

Charity registration number 1143772

Company registration number 07767380 (England and Wales)

ARTS & BUSINESS CYMRU
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

ARTS & BUSINESS CYMRU

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ARTS & BUSINESS CYMRU

TRUSTEES REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2024

The trustees present their annual report and financial statements for the year ended 31 March 2024.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

Arts & Business (A&B) Cymru's vision is to create a Wales where business and the arts can connect and thrive. Its mission is to embed business into the arts and creativity into business. The ultimate aim is to aid the success of both sectors for the good of individuals and communities across Wales.

Objects

The objects of the charity are to promote, for the benefit of the public, within the country of Wales, the advancement of arts, culture and heritage and the promotion of the efficiency of charities. In particular but not limited to the promotion of philanthropy amongst businesses and individuals; the promotion of partnerships between arts organisations and businesses, and the provision of training to and promotion of best practice in the governance of Welsh arts charities.

Public benefit

We have referred to the guidance contained in the Charity Commissions' general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. A&B Cymru's aim is to assist advancement of the arts and the promotion of the efficiency of charities, in particular but not limited to the promotion of philanthropy amongst businesses and individuals; the promotion of partnerships between arts organisations and businesses, and the provision of training to and promotion of best practice in the governance of Welsh arts charities.

Strategies for achieving objectives

A&B Cymru knows that when business and the arts work together in true partnership, both become stronger with the results benefiting society in far reaching and tangible ways. The team works with a range of arts professionals, from individual practitioners to flagship organisations and the private sector, from micro businesses through to multi-national corporations. Its work has a positive impact on people and communities across Wales. In its current Business Plan, A&B Cymru sets out four strategic aims to help drive the organisation towards the achievement of its mission.

They are:

- To grow A&B Cymru's income from a range of public and private sector sources
- To develop the income generating and business skills of the arts
- To secure increased investment from the private sector to the arts
- To encourage business success through creativity

Achievements and performance

A&B Cymru aims to achieve its goals through the delivery of a suite of unique programmes and services. In 2023/24, the team continued to respond to the ongoing financial crisis, striving to assist the recovery and sustainability of organisations across Wales.

As a charity which exists to support business and the arts, A&B Cymru's programmes are in high demand as both sectors face extreme, unforeseen and unprecedented challenges, arising from the ongoing financial crisis and the after-effects of significant inflation.

ARTS & BUSINESS CYMRU

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2024

As in previous years, A&B Cymru's activity included charitable work for the arts and commercial work financed by the private sector, with any surplus being transferred back to the charity:

Charitable work

A&B Cymru's work for the arts has two aims – developing income and developing skills. All services are provided free or at highly subsidised rates.

Arts Membership – During 2023/24, arts membership reached an all-time high of 172 subscribers, ranging from individual artists to major institutions. Benefits include networking, learning, development and showcasing opportunities, as well as tailored advice and access to services and discounts. Bursaries funded by Hodge Foundation were awarded to 12 small organisations whose primary work benefits under-represented people and communities. The Arts Steering Panel, a group of arts leaders drawn from across Wales which meets bi-monthly on Zoom to discuss the ongoing challenges and priorities of the sector, entered its third year of operation. The Panel focused its discussions on sustainability, the Arts Council of Wales Investment Review, the impact of the current economic climate and Welsh Government strategies.

Arts Training Courses – A&B Cymru uses its expertise and network to provide high-quality training courses in diversity, fundraising, governance and specific business expertise. These tailored sessions are delivered by a mixture of A&B Cymru staff and experienced external specialists. The majority of courses were delivered online, removing geographical barriers and time constraints and reducing the carbon footprint for arts managers across Wales. The courses are recognised as high quality training that would otherwise be prohibitively expensive, provided at subsidised rates. During 2023/24, 26 courses were attended by 213 arts managers.

Funded by the Hodge and Moondance Foundations, **CultureStep** invests in innovative partnerships of all kinds between business and the arts, enhancing projects and increasing their long-term effectiveness. Tailored to the specific needs of Wales, the scheme is designed to encourage new sponsorship and develop established corporate engagement. All projects must address at least one of the scheme's priorities: Diversity; Employees, the Environment; Health & Wellbeing; Kids; Older People; Tackling Poverty; the Welsh Language. In 2023/24, the scheme invested £91,021 into 30 projects, leveraging £341,843 from business directly to the arts.

Future Proof an initiative, funded by Arts Council of Wales Lottery and Esmée Fairbairn Foundation, combines two innovative programmes – Creative Internships and Creative Apprenticeships. The Creative Internships Programme places recent graduates into arts organisations for 10 months as trainee fundraisers. Since its inception in 2013, the scheme has enabled 35 skilled, professional fundraisers to enter the arts workforce. Between them, they have so far raised over £4.8 million for the sector in Wales. The 2023/24 programme enabled three interns to undertake paid placements. The Creative Apprenticeships Programme places individuals who face significant barriers as a result of race, disability or socio-economic circumstances into arts organisations on 10-month placements. Through this programme, A&B Cymru is helping to create alternative futures for individuals from all backgrounds. In 2023/24, four apprentices undertook paid placements. Each intern and apprentice received structured support from the host organisations, mentoring from external specialists and free of charge access to A&B Cymru training courses.

The **Professional Development Programmes** bring essential business skills to the arts through Board placements, skills transfer projects and mentoring. In 2023/24, 32 businesses were engaged in 78 placements, valued at £512,127.

During 2023/24, A&B Cymru unsuccessfully applied for Trust funding to support a new programme to support capacity building in the arts, Springboard. This was due to a reduction in funds available from Trusts & Foundations following lockdown, combined with growing and intense competition for funds. This resulted in a loss for the charity. The Board and team have since commissioned an independent review of A&B Cymru's structure and operation, with the aim of establishing a sustainable financial model as a matter of priority. This review will conclude in Autumn 2024.

ARTS & BUSINESS CYMRU

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Commercial work

A&B Cymru's 70+ business members range from sole traders to multi-national corporations. Companies join to address specific objectives through arts partnership. These encompass creative marketing, community engagement and effective staff motivation, training and development. A&B Cymru's Brokerage Service was in high demand from business members through the year. The team was commissioned by nine businesses to identify arts partnerships which would achieve focused objectives. The resulting collaborations brought a total of £50,000 investment from business directly to the arts.

The A&B Cymru Awards exist to encourage, acknowledge and celebrate exemplary business/arts partnerships. The 2023 ceremony was held at The Coal Exchange, Cardiff Bay, on 18 May. In addition to providing a high-level opportunity to advocate the power of partnerships between the private sector and the arts, the event brought a surplus of over £22,000.

Financial review

The Statement of Financial Activities for the company is shown on page 11. During the year charity made a surplus on unrestricted funds of £18,056 (2023: £11,164 deficit). Before the exceptional item, the charity made a deficit on unrestricted funds of £49,059.

Unrestricted reserves at 31 March 2024 are £210,568 (2023: £192,511). Of these reserves £108,799 (2023: £118,706) have been designated (see notes to the financial statements).

The charity's free reserves were £101,769 (2023: £71,440) (excluding fixed assets, investments and designated funds).

Pension

A&B Cymru operates a Group Stakeholder Pension Plan for all employees with more than three months service. It meets the current workplace pension requirements.

Reserves policy

In accordance with good governance, £108,799 (2023: £118,706) is held in reserves, as an unrestricted contingency fund to cover three months operating costs and winding up costs, including redundancy payments. The amount is reviewed annually and increased or decreased as required.

Investment policy

The charity's investments are made in accordance with the Trustees' investment powers which are set out in the charity's governing document. The policy is to obtain the best return on the funds surplus to the charity's immediate needs whilst minimising the risk of capital depreciation. A review of the policy is undertaken on an annual basis by the Finance and Audit Committee to ensure it remains appropriate. During the period all funds were held on deposit with A&B Cymru's bank (Unity Trust Bank plc) to ensure the charity had sufficient cashflow to undertake its activities.

Trading subsidiary

A&B Cymru carries out all its non-charitable trading activities through a wholly owned subsidiary company, Arts & Business Cymru Trading Limited. The directors who served during the year were:

David Landen*

Rachel Jones

Trevor David Morpeth*

**indicates a non-executive director.*

All the activities of the subsidiary are managed by the staff of A&B Cymru and all surplus is distributed back to the parent charity through gift aid.

ARTS & BUSINESS CYMRU

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Risk Management

The Trustees are responsible for the management of the risks faced by the charity, with particular reference to internal control systems and the mitigation of risk. The Board reviews a risk evaluation statement prepared by the Chief Executive on an annual basis.

The trustees have assessed the key risks to which the charity is exposed and consider them to be:

- The inability to replace lost core funding
- The loss of the key management personnel
- The loss of reputation

The key controls used include:

- Formal agenda and minutes for all meetings of the Trustees and Board sub-committees
- Detailed terms of reference for the Board and its sub-committees
- Comprehensive strategic planning, budgeting and management accounting
- Established organisational and governance structure and reporting lines
- Formal written policies
- A risk evaluation statement which is reviewed on a regular basis by the Trustees and the Chief Executive
- Hierarchical authorisation and approval levels

Through the established risk management processes, the Board is satisfied that the major risks identified have been adequately guarded against where necessary. It recognises that systems can provide only reasonable, but not absolute, assurance that major Funding s are being adequately managed.

Grants payable

Grants payable are payments made to third parties in the furtherance of the charitable objectives of the charity. The grants are recognised where the trustees have agreed to pay the grant and the recipient has a reasonable expectation that they will receive a grant, provided they comply with the terms of the agreement. Grants offered subject to terms and conditions which have not been met at the year-end date are noted as a commitment but not accrued as expenditure.

Funding Position and Plans for the Future

In 2023/24, A&B Cymru received core funding of £50K from Arts Council of Wales and £40K from Welsh Government.

A&B Cymru continues to strive to diversify its funding. The charity has commissioned The Funding Centre to undertake a Business Review of its operation to assist the establishment of a sustainable financial model. The findings of the review will be published in Autumn 2024.

Structure, governance and management

Governance

Arts & Business Cymru (A&B Cymru) was incorporated as a company, limited by guarantee and not having any share capital on 8 September 2011. It is registered as a charity with the Charity Commission and regarded as such by HM Revenue and Customs. Its governing document is its Memorandum and Articles of Association.

Staffing structure

The team includes eight staff, five of which are full-time. They are the Chief Executive, Director of Business Development & Operations, Business Development Manager, Arts Development Manager, Arts Development Officer, Administrator, Finance Manager and North Wales Partnerships Director.

ARTS & BUSINESS CYMRU

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Directors and Trustees

The directors of the charitable company are its Trustees for the purposes of charity law and are collectively referred to as the Trustees throughout this report.

Recruitment, appointment, induction and training of Trustees

Trustees are appointed by the Board. All new Trustees receive an induction pack containing the following:

- A&B Cymru's handbook.
- The current business plan.
- The most recent accounts.
- A general information pack on all A&B Cymru's programmes and services.
- The role of Trustees sheet.
- The minutes of the last Trustees meeting.

Trustees are invited to attend training courses run by A&B Cymru's Independent Examiner, Azets, as well as its own governance masterclasses and seminars. No new Trustees were appointed during 2022/23 – two Trustees resigned – one had reached the end of their term and the other had a change of personal circumstances.

Key Management Personnel

The key management personnel for the current financial year is considered to be the Chief Executive. The remuneration of the key management personnel is benchmarked to market rates.

Organisational structure and decision-making process

The Board of Trustees must have at least three and not more than 10 members to administer the charity. There is an agreed statement of the role and responsibilities of the Board and its members. At no time during the year did any Trustee have a beneficial interest in the charity.

There is one sub-committee of the Board – Finance & Audit. This committee meets immediately before each Board meeting. The membership of the committee is set out on page 7. Their terms of reference are as follows:

Finance & Audit Committee

To have, on behalf of the Trustees, an overall watching brief over all financial aspects of the charity's activities, to advise the Trustees in regard to the charity's financial statements, to ensure the maintenance of proper financial records and controls and to set and monitor the charity's annual delivery plan and financial performance.

The Board has appointed a Chief Executive to manage the day-to-day operations of the charity and she has delegated authority for a wide range of operational matters.

There is a statement of matters reserved to the Board. They include:

- Setting overall strategy and policy.
- Approving the budget and business plan.
- The appointment and removal of Trustees (including the chair).
- The appointment and removal of the Chief Executive and setting their terms and conditions.
- Consideration of fundamental issues concerning A&B Cymru's relationship with its principal.
- Consideration of fundamental issues concerning A&B Cymru's relationship with the Charity.
- Approval of major capital expenditure and the acquisition of freehold property or leases.
- Setting the charity's reserves, diversity and investment policies.

Other groups

In addition to the Board, two groups of individuals are associated both formally and informally with A&B Cymru – the Investment Panel and the Arts Steering Panel.

The Investment Panel's role is to determine which business/arts partnerships are awarded cash investment through A&B Cymru's CultureStep (see page 2 for a brief description of this programme). Chaired by A&B Cymru's Chief Executive, the panel consists of 7 voting members and meets five times per year on Zoom. Each member receives an induction prior to joining. The Panel operates on the principle of collective responsibility and all members have an equal voice. The Arts Steering Panel exists to ensure a regular and productive dialogue between A&B Cymru and the arts and provide an opportunity to share and discuss priorities and challenges. The membership of the 2023/24 panels is listed on page 8.

ARTS & BUSINESS CYMRU

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2024

Reference and administrative details

Charity number 1143772

(Registered September 2011)

Company number 7767380

(Registered September 2011)

Registered address

16 Museum Place
Cardiff, CF10 3BH

Administrative office

16 Museum Place
Cardiff, CF10 3BH

Independent examiner

Andrew Howells
Azets Audit Services
Ty Derw, Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB

Bank and branch address

Unity Trust Bank Plc
4 Brindleyplace
Birmingham
B1 2JB

Solicitors

Geldards LLP
4 Capital Quarter
Tyndall St
Cardiff
CF10 4BZ

Trustees

Catherine Elizabeth Ray Owens - resigned 19 June 2023
Arwel Gruffydd - resigned 15 June 2023
Shone Hughes
Trevor David Morpeth*
Tania Jane Rawlinson
Louisa Scadden
David John Landen*
Nkechi Allen-Dawson
Claire Charlton - appointed 24 July 2023
Sadique Maskeen - appointed 1 July 2023, resigned 19 May 2024
Anthony Wedlake - appointed 1 July 2023
Ruth Fabby – appointed 19 July 2024

Key management personnel

Rachel Jones - Chief Executive

*Indicates a member of the Finance & Audit Committee

ARTS & BUSINESS CYMRU

TRUSTEES REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) *FOR THE YEAR ENDED 31 MARCH 2024*

Culture Step Panel

Kathy Brown
Rachel Jones
Robert Lloyd Griffiths
Denise Lord
Samantha Maskrey
Nigel Petrie
Lynne Sheehy
Richard Tynen

Arts Steering Panel

Andy Healy
Angela Rogers
Carys Wynne-Morgan
Gemma Durham
Claire Furlong
Liam Evans-Ford
Meinir Llwyd Roberts
Owain Gwilym
Penny King
Rhiannon White
Sara Clutton
Sarah Ecob
Sarah Horner
Simone Joslyn
Sita Thomas

ARTS & BUSINESS CYMRU

STATEMENT OF TRUSTEES RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2024

The trustees, who are also the directors of Arts & Business Cymru for the purpose of company law, are responsible for preparing the Trustees Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the charity and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board of Trustees



.....
Trevor David Morpeth - Trustee
Trustee

Date: 20/12/2024
.....

ARTS & BUSINESS CYMRU

INDEPENDENT EXAMINER'S REPORT

TO THE TRUSTEES OF ARTS & BUSINESS CYMRU

I report to the trustees on my examination of the financial statements of Arts & Business Cymru (the charity) for the year ended 31 March 2024.

Responsibilities and basis of report

As the trustees of the charity (and also its directors for the purposes of company law) you are responsible for the preparation of the financial statements in accordance with the requirements of the Companies Act 2006 (the 2006 Act).

Having satisfied myself that the financial statements of the charity are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of the charity's financial statements carried out under section 145 of the Charities Act 2011 (the 2011 Act). In carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

Independent examiner's statement

Since the charity's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

- 1 accounting records were not kept in respect of the charity as required by section 386 of the 2006 Act; or
- 2 the financial statements do not accord with those records; or
- 3 the financial statements do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
- 4 the financial statements have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the financial statements to be reached.

Andrew Howells

Azets Audit Services

Ty Derw, Lime Tree Court
Cardiff Gate Business Park
Cardiff
CF23 8AB
United Kingdom

Dated: **20 December 2024**

ARTS & BUSINESS CYMRU

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2024

		Unrestricted funds 2024 £	Unrestricted funds 2023 £
	Notes		
<u>Income from:</u>			
Donations and legacies	3	391,468	429,965
Charitable activities	5	39,340	36,363
Investments	4	4,387	1,417
Total income		435,195	467,745
<u>Expenditure on:</u>			
Charitable activities	7	484,254	478,909
Exceptional item	8	(67,115)	-
Total expenditure		417,139	478,909

Net expenditure for the year before exceptional item	(49,059)	11,164
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Net income/(expenditure) for the year/ Net movement in funds	18,056	(11,164)
Fund balances at 1 April 2023	192,512	203,675
Fund balances at 31 March 2024	210,568	192,511

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

ARTS & BUSINESS CYMRU

BALANCE SHEET

AS AT 31 MARCH 2024

	Notes	2024 £	£	2023 £	£
Fixed assets					
Tangible assets	13		4,335		2,364
Investments	12		1		1
			<u>4,336</u>		<u>2,365</u>
Current assets					
Debtors	14	83,477		52,477	
Cash at bank and in hand		288,496		336,419	
		<u>371,973</u>		<u>388,896</u>	
Creditors: amounts falling due within one year	15	(165,741)		(198,750)	
Net current assets			206,232		190,146
Total assets less current liabilities			<u>210,568</u>		<u>192,511</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	17	108,799		118,706	
General unrestricted funds		101,769		73,805	
			<u>210,568</u>		<u>192,511</u>
			<u>210,568</u>		<u>192,511</u>

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2024.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Trustees on14/11/2024.....



.....
Trevor David Morbell
Trustee

Company registration number 07767380

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Charity information

Arts & Business Cymru is a charitable company limited by guarantee incorporated in England & Wales. The registered office is 16 Museum Place, Cardiff CF10 3BH.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Companies Act 2006, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (effective 1 January 2019). The charity is a Public Benefit Entity as defined by FRS 102.

The charity has taken advantage of the provisions in the SORP for charities not to prepare a Statement of Cash Flows.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives unless the funds have been designated for other purposes.

Designated funds are unrestricted funds earmarked by the management committee for particular purposes.

1.4 Incoming resources

Income is recognised when the charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income including donations, gifts and grants that provide core funding or are of a general nature are recognised where there is entitlement, probable of receipt and the amount can be measured with sufficient reliability.

Such income is only deferred when the donor specifies it must be used in future accounting periods or the donor has imposed conditions which must be met before the charity has unconditional entitlement.

Investment income is recognised on a receivable basis.

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.5 Resources expended

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement, and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

Expenditure is classified under the following activity headings:

Expenditure on charitable activities includes all costs relating to the furtherance of the charity's objectives as stated in the Trustees report

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

Governance costs include such items as independent examination fees, legal advice for Trustees; and costs associated with constitutional and statutory requirements.

Grants payable

Grants payable are recognised in full in the year in which they are approved by the charity and communicated to the recipient, irrespective of the period for which the investment is payable. This is the point at which the charity has an obligation, legal or constructive, to meet this expenditure. There are normally certain conditions that must be met before the investment is actually paid over, however, it is reasonably certain that these will be met and the payment made.

Netting off income and expenditure

Income and expenditure are stated gross.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Office equipment	25% reducing balance
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1.7 Fixed asset investments

A subsidiary is an entity controlled by the charity. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Investments relate to 100% of the share capital of the charity's wholly owned trading subsidiary and is recognised at cost.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

Rentals payable under operating leases are charged as an expense on a straight line basis over the term of the relevant lease.

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Donations and legacies

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Donations and gifts	250,718	289,965
National Arts government grants	140,750	140,000
	<u>391,468</u>	<u>429,965</u>
Donations and gifts		
Arts & Business Trading Limited	77,879	52,454
Creative Internships	50,000	60,000
CultureStep Investment Programme	120,000	119,084
Prosper	-	25,000
Skills for Success	-	25,000
Impact Circle	1,049	1,581
Raffle & Sundry	1,790	1,846
Other	-	5,000
	<u>250,718</u>	<u>289,965</u>

4 Investments

	Unrestricted funds 2024 £	Unrestricted funds 2023 £
Interest receivable	<u>4,387</u>	<u>1,417</u>

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

5 Charitable activities

	2024 £	2023 £
Arts membership	30,050	22,391
Conference/seminar fees	9,190	8,530
Arts consultancy fees	-	5,233
Sundry income	100	209
	<u>39,340</u>	<u>36,363</u>

6 Grants payable

	2024 £	2023 £
Grants to institutions:		
Grants and services to the arts, advocacy, research & events	<u>164,134</u>	<u>202,483</u>

The charity made no grants to the Investment Programme Wales during the year (2023: one).

7 Charitable activities

	2024 £	2023 £
Staff costs	289,362	240,655
Other direct costs	10,750	16,339
Premises	17,257	16,882
	<u>317,369</u>	<u>273,876</u>
Grant funding of activities (see note 6)	164,134	202,483
Share of governance costs (see note 9)	2,751	2,550
	<u>484,254</u>	<u>478,909</u>

8 Exceptional item

	2024 £	2023 £
Exceptional item	(67,115)	-
	<u>(67,115)</u>	<u>-</u>

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

8 Exceptional item (Continued)

The charity has reviewed certain historic liabilities retained and concluded that there is no likelihood of those liabilities being settled, consequently those liabilities have been released to the income and expenditure account.

9 Support costs

	Support costs £	Governance costs £	2024 £	2023 £
Independent examination fee	-	2,751	2,751	2,550
	-	2,751	2,751	2,550
Analysed between Charitable activities	-	2,751	2,751	2,550

Governance costs includes payments to the independent examiner of £2,500 (2023: £2,550) for the independent examination of the financial statements.

10 Employees

The average monthly number of employees during the year was:

	2024 Number	2023 Number
Permanent staff	7	7

Employment costs

	2024 £	2023 £
Wages and salaries	258,340	213,694
Social security costs	19,382	16,840
Other pension costs	11,640	10,121
	289,362	240,655

No trustees were reimbursed for expenses or received remuneration during the current or prior year.

Key management personnel

The total amount of employee benefits (including salary, employers national insurance and pension contributions) received by the key management personnel for their services to the charity during the year totalled £81,368 (2023: £77,835).

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

10 Employees

(Continued)

The number of employees whose annual remuneration was more than £60,000 is as follows:

	2024 Number	2023 Number
£60,000 - £69,999	1	1
	<u> </u>	<u> </u>

11 Taxation

As a registered charity, Arts & Business Cymru is entitled to the exemption from taxation in respect of income and capital gains received with sections 478-489 of the Corporation Tax Act 2010 and section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects purposes only.

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

12 Fixed asset investments

		Other investments
Cost or valuation		
At 1 April 2023 & 31 March 2024		1
Carrying amount		
At 31 March 2024		1
At 31 March 2023		1

	Notes	2024 £	2023 £
Other investments comprise:			
Investments in subsidiaries	19	1	1

13 Tangible fixed assets

	Computers £
Cost	
At 1 April 2023	4,639
Additions	2,860
At 31 March 2024	7,499
Depreciation	
At 1 April 2023	2,275
Depreciation charged in the year	889
At 31 March 2024	3,164
Carrying amount	
At 31 March 2024	4,335
At 31 March 2023	2,364

14 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Trade debtors	11,371	4,678
Amounts owed by subsidiary undertakings	72,106	47,799
	83,477	52,477

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

15 Creditors: amounts falling due within one year

	Notes	2024 £	2023 £
Other taxation and social security		7,641	5,053
Deferred income	16	107,015	62,000
Trade creditors		2,350	4,285
Other creditors		1,980	-
Accruals		46,755	127,412
		<u>165,741</u>	<u>198,750</u>

16 Deferred income

	2024 £	2023 £
Arising from grants	<u>107,015</u>	<u>62,000</u>
	2024 £	2023 £
Deferred income is included within:		
Current liabilities	<u>107,015</u>	<u>62,000</u>
Movements in the year:		
Deferred income at 1 April 2023	62,000	58,600
Released from previous periods	(62,000)	(58,600)
Resources deferred in the year	<u>107,015</u>	<u>62,000</u>
Deferred income at 31 March 2024	<u>107,015</u>	<u>62,000</u>

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

17 Designated funds

The income funds of the charity include the following designated funds which have been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2022 £	Movement in funds Incoming resources £	Balance at 1 April 2023 £	Resources expended £	Balance at 31 March 2024 £
Designated	115,676	3,030	118,706	(9,907)	108,799
	<u>115,676</u>	<u>3,030</u>	<u>118,706</u>	<u>(9,907)</u>	<u>108,799</u>

Designated Funds

The designated fund as detailed in the trustee report represents 3 months operating costs reserves.

18 Analysis of net assets between funds

	Unrestricted funds 2024 £	Designated funds 2024 £	Total Unrestricted funds 2024 £	Designated funds 2023 £	Total 2023 £
Fund balances at 31 March 2024 are represented by:					
Tangible assets	4,335	-	4,335	2,364	2,364
Investments	1	-	1	1	1
Current assets/(liabilities)	97,433	108,799	206,232	118,706	190,146
	<u>101,769</u>	<u>108,799</u>	<u>210,568</u>	<u>118,706</u>	<u>192,511</u>

19 Subsidiaries

These financial statements are separate charity financial statements to Arts & Business Cymru Trading Limited.

Details of the charity's subsidiaries at 31 March 2024 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
Arts & Business Cymru Trading Limited	England and Wales	Trading arm of charity	Ordinary	100.00

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

19 Subsidiaries

(Continued)

The aggregate capital and reserves and the result for the year of subsidiaries excluded from consolidation was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Arts & Business Cymru Trading Limited	77,879	1

20 Called up share capital

The company is limited by guarantee and has no share capital.

21 Pensions

The charity operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the charity in independently administered funds. The pension cost charge represents contributions paid by the charity to the fund and amounted to £11,640 (2023: £10,121). Contributions outstanding at the year end amounted to £1,980 (2023: £nil).

ARTS & BUSINESS CYMRU

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2024

22 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2024 £	2023 £
Within one year	11,449	7,688
Between two and five years	19,388	809
	<u>30,837</u>	<u>8,497</u>

23 Related party transactions

During the year the charity's wholly owned subsidiary Arts & Business Cymru Trading Limited gifted £77,879 to the charity (2023: £52,454). At the year end Arts & Business Cymru Trading Limited owed the charity £72,106 (2023: £47,799).

During the year the charity also received £70,000 (2023: £50,000) from Moondance Foundation. There were no amounts outstanding at the current or prior year end. The charities are related by way of common trustees.