



# Annual Report 2023

## 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 2023. 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 2023 was unqualified.

Copies of these financial statements, which were approved by the directors on 30th June 2023, 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:

**Malcolm James Brookes**

Interim Chair, Al Rayan Bank

**Kirsty Lee Davies**

MD of Professional Polishing Services Ltd

**Christopher Charles Davis (Deputy Chair)**

Retired Area Regional Credit Director, Barclays Bank

**Jonathan Peter Addis)**

Private Equity Adviser & CFO. Formerly Group CFO at UK Power Reserve.

**Darren Hodson**

Corporate Finance Partner, Smith Cooper LLP

**Dr Nicholas John Venning (Chair)**

Former Marketing Director, Global Industries at PwC

**Dr Steven William Walker**

Chief Executive and Director, ART Business Loans

**Rebekah Eden**

Deputy Director for Analysis at the Department for Business Energy and Industrial Strategy

**Susan Margaret Farmer**

HR Director at BNP Paribas

**Thomas Horton**

Investment Director and Senior Debt Advisor Heligan Group



## Staff

**Dr Steve Walker**

Chief Executive

**Yasar Irfat**

Finance and Operations Manager

**Martin Edmonds**

Loans Manager

**Graham Donaldson**

Loans Manager

**Rozna Haque**

Loans Manager

**Sudip Sangha**

Finance and Operations Officer

## CHAIRMAN'S REPORT

The past year has proved to be more challenging and volatile than had been anticipated. In many respects, the year can be characterised as "A Tale of Two Issues".

Firstly, I am delighted to report that we have received substantial support from Block Inc with their first social impact investment outside the United States. The deal, completed in the final quarter of 2022/23, is also supported by matching funds from our bankers Unity Trust Bank. Once again, following our innovative Share Offers and CITR schemes of recent years, ART is in the vanguard of CDFI finance.

As a result of these initiatives, our funding position / funds available to lend in 2023/24 is at its strongest point in our history.

However, at the same time, we have seen a marked slowing on the demand side compounded by significant delays in the accreditation for the new iteration of the British Business Bank Recovery Loan Scheme Guarantee (upon which our model relies). These factors have resulted in lower than budgeted lending and, consequently, lower profitability. In addition, profitability has been impacted by residual Covid-19 factors, particularly the relatively high levels of bad debt experienced under the Coronavirus Business Interruption Loan Scheme.

A tale of strong supply and funding against weaker demand and difficult trading circumstances.

Summary Accounts can be found within this Annual Report and full Audited Accounts accessed via our website.

As I have highlighted in my last two reports, the key to the long-term sustainability and growth of ART remains finding additional capital to lend, the continuance of guarantee schemes and of course demand for finance beyond traditional banking sources. With strong funding and guarantee schemes re-established, our main objective for 2023/24 is to reinvigorate activity from our introducer base and accelerate deployment of our capital in our target market, providing opportunities to businesses in underserved areas and communities that have been unable to be fully funded by the banks. This is our Mission.

I would like to extend my thanks to the Board for their support and advice during these challenging times and also to all our staff at ART who have continued to show great character, flexibility and resilience throughout the year.

**Dr Nick Venning DL**  
Chairman  
August 2023



## CHIEF EXECUTIVE'S REPORT

A frustrating year, which is not unusual in the world of small business and entrepreneurialism, with many ups and downs.

On the up- side, our big success story was the finalisation of the new funding from Block Inc in partnership with Unity. This is the largest single private sector deal in ART's history making £4m (Block £2m, matched with additional £2m facility from Unity) available for lending. ART is now strongly placed to increase loan delivery in 2023/4.

Our main frustration in 2022/23 stemmed from the delays experienced in achieving the Recovery Loan Scheme (Phase 3) accreditation. As a result, we were unable to promote our offer to small businesses and social enterprises for a period of some six months of the year; a period during which we would have expected to deliver an additional £1.5m in loans. This delay also of course impacted upon our trading performance in the year.

In addition, a number of other economic and business factors have served to depress market demand for loans. Many small businesses are cautious and continue to be reluctant to borrow to grow. Or they may have already borrowed heavily using one of the highly preferential Covid-related loan schemes (Coronavirus Business Interruption Loan Scheme or Bounce Back Loans) and have sufficient funds for immediate needs. There has also been a trend during the difficult times towards businesses taking relatively costly short-term loans with alternative lenders; we expect these to decline going forward as businesses refinance under more advantageous terms.

We continue to see a wide range of sectors approaching ART for support with average loan size higher than before Covid-19 pandemic. Our average deal size is now £65,000 and loan applications in excess of £100,000 are not uncommon. The increase in average deal size has implications for our risk. We have consequently introduced more stringent risk assessment and continue to seek joint deals with other lenders where this is appropriate.

Our net bad debt position is significantly higher than last year but in line with our expectations at the start of the year. This is a result of not only the challenging economic environment but also, in the absence of personal guarantees precluded from CBILS and RLS initially, the market has seen many business owners simply walk away from businesses that were struggling, leaving debts behind.

2022/23 has been a tough year and this is reported as the loss shown in our Annual Report & Accounts. Our balance sheet remains strong.

With funding now in place and continuation of Government-supported guarantee schemes, we are very well placed as we move into 2023/24. Our strategy for the year ahead will focus on enhanced marketing and efforts to increase our loan applications pipeline in those underserved markets where mainstream banks continue to be reluctant to lend. As we stand today, I expect a 2023/24 loans outturn of £3.0-3.25m. This will enable us to build our loan book, increase interest receipts and rebuild profitability.

My sincere thanks are extended to the experienced staff team who have during a difficult year continued to face head on all new challenges.

Lastly, I also wish to thank Nick Venning, ART Chairman, and all members of the Board for their support and guidance during the last 12 months.

**Dr Steve Walker**  
Chief Executive  
August 2022



## Summary financial information

### Group Statement of Comprehensive Income For the year ended 31 March 2023

	2023	2022 (as Restated)
	£'000	£'000
Turnover	999	848
Administrative expenses*	(1,023)	(518)
Operating profit	(24)	330
Interest receivable and similar income	26	3
Interest payable and similar charges	(198)	(120)
(Loss)/Profit before taxation	(196)	213
Tax on (loss)/profit	21	(21)
(Loss)/Profit for the financial year	(175)	192

\*The principal reason for the increase in administrative expenses from 2022 to 2023 is because of a movement in provision for doubtful debts & other provisions, £245k in 2023 v (£210k) in 2022. A movement of £455k.

### Group Balance Sheet As at 31 March 2023

	2023	2022 (as Restated)
	£'000	£'000
<b>Assets</b>		
Tangible fixed assets	3	4
Debtors	5,779	6,608
Cash at bank	4,375	6,053
	10,154	12,661
Creditors due within one year	(1,422)	(2,226)
Net current assets	8,732	10,435
Total assets less current liabilities	8,735	10,439
Creditors due after more than one year	(6,522)	(8,145)
<b>Net assets</b>	<b>2,213</b>	<b>2,294</b>
<b>Capital and reserves</b>		
Member share capital	1,283	1,190
Profit and loss account	930	1,104
	2,213	2,294

You can view our full Audited Accounts on line at [www.artbusinessloans.co.uk/resources/](http://www.artbusinessloans.co.uk/resources/) or from our website [www.artbusinessloans.co.uk/resources](http://www.artbusinessloans.co.uk/resources)

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## AREAS WE COVER

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Warwickshire | West Midlands | Staffordshire | Derbyshire |  
Northamptonshire | Leicestershire | Oxfordshire | Gloucestershire

- SUPPORTING BUSINESSES SINCE 1997
- BUSINESS LOANS FROM £10K - £150K
- EXPERIENCED RELATIONSHIP MANAGERS
- MEETING FUNDING NEEDS OF BUSINESSES

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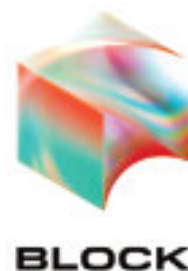
# Impact on the regional economy years 2013- 2023



"It was really hard to get funding. ART was really great, straightforward, supportive, and it just seems that they believe in my vision,"  
**Vicky Lawton, Co-Founder, IAmYogi**

Our bankers Unity Trust Bank are an award winning ethical bank who help us make a difference to SMEs across the region. Our latest collaboration with Unity saw a first for the UK with a partnership social impact investment from US corporate, Block.

To see how our lending creates positive impact in local communities, visit this link:  
<https://artbusinessloans.co.uk/smes-across-the-midlands-to-benefit-from-the-latest-investment-in-art-from-block-and-unity-trust-bank/>



# 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](mailto:art@artbusinessloans.co.uk)

Website: [www.artbusinessloans.co.uk](http://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**