

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

BOARD REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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

SOCIETY INFORMATION

Members of the board	Malcolm James Brookes Kirsty Lee Davies Christopher Charles Davis (Deputy Chair) Peter Winston Duguid (resigned 24 September 2021) John Stephen Forrest (resigned 24 September 2021) Jonathan Peter Addis (appointed 20 July 2021) Darren Hodson Manjit Kang (resigned 7 December 2021) Dr Nicholas John Venning (Chair) Dr Steven William Walker (Chief Executive) Rebekah Eden (appointed 25 October 2021) Susan Margaret Farmer (appointed 1 November 2021) Thomas Horton (appointed 20 September 2021)
Company secretary	Yasar Irfat
Registered number	28537R
Registered office	Faraday Wharf Holt Street Innovation Birmingham Campus Birmingham B7 4BB
Independent auditor	MHA MacIntyre Hudson Birmingham, United Kingdom

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

CONTENTS

	Page
Board Report	1 - 2
Independent Auditor's Report	3 - 6
Consolidated Statement of Comprehensive Income	7
Consolidated Balance Sheet	8 - 9
Society Balance Sheet	10 - 11
Consolidated Statement of Changes in Equity	12
Society Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 21

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

BOARDS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

The Board present their report and the financial statements for the year ended 31 March 2022.

Principal activity

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; and
- promote a culture of social investment.

Lending activities

During the year loans of £2,844,593 (2021: £2,573,929) were delivered. The loan portfolio at the year end, inclusive of interest receivable and provisions for doubtful or irrecoverable debts, amounted to £6,465,155 (2021: £5,719,481).

Members of the board

The Board who served during the year were:

Malcolm James Brookes
Kirsty Lee Davies
Christopher Charles Davis (Deputy Chair)
Peter Winston Duguid (resigned 24 September 2021)
John Stephen Forrest (resigned 24 September 2021)
Jonathan Peter Addis (appointed 20 July 2021)
Darren Hodson
Manjit Kang (resigned 7 December 2021)
Dr Nicholas John Venning (Chair)
Dr Steven William Walker (Chief Executive)
Rebekah Eden (appointed 25 October 2021)
Susan Margaret Farmer (appointed 1 November 2021)
Thomas Horton (appointed 20 September 2021)

Company Status

The company is a registered community benefit society.

Shares

The society issued £76,000 (2021: £116,000) of member capital at par value and redeemed £500 (2021: £750) of members share capital at par value in the year.

Statement relating to COVID-19

As a consequence of the ongoing COVID-19 pandemic, the Board has conducted 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 circumstances surrounding the COVID-19 pandemic and its economic effects were in existence as at the Society's year end of 31 March 2022, 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 continuing high level of provision, although lower than original

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

BOARDS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

expectations, against the loan portfolio receivable compared to pre-pandemic provision levels, as is highlighted in note 7 to the financial statements, recognising the unprecedented nature of current economic circumstances. During the year ART has been an accredited provider for COVID related government supported loan schemes (CBILS and RLS).

Having considered the above alongside the Society's budgets and cashflow forecasts, as well as the ongoing availability of funding from the bank, the Board are of the opinion that the continued use of the going concern basis of preparation remains appropriate.

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 boards 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 are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Auditor

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

This report was approved by the Board and signed on its behalf.

.....
Yasar Irfat
Secretary

Date:

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 2022, 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 2022 and of the Group's profit 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

In auditing the financial statements, we have concluded that the Boards' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

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)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's Report thereon. The Board is responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Boards' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Boards' Report has been prepared in accordance with applicable legal requirements.

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 returns adequate for our audit have not been received from branches not visited by us; or
- the parent Society financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Board were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Boards' Report and from the requirement to prepare a Group Strategic Report.

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)

Responsibilities of the Board

As explained more fully in the Boards' Responsibilities Statement set out on page 2, 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.

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 Group financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management around actual and potential litigation and claims;
- Review of minutes of Board meetings;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.

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)

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.

The Society has passed a resolution in accordance with section 506 of the Companies Act 2006 that the auditor's name should not be stated.

MHA MacIntyre Hudson, Statutory Auditor
Birmingham, United Kingdom

Date:

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	As restated 2021 £
Turnover	864,642	846,898
Gross profit	<u>864,642</u>	<u>846,898</u>
Administrative expenses	(534,190)	(628,915)
Operating profit	<u>330,452</u>	217,983
Interest receivable and similar income	2,678	1,688
Interest payable and similar expenses	(120,319)	(92,735)
Profit before taxation	<u>212,811</u>	<u>126,936</u>
Profit for the financial year	<u>212,811</u>	<u>126,936</u>
Profit for the year attributable to:		
Members of the parent Society	212,811	126,936
	<u>212,811</u>	<u>126,936</u>

There was no other comprehensive income for 2022 (2021:£NIL).

The notes on pages 14 to 21 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 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	6	4,503	1,315
		<u>4,503</u>	<u>1,315</u>
Current assets			
Debtors: amounts falling due after more than one year	7	4,206,422	4,311,607
Debtors: amounts falling due within one year	7	2,401,097	1,725,275
Cash at bank and in hand	8	6,053,543	6,322,568
		<u>12,661,062</u>	<u>12,359,450</u>
Creditors: amounts falling due within one year	9	(2,205,537)	(2,176,412)
Net current assets		<u>10,455,525</u>	<u>10,183,038</u>
Total assets less current liabilities		<u>10,460,028</u>	<u>10,184,353</u>
Creditors: amounts falling due after more than one year	10	(8,145,457)	(8,158,093)
Net assets		<u><u>2,314,571</u></u>	<u><u>2,026,260</u></u>
Capital and reserves			
Called up share capital		1,189,500	1,114,000
Profit and loss account		1,125,071	912,260
		<u><u>2,314,571</u></u>	<u><u>2,026,260</u></u>

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

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and 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 by:

.....
Dr Nicholas John Venning
Chair

.....
Dr Steven William Walker (Chief Executive)
Board Member and Chief Executive

Date:

Date:

The notes on pages 14 to 21 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 2022

	Note	2022 £	As restated 2021 £
Fixed assets			
Tangible assets	6	4,503	1,315
		<u>4,503</u>	<u>1,315</u>
Current assets			
Debtors: amounts falling due after more than one year	7	4,206,422	4,311,607
Debtors: amounts falling due within one year	7	2,401,097	1,725,275
Cash at bank and in hand	8	6,031,728	6,300,753
		<u>12,639,247</u>	<u>12,337,635</u>
Creditors: amounts falling due within one year	9	(2,415,857)	(2,386,732)
Net current assets		<u>10,223,390</u>	<u>9,950,903</u>
Total assets less current liabilities		<u>10,227,893</u>	<u>9,952,218</u>
Creditors: amounts falling due after more than one year	10	(8,145,457)	(8,158,093)
Net assets excluding pension asset		<u>2,082,436</u>	<u>1,794,125</u>
Net assets		<u><u>2,082,436</u></u>	<u><u>1,794,125</u></u>
Capital and reserves			
Called up share capital		1,189,500	1,114,000
Profit and loss account		892,936	680,125
		<u>2,082,436</u>	<u>1,794,125</u>

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

SOCIETY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2022

The Society's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

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

.....
Dr Nicholas John Venning
Chair

.....
Dr Steven William Walker (Chief Executive)
Board Member and Chief Executive

Date:

Date:

The notes on pages 14 to 21 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 2022**

	Called up share capital £	Profit and loss account £	Equity attributable to members of parent Society £	Total equity £
At 1 April 2020	1,008,750	785,324	1,794,074	1,794,074
Comprehensive income for the year				
Profit for the year (as restated)	-	126,936	126,936	126,936
Total comprehensive income for the year	-	126,936	126,936	126,936
Shares issued during the year	116,000	-	116,000	116,000
Shares redeemed during the year	(750)	-	(750)	(750)
Shares cancelled during the year	(10,000)	-	(10,000)	(10,000)
At 1 April 2021 (as restated)	1,114,000	912,260	2,026,260	2,026,260
Comprehensive income for the year				
Profit for the year	-	212,811	212,811	212,811
Total comprehensive income for the year	-	212,811	212,811	212,811
Shares issued during the year	76,000	-	76,000	76,000
Shares redeemed during the year	(500)	-	(500)	(500)
At 31 March 2022	1,189,500	1,125,071	2,314,571	2,314,571

The notes on pages 14 to 21 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 2022**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 April 2020	1,008,750	553,189	1,561,939
Profit for the year (as restated)	-	126,936	126,936
Shares issued during the year	116,000	-	116,000
Shares redeemed during the year	(750)	-	(750)
Shares cancelled during the year	(10,000)	-	(10,000)
At 1 April 2021 (as restated)	1,114,000	680,125	1,794,125
Profit for the year	-	212,811	212,811
Shares issued during the year	76,000	-	76,000
Shares redeemed during the year	(500)	-	(500)
At 31 March 2022	1,189,500	892,936	2,082,436

The notes on pages 14 to 21 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 2022

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 judgement in applying the Group's accounting policies (see note 3).

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 Statement of Comprehensive Income.

The profit for the year dealt with in the accounts of the Society was £212,811 (2021: profit of £126,936).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

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 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.

2.6 Bank Interest income

Bank interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.7 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.

2.8 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 2022**

2. Accounting policies (continued)

2.9 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.

2.10 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

2.11 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
-----------------------	---	---------------

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.

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. 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.

2.14 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, loans to related parties and investments in ordinary shares.

2.15 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.

3. Judgements 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. The Board have based their assessment of doubtful or irrecoverable debts upon their ongoing knowledge of the impact of COVID-19 and the ensuing economic shutdown upon borrowers.

4. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>7,700</u>	<u>6,950</u>
Fees payable to the Group's auditor and its associates in respect of:		
All other services	<u>2,050</u>	<u>1,550</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

5. Employees

The average monthly number of employees, excluding directors, during the year was 6 (2021 - 6). One of the directors was also an employee (2021: one) receiving remuneration.

During the year a total of £13,800 was paid to the non executive directors which is included in staff salaries in the Statement of Comprehensive Income

6. Tangible fixed assets**Group and Society**

	Fixtures and fittings £
Cost	
At 1 April 2021	24,609
Additions	4,966
At 31 March 2022	29,575
Depreciation	
At 1 April 2021	23,294
Charge for the year on owned assets	1,778
At 31 March 2022	25,072
Net book value	
At 31 March 2022	4,503
At 31 March 2021	1,315

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

7. Debtors

	Group 2022 £	Group 2021 £	Society 2022 £	Society 2021 £
Due after more than one year				
Trade debtors	4,206,422	4,311,607	4,206,422	4,311,607
	4,206,422	4,311,607	4,206,422	4,311,607
	Group 2022 £	Group 2021 £	Society 2022 £	Society 2021 £
Due within one year				
Trade debtors	2,258,733	1,407,874	2,258,733	1,407,874
Other debtors	125,685	290,769	125,685	290,769
Prepayments	16,679	26,632	16,679	26,632
	2,401,097	1,725,275	2,401,097	1,725,275

The Society's borrower loan portfolio totalled £6,982,743 (2021: £6,443,680) at the balance sheet date, against which there was included additional interest receivable of £44,112 (2021: £31,769) and a provision for doubtful or irrecoverable debts of £561,700 (2021: £755,968).

Bad debts written off in the year totalled £237,058 (2021: £418,672), whilst income associated with the decrease in provision in the year totalled £194,269 (2021: £223,412). These amounts have been recognised within administrative expenses in the Consolidated Statement of Comprehensive Income.

Capital grants utilised in the year totalled an expense £5,830 (2021 as restated: expense of £32,635), 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 Consolidated Statement of Comprehensive Income. The net impact of bad debt write offs and provisions on the Consolidated Statement of Comprehensive Income in the year was therefore a cost of £48,619 (2021 as restated: cost of £227,895).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

8. Cash and cash equivalents

	Group 2022 £	Group 2021 £	Society 2022 £	Society 2021 £
Cash at bank and in hand	6,053,543	6,322,568	6,031,728	6,300,753
	6,053,543	6,322,568	6,031,728	6,300,753

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 2022 the balance on these bank accounts totalled £4,561,120 (2021: £4,163,690).

9. Creditors: Amounts falling due within one year

	Group 2022 £	Group 2021 £	Society 2022 £	Society 2021 £
Bank loans	1,898,288	1,706,250	1,898,288	1,706,250
Amounts owed to group undertakings	-	-	210,320	210,320
Other taxation and social security	8,874	9,334	8,874	9,334
Other creditors	33,670	33,670	33,670	33,670
Accruals and deferred income	264,705	427,158	264,705	427,158
	2,205,537	2,176,412	2,415,857	2,386,732

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

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

	Group 2022 £	Group 2021 £	Society 2022 £	Society 2021 £
Bank loans	5,567,297	5,647,500	5,567,297	5,647,500
Other loans	450,000	580,000	450,000	580,000
Accruals and deferred income	2,128,160	1,930,593	2,128,160	1,930,593
	8,145,457	8,158,093	8,145,457	8,158,093

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 £1,827,950 (2021: £1,822,120) for underwriting future bad debts in accordance with the funding agreements.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

11. Prior year adjustment

At 31 March 2020, which was at the very early stage of the global pandemic, the Board adopted a very cautious approach to bad debt provisions against the loan book. Where loans had been made from the Regional Growth Fund part of the capital grant was utilised to offset the provision. At 31 March 2021 it was evident that there had been an overestimate of the required bad debt provision and so a provision of £255,216 was released. No equivalent adjustment was made reverse the capital grant utilisation in the year ended 31 March 2021. A prior year adjustment has therefore been made to reverse the grant utilisation and increase the grant deferred income by £255,516 and reduce the income from capital grants utilised.

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 £27,030 (2021: £10,098). Contributions totalling £Nil (2021: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

13. Commitments under operating leases

At 31 March 2022 the Group and the Society had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2022 £	Group 2021 £	Society 2022 £	Society 2021 £
Not later than 1 year	23,315	22,515	23,315	22,515
Later than 1 year and not later than 5 years	159,586	181,867	159,586	181,867
	182,901	204,382	182,901	204,382

14. Subsidiary undertakings

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.