

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

BOARD REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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

SOCIETY INFORMATION

Members of the Board	Kirsty Lee Davies (appointed 27 September 2019) Christopher Charles Davis (Deputy Chair from 27 September 2019) Peter Winston Duguid John Stephen Forrest Dr David Hardman MBE Darren Hodson Manjit Kang Andeep Mangal (Deputy Chair to 27 September 2019) (resigned 27 September 2019) Professor Monder Ram OBE (resigned 27 September 2019) Dr Nicholas John Venning (Chair) Dr Steven William Walker
Company secretary	Yasar Irfat
Registered number	28537R
Registered office	Faraday Wharf Holt Street Innovation Birmingham Campus Birmingham B7 4BB
Independent auditor	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Rutland House 148 Edmund Street Birmingham B3 2FD

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

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

BOARDS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Board present their report and the financial statements for the year ended 31 March 2020.

Principal activities

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 £3,623,100 (2019: £2,522,100) were delivered. The loan portfolio at the year end, inclusive of interest receivable and provisions for doubtful or irrecoverable debts, amounted to £5,850,656 (2019: £5,011,594).

Members of the board

The Board who served during the year was:

Kirsty Lee Davies (appointed 27 September 2019)
Christopher Charles Davis (Deputy Chair from 27 September 2019)
Peter Winston Duguid
John Stephen Forrest
Dr David Hardman MBE
Darren Hodson
Manjit Kang
Andeep Mangal (Deputy Chair) (resigned 27 September 2019)
Professor Monder Ram OBE (resigned 27 September 2019)
Dr Nicholas John Venning (Chair)
Dr Steven William Walker

Company status

The company is a registered community benefit society.

Shares

The society issued £29,750 (2019: £350,750) of member capital at par value and redeemed £23,500 (2019: £7,650) of members share capital at par value in the year.

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

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Statement relating to COVID-19

At the outbreak of the pandemic the Board initiated 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 pandemic and ensuing economic shutdown was effective as at the Society's year end of 31 March 2020, 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 increased levels of provision against the loan portfolio receivable which are highlighted in note 6 to the financial statements, recognising the unprecedented nature of current economic circumstances. More detail is provided in note 8 to the financial statements.

This exceptional provision has impacted the results of our recorded profits. Before the provision the Society would have reported net profits before tax of £157,492 in the year ended 31 March 2020 (2019: loss before tax of £44,889) having traded strongly during the year.

	2020	2019
Underlying profit/(loss) before taxation	£157,492	(£44,889)
Exceptional net provisions (see note 6)	<u>(£334,851)</u>	<u>£Nil</u>
Reported loss before taxation	(£177,359)	(£44,889)

The Board hope not to fully use this provision, but even if fully utilised ART remains financially viable with a strong operational revenue cash position, and post year trading remains strong. On this basis, the Board consider the going concern basis of preparation to remain appropriate.

ART have adapted to facilitate new safe working for all staff including use of new technology. This has enabled ART to continue to provide support to clients, both in terms of capital and interest holidays, mentoring and signposting to additional sources of support available from public and private sector sources.

ART retains access to capital for future lending. The Society have been accredited to provide CBILS loans by British Business Bank with an 80% government guarantee and have received new funding by way of an additional loan from our bankers, Unity Trust Bank, to increase the Society's ability to make loans to businesses in need.

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

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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 Board 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 is 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.

Disclosure of information to auditor

Each of the persons who are Board members at the time when this Boards' report is approved has confirmed that:

- so far as the Board is aware, there is no relevant audit information of which the Society and the Group's auditor is unaware, and
- the Board has taken all the steps that ought to have been taken as a Board in order to be aware of any relevant audit information and to establish that the Society and the Group's auditor is aware of that information.

Auditor

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

This report was approved by the board on 13 August 2020

and signed by order.


Yasar Irfat
Secretary

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

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

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 2020, 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 2020 and of the Group's loss 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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.

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

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

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 on page 3, 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.

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

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

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 financial statements.

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. 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

Chartered Accountants

Statutory Auditors

Rutland House

148 Edmund Street

Birmingham

B3 2FD

Date: 13 August 2020

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020

		2020 £	2019 £
Turnover	6	1,244,092	923,870
Administrative expenses	6	(1,346,356)	(888,508)
Operating (loss)/profit		(102,264)	35,362
Interest receivable and similar income		11,750	8,536
Interest payable and similar expenses		(86,845)	(88,787)
Loss before taxation		(177,359)	(44,889)
Tax on loss		-	-
Loss for the financial year		(177,359)	(44,889)
Loss for the year attributable to:			
Members of the parent society		(177,359)	(44,889)

There was no other comprehensive income for 2020 (2019: £NIL).

The notes on pages 12 to 20 form part of these financial statements.

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

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

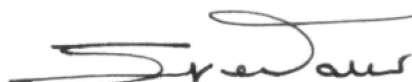
	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	4,835	7,909
Current assets			
Debtors: amounts falling due after more than one year	8	4,684,435	3,800,789
Debtors: amounts falling due within one year	8	1,392,042	1,382,528
Cash at bank and in hand	9	4,323,779	4,282,688
		10,400,256	9,466,005
Creditors: amounts falling due within one year	10	(1,091,444)	(1,434,934)
Net current assets		9,308,812	8,031,071
Total assets less current liabilities		9,313,647	8,038,980
Creditors: amounts falling due after more than one year	11	(7,519,573)	(6,072,547)
Net assets		1,794,074	1,966,433
Capital and reserves			
Called up share capital		1,008,750	1,003,750
Profit and loss account		785,324	962,683
		1,794,074	1,966,433

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 13 August 2020



Dr Nicholas John Venning (Chair)
Board



Dr Steven William Walker
Board

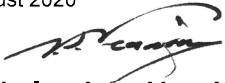
The notes on pages 12 to 20 form part of these financial statements.

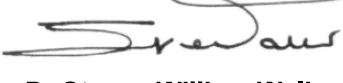
ART SHARE (SOCIAL HELP ASSOCIATION FOR REINVESTING IN ENTERPRISE) LIMITED
REGISTERED NUMBER: 28537R

SOCIETY BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	7	4,835	7,909
Current assets			
Debtors: amounts falling due after more than one year	8	4,684,435	3,800,789
Debtors: amounts falling due within one year	8	1,392,042	1,382,528
Cash at bank and in hand	9	4,101,964	4,060,873
		10,178,441	9,244,190
Creditors: amounts falling due within one year	10	(1,101,764)	(1,445,254)
Net current assets		9,076,677	7,798,936
Total assets less current liabilities		9,081,512	7,806,845
Creditors: amounts falling due after more than one year	11	(7,519,573)	(6,072,547)
Net assets		1,561,939	1,734,298
Capital and reserves			
Called up share capital		1,008,750	1,003,750
Profit and loss account carried forward		553,189	730,548
		1,561,939	1,734,298

The financial statements were approved and authorised for issue by the Board and were signed on its behalf on 13 August 2020


Dr Nicholas John Venning (Chair)
Board


Dr Steven William Walker
Board

The notes on pages 12 to 20 form part of these financial statements.

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Profit and loss account £	Equity attributable to owners of parent Society £	Total equity £
At 1 April 2018	663,150	1,007,572	1,670,722	1,670,722
Comprehensive income for the year				
Loss for the year	-	(44,889)	(44,889)	(44,889)
Total comprehensive income for the year	-	(44,889)	(44,889)	(44,889)
Shares issued during the year	350,750	-	350,750	350,750
Shares redeemed during the year	(7,650)	-	(7,650)	(7,650)
Shares cancelled during the year	(2,500)	-	(2,500)	(2,500)
	-	-	-	-
Total transactions with owners	340,600	-	340,600	340,600
At 1 April 2019	1,003,750	962,683	1,966,433	1,966,433
Comprehensive income for the year				
Loss for the year	-	(177,359)	(177,359)	(177,359)
Total comprehensive income for the year	-	(177,359)	(177,359)	(177,359)
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)
Total transactions with owners	5,000	-	5,000	5,000
At 31 March 2020	1,008,750	785,324	1,794,074	1,794,074

The notes on pages 12 to 20 form part of these financial statements.

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

**SOCIETY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2018	663,150	775,437	1,438,587
Loss for the year	-	(44,889)	(44,889)
Shares issued during the year	350,750	-	350,750
Shares redeemed during the year	(7,650)	-	(7,650)
Shares cancelled during the year	(2,500)	-	(2,500)
At 1 April 2019	1,003,750	730,548	1,734,298
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)
At 31 March 2020	1,008,750	553,189	1,561,939

The notes on pages 12 to 20 form part of these financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

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 loss for the year dealt with in the accounts of the Society was £177,359 (2019: loss of £44,889).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020**

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. 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 and loans to related parties.

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 2020**

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 funds.

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. Since the current year end, the Board have revised their assessment of doubtful or irrecoverable debts based upon their knowledge of the impact of COVID-19 and the ensuing economic shutdown upon borrowers.

4. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<u>8,496</u>	<u>7,755</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. Employees

The average monthly number of employees, including directors, during the year was 6 (2019 - 7).

The number of directors totalled 9 (2019: 10). One of the directors was also an employee (2019: one). One director (2019: one) received remuneration during the year.

6. Exceptional items

As stated in note 3, the impact of COVID-19 has been to reassess the extent of any potential future irrecoverable debts in respect of loans receivable outstanding at 31 March 2020.

As a consequence, the following amounts are included within turnover and administrative expenses which are considered to be exceptional by virtue of their size and incidence arising from the anticipated impact of COVID-19 on current book loans:

Turnover	£324,529	(release of capital grants supporting Regional Growth Fund loan provisions)
Administrative expenses	£(659,380)	(additional provisions for impact of COVID-19)
Net impact on operating result £(334,851)		

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Tangible fixed assets

Group and Society

	Fixtures and fittings £
Cost	
At 1 April 2019	22,461
Additions	1,176
	<hr/>
At 31 March 2020	23,637
	<hr/>
Depreciation	
At 1 April 2019	14,552
Charge for the year on owned assets	4,250
	<hr/>
At 31 March 2020	18,802
	<hr/>
Net book value	
At 31 March 2020	4,835
	<hr/> <hr/>
At 31 March 2019	7,909
	<hr/> <hr/>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

8. Debtors

	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Due after more than one year				
Trade debtors	4,684,435	3,800,789	4,684,435	3,800,789
	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Due within one year				
Trade debtors	1,166,221	1,210,805	1,166,221	1,210,805
Other debtors	212,391	157,474	212,391	157,474
Prepayments	13,430	14,249	13,430	14,249
	1,392,042	1,382,528	1,392,042	1,382,528

The Society's borrower loan portfolio totalled £6,784,062 (2019: £5,393,010) at the balance sheet date, against which there was included additional interest receivable of £45,974 (2019: £48,584) and a provision for doubtful or irrecoverable debts of £979,380 (2019: £430,000).

The provision for doubtful or irrecoverable debts includes £659,380 (2019: £Nil) additional provisions arising from the Board's review of the impact of COVID-19 and the subsequent economic shutdown upon the recoverability of the Society's loan portfolio.

Bad debts written off in the year totalled £292,894 (2019: £339,081), whilst costs associated with the increase in provision in the year totalled £549,380 (2019: £30,000). These amounts have been recognised within administrative expenses in the Statement of comprehensive income.

Capital grants utilised in the year totalled £442,832 (2019: £176,658), 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 Statement of comprehensive income. The net impact of bad debt write offs and provisions on profit or loss in the year was therefore a cost of £399,442 (2019: cost of £192,423).

9. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Cash at bank and in hand	4,323,779	4,282,688	4,101,964	4,060,873

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 2020 the balance on these bank accounts totalled £2,971,285 (2019: £3,018,075).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

10. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Bank loans	747,500	1,167,500	747,500	1,167,500
Amounts due to group undertakings	-	-	10,320	10,320
Other taxation and social security	8,181	9,186	8,181	9,186
Accruals and deferred income	335,763	258,248	335,763	258,248
	1,091,444	1,434,934	1,101,764	1,445,254

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

11. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Society 2020 £	Society 2019 £
Bank loans	4,873,750	3,147,500	4,873,750	3,147,500
Other loans	580,000	430,000	580,000	430,000
Accruals and deferred income	2,065,823	2,495,047	2,065,823	2,495,047
	7,519,573	6,072,547	7,519,573	6,072,547

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 £2,044,702 (2019: £2,487,284) for underwriting future bad debts in accordance with the funding agreements.

12. 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 £11,661 (2019: £10,470). Contributions totalling £Nil (2019: £Nil) were payable to the fund at the Balance sheet date and are included in creditors.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13. Commitments under operating leases

At 31 March 2020 the Group and Society had future minimum lease payments under non-cancellable operating leases as follows:

Group and Society	2020 £	2019 £
Not later than 1 year	390	28,598
Later than 1 year and not later than 5 years	195	2,808
	585	31,406

14. Subsidiaries

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.

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

**COMPANY DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
Turnover	1,244,092	923,870
Less: overheads		
Administration expenses	(1,346,356)	(888,508)
Operating (loss)/profit	(102,264)	35,362
Interest receivable	11,750	8,536
Interest payable	(86,845)	(88,787)
Loss for the year	(177,359)	(44,889)

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

**SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£	£
Turnover		
Arrangement fees & consultancy	102,863	94,952
Capital grants utilised	442,832	176,658
Loan interest received	698,397	627,260
Donations received	-	10,000
Grants received	-	15,000
	1,244,092	923,870