board

The Board who served during the year were:

Malcolm James Brookes (appointed 17 August 2020)  
Kirsty Lee Davies  
Christopher Charles Davis (Deputy Chair)  
Peter Winston Duguid  
John Stephen Forrest  
Dr David Hardman MBE (resigned 25 September 2020)  
Darren Hodson  
Manjit Kang  
Dr Nicholas John Venning (Chair)  
Dr Steven William Walker

#### Company Status

The company is a registered community benefit society.

#### Shares

The society issued £116,000 (2020: £29,750) of member capital at par value and redeemed £750 (2020: £23,500) of members share capital at par value in the year.

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## ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED

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### BOARD'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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#### Statement relating to COVID-19

As a consequence of the ongoing COVID-19 pandemic, the Board has conducted a full analysis of the existing portfolio in light of the potential impact of COVID-19 upon our clients and ART's future activity. As the circumstances surrounding the COVID-19 pandemic and its economic effects were in existence as at the Society's year end of 31 March 2021, any subsequent impact on the loan portfolio has been treated as an adjusting event for financial reporting purposes.

The results of this exercise are reflected in the continuing high level of provision against the loan portfolio receivable compared to pre-pandemic provision levels, as is highlighted in note 7 to the financial statements, recognising the unprecedented nature of current economic circumstances.

Having considered the above alongside the Society's budgets and cashflow forecasts, as well as the ongoing availability of funding from the bank, the Board are of the opinion that the continued use of the going concern basis of preparation remains appropriate.

#### Board's responsibilities statement

The Board are responsible for preparing the Board Report and the consolidated financial statements in accordance with applicable law and regulations.

The Co-operative & Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year. Under that law the boards have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under the Act the Board 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 Society and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the Board are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and the Group and to enable them to ensure that the financial statements comply with the Co-operative & Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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**BOARD'S REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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**Auditor**

The auditor, MHA MacIntyre Hudson, will be proposed for reappointment in accordance with section 93 of the The Co-operative and Community Benefit Societies Act 2014.

This report was approved by the Board on

and signed by order.

**Yasar Irfat  
Secretary**

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## **ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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#### **Opinion**

We have audited the financial statements of ART Share (Social Help Association for Reinvesting in Enterprise) Limited (the 'parent Society') and its subsidiaries (the 'Group') for the year ended 31 March 2021, which comprise the Group Statement of comprehensive income, the Group and Society Balance sheets, the Group and Society Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Society's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of The Co-operative and Community Benefit Societies Act 2014.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Boards' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

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## ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED (CONTINUED)

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#### Other information

The Board is responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

#### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Boards' report.

We have nothing to report in respect of the following matters in relation to which The Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Society; or
- the parent Society financial statements are not in agreement with the books of account; or
- a satisfactory system of control over transactions has not been maintained; or
- we have not received all the information and explanations we require for our audit.

#### Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 2, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Board is responsible for assessing the Group's and the parent Society'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 Board either intend to liquidate the Group or the parent Society or to cease operations, or have no realistic alternative but to do so.

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## ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED (CONTINUED)

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#### Auditor's 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 Auditor's 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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Review of minutes of Board meetings;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

#### Use of our report

This report is made solely to the Society's members in accordance with Section 87 of The Co-operative and Community Benefit Societies Act 2014.. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members for our audit work, for this report, or for the opinions we have formed.

Helen Blundell LLB FCA FCIE DChA (Senior statutory auditor)  
for and on behalf of  
**MHA MacIntyre Hudson, Statutory Auditor**  
Birmingham, United Kingdom  
Date:

MHA MacIntyre Hudson are eligible to act as auditors in terms of Section 1212 of the Companies Act 2006.

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ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021

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	2021 £	2020 £
Turnover	1,102,114	1,244,092
Administrative expenses	(628,915)	(1,346,356)
<b>Operating profit/(loss)</b>	<b>473,199</b>	<b>(102,264)</b>
Interest receivable and similar income	1,688	11,750
Interest payable and similar expenses	(92,735)	(86,845)
<b>Profit/(loss) before taxation</b>	<b>382,152</b>	<b>(177,359)</b>
Tax on profit/(loss)	-	-
<b>Profit/(loss) for the financial year</b>	<b>382,152</b>	<b>(177,359)</b>
<b>Profit/(loss) for the year attributable to:</b>		
Members of the parent society	<b>382,152</b>	<b>(177,359)</b>

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 19 form part of these financial statements.

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**  
**REGISTERED NUMBER: 28537R**

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**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2021**

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	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	6	1,315	4,835
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	7	4,311,607	4,684,435
Debtors: amounts falling due within one year	7	1,725,275	1,392,042
Cash at bank and in hand	8	6,322,568	4,323,779
		<u>12,359,450</u>	<u>10,400,256</u>
Creditors: amounts falling due within one year	9	(2,176,412)	(1,091,444)
<b>Net current assets</b>		<u>10,183,038</u>	<u>9,308,812</u>
<b>Total assets less current liabilities</b>		<u>10,184,353</u>	<u>9,313,647</u>
Creditors: amounts falling due after more than one year	10	(7,902,877)	(7,519,573)
<b>Net assets</b>		<u><u>2,281,476</u></u>	<u><u>1,794,074</u></u>
<b>Capital and reserves</b>			
Called up share capital		1,114,000	1,008,750
Profit and loss account		1,167,476	785,324
		<u><u>2,281,476</u></u>	<u><u>1,794,074</u></u>

The financial statements have been prepared in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on

**Dr Nicholas John Venning (Chair)**  
**Board**

**Dr Steven William Walker**  
**Board**

The notes on pages 12 to 19 form part of these financial statements.

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**  
**REGISTERED NUMBER: 28537R**

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**SOCIETY BALANCE SHEET**  
**AS AT 31 MARCH 2021**

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	Note	2021 £	2020 £
<b>Fixed assets</b>			
Tangible assets	6	1,315	4,835
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	7	4,311,607	4,684,435
Debtors: amounts falling due within one year	7	1,725,275	1,392,042
Cash at bank and in hand	8	6,300,753	4,101,964
		<u>12,337,635</u>	<u>10,178,441</u>
Creditors: amounts falling due within one year	9	(2,386,732)	(1,101,764)
<b>Net current assets</b>		<u>9,950,903</u>	<u>9,076,677</u>
<b>Total assets less current liabilities</b>		<u>9,952,218</u>	<u>9,081,512</u>
Creditors: amounts falling due after more than one year	10	(7,902,877)	(7,519,573)
<b>Net assets</b>		<u><u>2,049,341</u></u>	<u><u>1,561,939</u></u>
<b>Capital and reserves</b>			
Called up share capital		1,114,000	1,008,750
Profit and loss account brought forward		553,189	730,548
Profit/(loss) for the year		382,152	(177,359)
Profit and loss account carried forward		<u>935,341</u>	<u>553,189</u>
		<u><u>2,049,341</u></u>	<u><u>1,561,939</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on

**Dr Nicholas John Venning (Chair)**  
**Board**

**Dr Steven William Walker**  
**Board**

The notes on pages 12 to 19 form part of these financial statements.

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

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	Called up share capital £	Profit and loss account £	Equity attributable to members of parent Society £	Total equity £
<b>At 1 April 2019</b>	<b>1,003,750</b>	<b>962,683</b>	<b>1,966,433</b>	<b>1,966,433</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	(177,359)	(177,359)	(177,359)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(177,359)</b>	<b>(177,359)</b>	<b>(177,359)</b>
Shares issued during the year	29,750	-	29,750	29,750
Shares redeemed during the year	(23,500)	-	(23,500)	(23,500)
Shares cancelled during the year	(1,250)	-	(1,250)	(1,250)
<b>Total transactions with owners</b>	<b>5,000</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>
<b>At 1 April 2020</b>	<b>1,008,750</b>	<b>785,324</b>	<b>1,794,074</b>	<b>1,794,074</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	382,152	382,152	382,152
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>382,152</b>	<b>382,152</b>	<b>382,152</b>
Shares issued during the year	116,000	-	116,000	116,000
Shares redeemed during the year	(750)	-	(750)	(750)
Shares cancelled during the year	(10,000)	-	(10,000)	(10,000)
<b>Total transactions with owners</b>	<b>105,250</b>	<b>-</b>	<b>105,250</b>	<b>105,250</b>
<b>At 31 March 2021</b>	<b>1,114,000</b>	<b>1,167,476</b>	<b>2,281,476</b>	<b>2,281,476</b>

The notes on pages 12 to 19 form part of these financial statements.

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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**SOCIETY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

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	Called up share capital £	Profit and loss account £	Total equity £
<b>At 1 April 2019</b>	<b>1,003,750</b>	<b>730,548</b>	<b>1,734,298</b>
Loss for the year	-	(177,359)	(177,359)
Shares issued during the year	29,750	-	29,750
Shares redeemed during the year	(23,500)	-	(23,500)
Shares cancelled during the year	(1,250)	-	(1,250)
<b>At 1 April 2020</b>	<b>1,008,750</b>	<b>553,189</b>	<b>1,561,939</b>
Profit for the year	-	382,152	382,152
Shares issued during the year	116,000	-	116,000
Shares redeemed during the year	(750)	-	(750)
Shares cancelled during the year	(10,000)	-	(10,000)
<b>At 31 March 2021</b>	<b>1,114,000</b>	<b>935,341</b>	<b>2,049,341</b>

The notes on pages 12 to 19 form part of these financial statements.

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## ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 1. General information

ART SHARE (Social Help Association For Reinvesting In Enterprise) Limited ("the Society") is a Community Benefit Society (Society No: 28537R) incorporated in England and Wales. The registered office is Faraday Wharf, Holt Street, Innovation Birmingham Campus, Birmingham, B7 4BB.

The Society is a Public Benefit Entity ("PBE") as defined by FRS 102.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Co-operative and Community Benefit Societies Act 2014..

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The accounts have been prepared in GBP and are rounded to the nearest pound.

The following principal accounting policies have been applied:

##### 2.2 Basis of consolidation

The consolidated financial statements present the results of the Society and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 April 2015.

The Society has taken advantage of the exemption contained within section 98 of the Co-operative and Community Benefit Societies Act 2014 not to present its own profit and loss account.

The profit for the year dealt with in the accounts of the Society was £382,152 (2020: loss of £177,359).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.3 Going concern**

The financial statements have been prepared on a going concern basis. The Board have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown has had a significant impact on the Society's operations, namely in increasing the amount of doubtful or irrecoverable debt within the borrower loan portfolio.

In response to the COVID-19 pandemic, the Board have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of loan defaults arising from the impact of COVID-19, and have increased the provision for such debts according to their best estimate of recoverability of these debts. This analysis also considers the effectiveness of available measures to assist in mitigating the impact.

Based on these assessments and having regard to the resources available to the entity, the Board have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the Board report and financial statements.

**2.4 Turnover**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax and other sales taxes.

Turnover comprises revenue recognised by the Group in respect of lending services during the year, being arrangement fees and consultancy, utilisation of capital grants and loan interest receivable.

Loan interest and arrangement fees are recognised and accrued over the life of the loan to which they relate. Capital grants are recognised as set out in note 2.14.

**2.5 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% per annum
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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**2. Accounting policies (continued)**

**2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.7 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.8 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

**2.9 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.10 Finance costs**

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**2.11 Operating leases: the Group as lessee**

Rentals paid under operating leases are charged to the Consolidated statement of comprehensive income on a straight line basis over the lease term.

**2.12 Bank Interest income**

Bank interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

**2.13 Borrowing costs**

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.14 Grants**

Grants received from Governmental agencies for revenue purposes are accounted for using the accruals model, recognising income on a systematic basis over the periods in which the entity recognises the related cost for which the grant is intended to compensate.

Capital grants relating to assets (including the loans advanced by the society) received from Governmental agencies are recognised as deferred income until such time as there is either no longer an obligation to use to fund assets or until the criteria is met for the grant to be applied as revenue.

**2.15 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered

**3. Judgments in applying accounting policies and key sources of estimation uncertainty**

The Society considers the following to be key areas of judgement or sources of estimation uncertainty that impact on the financial statements:

**Provision for doubtful and irrecoverable debts**

The Board reviews the Society's loan portfolio regularly, including at year-end, for indications that the loan book is impaired due to the existence of doubtful or irrecoverable debts. The Board specifically consider the recoverability of loans in arrears, and determine whether a provision or write off is required on the basis of factors including aging of amounts in arrears, the circumstances of the borrower, and any security held against that debt. The Board have based their assessment of doubtful or irrecoverable debts upon their ongoing knowledge of the impact of COVID-19 and the ensuing economic shutdown upon borrowers.

**4. Auditor's remuneration**

Fees payable to the Group's auditor for the audit of the Group's annual financial statements totalled £ (2020 - ).

**5. Employees**

The average monthly number of employees, excluding directors, during the year was 6 (2020 - 6).

The average number of directors totalled 9 (2020: 9). One of the directors was also an employee (2020: one). One director (2020: one) received remuneration during the year.

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ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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6. Tangible fixed assets

Group and Society

	Fixtures and fittings £
<b>Cost</b>	
At 1 April 2020	23,637
Additions	972
At 31 March 2021	<u>24,609</u>
<b>Depreciation</b>	
At 1 April 2020	18,802
Charge for the year on owned assets	4,492
At 31 March 2021	<u>23,294</u>
<b>Net book value</b>	
At 31 March 2021	<u>1,315</u>
At 31 March 2020	<u>4,835</u>

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**7. Debtors**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Society 2021 £</b>	<b>Society 2020 £</b>
<b>Due after more than one year</b>				
Trade debtors	<b>4,311,607</b>	4,684,435	<b>4,311,607</b>	4,684,435
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Society 2021 £</b>	<b>Society 2020 £</b>
<b>Due within one year</b>				
Trade debtors	<b>1,407,874</b>	1,166,221	<b>1,407,874</b>	1,166,221
Other debtors	<b>290,769</b>	212,391	<b>290,769</b>	212,391
Prepayments	<b>26,632</b>	13,430	<b>26,632</b>	13,430
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>1,725,275</b>	1,392,042	<b>1,725,275</b>	1,392,042

The Society's borrower loan portfolio totalled £6,443,680 (2020: £6,784,062) at the balance sheet date, against which there was included additional interest receivable of £31,769 (2020: £45,974) and a provision for doubtful or irrecoverable debts of £755,968 (2020: £979,380).

Bad debts written off in the year totalled £418,672 (2020: £292,894), whilst income associated with the decrease in provision in the year totalled £223,412 (2020: £549,380 costs). These amounts have been recognised within administrative expenses in the Consolidated statement of comprehensive income.

Capital grants utilised in the year totalled £222,581 (2020: £442,832), being grant amounts released from within accruals and deferred income to offset the impact of write offs or provisions relating to loans made from the Society's Regional Growth Fund loan facilities. This amount has been recognised within turnover in the Consolidated statement of comprehensive income. The net impact of bad debt write offs and provisions on profit or loss in the year was therefore income of £27,321 (2020: cost of £399,442).

**8. Cash and cash equivalents**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Society 2021 £</b>	<b>Society 2020 £</b>
Cash at bank and in hand	<b>6,322,568</b>	4,323,779	<b>6,300,753</b>	4,101,964
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

A covenant is in place between the Society and Unity Trust Bank. As part of that covenant the bank retains control over specific bank accounts which collect capital loan repayments from borrowers. As at 31 March 2021 the balance on these bank accounts totalled £4,163,690 (2020: £2,971,285).

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**9. Creditors: Amounts falling due within one year**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Society 2021 £</b>	<b>Society 2020 £</b>
Bank loans	<b>1,706,250</b>	747,500	<b>1,706,250</b>	747,500
Amounts owed to group undertakings	-	-	<b>210,320</b>	10,320
Other taxation and social security	<b>9,334</b>	8,181	<b>9,334</b>	8,181
Other creditors	<b>33,670</b>	-	<b>33,670</b>	-
Accruals and deferred income	<b>427,158</b>	335,763	<b>427,158</b>	335,763
	<b>2,176,412</b>	1,091,444	<b>2,386,732</b>	1,101,764

The bank loans are secured by a fixed and floating charge over the assets of the Society.

**10. Creditors: Amounts falling due after more than one year**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>	<b>Society 2021 £</b>	<b>Society 2020 £</b>
Bank loans	<b>5,647,500</b>	4,873,750	<b>5,647,500</b>	4,873,750
Other loans	<b>580,000</b>	580,000	<b>580,000</b>	580,000
Accruals and deferred income	<b>1,675,377</b>	2,065,823	<b>1,675,377</b>	2,065,823
	<b>7,902,877</b>	7,519,573	<b>7,902,877</b>	7,519,573

The bank loans are secured by a fixed and floating charge over the assets of the Society.

Included within accruals and deferred income within and after one year are government grants of £1,822,120 (2020: £2,044,702) for underwriting future bad debts in accordance with the funding agreements.

**11. Pension commitments**

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £10,098 (2020: £11,661). Contributions totalling £Nil (2020: £Nil) were payable to the fund at the Balance sheet date and are included in creditors.

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**ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**12. Commitments under operating leases**

At 31 March 2021 the Group and the Society had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	<b>Group 2021 £</b>	Group 2020 £	<b>Society 2021 £</b>	Society 2020 £
Not later than 1 year	<b>22,515</b>	390	<b>22,515</b>	390
Later than 1 year and not later than 5 years	<b>22,281</b>	195	<b>22,281</b>	195
	<b>44,796</b>	585	<b>44,796</b>	585

**13. Subsidiary undertakings**

The Society is the sole member of Aston Reinvestment Guarantee Company Limited and ART Development Services Limited, which are both companies limited by guarantee. The registered office of each subsidiary is Faraday Wharf, Holt Street, Innovation Birmingham Campus, Birmingham, B7 4BB. In each case the Society is committed to pay up to £10 upon a winding up of the company.