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ART



BUSINESS LOANS

2021

Annual Report 2021

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 31st March 2021. 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 31st March 2021 was unqualified.

Copies of these financial statements, which were approved by the directors on 25th June 2021, 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
Malcolm Brookes (appointed 17/8/20)	Interim Chair, Al Rayan Bank
Christopher Davis (Deputy Chair)	Retired Area Regional Credit Director, Barclays Bank
Kirsty Davies-Chinnock	MD of Professional Polishing Services Ltd
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 (resigned 25/9/20)	Managing Director, Innovation Birmingham
Darren Hodson	Corporate Finance Partner, Smith Cooper LLP
Manjit Kang	Banker & Diversity Ambassador, NatWest Bank
Dr Steve Walker	Chief Executive and Director, ART Business Loans

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Staff

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



CHAIRMAN'S REPORT

As ART enters its 25th year the need for its model of finance - supporting small businesses with viable propositions but unable to access appropriate finance from the banks - is greater than ever. Whilst the last year has, as a consequence of the COVID-19 pandemic, had some very specific challenges, the key to the long-term growth of ART remains finding additional capital to lend and the continuance of government-backed guarantee schemes that are absolutely essential in our markets. The advent of the new Recovery Loan Scheme is welcomed and encouraging.

National efforts, through our trade association Responsible Finance, have been increased to seek further capital for the sector, particularly in the light of the wider impacts achieved. These include our targeting of underserved communities and should, post COVID, be high priority within the levelling up agenda.

In addition, ART continues to seek funds locally from the public sector - albeit with only very modest success. We also continue to offer shares with the benefit of Community Investment Tax Relief and have been delighted that a number of existing investor/shareholders were happy to invest further funds during the year. These funds are invaluable as they demonstrate public confidence in ART and can enable us to leverage our bank borrowings.

As set out in our Audited Accounts, a full copy of which can be accessed via our website, having reviewed the whole portfolio, in 2019/20 we raised specific provisions against anticipated bad debts resulting from the pandemic; this resulted in an overall loss reported for that year. However, I am pleased to report that the level of bad debts incurred was in the event much lower than anticipated. ART also traded strongly during the last year and we achieved significant overhead savings. This has resulted in a very healthy, and indeed record, final net profit. Nonetheless, your Board remains cautious and we still retain a prudent level of specific provisions as we await a return to normality in the months ahead.

I am again hugely indebted to my fellow Board members. Our thanks are extended to David Hardman, who retired from ART during the year, and a warm welcome is extended to Malcolm Brookes, who joined us.

Finally, but particularly, I would like to extend my congratulations and thanks to our staff at ART, who have shown great character, flexibility and resilience during these difficult times.

Dr Nick Venning
Chairman
August 2021



CHIEF EXECUTIVE'S REPORT

Since the introduction of COVID-19 support measures, we have successfully delivered over £3million in loans following accreditation by British Business Bank under the CBILS scheme. With substantial support from our bankers, Unity Trust, we have been able to meet demand from both existing and new clients.

However, our usual target market was distorted with the introduction of the Bounce Back Loans Scheme, where highly advantageous rates on loans of up to £50,000 were made mainly by the banks with a 100% Government guarantee. Our minimum loan under CBILS was £50,001.

Not all of our customers required loan support and we were able to be flexible and provide capital and repayment holidays during the most challenging periods last year. Our customer base is very well spread, sector wise, which has proved to be very important, while our wide network of introducers has been invaluable.

Some businesses have prospered in the pandemic while others have obviously struggled. A number of clients also took the opportunity to repay our loans from Bounce Back facilities, which was allowed.

As we move forward in 2021 we have received accreditation to provide the new Government-supported Recovery Loan Scheme. Initial demand for our level of loan requirement appears to be increasing as the major banks' appetite has reduced. Our major challenge ahead therefore remains the pursuit of additional capital, as once again this scheme provides a guarantee but requires us to lend our own money.

With uncertainty around the pandemic remaining, my sincere thanks are extended to the experienced staff team who have adapted well to all the changed working circumstances and practices. We have all kept safe and healthy and will continue to review together the most suitable ways to work and support our clients and connections. Zoom will, we suspect, be a tool we continue to use for many years but the return to face to face discussion, networking and learning will be welcome in the months ahead.

I also wish to thank Nick Venning, ART Chair, and all members of the Board for their support and guidance during what has at times been a highly challenging period.

Dr Steve Walker
Chief Executive
August 2021



Summary financial information

Group Statement of Comprehensive Income For the year ended 31 March 2021

	2021 £'000	2020 £'000
Turnover	1,102	1,244
Administrative expenses	(629)	(1,346)
Operating profit	<u>473</u>	<u>(102)</u>
Interest receivable and similar income	2	12
Interest payable and similar charges	(93)	(87)
Profit/Loss for the financial year	<u>382</u>	<u>(177)</u>

Group Balance Sheet As at 31 March 2021

	2021 £'000	2020 £'000
Assets		
Tangible fixed assets	1	5
Debtors	6,037	6,076
Cash at bank	6,322	4,324
	<u>12,359</u>	<u>10,400</u>
Creditors due within one year	(2,176)	(1,091)
Net current assets	<u>10,183</u>	<u>9,309</u>
Total assets less current liabilities	10,184	9,314
Creditors due after more than one year	(7,903)	(7,520)
Net assets	<u>2,281</u>	<u>1,794</u>
Capital and reserves		
Member share capital	1,114	1,009
Profit and loss account	1,167	785
	<u>2,281</u>	<u>1,794</u>

You can view our full Audited Accounts on line at www.artbusinessloans.co.uk/resources/

ART INVESTMENT

ART raises money to lend from a variety of sources, including investment from individuals and organisations which qualify for Community Investment Tax Relief (CITR). CITR provides 5% of the amount invested off an individual's or company's tax bill each year for five years - **the equivalent of over 9.1% gross to the highest tax payers.**

Jamie Broderick, Director of the Impact Investing Institute in the UK, has likened this tax relief to the US New Markets initiative which raises billions to support small businesses in the US. He has also graphically explained recently that it's one of the best kept secrets in the impact investment world.

Only CDFIs like ART are able to provide this incentive and although over £10 million has been provided to ART over the years using the tax relief, there is potential to do more. ART is able to consider investments of between £5,000 and £10,000 for shares and larger amounts up to £2million by loan after negotiation.

Details of the investment opportunity, to both gain a financial return and achieve real local impact, are available on **our website: [www.artbusinessloans.co.uk/invest-in ART/](http://www.artbusinessloans.co.uk/invest-in-ART/)**

If you would like to discuss the investment opportunity, ART's Chief Executive, Dr Steve Walker, would be happy to provide more detailed information. **Email steve.walker@artbusinessloans.co.uk.**

ART BORROWERS

Case Studies of a selection of our borrowers can be found on our website: www.artbusinessloans.co.uk/casestudies/

ART LENDING

ART's mission is to support access to appropriate finance for businesses with viable propositions which do not, for a variety of reasons, meet the lending criteria for other providers.

As we learn to live with, or move beyond COVID-19, ART is ready and waiting to provide small loans of between £10,000 and £150,000 to assist businesses to survive, recover and grow, and in the process create or preserve jobs.

Over the years ART has lent to a wide range of businesses and sectors. The ART lending team has many years of experience and takes a personal approach, working alongside prospective borrowers and their professional advisors. If, for any reason, we are not able to help then every effort is made to signpost to other appropriate sources of finance.

For further information, or to apply to a loan, go to our website: www.artbusinessloans.co.uk/apply-for-a-loan/



Impact on the regional economy years 2013- 2021



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**

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Innovation Birmingham Campus
Birmingham B7 4BB

E Mail: art@artbusinessloans.co.uk

Website: www.artbusinessloans.co.uk

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 – Fast, Flexible Finance