



FINANCE FOR ENTERPRISE
Birmingham Area

ANNUAL REPORT | 2010

ART - Finance for Enterprise in Birmingham and Solihull

Board of Directors

The Directors during the year under review were:

Lowry Maclean	Chairman of ART & Wesleyan Assurance Society
Prof John R. Bryson	Professor of Enterprise and Economic Geography, University of Birmingham
Ian Clegg	Retired Regional Director, NatWest
Philipa Holland OBE	Retired Director of Local Government Practice, Government Office for the West Midlands
Peter Kelly	Head of Financial Inclusion, Barclays
Ray Lowe	Retired Director of Wesleyan Financial Services
Duncan Murray	Solicitor
Jeremy Wagg	Senior Manager, Allied Irish Bank
Sir Adrian Cadbury	Honorary President Appointed Hon President on retirement as Chairman in September 2004

Our Mission

To provide loans for viable small businesses and social enterprises throughout Birmingham and Solihull when the banks are unable to help or have done all they can.

Staff

Steve Walker	Chief Executive
Martin Edmonds	Loans Manager
Andy King	Loans Manager
Stuart Egginton	Operations Manager
Christine Smith	Administrative Officer



CHAIRMAN'S REPORT

The last few years have provided substantial evidence of the need for bodies like ART to play their part in supporting access to finance for enterprise. As changes in our society and economy unfurl, it is all too clear that the banking sector will be unable to meet the demand for finance for small businesses, especially in the micro business sector out of which we hope eventually that many larger businesses and increased employment will emerge.

We were all particularly encouraged during a challenging year that the GHK consultant's evaluation of the sector, which included a case study of ART, provided a positive recommendation to the public sector that the policy of support should continue.

Many of our borrowers, some indeed who have now repaid their loans, would echo this recommendation, as an ART loan has helped to progress their plans for a start up enterprise or growth, where others have been unable to fund them fully.

At ART we recognise that we will need to continue to justify the support of our stakeholders and shareholders. The executive will, with the help of the board, continue to examine ways in which the impact of our loan support for our client base can be measured in order to demonstrate how we further exhibit social and economic return.

Co-operation between loan providers in the sector, regionally within the West Midlands Fair Finance Consortium and nationally within the Community Development Finance Association, has been pleasing to see in this difficult time. We hope it will set an example for those that seek to establish new mechanisms to support enterprise and economic growth in the years ahead.

We certainly look forward to playing our part in the changing business support environment. We hope that as a private/public sector partnership, with mutuality at our core, many will seek to engage with ART to see what we can achieve together and also build upon lessons which can be learned from past experience to offer further benefit in the future.

I would like to take this opportunity to extend my sincere thanks to the ART team and my non-executive colleagues on the board for their continued support, as with determination we face another challenging year ahead.

LOWRY MACLEAN CHAIRMAN

"We hope that as a private/public sector partnership, with mutuality at our core, many will seek to engage with ART to see what we can achieve together and also build upon lessons which can be learned from past experience to offer further benefit in the future."



Summary Financial Statement

Group Profit and Loss Account

	31st March 2010 £	31st March 2009 £
Operating Income	743,725	937,441
Interest receivable and similar income	41,246	60,672
	<u>784,971</u>	<u>998,113</u>
Administrative expenses*	749,567	949,516
Interest payable and similar charges	35,975	58,843
	<u>785,542</u>	<u>1,008,359</u>
Retained deficit	(571)	(10,246)

*Administrative expenses include provision to write off specific bad debts together with provision for further potential bad debts as at 31 March 2010 which have not been written off. For the year ended 31 March 2010 specific bad debts written off and the general bad debt provision total £510,604 (2009 £706,703). As a result of the utilisation of pool funds, guarantee reserves and the write back of share capital other operating income includes £481,104 (2009 £706,703).

During the year, bad debts recovered amounted to £26,428 (2009 £22,855), making the net specific bad debt write off £489,176 (2009 £578,848).

Independent Auditor's Statement

We have examined the summary financial statement for the year ended 31 March 2010.

Responsibilities of the directors and the auditor

The Directors are responsible for preparing the summary financial statement in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement with the full annual financial statements, and its compliance with the relevant requirements of the Industrial and Provident Societies Act 1965 to 1978 and the regulations made thereunder.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the company's full annual financial statements describes the basis of our opinion on those financial statements.

Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements of ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited Group for the year ended 31 March 2010 and complies with the applicable requirements of the Industrial and Provident Societies Act 1965 to 1978, and the regulations made thereunder.

Eden Currie Limited

Chartered Accountants and Registered Auditor
Pegasus House
Solihull Business Park
Solihull
B90 4GT

Date: 25 June 2010

Full copies of the accounts are available from ART, 69
Aston Road North, Birmingham B6 4EA

Group Balance Sheet

	31st March 2010 £	31st March 2009 £
Assets		
Tangible Fixed Assets	2,492	3,287
Debtors	2,088,601	2,170,681
Cash at bank	1,499,275	1,252,219
	<u>3,590,368</u>	<u>3,426,187</u>
Liabilities		
Creditors due within one year	124,156	206,168
Creditors due more than one year	1,832,500	1,540,000
	<u>1,956,656</u>	<u>1,746,168</u>
Total Assets less liabilities	<u>1,633,712</u>	<u>1,680,019</u>
Represented by:		
Member Share Capital	486,400	456,900
Guarantee Reserve	193,799	193,799
*Other Reserves	970,671	1,045,907
Profit & Loss Account	(17,158)	(16,587)
	<u>1,633,712</u>	<u>1,680,019</u>
*Other Reserves		
Key Loan Fund	41,939	41,939
Phoenix Fund – Round Three	152,278	247,846
General Loan Fund Reserve	185,395	109,245
ASLP Loan Fund Reserve	595,301	751,877
Small Business Loans	95,758	
	<u>1,070,671</u>	<u>1,150,907</u>
General Bad Debt Provision	(100,000)	(105,000)
	<u>970,671</u>	<u>1,045,907</u>

CHIEF EXECUTIVE'S REPORT

After a record loan amount delivered last year, we looked at the half way point of 2009/10 to be continuing to see growth in line with our plans and funding resources. We had lent £690K by the end of September.

A delay in the confirmation of continued public sector funding, which had been expected by September 2009, regrettably – and despite our best efforts - had a significant impact over the following months. We came close to being fully lent and had to rein back our usual marketing and promotional activity. Our level of lending reduced considerably for three months.

When the promised funding did arrive, promotional activity resumed. However, even with the assistance of one of our new funding partners – Birmingham City Council – it took longer than anticipated for demand and delivery of loans to pick up. In the run up to the General Election, uncertainty and lack of confidence in the marketplace appeared to suppress demand. Post election, there has been a substantial uplift in applications and loans delivery was back on track for the first quarter of the financial year.

The ART 2010/11 budget has the welcome support of additional confirmed funding available and a plan to deliver more loans to small businesses and social enterprises than at any time in the past. We believe that the market is there for what we have to offer. We are hearing disturbing reports of small, viable, businesses opting for finance through credit cards and even in some extreme cases from loan sharks. Our task is to ensure that anyone in Birmingham and Solihull with a viable business plan, who is unable to obtain finance from the banks either wholly or in part, finds their way to our door in the months ahead.

Community Development Finance Institutions such as ART and other specialist lenders have proved during the last few years that they can deliver, despite a changing landscape in both the private and public sectors. It remains, in my view, an over-riding challenge to try again at all levels to work with the banking sector to ensure access to finance for enterprise where viability can be exhibited, but where the banks for whatever reason are unable to assist.

My thanks once again are extended to our voluntary board of directors for their advice, support and encouragement throughout the year, to our members and partner organisations and to our valuable network of introducers and business support professionals. Above all I thank my experienced ART team for their commitment and support, linked to the retention of a sense of humour during periods of uncertainty and frustration.

We continue to wish all our member borrowers past, present and future every success in the year ahead.

STEVE WALKER
CHIEF EXECUTIVE

“Our task is to ensure that anyone in Birmingham and Solihull with a viable business plan, who is unable to obtain finance from the banks either wholly or in part, finds their way to our door in the months ahead.”





ART - Aston Reinvestment Trust

Thanks to all its members and supporters



For all enquiries on loans and investments or to support ART

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Fax: 0121 359 2333
Mail: 69 Aston Road North,
Birmingham B6 4EA

E Mail: ART@reinvest.co.uk
Website: www.reinvest.co.uk



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Birmingham Area

ART (Aston Reinvestment Trust) is the trading name of: ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited – an Industrial & Provident 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 69 Aston Road North, Birmingham B6 4EA

ART - Finance for Enterprise in Birmingham and Solihull





Finance For Enterprise

Loans to Go **Loans to GROW**

- ✓ 3974 jobs created or safeguarded
- ✓ Over £9m lent
- ✓ 480 Loans
- ✓ 45% of loans to start ups in 2009/10
- ✓ 20% of loans in 2009/10 made to female entrepreneurs
- ✓ 25% of loans in 2009/10 to black & minority ethnic business people

t - 0121 359 2444
www.reinvest.co.uk