



**FINANCE FOR ENTERPRISE**  
Birmingham Area



# ANNUAL REPORT

**JOBS**

**GROWTH**

**ENTERPRISE**

**INNOVATION**

**OPPORTUNITY**

# 2012

## Board of Directors

The Directors during the year under review were:

<b>Craig Errington (Chairman)</b>	Chief Executive, Wesleyan Assurance Society
<b>Mrs Philippa Holland OBE (Deputy Chair)</b>	Retired Director of Local Government Practice, Government Office for the West Midlands
<b>David Alcock</b>	Senior Associate, Anthony Collins Solicitors LLP
<b>Professor John Bryson</b>	Professor of Enterprise and Economic Geography, University of Birmingham
<b>Winston Duguid</b>	Group Projects Director, Epwin Group Ltd
<b>Ian Forrest</b>	Partner, Squire, Sanders and Dempsey (UK) LLP
<b>Ray Lowe</b>	Retired former Senior Executive, Wesleyan Assurance Society
<b>Andeep Mangal</b>	Proprietor, Thapers Chartered Accountants
<b>Mark Round</b>	Regional Director West Midlands, Business Banking NatWest
<b>Christopher Tucker</b>	Retired Area Director Commercial Banking, Lloyds Banking Group

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### **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

<b>Dr Steve Walker</b>	Chief Executive
<b>Martin Edmonds</b>	Loans Manager
<b>Andy King</b>	Loans Manager
<b>Stuart Egginton</b>	Operations Manager
<b>Christine Allen-Lloyd</b>	Administrative Officer



## CHAIRMAN'S REPORT

The need for the loan services, that ART has been supplying in Birmingham and Solihull for 15 years, has once again been proven in the last 12 months.

Whilst an influx of alternative non-bank lending schemes are now also being promoted by the Government and professionals, the tried and tested CDFI model which has been developed to serve small businesses unable to obtain their full requirement from the banks is well placed to expand delivery.

I believe that there are substantial opportunities for growth, which can be achieved in partnership with our stakeholders and we have embarked on the process of fully exploring and understanding the potential for the evolution of the CDFI model in the years ahead.

The extended procedure for release of the money from the national Regional Growth Fund, through the CDFA and down to individual CDFIs, which was still awaited as the year ended was disappointing. The delay was felt more keenly alongside the change in rules from Europe, which came late in the year blocking a previous significant source of capital.

ART is facing new challenges related to its funding in the year ahead, at the very time when awareness of the sector is increasing faster than at any time in its history.

The establishment of a Business Hub at Baskerville House in Birmingham is seen as a positive attempt to bring together key local business support and access to finance providers with the new Local Enterprise Partnership. It is expected that all parties will be able to pool their objectives and resources to achieve planned growth in the economy, with a consequent reduction in the provision of overlapping services and lack of awareness or understanding of what is being offered around the region.

I extend my thanks to the executive staff of ART for their efforts in the last year and to my fellow board members for their continuing support, as we look forward to meeting the challenges of the year ahead.

### **Craig Errington**

Chairman

**“ART is facing new challenges related to its funding in the year ahead, at the very time when awareness of the sector is increasing faster than at any time in its history”**





# Summary Financial Statement

## Group Profit and Loss Account

	31st March 2012	31st March 2011
	£	£
Operating Income	654,539	617,239
Interest receivable and similar income	45,861	36,284
	<u>700,400</u>	<u>653,523</u>
Administrative expenses*	664,420	619,264
Interest payable and similar charges	46,923	35,345
	<u>711,343</u>	<u>654,609</u>
Retained deficit	(10,943)	(1,086)
Reallocation of capital reserves	80,026	-
Total recognised gains and losses	69,083	(1,086)

\*Administrative expenses include provision to write off specific bad debts together with provision for further potential bad debts as at 31 March 2012 which have not been written off. For the year ended 31 March 2012 specific bad debts written off and the general bad debt provision total £386,403 (2011 £368,399). As a result of the utilisation of pool funds, guarantee reserves and the write back of share capital other operating income includes £386,403 (2011 £364,399).

During the year, bad debts recovered amounted to £14,959 (2011 £26,671), making the net specific bad debt write off £371,444 (2011 £341,728).

### Independent Auditor's Statement to the Members of ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited Group

We have examined the summary financial statement for the year ended 31 March 2012.

### 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 the Director's Report, and its compliance with the relevant requirements of the Industrial and Provident Societies Act 1965 to 2002 and the regulations made thereunder.

We also read the other information contained in the summary financial statement and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

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 and on the Directors' Report.

### Opinion

In our opinion the summary financial statement is consistent with the full annual financial statements and the Directors' Report of ART SHARE (Social Help Association for Reinvesting in Enterprise) Limited Group for the year ended 31 March 2012 and complies with the applicable requirements of the Industrial and Provident Societies Act 1965 to 2002, and the regulations made thereunder.

### Eden Currie Limited

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

Date: 22nd June 2012

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

## Group Balance Sheet

	31st March 2012 £	31st March 2011 £
<b>Assets</b>		
Tangible Fixed Assets	3,873	4,854
Debtors	2,738,830	2,096,975
Cash at bank	1,653,114	1,412,648
	<u>4,395,817</u>	<u>3,514,477</u>
<b>Liabilities</b>		
Creditors due within one year	613,720	114,119
Creditors due more than one year	1,692,125	1,602,000
	<u>2,305,845</u>	<u>1,716,119</u>
<b>Total Assets less liabilities</b>	<u>2,089,972</u>	<u>1,798,358</u>
<b>Represented by:</b>		
Member Share Capital	464,650	457,150
Guarantee Reserve	213,799	213,799
*Other Reserves	1,360,684	1,145,653
Profit & Loss Account	50,839	(18,244)
	<u>2,089,972</u>	<u>1,798,358</u>
<b>*Other Reserves</b>		
Key Loan Fund	22,182	30,848
Phoenix Fund – Round Three	–	90,603
General Loan Fund Reserve	166,202	213,364
ASLP Loan Fund Reserve	165,123	355,898
Small Business Loans Reserve	1,107,177	554,940
	<u>1,460,684</u>	<u>1,245,653</u>
<b>General Bad Debt Provision</b>	(100,000)	(100,000)
	<u>1,360,684</u>	<u>1,145,653</u>

# CHIEF EXECUTIVE'S REPORT

ART has seen a record 35% increase in loans delivered over the last twelve months, with borrowers coming from a variety of industry sectors - from manufacturing to new media and from catering to child care.

In difficult economic conditions it has been encouraging to see many of our supported businesses reporting growth and success in creating jobs.

Substantial efforts have been made to raise awareness at events and with professionals, as the business support scene has changed considerably during the year. ART has also provided information and education about sources of finance and how to approach investors and lenders to large numbers of small businesses, social enterprises and professionals on an increasing scale.

We have lent more in the last year than in any previous period in our 15 year history, with a trend towards a reduction in the number of start ups seeking an additional source of loan finance and a growth in support sought for existing businesses.

The main feature of our lending over this past year has been the move towards borrowers using ART loan finance as part of a blended package of different sources of finance. We have also seen an increase in approaches from larger small businesses, although our average loan size remains below £25,000. Overall, ART has continued to provide vital access to finance for small and medium sized enterprises looking to support their cashflow, or invest in growth, diversification or jobs.

This was the final year of Regional Development Agency support, using European funds. Advantage West Midlands is no longer around, but we did exceed the job creation and preservation targets they had set us in return for their financial support.

The Government has acknowledged the positive role being played by the enterprise lenders in the Community Development Finance sector, such as ART, and committed to continue to support it, not least through the Regional Growth Fund. We plan to build upon this national programme, seeking local support to enable ART to achieve additional impact.

I would like to take this opportunity to thank all of our partners, members and voluntary Board of Directors for their support in the past year.

My grateful thanks are especially extended to our small, but very experienced, staff team for their continued support and ability to retain, in sometimes difficult times, a high level of service, which is I know greatly appreciated by our clients.

**Dr Steve Walker**  
Chief Executive

**“We have lent more in the last year than in any previous period in our 15 year history.”**



# ART - Aston Reinvestment Trust

Thanks to all its members and supporters



## For all enquiries on loans and investments or to support ART

Telephone: 0121 359 2444  
Fax: 0121 359 2333  
Mail: 69 Aston Road North,  
Birmingham B6 4EA

E Mail: [ART@reinvest.co.uk](mailto:ART@reinvest.co.uk)  
Website: [www.reinvest.co.uk](http://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

# Loans to Go Loans to GROW

- Over 4900 jobs created or safeguarded since 1997
- 2011/12 Record Year for lending £1.366m
- Over £11m lent since 1997
- 600 loans delivered since 1997
- 68 Loans advanced 2011/12

**0121 359 2444**  
**www.reinvest.co.uk**



**Finance  
For  
Enterprise**