

# SOFT TOUCH ARTS LIMITED

England & Wales · Charity number 1147318

## Details

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**Status** Registered

**Legal form** Charitable company

**Company number** [02063893](#)

**Registered** 2012-05-18

**Register** [View on the Charity Commission register](#)

## Contact

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**Address** 50 New Walk  
Leicester  
LE1 6TF

**Phone** 01162552592

**Email** [info@soft-touch.org.uk](mailto:info@soft-touch.org.uk)

**Website** [www.soft-touch.org.uk](http://www.soft-touch.org.uk)

## Activities

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**Objects:** THE CHARITY'S OBJECTS ARE AS FOLLOWS:A. TO ADVANCE THE EDUCATION OF THE PUBLIC IN THE APPRECIATION AND PRACTICE OF THE ARTS.B. TO IMPROVE THE QUALITY OF LIFE FOR THOSE WHO ARE MOST DISADVANTAGED IN SOCIETY BY WAY OF SOCIAL AND ECONOMIC DEPRIVATION, MENTAL AND PHYSICAL DISABILITY AND VULNERABLE PHYSICAL CIRCUMSTANCE, SUCH AS BEING IN CARE OR HOMELESS, THROUGH PARTICIPATION IN THE ARTS, IN PARTICULAR BUT NOT EXCLUSIVELY THROUGH THE CREATION OF MUSIC, FILM AND VIDEO, MULTI MEDIA INSTALLATIONS, SCULPTURE, DRAMA AND GRAPHIC DESIGNS.C. TO PROMOTE THE DEVELOPMENT OF SKILLS AND APTITUDES SUCH AS CREATIVE EXPRESSION, SELF CONFIDENCE, GROUP WORKING AND COMMUNICATION THROUGH PARTICIPATION IN THE ARTS.D. TO ADVANCE IN LIFE AND HELP YOUNG PEOPLE THROUGH:I. THE PROVISION OF ARTS AND MEDIA ACTIVITIES PROVIDED IN THE INTEREST OF SOCIAL WELFARE, DESIGNED TO IMPROVE THEIR CONDITIONS OF LIFE;II. PROVIDING SUPPORT AND ACTIVITIES WHICH DEVELOP THEIR SKILLS, CAPACITIES AND CAPABILITIES TO ENABLE THEM TO PARTICIPATE IN SOCIETY AS MATURE AND RESPONSIBLE INDIVIDUALS.E. TO HELP YOUNG PEOPLE, ESPECIALLY BUT NOT EXCLUSIVELY THROUGH ARTS, TO DEVELOP THEIR CAPABILITIES SO THAT THEY GROW TO FULL MATURITY AS INDIVIDUALS AND MEMBERS OF SOCIETY.F. TO ACT AS A RESOURCE FOR YOUNG PEOPLE BY PROVIDING ADVICE AND ASSISTANCE AND ORGANISING PROGRAMMES OF PHYSICAL, EDUCATIONAL AND OTHER ACTIVITIES AS MEANS OF:I. ADVANCING IN LIFE AND HELPING YOUNG PEOPLE;II. ADVANCING EDUCATION;III. RELIEVING UNEMPLOYMENT; ANDIV. PROVIDING RECREATIONAL AND LEISURE TIME ACTIVITY IN THE INTERESTS OF SOCIAL WELFARE FOR PEOPLE LIVING IN THE AREA OF BENEFIT WHO HAVE NEED BY REASON OF THEIR YOUTH, AGE, INFIRMITY OR DISABILITY, POVERTY OR SOCIAL AND ECONOMIC CIRCUMSTANCES WITH A VIEW TO IMPROVING THE CONDITIONS OF LIFE OF SUCH PERSONS.G. AND TO CARRY OUT ALL OTHER SUCH WORK INCIDENTAL TO THE ABOVE OBJECTS OF THE CHARITY FOR CHARITABLE PURPOSES FOR THE GENERAL BENEFIT OF THE INHABITANTS OF LEICESTER, LEICESTERSHIRE, EAST MIDLANDS AND OCCASIONALLY IN OTHER AREAS OF THE UK TO SHARE GOOD PRACTICE OR REPLICATE MODELS OF DELIVERY.

**Activities:** We provide opportunities for young people whose life circumstances put them at a disadvantage to engage in creative projects to support their personal development & achievement of their ambitions: running a varied programme of arts, music & cooking activities, from group sessions to one to one support & supporting community capacity building. We also work with adult prisoners and asylum seekers.

## Classification

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- **How:** Provides Services
- **What:** General Charitable Purposes, Education/training, The Advancement Of Health Or Saving Of Lives, Disability, Arts/culture/heritage/science, Economic/community Development/employment, Recreation
- **Who:** Children/young People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin, Other Defined Groups

## Geography

- **Area of benefit:** LEICESTER, LEICESTERSHIRE, EAST MIDLANDS AND OCCASIONALLY IN OTHER AREAS OF THE UNITED KINGDOM
- Leicester City
- Leicestershire

## Finances

| Period end | Income   | Expenditure | Assets     | Employees |
|------------|----------|-------------|------------|-----------|
| 2025-03-31 | £772,799 | £676,989    | £1,507,769 | 27        |
| 2024-03-31 | £706,715 | £724,889    | £1,411,959 | 24        |
| 2023-03-31 | £601,625 | £705,278    | £1,410,124 | 28        |
| 2022-03-31 | £701,297 | £594,953    | £1,513,777 | 26        |
| 2021-03-31 | £690,517 | £519,348    | £1,407,433 | 25        |

## Trustees

| Name                      | Role | Appointed  |
|---------------------------|------|------------|
| Craig Stocker             |      | 2021-01-26 |
| Danny Myers               |      | 2024-10-15 |
| Joe Crofton               |      | 2012-03-22 |
| Kelly Grace               |      | 2021-11-16 |
| Kevin Michael Hudson      |      | 2012-03-22 |
| Nicol Siobhan Nightingale |      | 2019-11-11 |
| Saahera Mahomed           |      | 2021-01-26 |
| Shami Doshi               |      | 2024-12-04 |
| Susan West                |      | 2024-12-04 |

**SOFT TOUCH ARTS LIMITED**

England & Wales - Charity number 1147318

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# Accounts

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**Charity registration number 1147318**

**Company registration number 02063893 (England and Wales)**

**SOFT TOUCH ARTS LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2025**

# SOFT TOUCH ARTS LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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|                          |                                                                                      |                             |
|--------------------------|--------------------------------------------------------------------------------------|-----------------------------|
| <b>Trustees</b>          | S Mahomed (Co-Chair)                                                                 |                             |
|                          | C Stocker (Co-Chair)                                                                 |                             |
|                          | KM Hudson (Honorary Treasurer)                                                       |                             |
|                          | J Crofton                                                                            |                             |
|                          | NS Nightingale                                                                       |                             |
|                          | K Grace                                                                              |                             |
|                          | S Doshi                                                                              | (Appointed 4 December 2024) |
|                          | D Myers                                                                              | (Appointed 15 October 2024) |
|                          | SP West                                                                              | (Appointed 4 December 2024) |
| <b>Charity number</b>    | 1147318                                                                              |                             |
| <b>Company number</b>    | 02063893                                                                             |                             |
| <b>Principal address</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                  |                             |
| <b>Registered office</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                  |                             |
| <b>Auditor</b>           | Newby Castleman LLP<br>West Walk Building<br>110 Regent Road<br>Leicester<br>LE1 7LT |                             |
| <b>Bankers</b>           | National Westminster Bank Plc<br>1 Granby Street<br>Leicester<br>LE1 6EJ             |                             |

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# SOFT TOUCH ARTS LIMITED

## CONTENTS

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|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Trustees' report                  | 1 - 9       |
| Independent auditor's report      | 10 - 12     |
| Statement of financial activities | 13          |
| Balance sheet                     | 14 - 15     |
| Statement of cash flows           | 16          |
| Notes to the financial statements | 17 - 30     |

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# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 MARCH 2025

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The trustees who are also directors of the charitable company present their report and financial statements for the year ended 31 March 2025.

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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

### **OBJECTIVES AND ACTIVITIES**

The charity's objects per the Articles of Association are as follows:

1. To advance the education of the public in the appreciation and practice of the arts.
2. To relieve the needs of those who are most disadvantaged in society by way of social and economic deprivation, mental and physical disability and vulnerable physical circumstance, such as being in care or homeless, through participation in the arts, in particular but not exclusively through the creation of music, film and video, multimedia installations, sculpture, drama and graphic designs with the aim of improving their quality of life.
3. To advance education, learning and personal development for the public benefit in particular but not limited to promoting the development of skills and aptitudes (such as creative expression, self-confidence, group working and communication) through participation in the arts in all their forms.

### **Aims**

Our aims for 2023-27 are aligned to Arts Council England's Investment Principles, with an overarching objective for each year identified for each Principle. We give headline achievements below for each of these.

#### Ambition and Quality

Deliver an inclusive programme of arts activities in partnership across the city and county for young people with limited access to the arts in high-quality and ambitious creative projects and use improved data collection to inform areas of development to focus on between now and 2027.

- Soft Touch Studios is our Youth Music-funded programme which engages a very diverse set of vulnerable young people and has now established the quarterly Step-Up performances as an uplifting celebration of their achievements and a chance to gain invaluable planning, performance and back stage skills and experience.
- With National Lottery Community Fund Million Hours funding, we have expanded our open access arts and music provision as well as embedding our school holiday week long intensive Million Ideas programme - an expansion on our Step-Up provision.
- We continue to run a project in the hospital schools to do music with young people suffering from debilitating mental health conditions.
- We have continued to refine our use of the Upshot system to produce more useful data. For example, we have improved recording of young people's progression.

#### Environmental responsibility

To embed environmental awareness into delivery of projects with young people that are disconnected and unaware of their personal place in making a contribution to reducing impact on the environment and provide training to enable improved advice and advocacy within our creative sessions. We want young people to find their voice on these issues too.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

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- Funding from Garfield Weston has provided us with the resources to really explore what young people want to see and do and what feels beneficial to them. We built a programme around giving young people voice. We have given young people the chance to enjoy and have access to nature with trips to the Cornish coast, the Peak District, nature connection sessions in The National Forest, trips to local community gardens, from foraging, from growing willow sculptures, from upcycling workshops and zine making.
- The culmination of this programme, although outside of the 24/25 reporting timeframe in June 25, was Radical Hope - a Festival populated with events composed entirely of ideas young people had inspired by these activities.

#### Dynamism

Use of our robust strategic planning and review process to identify opportunities and risks to our sustainability and programme quality, relevance and delivery. This involves collective input from staff, board and young people as part of the business planning process.

- Our succession planning process was almost concluded by the end of this reporting period with a new working co-director and a finance associate director fully embedded and assuming many governance, funding, and financial responsibilities. All long-term working directors will be retired by September 2025.
- The voice and agency we give young people throughout their engagement with our work remains a core principle behind all activities and delivery (see Objectives section below for more detail).

#### Inclusivity and relevance

Implement a new approach in our diversity and equality action plan to give a better overview of project participants, staff, board & leadership team characteristics & set targets & principles to achieve the creative case for diversity.

- We conducted a detailed analysis which clearly showed who we were reaching and where the gaps are. After recognising that we still had work to do in equalising the number of male and female participants, especially across our music projects, it is really encouraging to see that the actions we have taken (female only groups, more female session workers across all sessions) have helped us achieve a much better balance in participation (see Achievements section below).
- New Parks and South Wigston are both edge of city neighbourhoods that are socially and economically excluded and have low levels of cultural participation.
- Our long-standing National Lottery funded community-based programme of work in New Parks continues to secure sustained and impactful engagement. This engagement has been further supplemented with Historic England and OPCC funded heritage and street-based projects respectively and started development work towards applying for a long-term programme of work. Initially, we were successful with an application to the Police and Crime Commissioner, which will see a mural project in 2025/26.
- Our community-based work in South Wigston, though not as developed as our work in New Parks, continues to receive support from local and national funders and is successfully developing a partnership approach with both local statutory agencies and community groups.
- We employed five young people over the course of the year who have inputted loads of ideas into how we run and what we could be doing differently so young people have an even better experience at Soft Touch.

#### **Objectives**

Our programme is delivered to a four-stage model: Engage – Develop – Progress - Opportunity.

The Engage-Develop-Progress stages are built upon our core practice of giving young people both voice and agency to shape their sessions and their own development. This practice provides a space for young people unlike they experience in formal education settings which is mostly curriculum based or many other out of school youth provisions which are often set around specific, pre-designed activities.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

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Guided and supported by our arts, music, food, environmental and heritage workers, young people shape their own sessions with us (Engage) and then their own development (Develop) and alongside this work, they are also given the chance to shape our projects, trips and events as well as more advanced skills and employment opportunities (Progress).

It is a pathway designed and delivered to give young people an increasing amount of voice and agency the longer they work with us.

The Progress and Opportunity stages of our work with young people overlap too in many ways. Embedded in both approaches is the aim to overcome the barriers that prevent access to a sustained engagement in creative activities and employment in the creative sector, including hospitality. We provide the opportunities and connections to enable both.

This model is a pathway designed from an assumed starting point where a young person has not been engaging in creative activities at all. It concludes with a young person who has learned to enjoy and value their own creativity and now understands how regular engagement with art, music, heritage and cooking can make them feel better about themselves and their future. And if we can provide opportunities to potentially earn an income from their newly acquired expertise, all the better.

Of course, not every young person starts and finishes neatly at these points. However, applying our practice of giving voice and agency to a young person to a model which can track their engagement, development and progression as well as the opportunities that we can provide, ensure the quality of the work we deliver retains quality and focus.

#### Engage

Inspire and engage young people in fun, high-quality creative activities at our centre and locations across the city and county.

We run creative outreach sessions in communities, such as New Parks, and with specific groups of young people with special educational needs or disabilities, or those at risk of poor life outcomes such as young offenders or looked after children. We also work in Leicestershire schools and hospitals.

In 2024-25:

- We delivered over 179 outreach sessions, 145 fully open access sessions - a third more than our Arts Council England target.
- The number of individuals we engaged with has risen to 903 in 2024/25.
- Two thirds of the young people we engage with are from vulnerable backgrounds.

#### Develop

Longer term creative projects which facilitate in-depth learning, support wellbeing, and develop personal and social skills.

This is the core of our work: we get to know a young person and their interests, and to understand the best way to make them feel better about themselves, the world around them and their future. This process works through the positive relationships built by our staff with participants with most work taking place at our arts centre.

This year just under half of young people who engaged with our projects moved into this stage of our projects. In 2024-25, we delivered 1,497 high quality, supervised project sessions - up 188 from 1,309 last year.

399 of these sessions were female only and 6 of 8 of our paid internships under our Opportunity programme were female. 6 of 8 of our paid interns were also non-white British. There is an obvious link between these two conscious changes and the fact that we now have an equal split across male and female participation and the number of non-white female participants in Develop sessions has doubled from 10% to 21%.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

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#### Progress

Progression through involvement in performances, exhibitions, mentoring, volunteering, work experience and creative enterprise.

About 1 in 3 of those who have developed their confidence and skills in our core Develop programme, then take up the opportunity to further explore how they may progress.

Our projects are designed to recognise and record young people's progress. Meaningful personalised outcomes include: performing live music; public exhibitions of creative work; selling artwork; volunteering in our café; working on life goals with a mentor; support into volunteering, work experience and employment.

To this end, our youth arts centre exhibited young people's art work for over 150 days and we hosted summer and Christmas markets where young creatives sold their work. We organised 5 public gigs at different venues across the city for our young musicians.

In 2024-25:

- Delivered 173 specific Progress sessions, where life skills, resilience and career development are often part of our work.
- 131 young people attended 10+ sessions so they could be in a position to secure these benefits from our projects. This number is comfortably in excess of our Arts Council Target of 85 and has held steady for a few years.

#### Opportunity

An employment programme to support young people and freelancers from under-represented backgrounds to begin and sustain a career in the creative sector through paid internships, training & support.

We aimed to offer three paid internships to young people over the year – in fact we employed eight.

We aimed to offer work to 20 creative freelance workers from diverse backgrounds – we employed 30 sessional and freelance project workers and 16 freelance artists on one-off or short contracts.

#### **Public Benefit Statement**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aim and objectives.

The charity provides public benefit through the services provided to disadvantaged young people in Leicester city and Leicestershire and occasionally in other areas of the UK to share good practice or replicated models of delivery.

### **ACHIEVEMENTS AND PERFORMANCE**

We measure success through monitoring user engagement and evaluating the impact of projects and programmes. This includes using Upshot software for quantitative recording and evaluation tools such as those based on the 'Outcomes Star'.

#### **Summary of the main activities**

During the year we were able to bring back a full programme of activities.

Headline statistics\* (last year in brackets):

- We worked with 906 (466) individual young people for the year ending 31 March 2025 and ran 2,434 (1,309) sessions over 29 (27) programmes and projects.
- All of our projects had a focus on health and wellbeing and 20% (29%) of participants were recorded as having a known disability or extra support needs.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

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- The largest age group of those accessing Soft Touch were 12–16-year-olds at 42.6% (54%). We are now working with very few young ones at 10% (3%), the majority of this age group accessing our summer events and festivals. However, we are still working with significant numbers from the older age group of 17-24 at 25% (33%).
- Once again, the area with the highest number of participants was the north west of the city, covering the deprived neighbourhood of New Parks at 39% (46%). As last year, of those for whom a postcode was recorded, we had no participants from the County.
- We had 4,821 (7,680) visitors to events held at our building and other venues and 4,386 (3,118) café visitors. The high number of event visitors in 2023-24 reflects the fact that we had some off-site events that attracted large numbers, e.g. for National Play Day and the Punks Weekender festival, which accounted for 4,743 visitors.
- We delivered 29 (27) projects and programmes encompassing those delivered from our building and out in the community. These covered group creative sessions, café sessions and one to one support (working with over 45 (35) young people).

\*Sources: annual statistics submitted to Arts Council England.

#### **Notable achievements and developments**

We are committed to improving the progression opportunities for our young people as described above through our progression strand (through involvement in performances, exhibitions, mentoring, volunteering, work experience and creative enterprise) and opportunity strand (an employment programme to support young people and freelancers from under-represented backgrounds to begin and sustain a career in the creative sector through paid internships, training & support). Here are some more highlights of what they achieved:

- Paid internships for young people – we have continued our commitment of employing young people on internships, through project funding and including the costs in applications. This means that this year we have had a team of eight young people who have got involved in delivering projects and contributing to the Youth Voice group.
- Trips – our Project Enable young people experienced trips to our local venues such as Curve Theatre and the King Power stadium; as part of our “nature connection” work, a group travelled to Cornwall to visit the Eden Project and got involved in creating art from litter picked from the local beaches.
- Young People’s performances – we have been able to provide a variety of music experiences both at Soft Touch and wider afield at local festivals (e.g. Glastonblaby and Mela) as well as a highlight performance at The International which looks set to be an annual event. These performances were seen by an astonishing 2,644 people.
- Events – we had over 2,000 visitors to our other events, in addition to the musical performances above, including our annual Christmas Market where our young people could showcase (and sell) their work; our inaugural Big Mini exhibition brought together art work from across all projects (the 2025 exhibition aims to reach beyond the walls of Soft Touch and into other creative spaces across the City); and our cafe work extended to events and festivals providing catering experience outside of the Soft Touch Cafe.

#### **FINANCIAL REVIEW**

The results for the year ended 31 March 2025 are shown in the Statement of Financial Activities on page 13. This, together with the balance sheet on pages 14-15, should be read in conjunction with the related notes which have been prepared in accordance with the Charities SORP 2019 (FRS 102).

Total income for the year amounted to £772,799 (2024: £706,715). The principal funding source continued to be grant income (60% - 2024: 67%). The charity does not carry out significant fundraising activities. Total expenditure for the year amounted to £676,989 (2024: £724,889). A breakdown of expenditure is set out in notes to the financial statements.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

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After transfers between funds, there was a surplus on unrestricted funds for the year totalling £56,852 and a surplus on restricted funds totalling £38,958. This has resulted in a total increase in funds for the year of £95,810. The funds for the charity at the year-end totalled £1,507,769 which comprise restricted funds of £1,001,083 and unrestricted funds of £506,686, of which £85,000 has been designated and general funds totalling £421,686.

#### **Reserves**

Reserves are needed to cover any immediate drop in income caused by external unforeseeable circumstances. It is the policy of the board of trustees to maintain free reserves (unrestricted general funds, less tangible fixed assets and long-term liabilities) at £166,000, being approximately six months unrestricted expenditure. The Board has designated £55,000 for a Property Maintenance reserve for future property capital repairs and maintenance - for example, in 2025-26 we will be having significant repairs to the roof and update to the heating system. Soft Touch Arts currently has £245,320 in free reserves (see note 23), therefore free reserves are in excess of the reserves policy by approximately £79,320. Looking beyond 2025-26, a key funding stream for our "open access" provision will be ending and the Directors feel it is prudent to retain these reserves to provide a back-stop while alternative funding sources are identified to enable this work to continue, and also to provide the additional resources on our most intensive / complex projects.

In addition, the Board has designated a further £30,000 for a Continuing Projects reserve to enable projects to continue after funding has ended.

#### **Risk Management**

The risk management plan is updated every quarter for presentation to the board. The primary increased risk noted is the continuing pressure on staff as the needs of our young people become more varied and complex. We have put short term steps in place to address this through increasing staff numbers on those sessions with the greatest pressure and subscribing to an Employee Assistance Programme which provides a 24/7 helpline and access to counselling. This particular risk is a key driver in our strategic funding plans for 2025 and beyond.

A risk category for succession was added following Arts Council England's flagging of this risk last year. For this year, ACE decreased the rating to 2 from 6 reflecting the work that went into managing the retirement of the three long term directors by September 2025.

### **PLANS FOR THE FUTURE**

#### Funding

- We have been invited by Arts Council England to apply for a fourth year of National Portfolio funding (for 2026/27).
- Longer term projects – an application to the National Lottery Community Fund to continue the programme in New Parks (Project Enable) was successful and we continue to use this programme not only to deliver an ongoing in-school and in-community access point to our work but as a basis for other work based in New Parks which can reach young people who may not be taking part in Enable. We are in the process of developing a further application to the same fund for a programme in South Wigston. We hope to participate in a consortium applying for environmental projects with schools.
- Capital – we will be submitting funding applications to improve the equipment and facilities available to young people across all our projects.

#### Succession

- Our 10-year succession plan has successfully been completed. This is reflected in the reduction of our Arts Council England overall risk rating to 2 – the lowest rating we have had since becoming a National Portfolio Organisation.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

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- The next steps in succession planning will include a wider look at the roles, responsibilities and salaries of all permanent staff, especially in light of the additional hours of provision we are now delivering and the additional income we now secure, especially in fees for our alternative education provision.

#### Salary scales

- We are continuing our work on reviewing of salaries, using NJC local authority scales as a framework for salary progression and promotion, and looking at the Living Wage foundation guidance around pay and pensions.
- Alongside this we are working on a new appraisal and review process whereby people will be able to progress up their salary scale, and progress within the organisation in terms of their roles and levels of responsibility.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Soft Touch Arts Limited is a company limited by guarantee (number 02063893) and is governed by its Memorandum and Articles of Association. It is a charity registered with the Charity Commission (number 1147318). The charity is based in Leicester and aims to engage with and change the lives of disadvantaged young people through the use of arts, media and music activities.

The following trustees / directors have served during 2024/25:

S Mahomed (Co-Chair)

C Stocker (Co-Chair)

KM Hudson (Honorary Treasurer)

VJ Attwood – resigned 6 May 2025

J Crofton

NS Nightingale

SK Norman – resigned 28 June 2024

HD Abeles – resigned 27 March 2025

KS Grace

GP Place – resigned 6 January 2025

S Lad – resigned 27 May 2024

D Myers – appointed 15 October 2024

S Doshi – appointed 4 December 2024

SP West – appointed 4 December 2024

VJ Attwood, J Crofton, K Grace, SK Norman, HD Pearson and D Myers were the only salaried directors. These salaried directors deliver projects as well as operating as the charity's executive directors. Remuneration of salaried directors is decided upon by independent, non-salaried, board members. The board meets on a periodic basis to make decisions on strategy and direct the management of the charity's affairs.

The Articles of Association set out the required quota of salaried and voluntary directors at any one meeting of the board.

The trustees are appointed in accordance with the company's Articles of Association and are chosen to bring in the various knowledge, skills and experience required to meet the charity's objectives generally selected through open recruitment through an application and selection process. There are times when the board decides to approach a particular individual to become a trustee where it is felt important to bring on people who will make the board more fully representative of the communities which our participants come from. New trustees are given a full induction programme, which includes the safeguarding policy and procedures, when they join and are offered training opportunities.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2025

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At the AGM the board elects a Chair, Vice Chair and Treasurer for an annual term. At the AGM on 4 November 2025, S Mahomed and C Stocker were reappointed as co-Chairs and K Hudson was reappointed Honorary Treasurer.

#### **Wider networks**

Soft Touch is an active member of a number of networks, including the Cultural Education Partnership; East Midlands Participatory Arts Forum; Leicester/shire Music Education Hub; Children's Trust Board; RankNet; Culture Declares Emergency. A co-director took part in a governance inquiry led by Cause4.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Soft Touch Arts Limited for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

#### **AUDITORS**

A resolution to reappoint Newby Castleman as our auditors will be put to members at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

# **SOFT TOUCH ARTS LIMITED**

## **TRUSTEES' REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2025**

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On behalf of the board of trustees

KM Hudson (Honorary Treasurer)  
**Trustee**

Date: 18 December 2025

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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#### Opinion

We have audited the financial statements of Soft Touch Arts Limited (the 'charitable company') for the year ended 31 March 2025 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 FRS 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 charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

#### 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the trustee's report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustee's 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.

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees Report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 8 the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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.

### **Extent to which the audit was considered capable of detecting irregularities**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. However, responsibility for the prevention and detection of fraud ultimately rests with both those charged with governance and management of the charitable company.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the charitable company by considering the nature of the industry in which the charitable company operates and enquiring of management; and
- identifying the key laws and regulations considered to have a direct impact on the financial statements including the UK Companies Act 2006, UK Charities Act 2011, UK Generally Accepted Accounting Practice and UK tax legislation; and
- assessing how the charitable company is complying with the applicable legal and regulatory framework by making further enquiries of management and observing the company's control environment regarding compliance with regulations and fraud prevention; and

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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- assessing the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur, by considering the effectiveness of the charitable company's accounting systems and controls and how these were monitored by management. Where the risk of material misstatement was considered to be higher in certain areas, further audit procedures were designed to address this increased risk; and
- discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

### **Audit response to risks of irregularities identified**

Our procedures to respond to risks identified included the following:

- performing audit work over revenue recognition including analytical procedures and substantive tests of detail of a sample of revenue transactions; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- enquiry of charitable company staff responsible for compliance to identify any instances of non-compliance with laws and regulations; and
- enquiry of management, those charged with governance and other relevant parties around actual and potential litigation claims; and
- reviewing minutes of meetings of those charged with governance; and
- 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
- communicating identified laws and regulations and potential fraud risks to all engagement team members and assessing whether there are any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Newby Castleman LLP**

Chartered Accountants  
Statutory Auditor  
West Walk Building  
110 Regent Road  
Leicester  
LE1 7LT

19 December 2025

Newby Castleman LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

|                                    |       | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Total<br>2024<br>£ |
|------------------------------------|-------|------------------------------------|----------------------------------|--------------------|--------------------|
|                                    | Notes |                                    |                                  |                    |                    |
| <b>Income from:</b>                |       |                                    |                                  |                    |                    |
| Donations                          | 3     | 7,508                              | 775                              | 8,283              | 10,161             |
| Charitable activities              | 4     | 371,837                            | 368,953                          | 740,790            | 672,403            |
| Other trading activities           | 5     | 4,814                              | 282                              | 5,096              | 9,628              |
| Investments                        | 6     | 13,218                             | -                                | 13,218             | 10,390             |
| Other income                       | 7     | 5,412                              | -                                | 5,412              | 4,133              |
| <b>Total</b>                       |       | 402,789                            | 370,010                          | 772,799            | 706,715            |
| <b>Expenditure on:</b>             |       |                                    |                                  |                    |                    |
| Raising funds                      | 8     | 36,778                             | -                                | 36,778             | 37,606             |
| Charitable activities              | 9     | 308,374                            | 331,735                          | 640,109            | 687,283            |
| Other                              | 12    | -                                  | 102                              | 102                | -                  |
| <b>Total</b>                       |       | 345,152                            | 331,837                          | 676,989            | 724,889            |
| <b>Net income/(expenditure)</b>    |       | 57,637                             | 38,173                           | 95,810             | (18,174)           |
| Transfers between funds            | 22    | (785)                              | 785                              | -                  | -                  |
| <b>Net movement in funds</b>       |       | 56,852                             | 38,958                           | 95,810             | (18,174)           |
| <b>Reconciliation of funds</b>     |       |                                    |                                  |                    |                    |
| Total funds brought forward        |       | 449,834                            | 962,125                          | 1,411,959          | 1,430,133          |
| <b>Total funds carried forward</b> |       | 506,686                            | 1,001,083                        | 1,507,769          | 1,411,959          |

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

All income and expenditure derive from continuing activities.

# SOFT TOUCH ARTS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2025

|                                                                | Notes | 2025<br>£      | £                       | 2024<br>£      | £                       |
|----------------------------------------------------------------|-------|----------------|-------------------------|----------------|-------------------------|
| <b>Fixed assets</b>                                            |       |                |                         |                |                         |
| Tangible assets                                                | 15    |                | 1,026,798               |                | 1,046,714               |
| <b>Current assets</b>                                          |       |                |                         |                |                         |
| Debtors                                                        | 16    | 213,615        |                         | 193,384        |                         |
| Cash at bank and in hand                                       |       | 435,608        |                         | 342,733        |                         |
|                                                                |       | <u>649,223</u> |                         | <u>536,117</u> |                         |
| <b>Liabilities</b>                                             |       |                |                         |                |                         |
| Creditors: amounts falling due within one year                 | 17    | (80,225)       |                         | (71,142)       |                         |
| <b>Net current assets</b>                                      |       |                | <u>568,998</u>          |                | <u>464,975</u>          |
| <b>Total assets less current liabilities</b>                   |       |                | <u>1,595,796</u>        |                | <u>1,511,689</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |                | (88,027)                |                | (99,730)                |
| <b>Total net assets</b>                                        |       |                | <u><u>1,507,769</u></u> |                | <u><u>1,411,959</u></u> |
| <b>The funds of the charity</b>                                |       |                |                         |                |                         |
| Restricted funds                                               | 21    |                | 1,001,083               |                | 962,125                 |
| Unrestricted funds:                                            |       |                |                         |                |                         |
| Designated funds                                               | 22    | 85,000         |                         | 85,000         |                         |
| General funds                                                  |       | <u>421,686</u> |                         | <u>364,834</u> |                         |
|                                                                |       |                | <u>506,686</u>          |                | <u>449,834</u>          |
| <b>Total charity funds</b>                                     |       |                | <u><u>1,507,769</u></u> |                | <u><u>1,411,959</u></u> |

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

For the year ending 31 March 2025 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

# **SOFT TOUCH ARTS LIMITED**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2025**

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The financial statements were approved and authorised for issue by the board of trustees on 18 December 2025 and are signed on its behalf by:

KM Hudson (Honorary Treasurer)  
**Trustee**

**Company Registration No. 02063893**

The notes on pages 17 - 30 form part of these financial statements.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2025

|                                                             | Notes | 2025<br>£ | £        | 2024<br>£ | £        |
|-------------------------------------------------------------|-------|-----------|----------|-----------|----------|
| <b>Cash flows from operating activities</b>                 |       |           |          |           |          |
| Cash generated from/(absorbed by) operations                | 25    |           | 95,148   |           | (26,163) |
| <b>Investing activities</b>                                 |       |           |          |           |          |
| Purchase of tangible fixed assets                           |       | (4,313)   |          | (6,179)   |          |
| Investment income                                           |       | 13,218    |          | 10,390    |          |
| <b>Net cash generated from investing activities</b>         |       |           | 8,905    |           | 4,211    |
| <b>Financing activities</b>                                 |       |           |          |           |          |
| Repayment of ICOF loan                                      |       | (11,178)  |          | (6,957)   |          |
| <b>Net cash used in financing activities</b>                |       |           | (11,178) |           | (6,957)  |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       |           | 92,875   |           | (28,909) |
| Cash and cash equivalents at beginning of year              |       |           | 342,733  |           | 371,642  |
| <b>Cash and cash equivalents at end of year</b>             |       |           | 435,608  |           | 342,733  |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

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### 1 Accounting policies

#### Charity information

Soft Touch Arts Limited is a private company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office and place of business is given in the legal and administrative information page of these financial statements.

#### 1.1 Basis of preparation

The charity is a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: the Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### 1.4 Income recognition

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.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes income received from local authorities, project fees and other grant providers. Income from these categories is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

Income from trading activities comprises sponsorship income and income derived from fundraising events.

Investment income is earned through holding assets for investment purposes. It comprises bank interest and rental income, which are recognised on an accruals basis.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 1 Accounting policies

(Continued)

#### 1.5 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It is recognised under the following headings:

- Costs of raising funds - includes costs incurred in seeking donations, grants and fundraising.
- Expenditure on charitable activities - includes individual project costs to further the deliverance of the objectives of the charity.
- Other expenditure - includes the loss on disposal of fixed assets.

Irrecoverable VAT is charged against the category of resources expensed for which it was incurred.

#### 1.6 Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and costs of raising funds and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Support costs are allocated to costs of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 11.

#### 1.7 Tangible fixed assets

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

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

|                                |                                                                     |
|--------------------------------|---------------------------------------------------------------------|
| Freehold land                  | Not depreciated                                                     |
| Freehold buildings             | 1% per annum of cost                                                |
| Fixtures, fittings & equipment | 10% per annum of net book value, straight line over 3, 5 or 7 years |
| Motor vehicles                 | 20% per annum of net book value                                     |

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### 1.9 Financial instruments

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

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities ("SOFA").

Loans are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.10 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 1 Accounting policies

(Continued)

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.12 Taxation

Soft Touch Arts Limited is a registered charity and no taxation provision is required as its income from charitable activities falls within the various exemptions available to registered charities.

### 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Impairment of land and buildings

The annual depreciation charge for land and buildings is sensitive to changes in the estimated useful economic life and residual value of the building. The useful economic life and residual value is reassessed annually. It is amended when necessary to reflect current estimates.

#### Allocation of support costs

The allocation of support costs is sensitive to changes in the level of work undertaken on each activity by the charity. The allocation is reassessed annually and amended when necessary to reflect current estimates.

### 3 Income from donations

|           | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
|-----------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Donations | 7,508                              | 775                              | 8,283              | 7,554                              | 2,607                            | 10,161             |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 4 Income from charitable activities

|                                                    | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
|----------------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Arts activities                                    | 359,093                            | 362,213                          | 721,306            | 282,745                            | 374,321                          | 657,066            |
| Catering activities                                | 11,544                             | 6,740                            | 18,284             | 7,363                              | 7,974                            | 15,337             |
| Sponsorship income                                 | 1,200                              | -                                | 1,200              | -                                  | -                                | -                  |
|                                                    | <u>371,837</u>                     | <u>368,953</u>                   | <u>740,790</u>     | <u>290,108</u>                     | <u>382,295</u>                   | <u>672,403</u>     |
| Income from arts activities include the following: |                                    |                                  |                    |                                    |                                  |                    |
| Core funding                                       |                                    |                                  | 102,939            |                                    |                                  | 102,939            |
| Project grants                                     |                                    |                                  | 362,013            |                                    |                                  | 370,920            |
| Project fees                                       |                                    |                                  | 256,354            |                                    |                                  | 183,207            |
|                                                    |                                    |                                  | <u>721,306</u>     |                                    |                                  | <u>657,066</u>     |

### 5 Income from other trading activities

|                    | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
|--------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fundraising events | 4,814                              | 282                              | 5,096              | 8,817                              | 811                              | 9,628              |
|                    | <u>4,814</u>                       | <u>282</u>                       | <u>5,096</u>       | <u>8,817</u>                       | <u>811</u>                       | <u>9,628</u>       |

### 6 Income from investments

|                     | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Rental income       | 8,917                              | -                                | 8,917              | 6,392                              | -                                | 6,392              |
| Interest receivable | 4,301                              | -                                | 4,301              | 3,998                              | -                                | 3,998              |
|                     | <u>13,218</u>                      | <u>-</u>                         | <u>13,218</u>      | <u>10,390</u>                      | <u>-</u>                         | <u>10,390</u>      |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 7 Other income

|              | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Other income | 5,412                              | -                                | 5,412              | 1,583                              | 2,550                            | 4,133              |

### 8 Expenditure on raising funds

|                            | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
|----------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Staging fundraising events | 2,900                              | -                                | 2,900              | 2,831                              | -                                | 2,831              |
| Staff costs                | 33,878                             | -                                | 33,878             | 34,775                             | -                                | 34,775             |
|                            | 36,778                             | -                                | 36,778             | 37,606                             | -                                | 37,606             |

### 9 Expenditure on charitable activities

|                              | Activities<br>undertaken<br>directly<br>Note 10<br>£ | Support<br>Costs<br>Note 11<br>£ | Total<br>2025<br>£ | Total<br>2024<br>£ |
|------------------------------|------------------------------------------------------|----------------------------------|--------------------|--------------------|
| Arts and catering activities | 477,940                                              | 162,169                          | 640,109            | 687,283            |
| Unrestricted funds           |                                                      |                                  | 308,374            | 295,836            |
| Restricted funds             |                                                      |                                  | 331,735            | 391,447            |
|                              |                                                      |                                  | 640,109            | 687,283            |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 10 Expenditure on activities undertaken directly

|                           | 2025<br>£      | 2024<br>£      |
|---------------------------|----------------|----------------|
| Staff costs               | 341,919        | 288,978        |
| Project costs             | 46,140         | 144,572        |
| Motor and transport costs | 10,997         | 3,514          |
| Project worker costs      | 78,884         | 64,584         |
|                           | <u>477,940</u> | <u>501,648</u> |

### 11 Expenditure on support costs

|                                  | 2025<br>£      | 2024<br>£      |
|----------------------------------|----------------|----------------|
| Staff costs                      | 80,130         | 88,467         |
| Depreciation                     | 22,698         | 34,615         |
| Premises costs                   | 20,457         | 24,914         |
| Motor and transport costs        | 5,421          | 2,886          |
| Audit fees                       | 7,975          | 6,650          |
| Printing, postage and stationery | 823            | 1,503          |
| Computer costs                   | 2,792          | 2,552          |
| Telephone                        | 415            | 1,502          |
| Legal and professional           | 7,636          | 9,933          |
| Loan interest and bank charges   | 8,926          | 7,486          |
| Irrecoverable VAT                | 532            | 1,711          |
| Sundry                           | 4,364          | 3,416          |
|                                  | <u>162,169</u> | <u>185,635</u> |
| Charitable activities            | <u>162,169</u> | <u>185,635</u> |

All support costs have been allocated to charitable activities based on their usage.

Support costs include governance costs totalling £57,040 (2024: £48,098) which comprise a proportion of staff costs and audit fees.

The amount charged to the SOFA in respect of auditor's remuneration was £7,975 (2024: £6,650).

### 12 Other expenditure

|                                              | Unrestricted<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
|----------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Loss on disposal of<br>tangible fixed assets | -                                  | 102                              | 102                | -                                  | -                                | -                  |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 13 Trustees

Six trustees received remuneration during the year totalling £144,363 (2024: five received £137,283). This is as permitted by the Articles of Association and is made up as follows:

|            |                          |
|------------|--------------------------|
| SK Norman  | £13,205 (2024 - £28,161) |
| VJ Attwood | £21,860 (2024 - £21,120) |
| HD Abeles  | £18,216 (2024 - £17,600) |
| J Crofton  | £36,433 (2024 - £35,201) |
| KS Grace   | £36,433 (2024 - £35,201) |
| D Myers    | £18,216 (2024 - £Nil)    |

Pension contributions for the above Trustees amounted to £3,342 (2024: £3,357).

Five trustees were reimbursed a total of £2,666 travel expenses (2024: five were reimbursed £3,840).

### 14 Employees

The average monthly number of employees during the year was:

|                        | 2025<br>Number | 2024<br>Number |
|------------------------|----------------|----------------|
| Directors              | 5              | 5              |
| Project workers        | 5              | 3              |
| Administrative workers | 5              | 6              |
| Sessional workers      | 6              | 7              |
| Interns                | 6              | 3              |
| Total                  | 27             | 24             |

  

| Employment costs      | 2025<br>£ | 2024<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 423,295   | 383,149   |
| Social security costs | 24,912    | 21,917    |
| Other pension costs   | 7,720     | 7,154     |
|                       | 455,927   | 412,220   |

There were no employees whose annual remuneration was £60,000 or more.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 15 Tangible fixed assets

|                                    | Freehold<br>land and<br>buildings<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|----------------------------------------|-------------------------------------------|------------------------|------------|
| <b>Cost</b>                        |                                        |                                           |                        |            |
| At 1 April 2024                    | 1,205,798                              | 167,516                                   | 8,016                  | 1,381,330  |
| Additions                          | -                                      | 4,313                                     | -                      | 4,313      |
| Disposals                          | -                                      | (197)                                     | -                      | (197)      |
| Capital Goods Scheme adjustment    | (1,429)                                | -                                         | -                      | (1,429)    |
| At 31 March 2025                   | 1,204,369                              | 171,632                                   | 8,016                  | 1,384,017  |
| <b>Depreciation and impairment</b> |                                        |                                           |                        |            |
| At 1 April 2024                    | 196,747                                | 130,928                                   | 6,941                  | 334,616    |
| Depreciation charged in the year   | 12,372                                 | 9,251                                     | 1,075                  | 22,698     |
| Eliminated in respect of disposals | -                                      | (95)                                      | -                      | (95)       |
| At 31 March 2025                   | 209,119                                | 140,084                                   | 8,016                  | 357,219    |
| <b>Carrying amount</b>             |                                        |                                           |                        |            |
| At 31 March 2025                   | 995,250                                | 31,548                                    | -                      | 1,026,798  |
| At 31 March 2024                   | 1,009,051                              | 36,588                                    | 1,075                  | 1,046,714  |

### 16 Debtors

|                                             | 2025<br>£ | 2024<br>£ |
|---------------------------------------------|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 142,764   | 70,901    |
| Prepayments and accrued income              | 70,851    | 122,483   |
|                                             | 213,615   | 193,384   |

### 17 Creditors: amounts falling due within one year

|                              | Notes | 2025<br>£ | 2024<br>£ |
|------------------------------|-------|-----------|-----------|
| ICOF loan                    | 19    | 9,542     | 9,017     |
| Taxation and social security |       | 41,242    | 30,438    |
| Trade creditors              |       | 6,690     | 6,290     |
| Other creditors              |       | 3,957     | 2,109     |
| Accruals and deferred income |       | 18,794    | 23,288    |
|                              |       | 80,225    | 71,142    |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 18 Creditors: amounts falling due after more than one year

|           | Notes | 2025<br>£ | 2024<br>£ |
|-----------|-------|-----------|-----------|
| ICOF loan | 19    | 88,027    | 99,730    |

### 19 Loans and overdrafts

|                                                         | 2025<br>£ | 2024<br>£ |
|---------------------------------------------------------|-----------|-----------|
| ICOF loan                                               | 97,569    | 108,747   |
| Payable within one year                                 | 9,542     | 9,017     |
| Payable after one year                                  | 88,027    | 99,730    |
| Amounts included above which fall due after five years: |           |           |
| Payable by instalments                                  | 43,882    | 58,061    |

The loans are secured by a first legal charge over the freehold land and property and a fixed and floating charge over all other assets.

### 20 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees.

The charge to the SOFA in respect of defined contribution schemes was £7,720 (2024: £7,154). This expenditure has been allocated to support costs and unrestricted general funds.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 21 Restricted funds

The funds of the charity include restricted funds held for specific purposes:

|                                | Balance at 1<br>April 2024 | Movement in funds |                  |                        | Transfers  | Balance at 31<br>March 2025 |
|--------------------------------|----------------------------|-------------------|------------------|------------------------|------------|-----------------------------|
|                                | £                          | Income            | Expenditure      | Depreciation<br>charge | £          | £                           |
|                                |                            | £                 | £                | £                      |            |                             |
| Building                       | 744,374                    | -                 | -                | (9,054)                | 437        | 735,757                     |
| Time to Shine                  | 22,521                     | -                 | (21,907)         | -                      | -          | 614                         |
| Project Enable<br>project 1    | 102,059                    | -                 | (95,123)         | (939)                  | -          | 5,997                       |
| Soft Touch Studio<br>project 1 | 432                        | 41,965            | (40,209)         | (159)                  | -          | 2,029                       |
| Youth Incubator<br>Fund        | 18,808                     | 2,946             | (21,754)         | -                      | -          | -                           |
| TSIB Grant                     | 5,667                      | 11,333            | (17,000)         | -                      | -          | -                           |
| Project Enable<br>project 2    | -                          | 101,280           | (19,899)         | -                      | -          | 81,381                      |
| Soft Touch Studio<br>project 2 | -                          | 52,940            | (9,876)          | -                      | -          | 43,064                      |
| Million Hours / Right<br>Track | 2,478                      | 55,537            | (21,869)         | (323)                  | -          | 35,823                      |
| Sustainable Soft<br>Touch      | -                          | 30,000            | (12,759)         | -                      | -          | 17,241                      |
| Melting Pot                    | -                          | 21,392            | (15,382)         | -                      | -          | 6,010                       |
| Other funds                    | 65,786                     | 52,617            | (39,043)         | (6,541)                | 348        | 73,167                      |
|                                | <u>962,125</u>             | <u>370,010</u>    | <u>(314,821)</u> | <u>(17,016)</u>        | <u>785</u> | <u>1,001,083</u>            |

|                                   | Balance at 1<br>April 2023 | Movement in funds |                |                        | Transfers  | Balance at 31<br>March 2024 |
|-----------------------------------|----------------------------|-------------------|----------------|------------------------|------------|-----------------------------|
|                                   | £                          | Income            | Expenditure    | Depreciation<br>charge | £          | £                           |
|                                   |                            | £                 | £              | £                      |            |                             |
| Building                          | 767,436                    | -                 | -              | (23,062)               | -          | 744,374                     |
| Time to Shine                     | -                          | 28,675            | (6,154)        | -                      | -          | 22,521                      |
| RAP                               | 15,774                     | -                 | (10,488)       | -                      | -          | 5,286                       |
| Thursday Cafe -<br>Awards for All | 14,082                     | 14,625            | (22,682)       | (426)                  | -          | 5,599                       |
| Project Enable<br>project 1       | 107,656                    | 111,550           | (116,201)      | (946)                  | -          | 102,059                     |
| Punks                             | 685                        | 111,482           | (110,931)      | (86)                   | -          | 1,150                       |
| Soft Touch Studio<br>project 1    | 6,129                      | 35,092            | (40,630)       | (159)                  | -          | 432                         |
| Youth Incubator<br>Fund           | -                          | 26,514            | (7,706)        | -                      | -          | 18,808                      |
| Other funds                       | 53,327                     | 60,325            | (46,062)       | (5,914)                | 220        | 61,896                      |
|                                   | <u>965,089</u>             | <u>388,263</u>    | <u>360,854</u> | <u>(30,593)</u>        | <u>220</u> | <u>962,125</u>              |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 21 Restricted funds

(Continued)

Transfers have been made into restricted funds from unrestricted funds to cover any incidental costs following the end of projects.

#### **Building**

Funding was received to part-fund the Soft Touch Arts building.

#### **Time to Shine**

Funding was received to employ a young marketing intern for a year.

#### **RAP**

RAP is an offer to fund a full-time one-year internship through RANK at the national living wage to develop an intern as a young leader, moving them forward in life and offering them further opportunity with support from RANK and Soft Touch Arts.

#### **Project Enable - Project 1 (2022 - 2025) and Project 2 (2025 - 2028)**

Project Enable is a three-year partnership project in the New Parks area working with New College and Team Hub to reach out to 11-16 year-olds from the area.

#### **Punks**

The Punks project involved working with young people to produce an exhibition looking at the Punk era through the eyes of young people today. The exhibition took place at Leicester Museum and at Soft Touch Arts in Summer 2023.

#### **Soft Touch Studios - Project 1 (2022 - 2025) and Project 2 (2025 - 2028)**

Soft Touch Studios is a three-year programme of work for young people from Leicester and Leicestershire. The aim of the project is to target young people with challenging life circumstances, and those who may have additional needs and need support, to reach their potential. We currently have three different sessions, a Monday night session aimed at young people who identify as female, a Tuesday evening referral session, focusing on young people who need extra support, and also a Friday night session, aimed at young people from urban areas and estates.

#### **Youth Incubator Fund**

The Youth Incubator Fund is a grant fund designed and managed by Youth Music (with funding from PPL) with the goal of helping to open up access to sustainable careers in music for people aged 18-25 - particularly those who are underrepresented - and to support creative employers to innovate and incubate new and diverse talent. We were awarded the funding to provide three six-month internships specifically for young women aged 18-25.

#### **TSB Grant**

This grant will help us build our trading income from our community café during the school holidays in 2024 and allow us to use the incentivised match funding to offer the same in 2025. The aim is to firmly establish the café as a valued community space to a larger customer base through consistent, year-round opening.

#### **Million Hours / Right Track**

Million Hours/Right Track funding from the National Lottery Community Fund will allow us to provide additional hours to young people aged 11-18 in Leicester and Leicestershire who are at risk of anti-social behaviour. The project will develop practical skills in a safe and inclusive environment with trusted adults, over two years. The aim is provide 650 additional hours of youth provision over the duration of the project.

#### **Sustainable Soft Touch**

Sustainable Soft Touch is funded by Garfield Weston to enable us to put our sustainability principles into practice, thereby embedding environmentalism into everything we do. Our vision with this current application is that by 2026 we will have moved significantly closer to a carbon-neutral organisation and that young people are leading action and creativity around the climate crisis. It has been developed alongside young people involved in our youth voice group.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 21 Restricted funds

(Continued)

#### Melting Pot

The Melting Pot project, funded by Leicester City Council, is a series of term-time cooking sessions and holiday support sessions for refugee families from Syria and Afghanistan, building on previous successful cooking projects with refugees/asylum seekers. The sessions will support participants to source ingredients and cook meals on a budget and connect them to other cost of living support eg repair cafés; computer, bicycle and toy donors. The project will provide an avenue to improve English vocabulary and conversational skill alongside boosting wellbeing and reducing isolation, vital factors in helping refugees towards finding paid work.

#### Other funds

Other funds comprises several funds that have been aggregated together for disclosure purposes, with only material fund balances and movements being disclosed separately. Therefore, not all individual restricted fund balances carried forward from the prior year will appear as individual restricted fund balances on the face of the current year restricted fund note.

### 22 Unrestricted funds

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

|                              | Balance at<br>1 April 2024<br>£ | Movement in funds |                  |                | Balance at<br>31 March 2025<br>£ |
|------------------------------|---------------------------------|-------------------|------------------|----------------|----------------------------------|
|                              |                                 | Income<br>£       | Expenditure<br>£ | Transfers<br>£ |                                  |
| General funds                | 364,834                         | 402,789           | (345,152)        | (785)          | 421,686                          |
| <b>Designated funds</b>      |                                 |                   |                  |                |                                  |
| Property maintenance reserve | 55,000                          | -                 | -                | -              | 55,000                           |
| Continuing projects reserve  | 30,000                          | -                 | -                | -              | 30,000                           |
|                              | <u>449,834</u>                  | <u>402,789</u>    | <u>(345,152)</u> | <u>(785)</u>   | <u>506,686</u>                   |

|                              | Balance at<br>1 April 2023<br>£ | Movement in funds |                  |                | Balance at<br>31 March 2024<br>£ |
|------------------------------|---------------------------------|-------------------|------------------|----------------|----------------------------------|
|                              |                                 | Income<br>£       | Expenditure<br>£ | Transfers<br>£ |                                  |
| General funds                | 380,044                         | 318,452           | (333,442)        | (220)          | 364,834                          |
| <b>Designated funds</b>      |                                 |                   |                  |                |                                  |
| Property maintenance reserve | 55,000                          | -                 | -                | -              | 55,000                           |
| Continuing projects reserve  | 30,000                          | -                 | -                | -              | 30,000                           |
|                              | <u>465,044</u>                  | <u>318,452</u>    | <u>(333,442)</u> | <u>(220)</u>   | <u>449,834</u>                   |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

### 22 Unrestricted funds

(Continued)

#### Designated funds

##### Property maintenance reserve

The Trustees have designated £55,000 for use in respect of future property repairs and maintenance.

##### Continuing projects reserve

The Trustees have designated £30,000 via a transfer for use in respect of continuing projects that are no longer funded by the original grant provider.

### 23 Analysis of net assets between funds

|                                                    | General<br>funds<br>2025<br>£ | Designated<br>funds<br>2025<br>£ | Restricted<br>funds<br>2025<br>£ | Total<br>2025<br>£ |
|----------------------------------------------------|-------------------------------|----------------------------------|----------------------------------|--------------------|
| Fund balances at 31 March 2025 are represented by: |                               |                                  |                                  |                    |
| Tangible assets                                    | 264,393                       | -                                | 762,405                          | 1,026,798          |
| Current assets/(liabilities)                       | 245,320                       | 85,000                           | 238,678                          | 568,998            |
| Long term liabilities                              | (88,027)                      | -                                | -                                | (88,027)           |
|                                                    | <u>421,686</u>                | <u>85,000</u>                    | <u>1,001,083</u>                 | <u>1,507,769</u>   |
|                                                    |                               |                                  |                                  |                    |
|                                                    | General<br>funds<br>2024<br>£ | Designated<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ |
| Fund balances at 31 March 2024 are represented by: |                               |                                  |                                  |                    |
| Tangible assets                                    | 267,120                       | -                                | 779,594                          | 1,046,714          |
| Current assets/(liabilities)                       | 197,444                       | 85,000                           | 182,531                          | 464,975            |
| Long term liabilities                              | (99,730)                      | -                                | -                                | (99,730)           |
|                                                    | <u>364,834</u>                | <u>85,000</u>                    | <u>962,125</u>                   | <u>1,411,959</u>   |

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel (including Trustees) is as follows:

|                        | 2025<br>£      | 2024<br>£      |
|------------------------|----------------|----------------|
| Aggregate compensation | <u>147,705</u> | <u>140,640</u> |

#### Transactions with related parties

During the year, SJ Collier, the spouse of VJ Attwood, was paid £12,595 (2024: £7,691) for her services as an employee.

No guarantees have been given or received.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2025

| <b>25 Cash generated from operations</b>             | <b>2025<br/>£</b> | <b>2024<br/>£</b> |
|------------------------------------------------------|-------------------|-------------------|
| Surplus/(deficit) for the year                       | 95,810            | (18,174)          |
| Adjustments for:                                     |                   |                   |
| Investment income                                    | (13,218)          | (10,390)          |
| Loss on disposal of tangible fixed assets            | 102               | -                 |
| Capital Goods Scheme adjustment                      | 1,429             | 5,352             |
| Depreciation and impairment of tangible fixed assets | 22,698            | 34,615            |
| Movements in working capital:                        |                   |                   |
| (Increase) in debtors                                | (20,231)          | (32,479)          |
| Increase/(decrease) in creditors                     | 8,558             | (5,087)           |
| <b>Cash generated from/(absorbed by) operations</b>  | <b>95,148</b>     | <b>(26,163)</b>   |

## 26 Analysis of changes in net funds

|                                            | <b>At 1 April<br/>2024<br/>£</b> | <b>Cash flows<br/>£</b> | <b>At 31 March<br/>2025<br/>£</b> |
|--------------------------------------------|----------------------------------|-------------------------|-----------------------------------|
| Cash at bank and in hand                   | 342,733                          | 92,875                  | 435,608                           |
| Loans falling due within one year          | (9,017)                          | (525)                   | (9,542)                           |
| Loans falling due after more than one year | (99,730)                         | 11,703                  | (88,027)                          |
|                                            | <u>233,986</u>                   | <u>104,053</u>          | <u>338,039</u>                    |
|                                            | <u>233,986</u>                   | <u>104,053</u>          | <u>338,039</u>                    |
|                                            | <b>At 1 April<br/>2023<br/>£</b> | <b>Cash flows<br/>£</b> | <b>At 31 March<br/>2024<br/>£</b> |
| Cash at bank and in hand                   | 371,642                          | (28,909)                | 342,733                           |
| Loans falling due within one year          | (7,360)                          | (1,657)                 | (9,017)                           |
| Loans falling due after more than one year | (108,344)                        | 8,614                   | (99,730)                          |
|                                            | <u>255,938</u>                   | <u>(21,952)</u>         | <u>233,986</u>                    |
|                                            | <u>255,938</u>                   | <u>(21,952)</u>         | <u>233,986</u>                    |

## 27 Controlling party

Soft Touch Arts Limited is a company limited by guarantee and not having a share capital; it is incorporated under the Companies Act and governed by the Memorandum and Articles of Association of the company. The Trustees of the company are elected members and act as directors of the company and are deemed to be the controlling party of the company.

**SOFT TOUCH ARTS LIMITED**

England & Wales - Charity number 1147318

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# Accounts

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**Charity registration number 1147318**

**Company registration number 02063893 (England and Wales)**

**SOFT TOUCH ARTS LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2024**

# SOFT TOUCH ARTS LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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|                          |                                                                                                                                                                 |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Trustees</b>          | S Mahomed (Co-Chair)<br>C Stocker (Co-Chair)<br>KM Hudson (Honorary Treasurer)<br>VJ Attwood<br>J Crofton<br>NS Nightingale<br>HD Abeles<br>K Grace<br>GP Place |
| <b>Charity number</b>    | 1147318                                                                                                                                                         |
| <b>Company number</b>    | 02063893                                                                                                                                                        |
| <b>Principal address</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                             |
| <b>Registered office</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                             |
| <b>Auditor</b>           | Newby Castleman LLP<br>West Walk Building<br>110 Regent Road<br>Leicester<br>LE1 7LT                                                                            |
| <b>Bankers</b>           | National Westminster Bank Plc<br>1 Granby Street<br>Leicester<br>LE1 6EJ                                                                                        |

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# SOFT TOUCH ARTS LIMITED

## CONTENTS

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|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Trustees' report                  | 1 - 8       |
| Independent auditor's report      | 9 - 11      |
| Statement of financial activities | 12          |
| Balance sheet                     | 13 - 14     |
| Statement of cash flows           | 15          |
| Notes to the financial statements | 16 - 30     |

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# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 MARCH 2024

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The trustees who are also directors of the charitable company present their 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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

### **OBJECTIVES AND ACTIVITIES**

The charity's objects per the Articles of Association are as follows:

1. To advance the education of the public in the appreciation and practice of the arts.
2. To relieve the needs of those who are most disadvantaged in society by way of social and economic deprivation, mental and physical disability and vulnerable physical circumstance, such as being in care or homeless, through participation in the arts, in particular but not exclusively through the creation of music, film and video, multimedia installations, sculpture, drama and graphic designs with the aim of improving their quality of life.
3. To advance education, learning and personal development for the public benefit in particular but not limited to promoting the development of skills and aptitudes (such as creative expression, self-confidence, group working and communication) through participation in the arts in all their forms.

### **Aims**

Our aims for 2023-27 are aligned to Arts Council England's Investment Principles, with an overarching objective for each year identified for each Principle. We give headline achievements below for each of these.

#### Ambition and Quality

Deliver an inclusive programme of arts activities in partnership across the city and county for young people with limited access to the arts in high-quality and ambitious creative projects and use improved data collection to inform areas of development to focus on in years 2-3.

- Soft Touch Studios is our Youth Music-funded programme which engages a very diverse set of vulnerable young people and has now established the quarterly Step Up performances as an uplifting celebration of their achievements.
- Pulled Both Ways saw young people from Beauchamp and Leicester Colleges to making a series of films about how parents could have done things better when looking at custody of children during and after divorce and/or highlighting how they handled things well.
- We were awarded funding by the National Lottery Community Fund to deliver a week's intensive arts and music engagement project in the Easter holidays for young people at risk of getting involved in anti-social behaviour.
- We ran a project in the hospital schools to do music with young people suffering from debilitating mental health conditions.
- We have refined our use of the Upshot system to produce more useful data. For example, we have improved recording of young people's progression.

#### Environmental responsibility

To embed environmental awareness into delivery of projects with young people that are disconnected and unaware of their personal place in making a contribution to reducing impact on the environment and provide training to enable improved advice and advocacy within our creative sessions.

- We made great progress with this aim through the Re/action environmental festival which saw young people learning about the climate emergency through creating a public exhibition of sculptures made from upcycled materials.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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- One of our young workers worked with the Youth Voice group to make a film for Culture Declares Emergency.
- We developed funding applications to enable to make even greater strides next year.

#### Dynamism

Use of our robust strategic planning and review process to identify opportunities and risks to our sustainability and programme quality, relevance and delivery. This involves collective input from staff, board and young people as part of the business planning process.

- We brought our board into the succession planning process, which has resulted in making internal promotions, to bring in a new working co-director and a finance associate director. These are major steps in preparation for long-term working directors retiring in 2024 and 2025.
- The Youth Voice group meets regularly and members have attended board meetings to report back on activities and give their input.
- We ran two sessions for all staff which enabled a much wider input of ideas into the future development of our programme.

#### Inclusivity and relevance

Implement a new approach in our diversity and equality action plan to give a better overview of project participants, staff, board & leadership team characteristics & set targets & principles to achieve the creative case for diversity.

- We conducted a detailed analysis which clearly showed who we were reaching and where the gaps are. This showed that we still have work to do in equalising the number of male and female participants but that we are doing really well reaching people with physical and mental health conditions.
- We identified a local 'Levelling Up' area where we are not currently working, South Wigston, and started development work towards applying for a long-term programme of work. Initially, we were successful with an application to the Police and Crime Commissioner, which will see a mural project in 2024/25.
- We employed five young people over the course of the year who have inputted loads of ideas into how we run and what we could be doing differently so young people have an even better experience at Soft Touch.
- Vitality Dance is a new project, funded by Sport England, which engages with 11–25-year-olds to become more physically active. At the beginning of the year, we set three objectives and monitored progress with these through regular reviews:

#### **Objectives**

The programme is delivered to a four-stage model: Engage – Develop – Progress - Opportunity.

#### Engage

Inspire and engage young people in fun, high-quality creative activities at our centre and locations across the city and county.

We run creative outreach sessions in communities, such as New Parks, and with specific groups of young people with special educational needs or disabilities, or those at risk of poor life outcomes such as young offenders or looked after children. We also work in Leicestershire schools and hospitals.

Once again, the number of individuals we engaged with has gone down, from 648 in 2022/23 to 466 in 2023/24. The reasons for this are that we have only included participants formally registered on the Upshot system; the trend is for more for young people to stay with us longer and to take part in several projects; we also have a high number of individual young people doing one to one sessions. However, as reported below, the upward trend on the number of sessions has continued and this means we delivered actually 6,502 user sessions, compared to 4,872 last year.

#### Develop

Longer term creative projects which facilitate in-depth learning, support wellbeing, and develop personal and social skills.

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# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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This is the core of our work: we get to know a young person and their interests, and to understand the best way to make them feel better about themselves, the world around them and their future. This process works through the positive relationships built by our staff with participants with most work taking place at our arts centre.

In 2023-24 we aimed to deliver 1,100 high quality, supervised project sessions. In fact, we delivered 1,309, up 106 from last year.

#### Progress

Progression through involvement in performances, exhibitions, mentoring, volunteering, work experience and creative enterprise.

Our projects are designed to recognise and record young people's progress. Meaningful personalised outcomes include: performing live music; public exhibitions of creative work; selling artwork; volunteering in our café; working on life goals with a mentor; support into volunteering, work experience and employment.

In 2023/24 we aimed for 85 young people to attend 10+ sessions and/or report feeling more confident about going into further education, applying for a job or living independently. Achieved: 139 (151). This represents a significant increase in the proportion of participants from last year at 30% of participants.

#### Opportunity

An employment programme to support young people and freelancers from under-represented backgrounds to begin and sustain a career in the creative sector through paid internships, training & support.

We aimed to offer three paid internships to young people over the year – in fact we employed six and hosted a further two employed by De Montfort University. We also committed to two training sessions for our freelance workers, which were done in December 2023. We aimed to offer work to 30 creative freelance workers from diverse backgrounds – we employed 24 sessional and freelance project workers and 16 freelance artists on one-off or short contracts.

#### **Public Benefit Statement**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aim and objectives.

The charity provides public benefit through the services provided to disadvantaged young people in Leicester city and Leicestershire and occasionally in other areas of the UK to share good practice or replicated models of delivery.

### **ACHIEVEMENTS AND PERFORMANCE**

We measure success through monitoring user engagement and evaluating the impact of projects and programmes. This includes using Upshot software for quantitative recording and evaluation tools such as those based on the 'Outcomes Star'.

#### **Summary of the main activities**

During the year we were able to bring back a full programme of activities.

Headline statistics\* (last year in brackets):

- We worked with 466 (648) individual young people for the year ending 31 March 2024 and ran 1,309 (1,203) sessions over 27 (25) programmes and projects. The reasons for this are noted above.
- All of our projects had a focus on health and wellbeing and 29% (26.5%) of participants were recorded as having a known disability or extra support needs.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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- The largest age group of those accessing Soft Touch were 12–16-year-olds at 54% (56%). We are now working with very few young ones at 3% (5%). However, we still have larger numbers from the older age group of 17-24 at 33% (24%). Those older than 24 are at 6% (6%) with 3% (9%) unknown.
- Once again, the area with the highest number of participants was the north west of the city, covering the deprived neighbourhood of New Parks at 46% (58%) of those for whom a postcode was recorded.
- We had 7,680 (2,611) visitors to events held at our building and other venues and 3,118 (2,980) café visitors. The high number of event visitors reflects the fact that we had some off-site events that attracted large numbers, e.g. for National Play Day and the Punks Weekender festival.
- We delivered 27 (25) projects and programmes encompassing those delivered from our building and out in the community. These covered group creative sessions, café sessions and one to one support.

\*Sources: annual statistics submitted to Leicester City Council and extracted from Upshot records

#### Notable achievements and developments

- Punks: Rage and Revolution – this project involved young people contributing to an exhibition held between Soft Touch and Leicester Art Gallery, alongside creating punk-inspired artwork and music. The project won the National Lottery project of the year award for 2023.
- Paid internships for young people – we have been able to up the number of young people we employ through project funding and including the costs in applications. This means that this year we have had a team of five young people who have got involved in delivering projects and contributing to the Youth Voice group.
- Trips – through a partnership with the Youth Hostels Association (YHA) we have been able to take groups of young people to residencies in Derbyshire. On one, our young people worked with Turner Prize-shortlisted artist and filmmaker, Luke Fowler, to make Ilam Actual (version), a series of short film and sound pieces, in partnership with the National Trust's Ilam Park and YHA Ilam Hall.
- Young People's performances – we have been able to provide a variety of opportunities for young people to perform both at Soft Touch and out in the community. Running the stage at the Glastonblaby summer festival is now a regular event and we are running quarterly Step Up showcases in the building which have been very well attended by our young people and their family members and friends.

The following are examples of how we have achieved the aims and objectives described above:

- Project Enable – through this long-term programme on the deprived New Parks Estate we are reaching some of the city's most vulnerable people. Through initial engagement, many then develop their skills and confidence, some go onto the progression stage, and we have been able to offer opportunities through two paid internships.
- Diversifying funding streams –
  - We have an ever-increasing list of schools and agencies who refer into our paid for Creative Studio service.
  - A new grant funder to come on stream is Million Hours, a joint Lottery/Government scheme, which is enabling us to bring in new young people who are at risk of anti-social behaviour.
  - A big boost came through to support the café to generate more income through the Social Investment Business.
- New partners – we have worked in partnership with Beauchamp College and YHA. In South Wigston we have established positive working relationships with local area co-ordinator team at Leicestershire County Council; the Community Safety Team at Oadby and Wigston Borough Council; the local Police; and Step-Out, the local community hub.
- We adopted a set of environmental principles and have applied for core and project funding to work towards putting them fully into practice. In summer 2023 we delivered an Eco Fest as part of the local Re/action festival, which saw young people learning about the climate crisis and making artwork in response.
- The Youth Voice has really developed this year, with one of our young interns supporting the group towards a greater level of self-organisation. They have directly inputted into project applications, e.g. for a follow up to the Eco Fest.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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#### **FINANCIAL REVIEW**

The results for the year ended 31 March 2024 are shown in the Statement of Financial Activities on page 12. This, together with the balance sheet on pages 13-14, should be read in conjunction with the related notes which have been prepared in accordance with the Charities SORP 2019 (FRS 102).

Total income for the year amounted to £706,715 (2023: £601,625). The principal funding source continued to be grant income. The charity does not carry out significant fundraising activities. Total expenditure for the year amounted to £713,931 (2023: £705,278). A breakdown of expenditure is set out in notes to the financial statements.

After transfers between funds, there was a deficit on unrestricted funds for the year totalling £15,210 and a surplus on restricted funds totalling £7,994. This has resulted in a total decrease in funds for the year of £7,216. The funds for the charity at the year-end totalled £1,402,908 which comprise restricted funds of £973,083 and unrestricted funds of £429,825, of which £85,000 has been designated and general funds totalling £344,825.

#### **Reserves**

Reserves are needed to cover any immediate drop in income caused by external unforeseeable circumstances. It is the policy of the board of trustees to maintain free reserves (unrestricted general funds less tangible fixed assets and long-term liabilities) at £166,000, equal to approximately six months' unrestricted expenditure. Soft Touch Arts currently has £197,444 in free reserves (see note 23), so free reserves are currently in excess of the reserves policy by approximately £30,000. The mental health needs of our young people are becoming more prevalent and complex, so while Soft Touch Arts are seeking funding to help bring in more expertise, the Board has agreed to use up to £10,000 (reviewed by the Board on a quarterly basis) to address the immediate need through additional staffing on high-demand projects and by recruiting a mental health worker to help support both staff and young people. The Board feels that it is prudent to retain the remaining surplus of £20,000 in the medium term to mitigate the impact of inflation on future operating costs and to help fund projects affected by rising costs over the coming years.

In addition, the Board has designated £55,000 for a Property Maintenance reserve to cover future property capital repairs and maintenance, and a further £30,000 for a Continuing Projects reserve to enable projects to continue after funding has ended.

#### **Risk Management**

The risk management plan via the risk register is updated quarterly for presentation to the Board. The register highlights:

- The key risks the charity may face, using SWOT (strength, weakness, opportunity and threat) and PESTLE (political, economic, social, technological, legal and environmental) to categorise the risks identified.
- A risk rating based on impact and likelihood of risk arising.
- The systems, processes or procedures in place to mitigate those risks and minimise the impact should they arise.

Inflationary pressures continue to pose a threat; however, we have robust budget management processes in place to monitor spend and react where necessary.

Changes to the political landscape and funding of both the arts sector and the mental health sector are both key risks to our funding and activity levels. This is reviewed via the Board and fundraising committee, and we continue to diversify our income streams to mitigate the impact of any changes.

An ongoing risk has been the changes to the senior management team due to the departure of a long-term director and the retirement of the three other long-term directors by September 2025. Significant work has been done with the Director group in planning a smooth transition between the outgoing and new Directors.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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A risk category for succession was added following Arts Council England's flagging of this risk last year. For this year, ACE increased the rating by one point to 6 (the highest "minor" rating).

#### **PLANS FOR THE FUTURE**

##### Funding

- We will be applying to the National Lottery Heritage Fund to build our capacity to work around heritage. We have already put in applications to build environmental principles into the core of the organisation and for the development of Youth Voice. We have been invited by Arts Council England to apply for a fourth year of National Portfolio funding (for 2026/27).
- Longer term projects – an application will be going in to the National Lottery Community Fund to continue the programme in New Parks (Project Enable). We are in the process of developing a further application to the same fund for a programme in South Wigston. We hope to participate in a consortium applying for environmental projects with schools.
- Capital – we will be coming back to looking at bringing in capital funding to extend and improve our building.

##### Succession

- During 2024/25 two long term directors will be retiring, and one will retire in 2025/26. The other long-term director moved on in January 2024. With this major transition in mind we have been working to a 10-year succession plan.
- From April 2024 two staff members will move up into the senior management team, one to become a full co-director and the other (our finance officer) to become an associate director. This will mean a team of four from September 2025.
- The next steps in succession planning will include looking at support roles, such as project management and communications, and deciding how these will be structured and resourced.

##### Salary scales

- In 2023/24 we started a review of salaries to bring them back in line with the NJC local authority scales.
- Alongside this we are working on a new appraisal and review process whereby people will be able to progress up their salary scale, and progress within the organisation in terms of their roles and levels of responsibility.

##### Governance

- Board membership was stable during 2023/24 but we now need to look for a new voluntary trustee as Sima Lad will be resigning at the 2024 AGM.
- We have invited a long-term sessional worker to attend board meetings as an invited member.

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Soft Touch Arts Limited is a company limited by guarantee (number 02063893) and is governed by its Memorandum and Articles of Association. It is a charity registered with the Charity Commission (number 1147318). The charity is based in Leicester and aims to engage with and change the lives of disadvantaged young people through the use of arts, media and music activities.

The following trustees / directors have served during 2023/24:

S Mahomed (Co-Chair)

C Stocker (Co-Chair)

KM Hudson (Honorary Treasurer)

VJ Attwood

J Crofton

NS Nightingale

SK Norman – resigned 28 June 2024

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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HD Abeles

KS Grace

GP Place

S Lad – resigned 27 May 2024

VJ Attwood, J Crofton, K Grace, SK Norman and HD Abeles are the only salaried directors. These salaried directors deliver projects as well as operating as the charity's executive directors. Remuneration of salaried directors is decided upon by independent, non-salaried, board members. The board meets on a periodic basis to make decisions on strategy and direct the management of the charity's affairs.

The Articles of Association set out the required quota of salaried and voluntary directors at any one meeting of the board.

The trustees are appointed in accordance with the company's Articles of Association and are chosen to bring in the various knowledge, skills and experience required to meet the charity's objectives generally selected through open recruitment through an application and selection process. There are times when the board decides to approach a particular individual to become a trustee where it is felt important to bring on people who will make the board more fully representative of the communities which our participants come from. New trustees are given a full induction programme, which includes the safeguarding policy and procedures, when they join and are offered training opportunities.

At the AGM the board elects a Chair, Vice Chair and Treasurer for an annual term.

#### **Wider networks**

Soft Touch is an active member of a number of networks, including the Cultural Education Partnership; East Midlands Participatory Arts Forum; Leicester/shire Music Education Hub; Children's Trust Board; RankNet; Culture Declares Emergency. A co-director took part in a governance inquiry led by Cause4.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Soft Touch Arts Limited for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2024

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- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

#### **AUDITORS**

A resolution to reappoint Newby Castleman as our auditors will be put to members at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board of trustees

KM Hudson (Honorary Treasurer)  
**Trustee**

Date: 30 October 2024

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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#### Opinion

We have audited the financial statements of Soft Touch Arts Limited (the 'charitable company') for the year ended 31 March 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 FRS 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 charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

#### 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the trustee's report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustee's 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.

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees Report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 6 the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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.

### **Extent to which the audit was considered capable of detecting irregularities**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. However, responsibility for the prevention and detection of fraud ultimately rests with both those charged with governance and management of the charitable company.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the charitable company by considering the nature of the industry in which the charitable company operates and enquiring of management; and
- identifying the key laws and regulations considered to have a direct impact on the financial statements including the UK Companies Act 2006, UK Charities Act 2011, UK Generally Accepted Accounting Practice and UK tax legislation; and
- assessing how the charitable company is complying with the applicable legal and regulatory framework by making further enquiries of management and observing the company's control environment regarding compliance with regulations and fraud prevention; and

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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- assessing the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur, by considering the effectiveness of the charitable company's accounting systems and controls and how these were monitored by management. Where the risk of material misstatement was considered to be higher in certain areas, further audit procedures were designed to address this increased risk; and
- discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

### **Audit response to risks of irregularities identified**

Our procedures to respond to risks identified included the following:

- performing audit work over revenue recognition including analytical procedures and substantive tests of detail of a sample of revenue transactions; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- enquiry of charitable company staff responsible for compliance to identify any instances of non-compliance with laws and regulations; and
- enquiry of management, those charged with governance and other relevant parties around actual and potential litigation claims; and
- reviewing minutes of meetings of those charged with governance; and
- 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
- communicating identified laws and regulations and potential fraud risks to all engagement team members and assessing whether there are any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Newby Castleman LLP**  
Chartered Accountants  
Statutory Auditor  
West Walk Building  
110 Regent Road  
Leicester  
LE1 7LT

26 November 2024

Newby Castleman LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

|                                    |       | Unrestricted<br>funds<br>2024 | Restricted<br>funds<br>2024 | Total<br>2024    | Total<br>2023<br>as restated |
|------------------------------------|-------|-------------------------------|-----------------------------|------------------|------------------------------|
|                                    | Notes | £                             | £                           | £                | £                            |
| <b>Income from:</b>                |       |                               |                             |                  |                              |
| Donations                          | 3     | 7,554                         | 2,607                       | 10,161           | 7,345                        |
| Charitable activities              | 4     | 290,108                       | 382,295                     | 672,403          | 573,934                      |
| Other trading activities           | 5     | 8,817                         | 811                         | 9,628            | 7,358                        |
| Investments                        | 6     | 10,390                        | -                           | 10,390           | 8,775                        |
| Other income                       | 7     | 1,583                         | 2,550                       | 4,133            | 4,213                        |
| <b>Total</b>                       |       | <b>318,452</b>                | <b>388,263</b>              | <b>706,715</b>   | <b>601,625</b>               |
| <b>Expenditure on:</b>             |       |                               |                             |                  |                              |
| Raising funds                      | 8     | 37,606                        | -                           | 37,606           | 44,081                       |
| Charitable activities              | 9     | 295,836                       | 391,447                     | 687,283          | 657,248                      |
| Other                              | 12    | -                             | -                           | -                | 3,949                        |
| <b>Total</b>                       |       | <b>333,442</b>                | <b>391,447</b>              | <b>724,889</b>   | <b>705,278</b>               |
| <b>Net expenditure</b>             |       | <b>(14,990)</b>               | <b>(3,184)</b>              | <b>(18,174)</b>  | <b>(103,653)</b>             |
| Transfers between funds            | 22    | (220)                         | 220                         | -                | -                            |
| <b>Net movement in funds</b>       |       | <b>(15,210)</b>               | <b>(2,964)</b>              | <b>(18,174)</b>  | <b>(103,653)</b>             |
| <b>Reconciliation of funds</b>     |       |                               |                             |                  |                              |
| Total funds brought forward        |       | 465,044                       | 965,089                     | 1,430,133        | 1,533,786                    |
| <b>Total funds carried forward</b> |       | <b>449,834</b>                | <b>962,125</b>              | <b>1,411,959</b> | <b>1,430,133</b>             |

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

All income and expenditure derive from continuing activities.

# SOFT TOUCH ARTS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2024

|                                                                |       | 2024           |                         | 2023<br>as restated |                         |
|----------------------------------------------------------------|-------|----------------|-------------------------|---------------------|-------------------------|
|                                                                | Notes | £              | £                       | £                   | £                       |
| <b>Fixed assets</b>                                            |       |                |                         |                     |                         |
| Tangible assets                                                | 15    |                | 1,046,714               |                     | 1,080,502               |
| <b>Current assets</b>                                          |       |                |                         |                     |                         |
| Debtors                                                        | 16    | 193,384        |                         | 160,905             |                         |
| Cash at bank and in hand                                       |       | 342,733        |                         | 371,642             |                         |
|                                                                |       | <u>536,117</u> |                         | <u>532,547</u>      |                         |
| <b>Liabilities</b>                                             |       |                |                         |                     |                         |
| Creditors: amounts falling due within one year                 | 17    | (71,142)       |                         | (74,572)            |                         |
| <b>Net current assets</b>                                      |       |                | 464,975                 |                     | 457,975                 |
| <b>Total assets less current liabilities</b>                   |       |                | <u>1,511,689</u>        |                     | <u>1,538,477</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 18    |                | (99,730)                |                     | (108,344)               |
| <b>Total net assets</b>                                        |       |                | <u><u>1,411,959</u></u> |                     | <u><u>1,430,133</u></u> |
| <b>The funds of the charity</b>                                |       |                |                         |                     |                         |
| Restricted funds                                               | 21    |                | 962,125                 |                     | 965,089                 |
| Unrestricted funds:                                            |       |                |                         |                     |                         |
| Designated funds                                               | 22    | 85,000         |                         | 85,000              |                         |
| General funds                                                  |       | 364,834        |                         | 380,044             |                         |
|                                                                |       | <u>449,834</u> |                         | <u>465,044</u>      |                         |
| <b>Total charity funds</b>                                     |       |                | <u><u>1,411,959</u></u> |                     | <u><u>1,430,133</u></u> |

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

For the year ending 31 March 2024 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

# **SOFT TOUCH ARTS LIMITED**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2024**

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The financial statements were approved and authorised for issue by the board of trustees on 30 October 2024 and are signed on its behalf by:

KM Hudson (Honorary Treasurer)  
**Trustee**

**Company Registration No. 02063893**

The notes on pages 16 - 30 form part of these financial statements.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

|                                                               |       | 2024    |          | 2023<br>as restated |          |
|---------------------------------------------------------------|-------|---------|----------|---------------------|----------|
|                                                               | Notes | £       | £        | £                   | £        |
| <b>Cash flows from operating activities</b>                   |       |         |          |                     |          |
| Cash absorbed by operations                                   | 25    |         | (26,163) |                     | (15,457) |
| <b>Investing activities</b>                                   |       |         |          |                     |          |
| Purchase of tangible fixed assets                             |       | (6,179) |          | (13,770)            |          |
| Investment income                                             |       | 10,390  |          | 8,775               |          |
|                                                               |       |         |          |                     |          |
| <b>Net cash generated from/(used in) investing activities</b> |       |         | 4,211    |                     | (4,995)  |
| <b>Financing activities</b>                                   |       |         |          |                     |          |
| Repayment of ICOF loan                                        |       | (6,957) |          | (6,606)             |          |
|                                                               |       |         |          |                     |          |
| <b>Net cash used in financing activities</b>                  |       |         | (6,957)  |                     | (6,606)  |
| <b>Net decrease in cash and cash equivalents</b>              |       |         | (28,909) |                     | (27,058) |
| Cash and cash equivalents at beginning of year                |       |         | 371,642  |                     | 398,700  |
| <b>Cash and cash equivalents at end of year</b>               |       |         | 342,733  |                     | 371,642  |

# SOFT TOUCH ARTS LIMITED

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

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### 1 Accounting policies

#### Charity information

Soft Touch Arts Limited is a private company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office and place of business is given in the legal and administrative information page of these financial statements.

#### 1.1 Basis of preparation

The charity is a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: the Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### 1.4 Income recognition

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.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes income received from local authorities, project fees and other grant providers. Income from these categories is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

Income from trading activities comprises sponsorship income and income derived from fundraising events.

Investment income is earned through holding assets for investment purposes. It comprises bank interest and rental income, which are recognised on an accruals basis.

# SOFT TOUCH ARTS LIMITED

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

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### 1 Accounting policies

(Continued)

#### 1.5 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It is recognised under the following headings:

- Costs of raising funds - includes costs incurred in seeking donations, grants and fundraising.
- Expenditure on charitable activities - includes individual project costs to further the deliverance of the objectives of the charity.
- Other expenditure - includes the loss on disposal of fixed assets.

Irrecoverable VAT is charged against the category of resources expensed for which it was incurred.

#### 1.6 Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and costs of raising funds and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Support costs are allocated to costs of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 11.

#### 1.7 Tangible fixed assets

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

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

|                                |                                                                     |
|--------------------------------|---------------------------------------------------------------------|
| Freehold land                  | Not depreciated                                                     |
| Freehold buildings             | 2% per annum of cost                                                |
| Fixtures, fittings & equipment | 10% per annum of net book value, straight line over 3, 5 or 7 years |
| Motor vehicles                 | 20% per annum of net book value                                     |

#### 1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### 1.9 Financial instruments

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

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities ("SOFA").

Loans are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.10 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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

# SOFT TOUCH ARTS LIMITED

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

### 1 Accounting policies (Continued)

#### 1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.12 Taxation

Soft Touch Arts Limited is a registered charity and no taxation provision is required as its income from charitable activities falls within the various exemptions available to registered charities.

### 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Impairment of land and buildings

The impairment of land and buildings has been assessed by the trustees, who consider that the market value is consistent with the net book value included in the accounts.

#### Allocation of support costs

The allocation of support costs is sensitive to changes in the level of work undertaken on each activity by the charity. The allocation is reassessed annually and amended when necessary to reflect current estimates.

### 3 Income from donations

|           | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|-----------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Donations | 7,554                              | 2,607                            | 10,161             | 5,191                              | 2,154                            | 7,345              |

# SOFT TOUCH ARTS LIMITED

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

### 4 Income from charitable activities

|                                                    | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|----------------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Arts activities                                    | 282,745                            | 374,321                          | 657,066            | 267,055                            | 249,071                          | 516,126            |
| Catering activities                                | 7,363                              | 7,974                            | 15,337             | 2,914                              | 8,894                            | 11,808             |
| Sponsorship income                                 | -                                  | -                                | -                  | -                                  | 46,000                           | 46,000             |
|                                                    | <u>290,108</u>                     | <u>382,295</u>                   | <u>672,403</u>     | <u>269,969</u>                     | <u>303,965</u>                   | <u>573,934</u>     |
| Income from arts activities include the following: |                                    |                                  |                    |                                    |                                  |                    |
| Core funding                                       |                                    |                                  | 102,939            |                                    |                                  | 102,939            |
| Project grants                                     |                                    |                                  | 370,920            |                                    |                                  | 243,165            |
| Project fees                                       |                                    |                                  | 183,207            |                                    |                                  | 170,022            |
|                                                    |                                    |                                  | <u>657,066</u>     |                                    |                                  | <u>516,126</u>     |

### 5 Income from other trading activities

|                    | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|--------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fundraising events | 8,817                              | 811                              | 9,628              | 7,358                              | -                                | 7,358              |
|                    | <u>8,817</u>                       | <u>811</u>                       | <u>9,628</u>       | <u>7,358</u>                       | <u>-</u>                         | <u>7,358</u>       |

### 6 Income from investments

|                     | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Rental income       | 6,392                              | -                                | 6,392              | 7,896                              | -                                | 7,896              |
| Interest receivable | 3,998                              | -                                | 3,998              | 879                                | -                                | 879                |
|                     | <u>10,390</u>                      | <u>-</u>                         | <u>10,390</u>      | <u>8,775</u>                       | <u>-</u>                         | <u>8,775</u>       |

# SOFT TOUCH ARTS LIMITED

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

### 7 Other income

|              | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Other income | 1,583                              | 2,550                            | 4,133              | 4,200                              | 13                               | 4,213              |

### 8 Expenditure on raising funds

|                            | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|----------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Staging fundraising events | 2,831                              | -                                | 2,831              | 3,169                              | -                                | 3,169              |
| Staff costs                | 34,775                             | -                                | 34,775             | 40,912                             | -                                | 40,912             |
|                            | 37,606                             | -                                | 37,606             | 44,081                             | -                                | 44,081             |

### 9 Expenditure on charitable activities

|                              | Activities<br>undertaken<br>directly<br>Note 10<br>£ | Support<br>Costs<br>Note 11<br>£ | Total<br>2024<br>£ | Total<br>2023<br>£ |
|------------------------------|------------------------------------------------------|----------------------------------|--------------------|--------------------|
| Arts and catering activities | 501,648                                              | 185,635                          | 687,283            | 657,248            |
| Unrestricted funds           |                                                      |                                  | 295,836            | 212,166            |
| Restricted funds             |                                                      |                                  | 391,447            | 445,082            |
|                              |                                                      |                                  | 687,283            | 657,248            |

# SOFT TOUCH ARTS LIMITED

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

### 10 Expenditure on activities undertaken directly

|                           | 2024<br>£      | 2023<br>£      |
|---------------------------|----------------|----------------|
| Staff costs               | 288,978        | 356,045        |
| Project costs             | 144,572        | 78,296         |
| Motor and transport costs | 3,514          | 4,441          |
| Project worker costs      | 64,584         | 56,263         |
|                           | <u>501,648</u> | <u>495,045</u> |

### 11 Expenditure on support costs

|                                  | 2024<br>£      | 2023<br>£      |
|----------------------------------|----------------|----------------|
| Staff costs                      | 88,467         | 66,071         |
| Depreciation                     | 34,615         | 36,397         |
| Premises costs                   | 24,914         | 19,170         |
| Motor and transport costs        | 2,886          | 5,219          |
| Audit fees                       | 6,650          | 7,375          |
| Printing, postage and stationery | 1,503          | 1,816          |
| Computer costs                   | 2,552          | 3,471          |
| Telephone                        | 1,502          | 1,474          |
| Legal and professional           | 9,933          | 6,778          |
| Loan interest and bank charges   | 7,486          | 8,523          |
| Irrecoverable VAT                | 1,711          | 4,130          |
| Sundry                           | 3,416          | 1,779          |
|                                  | <u>185,635</u> | <u>162,203</u> |
| Charitable activities            | <u>185,635</u> | <u>162,203</u> |

All support costs have been allocated to charitable activities based on their usage.

Support costs include governance costs totalling £48,098 (2023: £51,416) which comprise a proportion of staff costs and audit fees.

The amount charged to the SOFA in respect of auditor's remuneration was £6,650 (2023: £7,375).

### 12 Other expenditure

|                                                | Unrestricted<br>funds<br>2024<br>£ | Restricted<br>funds<br>2024<br>£ | Total<br>2024<br>£ | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|------------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Loss on disposal of<br>intangible fixed assets | -                                  | -                                | -                  | 3,949                              | -                                | 3,949              |

# SOFT TOUCH ARTS LIMITED

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

### 13 Trustees

Five of the trustees received remuneration during the year totalling £137,283 (2023: £134,843). This is as permitted by the Articles of Association and is made up as follows:

|            |                          |
|------------|--------------------------|
| SK Norman  | £28,161 (2023 - £26,811) |
| VJ Attwood | £21,120 (2023 - £24,042) |
| HD Abeles  | £17,600 (2023 - £16,798) |
| J Crofton  | £35,201 (2023 - £33,596) |
| KS Grace   | £35,201 (2023 - £33,596) |

Pension contributions for the above Trustees amounted to £3,357 (2023: £3,314).

Five trustees were reimbursed a total of £3,840 travel expenses (2023: four were reimbursed £2,759).

### 14 Employees

The average monthly number of employees during the year was:

|                        | 2024<br>Number | 2023<br>Number |
|------------------------|----------------|----------------|
| Directors              | 5              | 5              |
| Project workers        | 3              | 5              |
| Administrative workers | 6              | 7              |
| Sessional workers      | 7              | 7              |
| Intern                 | 3              | 4              |
| Total                  | 24             | 28             |
| Employment costs       | 2024<br>£      | 2023<br>£      |
| Wages and salaries     | 383,149        | 430,773        |
| Social security costs  | 21,917         | 24,670         |
| Other pension costs    | 7,154          | 7,585          |
|                        | 412,220        | 463,028        |

There were no employees whose annual remuneration was £60,000 or more.

# SOFT TOUCH ARTS LIMITED

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

### 15 Tangible fixed assets

|                                    | Freehold<br>land and<br>buildings<br>as restated | Fixtures,<br>fittings &<br>equipment | Motor<br>vehicles | Total     |
|------------------------------------|--------------------------------------------------|--------------------------------------|-------------------|-----------|
|                                    | £                                                | £                                    | £                 | £         |
| <b>Cost</b>                        |                                                  |                                      |                   |           |
| At 1 April 2023                    | 1,226,514                                        | 165,982                              | 8,016             | 1,380,503 |
| Additions                          | 4,645                                            | 1,534                                | -                 | 6,179     |
| Capital Goods Scheme adjustment    | (5,352)                                          | -                                    | -                 | (5,352)   |
| At 31 March 2024                   | 1,225,807                                        | 167,516                              | 8,016             | 1,381,330 |
| <b>Depreciation and impairment</b> |                                                  |                                      |                   |           |
| At 1 April 2023                    | 173,786                                          | 109,461                              | 5,796             | 289,043   |
| Depreciation charged in the year   | 22,961                                           | 21,467                               | 1,145             | 45,573    |
| At 31 March 2024                   | 196,747                                          | 130,928                              | 6,941             | 334,616   |
| <b>Carrying amount</b>             |                                                  |                                      |                   |           |
| At 31 March 2024                   | 1,009,051                                        | 36,588                               | 1,075             | 1,046,714 |
| At 31 March 2023                   | 1,032,719                                        | 45,563                               | 2,220             | 1,080,502 |

### 16 Debtors

|                                             | 2024<br>£ | 2023<br>£ |
|---------------------------------------------|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 70,901    | 84,058    |
| Prepayments and accrued income              | 122,483   | 76,847    |
|                                             | 193,384   | 160,905   |

### 17 Creditors: amounts falling due within one year

|                              | Notes | 2024<br>£ | 2023<br>£ |
|------------------------------|-------|-----------|-----------|
| ICOF loan                    | 19    | 9,017     | 7,360     |
| Taxation and social security |       | 30,438    | 31,290    |
| Trade creditors              |       | 6,290     | 8,521     |
| Other creditors              |       | 2,109     | 2,371     |
| Accruals and deferred income |       | 23,288    | 25,030    |
|                              |       | 71,142    | 74,572    |

# SOFT TOUCH ARTS LIMITED

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

### 18 Creditors: amounts falling due after more than one year

|           | Notes | 2024<br>£ | 2023<br>£ |
|-----------|-------|-----------|-----------|
| ICOF loan | 19    | 99,730    | 108,344   |

### 19 Loans and overdrafts

|                                                         | 2024<br>£ | 2023<br>£ |
|---------------------------------------------------------|-----------|-----------|
| ICOF loan                                               | 108,747   | 115,704   |
| Payable within one year                                 | 9,017     | 7,360     |
| Payable after one year                                  | 99,730    | 108,344   |
| Amounts included above which fall due after five years: |           |           |
| Payable by instalments                                  | 58,061    | 73,579    |

The loans are secured by a first legal charge over the freehold land and property and a fixed and floating charge over all other assets.

### 20 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees.

The charge to the SOFA in respect of defined contribution schemes was £7,154 (2023: £7,585). This expenditure has been allocated to support costs and unrestricted general funds.

# SOFT TOUCH ARTS LIMITED

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

### 21 Restricted funds

The funds of the charity include restricted funds held for specific purposes:

|                                   | Balance at 1<br>April 2023 | Movement in funds |                  |                        | Transfers  | Balance at 31<br>March 2024 |
|-----------------------------------|----------------------------|-------------------|------------------|------------------------|------------|-----------------------------|
|                                   | £                          | Income            | Expenditure      | Depreciation<br>charge | £          | £                           |
|                                   |                            | £                 | £                | £                      |            |                             |
| Building                          | 767,436                    | -                 | -                | (23,062)               | -          | 744,374                     |
| Time to Shine                     | -                          | 28,675            | (6,154)          | -                      | -          | 22,521                      |
| RAP                               | 15,774                     | -                 | (10,488)         | -                      | -          | 5,286                       |
| Thursday Cafe -<br>Awards for All | 14,082                     | 14,625            | (22,682)         | (426)                  | -          | 5,599                       |
| Project Enable                    | 107,656                    | 111,550           | (116,201)        | (946)                  | -          | 102,059                     |
| Punks                             | 685                        | 111,482           | (110,931)        | (86)                   | -          | 1,150                       |
| Soft Touch Studio                 | 6,129                      | 35,092            | (40,630)         | (159)                  | -          | 432                         |
| Youth Incubator<br>Fund           | -                          | 26,514            | (7,706)          | -                      | -          | 18,808                      |
| Other funds                       | 53,327                     | 60,325            | (46,062)         | (5,914)                | 220        | 61,896                      |
|                                   | <u>965,089</u>             | <u>388,263</u>    | <u>(360,854)</u> | <u>(30,593)</u>        | <u>220</u> | <u>962,125</u>              |

|                                   | Balance at 1<br>April 2022 | Movement in funds |                  |                        | Transfers  | Balance at 31<br>March 2023 |
|-----------------------------------|----------------------------|-------------------|------------------|------------------------|------------|-----------------------------|
|                                   | £                          | Income            | Expenditure      | Depreciation<br>charge | £          | £                           |
|                                   |                            | £                 | £                | £                      |            |                             |
| Building                          | 787,347                    | -                 | -                | (19,911)               | -          | 767,436                     |
| Time to Shine                     | 8,315                      | 8,962             | (17,509)         | -                      | 232        | -                           |
| UpSTart                           | 45,917                     | -                 | (42,055)         | (1,162)                | -          | 2,700                       |
| STARS and Soft Sell               | 12,359                     | 13                | (8,269)          | -                      | -          | 4,103                       |
| RAP                               | 14,514                     | 23,700            | (22,440)         | -                      | -          | 15,774                      |
| Thursday Cafe -<br>Awards for All | 14,763                     | 15,408            | (15,663)         | (426)                  | -          | 14,082                      |
| What If                           | 27,846                     | -                 | (25,934)         | (151)                  | -          | 1,761                       |
| Cre8ive Tv                        | 28,709                     | 6,817             | (34,103)         | (403)                  | -          | 1,020                       |
| Project Enable                    | 93,654                     | 126,607           | (112,076)        | (529)                  | -          | 107,656                     |
| Punks                             | -                          | 77,079            | (76,308)         | (86)                   | -          | 685                         |
| Garfield Weston                   | 22,047                     | -                 | (17,582)         | (392)                  | -          | 4,073                       |
| Soft Touch Studio                 | -                          | 34,800            | (28,548)         | (123)                  | -          | 6,129                       |
| Other funds                       | 47,686                     | 12,746            | (17,317)         | (4,095)                | 650        | 39,670                      |
|                                   | <u>1,103,157</u>           | <u>306,132</u>    | <u>(417,804)</u> | <u>(27,278)</u>        | <u>882</u> | <u>965,089</u>              |

# SOFT TOUCH ARTS LIMITED

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

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### 21 Restricted funds

(Continued)

Transfers have been made into restricted funds from unrestricted funds to cover any incidental costs following the end of projects.

#### **Building**

Part funding received in respect of the Soft Touch Arts building.

#### **Time to Shine**

Funding to employ a young marketing intern for a year.

#### **UpSTart**

The UpSTart programme had five years of funding from the Big Lottery targeting young people from the New Parks, Beaumont Leys, Stocking Farm and Mowmacre Hill areas of Leicester. The programme has three phases of engagement, development, and progression for participating young people. This fund has been included within "other funds" in the current year.

#### **STARS and Soft Sell**

STARS & Soft Sell Creative Enterprise project aims to support budding artists and makers with selling and marketing their work. Participants work closely with our Creative Enterprise programme coordinator as well as receiving guidance from industry professionals on a range of creative business skills. In addition, Soft Touch support these artists and makers by providing a space for them to sell work at weekly market events and online, use their extensive network to reach out to local businesses to commission work and provide participants with opportunities to network and find work experience. This fund has been included within "other funds" in the current year.

#### **RAP**

RAP is an offer to fund a full-time 1-year internship through RANK at the national living wage to develop an intern as a young leader, moving them forward in life and offering them further opportunity with support from RANK and Soft Touch Arts.

#### **Thursday Cafe**

The funding enables Soft Touch Arts to employ a sessional chef and project worker to run a weekly training café enabling young people to develop cooking and front of house skills.

#### **What If**

The "What IF..." inspiring futures project is designed for young people aged 15-24, living in the Leicester or Leicestershire area and have left school or college in the last couple of years feeling unsure of the next steps required to access employability or college.

The main aims of the project are to engage with young people through The Arts and increase their employability through personal development and creative skills. Running through the core of the project will be creativity.

Throughout the "What IF..." project young people will learn interpersonal skills, employer expectations, interview techniques, managing emotions and behaviours for the workplace and confidence building skills. During practical sessions they will experience creative workshops such as graffiti art and music whilst working on skills to help them in the next stage of their life, whether that's finding a job, going to college or getting an apprenticeship. This fund has been included within "other funds" in the current year.

#### **Cre8ive TV**

The Cre8ive TV project involves working with ex-offenders to produce 30 x 30 minutes creative TV shows to screen straight into prison cells in 53 prisons across the country. This fund has been included within "other funds" in the current year.

#### **Project Enable**

Project Enable is a 3 year partnership project in the New Parks area working with New College and Team Hub to reach out to 11-16 year olds from the area.

# SOFT TOUCH ARTS LIMITED

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

### 21 Restricted funds

(Continued)

#### Punks

The Punks project involves working with young people to produce an exhibition looking at the Punk era through the eyes of young people today. The exhibition will take place at Leicester Museum and at Soft Touch Arts in Summer 2023.

#### Garfield Weston

We received funding to launch a youth leadership development project which also ties in with our 35th year of operation. Through facilitated ongoing sessions they will feed their ideas into shaping our annual programme content and future programme development. At the same time, developing communication and leadership skills. The funding will also help us showcase how our work benefits young people and how we involve them in shaping our projects as we celebrate our 35th year. This fund has been included within "other funds" in the current year.

#### Soft Touch Studios

Soft Touch Studios is a 3 year programme of work for young people from Leicester and Leicestershire. The aim of the project is to target young people with challenging life circumstances, and those who may have additional needs and need support, to reach their potential. We currently have 3 different sessions, a Monday night session aimed at young people who identify as female, a Tuesday evening referral session, focusing on young people who need extra support, and also a Friday night session, aimed at young people from urban areas and estates.

#### Youth Incubator Fund

The Youth Incubator Fund is a grant fund designed and managed by Youth Music (with funding from PPL) with the goal of helping open up access to sustainable careers in music for people aged 18-25 - particularly those who are underrepresented - and to support creative employers to innovate and incubate new and diverse talent. We were awarded the funding to provide three 6-month internships specifically for young women aged 18-25.

#### Other funds

Other funds comprises of several funds that have been aggregated together for disclosure purposes, with only material fund balances and movements being disclosed separately.

### 22 Unrestricted funds

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

|                              | Balance at<br>1 April 2023<br>as restated<br>£ | Movement in funds |                  |                | Balance at<br>31 March 2024<br>£ |
|------------------------------|------------------------------------------------|-------------------|------------------|----------------|----------------------------------|
|                              |                                                | Income<br>£       | Expenditure<br>£ | Transfers<br>£ |                                  |
| General funds                | 380,044                                        | 318,452           | (333,442)        | (220)          | 364,834                          |
| <b>Designated funds</b>      |                                                |                   |                  |                |                                  |
| Property maintenance reserve | 55,000                                         | -                 | -                | -              | 55,000                           |
| Continuing projects reserve  | 30,000                                         | -                 | -                | -              | 30,000                           |
|                              | <u>465,044</u>                                 | <u>318,452</u>    | <u>(333,442)</u> | <u>(220)</u>   | <u>449,834</u>                   |

# SOFT TOUCH ARTS LIMITED

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

### 22 Unrestricted funds

(Continued)

|                              | Balance at<br>1 April 2022<br>as restated<br>£ | Movement in funds |                  | Transfers    | Balance at<br>31 March 2023<br>£ |
|------------------------------|------------------------------------------------|-------------------|------------------|--------------|----------------------------------|
|                              |                                                | Income<br>£       | Expenditure<br>£ | £            | £                                |
| General funds                | 375,629                                        | 295,493           | (260,196)        | (30,882)     | 380,044                          |
| <b>Designated funds</b>      |                                                |                   |                  |              |                                  |
| Property maintenance reserve | 55,000                                         | -                 | -                | -            | 55,000                           |
| Continuing projects reserve  | -                                              | -                 | -                | 30,000       | 30,000                           |
|                              | <u>430,629</u>                                 | <u>295,493</u>    | <u>(260,196)</u> | <u>(882)</u> | <u>465,044</u>                   |

### Designated funds

#### Property maintenance reserve

The Trustees have designated £55,000 for use in respect of future property repairs and maintenance.

#### Continuing projects reserve

The Trustees have designated £30,000 via a transfer for use in respect of continuing projects that are no longer funded by the original grant provider.

### 23 Analysis of net assets between funds

|                                                    | General<br>funds<br>2024<br>£                           | Designated<br>funds<br>2024<br>£           | Restricted<br>funds<br>2024<br>£           | Total<br>2024<br>£          |
|----------------------------------------------------|---------------------------------------------------------|--------------------------------------------|--------------------------------------------|-----------------------------|
| Fund balances at 31 March 2024 are represented by: |                                                         |                                            |                                            |                             |
| Tangible assets                                    | 267,120                                                 | -                                          | 779,594                                    | 1,046,714                   |
| Current assets/(liabilities)                       | 197,444                                                 | 85,000                                     | 182,531                                    | 464,975                     |
| Long term liabilities                              | (99,730)                                                | -                                          | -                                          | (99,730)                    |
|                                                    | <u>364,834</u>                                          | <u>85,000</u>                              | <u>962,125</u>                             | <u>1,411,959</u>            |
|                                                    | <b>General<br/>funds<br/>2023<br/>as restated<br/>£</b> | <b>Designated<br/>funds<br/>2023<br/>£</b> | <b>Restricted<br/>funds<br/>2023<br/>£</b> | <b>Total<br/>2023<br/>£</b> |
| Fund balances at 31 March 2023 are represented by: |                                                         |                                            |                                            |                             |
| Tangible assets                                    | 276,143                                                 | -                                          | 804,359                                    | 1,080,502                   |
| Current assets/(liabilities)                       | 212,245                                                 | 85,000                                     | 160,730                                    | 457,975                     |
| Long term liabilities                              | (108,344)                                               | -                                          | -                                          | (108,344)                   |
|                                                    | <u>380,044</u>                                          | <u>85,000</u>                              | <u>965,089</u>                             | <u>1,430,133</u>            |

# SOFT TOUCH ARTS LIMITED

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

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel (including Trustees) is as follows:

|                        | 2024<br>£ | 2023<br>£ |
|------------------------|-----------|-----------|
| Aggregate compensation | 140,640   | 138,157   |

#### Transactions with related parties

During the year, ER Crofton, the spouse of J Crofton, was paid £Nil (2023: £3,432) for her services as an employee. SJ Collier, the spouse of VJ Attwood, was paid £7,691 (2023: £2,104) for her services as an employee.

No guarantees have been given or received.

### 25 Cash generated from operations

|                                                      | 2024<br>£       | 2023<br>as restated<br>£ |
|------------------------------------------------------|-----------------|--------------------------|
| Deficit for the year                                 | (18,174)        | (103,653)                |
| Adjustments for:                                     |                 |                          |
| Investment income                                    | (10,390)        | (8,775)                  |
| (Gain)/loss on disposal of tangible fixed assets     | -               | 3,949                    |
| Capital Goods Scheme adjustment                      | 5,352           | -                        |
| Depreciation and impairment of tangible fixed assets | 34,615          | 36,397                   |
| Movements in working capital:                        |                 |                          |
| (Increase)/decrease in debtors                       | (32,479)        | 42,550                   |
| (Decrease)/increase in creditors                     | (5,087)         | 14,075                   |
| <b>Cash absorbed by operations</b>                   | <b>(26,163)</b> | <b>(15,457)</b>          |

# SOFT TOUCH ARTS LIMITED

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

### 26 Analysis of changes in net funds

|                                            | At 1 April<br>2023<br>£ | Cash flows<br>£ | At 31 March<br>2024<br>£ |
|--------------------------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand                   | 371,642                 | (28,909)        | 342,733                  |
| Loans falling due within one year          | (7,360)                 | (1,657)         | (9,017)                  |
| Loans falling due after more than one year | (108,344)               | 8,614           | (99,730)                 |
|                                            | <u>255,938</u>          | <u>(21,952)</u> | <u>233,986</u>           |
|                                            | At 1 April<br>2022<br>£ | Cash flows<br>£ | At 31 March<br>2023<br>£ |
| Cash at bank and in hand                   | 398,700                 | (27,058)        | 371,642                  |
| Loans falling due within one year          | (7,521)                 | 161             | (7,360)                  |
| Loans falling due after more than one year | (114,789)               | 6,445           | (108,344)                |
|                                            | <u>276,390</u>          | <u>(20,452)</u> | <u>255,938</u>           |

### 27 Controlling party

Soft Touch Arts Limited is a company limited by guarantee and not having a share capital; it is incorporated under the Companies Act and governed by the Memorandum and Articles of Association of the company. The Trustees of the company are elected members and act as directors of the company and are deemed to be the controlling party of the company.

### 28 Prior period adjustment

The prior period adjustment relates to a restatement of the previously reported balance sheet figures in relation to the cost of freehold property following capital goods scheme adjustments and the inclusion of movements in reserves. The comparative figures, have been adjusted as follows:

#### Changes to the balance sheet

|                      | As previously<br>reported<br>£ | Adjustment<br>£ | As restated<br>£ |
|----------------------|--------------------------------|-----------------|------------------|
| <b>Fixed assets</b>  |                                |                 |                  |
| Tangible assets      | <u>1,060,493</u>               | <u>20,009</u>   | <u>1,080,502</u> |
| <b>Capital funds</b> |                                |                 |                  |
| Restricted funds     | 965,089                        | -               | 965,089          |
| Unrestricted funds   | <u>445,035</u>                 | <u>20,009</u>   | <u>465,044</u>   |
| <b>Total equity</b>  | <u>1,410,124</u>               | <u>20,009</u>   | <u>1,430,133</u> |

**SOFT TOUCH ARTS LIMITED**

England & Wales - Charity number 1147318

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# Accounts

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**Charity registration number 1147318**

**Company registration number 02063893 (England and Wales)**

**SOFT TOUCH ARTS LIMITED**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2023**

# SOFT TOUCH ARTS LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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|                          |                                                                                                                                                                                        |                                                            |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| <b>Trustees</b>          | S Mahomed (Co-Chair)<br>C Stocker (Co-Chair)<br>KM Hudson (Honorary Treasurer)<br>VJ Attwood<br>J Crofton<br>NS Nightingale<br>SK Norman<br>HD Pearson<br>K Grace<br>S Lad<br>GP Place | (Appointed 16 January 2023)<br>(Appointed 16 January 2023) |
| <b>Charity number</b>    | 1147318                                                                                                                                                                                |                                                            |
| <b>Company number</b>    | 02063893                                                                                                                                                                               |                                                            |
| <b>Principal address</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                                                    |                                                            |
| <b>Registered office</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                                                    |                                                            |
| <b>Auditor</b>           | Newby Castleman LLP<br>West Walk Building<br>110 Regent Road<br>Leicester<br>LE1 7LT                                                                                                   |                                                            |
| <b>Bankers</b>           | National Westminster Bank Plc<br>1 Granby Street<br>Leicester<br>LE1 6EJ                                                                                                               |                                                            |

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# SOFT TOUCH ARTS LIMITED

## CONTENTS

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|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Trustees' report                  | 1 - 7       |
| Independent auditor's report      | 8 - 10      |
| Statement of financial activities | 11          |
| Balance sheet                     | 12 - 13     |
| Statement of cash flows           | 14          |
| Notes to the financial statements | 15 - 30     |

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# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 MARCH 2023

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The trustees who are also directors of the charitable company present their report and financial statements for the year ended 31 March 2023.

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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

### **OBJECTIVES AND ACTIVITIES**

The charity's objects per the Articles of Association are as follows:

1. To advance the education of the public in the appreciation and practice of the arts.
2. To relieve the needs of those who are most disadvantaged in society by way of social and economic deprivation, mental and physical disability and vulnerable physical circumstance, such as being in care or homeless, through participation in the arts, in particular but not exclusively through the creation of music, film and video, multimedia installations, sculpture, drama and graphic designs with the aim of improving their quality of life.
3. To advance education, learning and personal development for the public benefit in particular but not limited to promoting the development of skills and aptitudes (such as creative expression, self-confidence, group working and communication) through participation in the arts in all their forms.

### **Aims**

At the beginning of the year, we set three objectives and monitored progress with these through regular reviews:

- Achieve greater sustainability – key progress included:
  - Fully re-establishing our programme following the Covid-19 pandemic.
  - A successful application to Arts Council England (ACE) for three further years of National Portfolio funding.
  - Appointing two new co-chairs from the existing board, to succeed a long-standing board member, and two completely new board members.
- Improve our impact on young people – key progress included:
  - Establishing a variety of channels for young people to actively influence the organisation (Youth Voice).
  - Introducing a regular programme of young people's performances.
  - Introducing a new monitoring database and training staff to use it.
- Deliver a high-quality artistic programme – key progress included:
  - Involving young people in creating content for the high-profile Punks heritage project.
  - New partnership relationships with a wider group of referral agencies, such as schools and children's homes.
  - Providing increased internship opportunities through building these into project budgets (seven during the year).

### **Objectives**

The programme is delivered to a three-stage model: Engage – Develop – Progress.

#### Engage

Inspire and engage young people in fun, high-quality creative activities at our centre and locations across the city and county.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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We run creative outreach sessions in communities such as New Parks and Beaumont Leys and with specific groups of young people with special educational needs or disabilities, or those at risk of poor life outcomes such as young offenders or looked after children. We also work in Leicestershire schools and prisons.

In 2022-23 we aimed to engage 1,200 young people overall in our activities. In fact the number engaged was only 648. In looking into why numbers were lower than expected we found that young people were staying with us longer and engaging in more sessions, including moving between projects. Also, last year, we delivered quite a lot of one-off and taster sessions which pushed the number of individuals up, but many of these did not engage with us any further. As reported below, we delivered more sessions than expected.

#### Develop

Longer term creative projects which facilitate in-depth learning, support wellbeing, and develop personal and social skills.

This is the core of our work: we get to know a young person and their interests, and to understand the best way to make them feel better about themselves, the world around them and their future. This process works through the positive relationships built by our staff with participants with most work taking place at our arts centre.

In 2022-23 we aimed to deliver 1,100 high quality, supervised project sessions. In fact, we delivered 1,203 sessions.

#### Progress

Progression through involvement in performances, exhibitions, mentoring, volunteering, work experience and creative enterprise.

Our projects are designed to recognise and record young people's progress. Meaningful personalised outcomes include: performing live music; public exhibitions of creative work; selling artwork; volunteering in our café; working on life goals with a mentor; support into volunteering, work experience and employment.

In 2022-23 we aimed for 90 young people to report feeling more confident about going into further education, applying for a job or living independently. In fact, 151 attendees attended 10+ sessions showing progression such as chamber of commerce/selling work/performing etc or 'progressed' through 2 projects

#### **Public Benefit Statement**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aim and objectives.

The charity provides public benefit through the services provided to disadvantaged young people in Leicester city and Leicestershire and occasionally in other areas of the UK to share good practice or replicated models of delivery.

### **ACHIEVEMENTS AND PERFORMANCE**

We measure success through monitoring user engagement and evaluating the impact of projects and programmes. This includes using Charitylog software for quantitative recording and evaluation tools such as those based on the 'Outcomes Star'.

During 2022/23 the Charity's level of operations was back to normal following the Covid-19 pandemic.

#### **Summary of the main activities**

During the year we were able to bring back a full programme of activities.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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Headline statistics\* (last year in brackets):

- We worked with 648 (1,566) individual young people for the year ending 31 March 2023 and ran 1,203 (1,051) sessions over 25 (28) programmes and projects. Although there were slightly fewer projects and programmes, some of these increased in scope from 2021-22, such as Creative Studio and SEN music.
- All of our projects had a focus on health and wellbeing and 26.5% (36%) of participants were recorded as having a known disability or extra support needs.
- The largest age group of those accessing Soft Touch were 12–16-year-olds at 56%, over twice the percentage of last year. We had fewer participants aged 8–11 at 4% (23%) and more older participants aged 19-24 at 14% (8%).
- Once again, the area with the highest number of participants was the north west of the city, covering the deprived neighbourhoods of New Parks and Beaumont Leys, at 58% (% of those for whom a postcode was recorded; last year the figure was 56% from these areas).
- We had 2,611 (785) visitors to events held at our building, at other venues and online, and 2,980 (2,085) café visitors. The higher number of event visitors reflects the fact that as commented above we now have a regular programme of young people's performances.
- We delivered 25 (28) projects and programmes encompassing those delivered from our building and out in the community. These covered group creative sessions, café sessions and one to one support.

\*Sources: annual statistics submitted to Leicester City Council and extracted from Upshot records

#### **Notable achievements and developments**

The following are examples of how we have achieved the aims and objectives described above:

- ACE extension year – ACE extended their funding period for one year to run on from 2021/22 through 2022/23; we were required to submit an application for the extension, which was successful. For the first time we were asked to focus on ACE's new ten-year strategy, 'Let's Create' which meant aligning our delivery to their Investment Principles of Ambition & Quality; Dynamism; Environmental Responsibility; and Inclusivity and Relevance.
- With funding from the Garfield Weston Foundation we were able to mount a series of events to celebrate 35 years of Soft Touch. This included young people running a series of open days and a celebration event attended by businesses in November 2022. Young people co-produced an exhibition charting the 35 years, which was displayed in our café/events space and then went on to the Little Theatre. We also made a new promotional film for our website.
- Punks project – work towards a high-profile exhibition between May and September 2023, in partnership with New Walk Museum and Art Gallery, started during 2022/23 with a series of workshops with young people and we had our first project young intern. Funding success from the Lottery Heritage Fund was supplemented by sponsorship from BID Leicester and an impressive consortium of partners was brought together.
- Project Enable – this is our latest Lottery-funded project in the New Parks neighbourhood of Leicester, which launched in late 2021/22. We have set up a dynamic partnership with Team Hub, a community centre on the estate, and the local secondary school, New College. This has enabled a constant programme of creative activities for young people and now includes trips to our building.
- We delivered projects with new partners, e.g. the Carers' Centre and the Canal and River Trust.

#### **FINANCIAL REVIEW**

The results for the year ended 31 March 2023 are shown in the Statement of Financial Activities on page 11. This, together with the balance sheet on pages 12-13, should be read in conjunction with the related notes which have been prepared in accordance with the Charities SORP 2019 (FRS 102).

Total income for the year amounted to £601,625 (2022: £701,297). The principal funding source continued to be grant income. The charity does not carry out significant fundraising activities. Total expenditure for the year amounted to £705,278 (2022: £594,953). A breakdown of expenditure is set out in notes to the financial statements.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

---

After transfers between funds, there was a surplus on unrestricted funds for the year totalling £34,415 and a deficit on restricted funds totalling £138,068. This has resulted in a total decrease in funds for the year of £103,653. The funds for the charity at the year-end totalled £1,410,124 which comprise restricted funds of £965,089 and unrestricted funds of £445,035, of which £85,000 has been designated and general funds totalling £360,035.

#### **Reserves**

Reserves are needed to cover any immediate drop in income caused by external unforeseeable circumstances. It is the policy of the board of trustees to maintain free reserves (unrestricted general funds less tangible fixed assets and long-term liabilities) at £143,000, being approximately six months unrestricted expenditure. The Board has designated £55,000 for a Property Maintenance reserve for future property capital repairs and maintenance, and a further £30,000 for a Continuing Projects reserve to ensure projects continue after funding has ended. Soft Touch Arts currently has £212,245 in free reserves (see note 24), therefore free reserves are in excess of the reserves policy by approximately £69,000, the Directors feel that it is prudent to hold this higher level of reserves to mitigate any impact of the current economic climate on both project costs and fundraising.

#### **Risk Management**

All staff contributed to a SWOT (strengths, weaknesses, opportunities, threats) and a PESTLE analysis (political, economic, social, technological, environmental, legal) and this fed into an updated risk register.

Key risks and mitigation included:

- Rise in energy prices and other running costs
- Effect of cost-of-living crisis on our participants
- Funding shortfall
- Long term staff sickness

Discussion of risks is a standing item at management board meetings.

Additionally, we were given a risk rating by Arts Council England which stands at 5 (minor). This was based on a minor risk that fundraising targets may not be met; there was due to be a change of board members; and long-term working directors are due to retire within the next 2-4 years.

#### **PLANS FOR THE FUTURE**

In April 2023 we went onto a new three-year grant agreement from the Arts Council, although there is no increase in our level of funding. This requires us to plan our delivery and reporting around ACE's investment principles of Ambition & Quality; Dynamism; Environmental Responsibility; and Inclusivity and Relevance. This means we will have to get used to using a new mandatory toolkit and adapting our monitoring and evaluation systems to comply. We are required to report regularly on our progress to the management board.

We are starting to look ahead to our largest programme (Project Enable) finishing at the end of 2024 and the need to bring in more longer-term funding. This is more challenging than it used to be, with a very limited number of funders we can apply to. With this in mind we will be working on a new income generation strategy which looks to bring in funding from new sources, such as diversifying fee paying work and new ways on fundraising. To support this process we have extended our fundraiser's contract of employment from half time to four days from the end of June 2023 to March 2024.

We are already working on bringing in funding to support work around sustainability and the environment, identifying this as a priority area. We will be developing ideas with young people about how creativity can be channelled into addressing the challenges of climate change. Participation in a city-wide summer festival in August will kick start the work.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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A major project continuing during 2023/24 will be the 'Punks: Rage and Revolution' exhibition and associated events. The exhibition will be open at Soft Touch and New Walk Museum and Art Gallery until the beginning of December.

We have gradually been increasing the paid internships we offer to young people through building opportunities into project applications and applying for support through the Rank Foundation. We intend to continue this trend and will also be launching a three-year programme to provide music worker internships to young women.

The succession process, which will see the retirement of the long-term directors, is moving into its final stages. Christina Wigmore stepped back as a director in November 2021 and will be leaving Soft Touch in January 2024. Between June 2024 and September 2025 we will see the retirement of the other three long-term directors. The succession plan aims for, by September 2025, a three-co-director team, including current directors Joe Crofton and Kelly Grace. We recognise that this represents a huge change, with potential for instability, but we are confident that because it is being done in a planned and incremental way, we can successfully make the transition. We started the succession process over ten years ago, and the two co-directors who are staying have built up their skills and experience in a supported way, to successfully take Soft Touch forward into a new era.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Soft Touch Arts Limited is a company limited by guarantee (number 02063893) and is governed by its Memorandum and Articles of Association. It is a charity registered with the Charity Commission (number 1147318). The charity is based in Leicester and aims to engage with and change the lives of disadvantaged young people through the use of arts, media and music activities.

The following trustees / directors have served during 2022/23:

DE Francis (Chair) – resigned 16 January 2023

S Mahomed (Co-Chair from 16 January 2023)

C Stocker (Co-Chair from 16 January 2023)

KM Hudson (Honorary Treasurer)

VJ Attwood

J Crofton

NS Nightingale

SK Norman

HD Pearson

MN Oldman – resigned 16 January 2023

KS Grace

GP Place – appointed 16 January 2023

S Lad – appointed 16 January 2023

VJ Attwood, J Crofton, K Grace, SK Norman and HD Pearson are the only salaried directors. These salaried directors deliver projects as well as operating as the charity's executive directors. Remuneration of salaried directors is decided upon by independent, non-salaried, board members. The board meets on a periodic basis to make decisions on strategy and direct the management of the charity's affairs.

The Articles of Association set out the required quota of salaried and voluntary directors at any one meeting of the board.

The trustees are appointed in accordance with the company's Articles of Association and are chosen to bring in the various knowledge, skills and experience required to meet the charity's objectives generally selected through open recruitment through an application and selection process. There are times when the board decides to approach a particular individual to become a trustee where it is felt important to bring on people who will make the board more fully representative of the communities which our participants come from. New trustees are given a full induction programme, which includes the safeguarding policy and procedures, when they join and are offered training opportunities.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2023

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At the AGM the board elects a Chair, Vice Chair and Treasurer for an annual term. At the AGM on 7 November 2022, K Hudson was reappointed Honorary Treasurer. At an EGM on 16 January 2023, D Francis and M Oldman resigned from the Board, with S Mahomed and C Stocker taking over as Co-Chairs, and G Place and S Lad were appointed to the Board.

#### **Wider networks**

Soft Touch is an active member of a number of related networks, including the Cultural Education Partnership; East Midlands Participatory Arts Forum; Leicester/shire Music Education Hub; National Portfolio Organisations Network; Children's Trust Board; RankNet; Culture Declares Emergency.

#### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Soft Touch Arts Limited for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

#### **AUDITORS**

A resolution to reappoint Newby Castleman as our auditors will be put to members at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

# **SOFT TOUCH ARTS LIMITED**

## **TRUSTEES' REPORT (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2023**

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On behalf of the board of trustees

KM Hudson (Honorary Treasurer)  
**Trustee**

Date: 19 September 2023

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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#### Opinion

We have audited the financial statements of Soft Touch Arts Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 FRS 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

#### 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the trustee's report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustee's 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.

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees Report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 6 the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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.

### **Extent to which the audit was considered capable of detecting irregularities**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. However, responsibility for the prevention and detection of fraud ultimately rests with both those charged with governance and management of the charitable company.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the charitable company by considering the nature of the industry in which the charitable company operates and enquiring of management; and
- identifying the key laws and regulations considered to have a direct impact on the financial statements including the UK Companies Act 2006, UK Charities Act 2011, UK Generally Accepted Accounting Practice and UK tax legislation; and
- assessing how the charitable company is complying with the applicable legal and regulatory framework by making further enquiries of management and observing the company's control environment regarding compliance with regulations and fraud prevention; and

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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- assessing the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur, by considering the effectiveness of the charitable company's accounting systems and controls and how these were monitored by management. Where the risk of material misstatement was considered to be higher in certain areas, further audit procedures were designed to address this increased risk; and
- discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

### **Audit response to risks of irregularities identified**

Our procedures to respond to risks identified included the following:

- performing audit work over revenue recognition including analytical procedures and substantive tests of detail of a sample of revenue transactions; and
- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- enquiry of charitable company staff responsible for compliance to identify any instances of non-compliance with laws and regulations; and
- enquiry of management, those charged with governance and other relevant parties around actual and potential litigation claims; and
- reviewing minutes of meetings of those charged with governance; and
- 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
- communicating identified laws and regulations and potential fraud risks to all engagement team members and assessing whether there are any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Newby Castleman LLP**

Chartered Accountants  
Statutory Auditor  
West Walk Building  
110 Regent Road  
Leicester  
LE1 7LT

20 September 2023

Newby Castleman LLP is eligible for appointment as auditor of the charitable company by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2023

|                                    |       | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Total<br>2022<br>£ |
|------------------------------------|-------|------------------------------------|----------------------------------|--------------------|--------------------|
|                                    | Notes |                                    |                                  |                    |                    |
| <b>Income from:</b>                |       |                                    |                                  |                    |                    |
| Donations                          | 3     | 5,191                              | 2,154                            | 7,345              | 71,542             |
| Charitable activities              | 4     | 269,969                            | 303,965                          | 573,934            | 606,896            |
| Other trading activities           | 5     | 7,358                              | -                                | 7,358              | 11,022             |
| Investments                        | 6     | 8,775                              | -                                | 8,775              | 9,746              |
| Other income                       | 7     | 4,200                              | 13                               | 4,213              | 2,091              |
| <b>Total</b>                       |       | 295,493                            | 306,132                          | 601,625            | 701,297            |
| <b>Expenditure on:</b>             |       |                                    |                                  |                    |                    |
| Raising funds                      | 8     | 44,081                             | -                                | 44,081             | 44,751             |
| Charitable activities              | 9     | 212,166                            | 445,082                          | 657,248            | 548,666            |
| Other                              | 12    | 3,949                              | -                                | 3,949              | 1,536              |
| <b>Total</b>                       |       | 260,196                            | 445,082                          | 705,278            | 594,953            |
| <b>Net income/(expenditure)</b>    |       | 35,297                             | (138,950)                        | (103,653)          | 106,344            |
| Transfers between funds            | 22    | (882)                              | 882                              | -                  | -                  |
| <b>Net movement in funds</b>       |       | 34,415                             | (138,068)                        | (103,653)          | 106,344            |
| <b>Reconciliation of funds</b>     |       |                                    |                                  |                    |                    |
| Total funds brought forward        |       | 410,620                            | 1,103,157                        | 1,513,777          | 1,407,433          |
| <b>Total funds carried forward</b> |       | 445,035                            | 965,089                          | 1,410,124          | 1,513,777          |

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

All income and expenditure derive from continuing activities.

# SOFT TOUCH ARTS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2023

|                                                                | Notes | 2023<br>£      | £                | 2022<br>£      | £                |
|----------------------------------------------------------------|-------|----------------|------------------|----------------|------------------|
| <b>Fixed assets</b>                                            |       |                |                  |                |                  |
| Intangible assets                                              | 15    |                | -                |                | 3,949            |
| Tangible assets                                                | 16    |                | 1,060,493        |                | 1,083,120        |
|                                                                |       |                | <u>1,060,493</u> |                | <u>1,087,069</u> |
| <b>Current assets</b>                                          |       |                |                  |                |                  |
| Debtors                                                        | 17    | 160,905        |                  | 203,455        |                  |
| Cash at bank and in hand                                       |       | 371,642        |                  | 398,700        |                  |
|                                                                |       | <u>532,547</u> |                  | <u>602,155</u> |                  |
| <b>Liabilities</b>                                             |       |                |                  |                |                  |
| Creditors: amounts falling due within one year                 | 18    | (74,572)       |                  | (60,658)       |                  |
| <b>Net current assets</b>                                      |       |                | <u>457,975</u>   |                | <u>541,497</u>   |
| <b>Total assets less current liabilities</b>                   |       |                | 1,518,468        |                | 1,628,566        |
| <b>Creditors: amounts falling due after more than one year</b> | 19    |                | (108,344)        |                | (114,789)        |
| <b>Total net assets</b>                                        |       |                | <u>1,410,124</u> |                | <u>1,513,777</u> |
| <b>The funds of the charity</b>                                |       |                |                  |                |                  |
| Restricted funds                                               | 22    |                | 965,089          |                | 1,103,157        |
| Unrestricted funds:                                            |       |                |                  |                |                  |
| Designated funds                                               | 23    | 85,000         |                  | 55,000         |                  |
| General funds                                                  |       | 360,035        |                  | 355,620        |                  |
|                                                                |       | <u>445,035</u> |                  | <u>410,620</u> |                  |
| <b>Total charity funds</b>                                     |       |                | <u>1,410,124</u> |                | <u>1,513,777</u> |

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

For the year ending 31 March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

# **SOFT TOUCH ARTS LIMITED**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2023**

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The financial statements were approved and authorised for issue by the board of trustees on 19 September 2023 and are signed on its behalf by:

KM Hudson (Honorary Treasurer)  
**Trustee**

**Company Registration No. 02063893**

The notes on pages 15 - 30 form part of these financial statements.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

|                                                             | Notes | 2023<br>£ | £        | 2022<br>£ | £       |
|-------------------------------------------------------------|-------|-----------|----------|-----------|---------|
| <b>Cash flows from operating activities</b>                 |       |           |          |           |         |
| Cash (absorbed by)/generated from operations                | 26    |           | (15,457) |           | 31,009  |
| <b>Investing activities</b>                                 |       |           |          |           |         |
| Purchase of tangible fixed assets                           |       | (13,770)  |          | (16,882)  |         |
| Investment income                                           |       | 8,775     |          | 9,746     |         |
| <b>Net cash used in investing activities</b>                |       |           | (4,995)  |           | (7,136) |
| <b>Financing activities</b>                                 |       |           |          |           |         |
| Repayment of ICOF loan                                      |       | (6,606)   |          | (6,603)   |         |
| <b>Net cash used in financing activities</b>                |       |           | (6,606)  |           | (6,603) |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |       |           | (27,058) |           | 17,270  |
| Cash and cash equivalents at beginning of year              |       |           | 398,700  |           | 381,430 |
| <b>Cash and cash equivalents at end of year</b>             |       |           | 371,642  |           | 398,700 |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

#### Charity information

Soft Touch Arts Limited is a private company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office and place of business is given in the legal and administrative information page of these financial statements.

#### 1.1 Basis of preparation

The charity is a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: the Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### 1.4 Income recognition

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.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes income received from local authorities, project fees and other grant providers. Income from these categories is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

Income from trading activities comprises sponsorship income and income derived from fundraising events.

Investment income is earned through holding assets for investment purposes. It comprises bank interest and rental income, which are recognised on an accruals basis.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1 Accounting policies

(Continued)

Government grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

#### 1.5 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It is recognised under the following headings:

- Costs of raising funds - includes costs incurred in seeking donations, grants and fundraising.
- Expenditure on charitable activities - includes individual project costs to further the deliverance of the objectives of the charity.
- Other expenditure - includes the loss on disposal of fixed assets and staff costs covered by income from the coronavirus job retention scheme.

Irrecoverable VAT is charged against the category of resources expensed for which it was incurred.

#### 1.6 Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and costs of raising funds and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Support costs are allocated to costs of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 11.

#### 1.7 Intangible fixed assets other than goodwill

Intangible assets are measured at cost, net of amortisation and any impairment losses.

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

|          |          |
|----------|----------|
| Software | 10 years |
|----------|----------|

#### 1.8 Tangible fixed assets

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

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

|                                |                                                                     |
|--------------------------------|---------------------------------------------------------------------|
| Freehold land                  | Not depreciated                                                     |
| Freehold buildings             | 2% per annum of cost                                                |
| Fixtures, fittings & equipment | 10% per annum of net book value, straight line over 3, 5 or 7 years |
| Motor vehicles                 | 20% per annum of net book value                                     |

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

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

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities ("SOFA").

Loans are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.11 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Taxation

Soft Touch Arts Limited is a registered charity and no taxation provision is required as its income from charitable activities falls within the various exemptions available to registered charities.

### 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Impairment of land and buildings

The impairment of land and buildings has been assessed by the trustees, who consider that the value in use by the charity is consistent with the net book value included in the accounts.

#### Allocation of support costs

The allocation of support costs is sensitive to changes in the level of work undertaken on each activity by the charity. The allocation is reassessed annually and amended when necessary to reflect current estimates.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 3 Income from donations

|              | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Donations    | 5,191                              | 2,154                            | 7,345              | 7,220                              | 6,000                            | 13,220             |
| Grant income | -                                  | -                                | -                  | 12,786                             | 45,536                           | 58,322             |
|              | <u>5,191</u>                       | <u>2,154</u>                     | <u>7,345</u>       | <u>20,006</u>                      | <u>51,536</u>                    | <u>71,542</u>      |

### 4 Income from charitable activities

|                     | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Arts activities     | 267,055                            | 249,071                          | 516,126            | 258,254                            | 341,114                          | 599,368            |
| Catering activities | 2,914                              | 8,894                            | 11,808             | 2,741                              | 4,787                            | 7,528              |
| Sponsorship income  | -                                  | 46,000                           | 46,000             | -                                  | -                                | -                  |
|                     | <u>269,969</u>                     | <u>303,965</u>                   | <u>573,934</u>     | <u>260,995</u>                     | <u>345,901</u>                   | <u>606,896</u>     |

Income from arts activities include the following:

|                |                |                |
|----------------|----------------|----------------|
| Core funding   | 148,939        | 102,939        |
| Project grants | 243,165        | 357,173        |
| Project fees   | 170,022        | 139,256        |
|                | <u>516,126</u> | <u>599,368</u> |

### 5 Income from other trading activities

|                    | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|--------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fundraising events | 7,358                              | -                                | 7,358              | 11,022                             | -                                | 11,022             |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 6 Income from investments

|                     | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Rental income       | 7,896                              | -                                | 7,896              | 9,732                              | -                                | 9,732              |
| Interest receivable | 879                                | -                                | 879                | 14                                 | -                                | 14                 |
|                     | <u>8,775</u>                       | <u>-</u>                         | <u>8,775</u>       | <u>9,746</u>                       | <u>-</u>                         | <u>9,746</u>       |

### 7 Other income

|              | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Other income | 4,200                              | 13                               | 4,213              | 1,569                              | 522                              | 2,091              |
|              | <u>4,200</u>                       | <u>13</u>                        | <u>4,213</u>       | <u>1,569</u>                       | <u>522</u>                       | <u>2,091</u>       |

### 8 Expenditure on raising funds

|                            | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|----------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Staging fundraising events | 3,169                              | -                                | 3,169              | 3,576                              | -                                | 3,576              |
| Staff costs                | 40,912                             | -                                | 40,912             | 41,175                             | -                                | 41,175             |
|                            | <u>44,081</u>                      | <u>-</u>                         | <u>44,081</u>      | <u>44,751</u>                      | <u>-</u>                         | <u>44,751</u>      |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 9 Expenditure on charitable activities

|                              | Activities<br>undertaken<br>directly<br>Note 10<br>£ | Support<br>Costs<br>Note 11<br>£ | Total<br>2023<br>£ | Total<br>2022<br>£ |
|------------------------------|------------------------------------------------------|----------------------------------|--------------------|--------------------|
| Arts and catering activities | 495,045                                              | 162,203                          | 657,248            | 548,666            |
| Unrestricted funds           |                                                      |                                  | 212,166            | 213,523            |
| Restricted funds             |                                                      |                                  | 445,082            | 335,143            |
|                              |                                                      |                                  | 657,248            | 548,666            |

### 10 Expenditure on activities undertaken directly

|                           | 2023<br>£ | 2022<br>£ |
|---------------------------|-----------|-----------|
| Staff costs               | 356,045   | 303,969   |
| Project costs             | 78,296    | 28,153    |
| Motor and transport costs | 4,441     | 6,978     |
| Project worker costs      | 56,263    | 48,163    |
|                           | 495,045   | 387,263   |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 11 Expenditure on support costs

|                                  | 2023<br>£      | 2022<br>£      |
|----------------------------------|----------------|----------------|
| Staff costs                      | 66,071         | 64,486         |
| Depreciation                     | 36,397         | 35,848         |
| Premises costs                   | 19,170         | 19,254         |
| Motor and transport costs        | 5,219          | 3,055          |
| Audit fees                       | 7,375          | 7,375          |
| Printing, postage and stationery | 1,816          | 1,493          |
| Computer costs                   | 3,471          | 2,145          |
| Telephone                        | 1,474          | 2,608          |
| Legal and professional           | 6,778          | 6,961          |
| Loan interest and bank charges   | 8,523          | 8,580          |
| Irrecoverable VAT                | 4,130          | 8,078          |
| Sundry                           | 1,779          | 1,520          |
|                                  | <u>162,203</u> | <u>161,403</u> |
| Charitable activities            | <u>162,203</u> | <u>161,403</u> |

All support costs have been allocated to charitable activities based on their usage.

Support costs include governance costs totalling £51,416 (2022: £71,861) which comprise a proportion of staff costs and audit fees.

The amount charged to the SOFA in respect of auditor's remuneration was £7,375 (2022: £7,375).

### 12 Other expenditure

|                                                | Unrestricted<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|------------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Loss on disposal of<br>intangible fixed assets | 3,949                              | -                                | 3,949              | -                                  | -                                | -                  |
| Staff costs                                    | -                                  | -                                | -                  | -                                  | 1,536                            | 1,536              |
|                                                | <u>3,949</u>                       | <u>-</u>                         | <u>3,949</u>       | <u>-</u>                           | <u>1,536</u>                     | <u>1,536</u>       |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 13 Trustees

Six of the trustees received remuneration during the year totalling £134,843 (2022: £126,917). This is as permitted by the Articles of Association and is made up as follows:

|            |                          |
|------------|--------------------------|
| SK Norman  | £26,811 (2022 - £26,545) |
| VJ Attwood | £24,042 (2022 - £26,545) |
| HD Pearson | £16,798 (2022 - £16,590) |
| CC Wigmore | £Nil (2022 - £11,613)    |
| J Crofton  | £33,596 (2022 - £33,181) |
| KS Grace   | £33,596 (2022 - £12,443) |

Pension contributions for the above Trustees amounted to £3,314 (2022: £3,092).

Four trustees were reimbursed a total of £2,759 travel expenses (2022: five were reimbursed £1,625).

### 14 Employees

The average monthly number of employees during the year was:

|                        | 2023<br>Number | 2022<br>Number |
|------------------------|----------------|----------------|
| Directors              | 5              | 5              |
| Project workers        | 5              | 6              |
| Administrative workers | 7              | 6              |
| Sessional workers      | 7              | 6              |
| Intern                 | 4              | 3              |
| Total                  | 28             | 26             |

  

| Employment costs      | 2023<br>£ | 2022<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 430,773   | 384,214   |
| Social security costs | 24,670    | 20,426    |
| Other pension costs   | 7,585     | 6,526     |
|                       | 463,028   | 411,166   |

There were no employees whose annual remuneration was £60,000 or more.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 15 Intangible fixed assets

|                                    | Software<br>£ |
|------------------------------------|---------------|
| <b>Cost</b>                        |               |
| At 1 April 2022                    | 5,510         |
| Disposals                          | (5,510)       |
|                                    | <hr/>         |
| At 31 March 2023                   | -             |
|                                    | <hr/>         |
| <b>Amortisation and impairment</b> |               |
| At 1 April 2022                    | 1,561         |
| Disposals                          | (1,561)       |
|                                    | <hr/>         |
| At 31 March 2023                   | -             |
|                                    | <hr/>         |
| <b>Carrying amount</b>             |               |
| At 31 March 2023                   | -             |
|                                    | <hr/>         |
| At 31 March 2022                   | 3,949         |
|                                    | <hr/> <hr/>   |

### 16 Tangible fixed assets

|                                    | Freehold<br>land and<br>buildings<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|----------------------------------------|-------------------------------------------|------------------------|------------|
| <b>Cost</b>                        |                                        |                                           |                        |            |
| At 1 April 2022                    | 1,186,496                              | 152,212                                   | 8,016                  | 1,346,724  |
| Additions                          | -                                      | 13,770                                    | -                      | 13,770     |
|                                    | <hr/>                                  | <hr/>                                     | <hr/>                  | <hr/>      |
| At 31 March 2023                   | 1,186,496                              | 165,982                                   | 8,016                  | 1,360,494  |
|                                    | <hr/>                                  | <hr/>                                     | <hr/>                  | <hr/>      |
| <b>Depreciation and impairment</b> |                                        |                                           |                        |            |
| At 1 April 2022                    | 150,956                                | 107,997                                   | 4,651                  | 263,604    |
| Depreciation charged in the year   | 22,830                                 | 12,422                                    | 1,145                  | 36,397     |
|                                    | <hr/>                                  | <hr/>                                     | <hr/>                  | <hr/>      |
| At 31 March 2023                   | 173,786                                | 120,419                                   | 5,796                  | 300,001    |
|                                    | <hr/>                                  | <hr/>                                     | <hr/>                  | <hr/>      |
| <b>Carrying amount</b>             |                                        |                                           |                        |            |
| At 31 March 2023                   | 1,012,710                              | 45,563                                    | 2,220                  | 1,060,493  |
|                                    | <hr/>                                  | <hr/>                                     | <hr/>                  | <hr/>      |
| At 31 March 2022                   | 1,035,540                              | 44,215                                    | 3,365                  | 1,083,120  |
|                                    | <hr/>                                  | <hr/>                                     | <hr/>                  | <hr/>      |

### 17 Debtors

|                                             | 2023<br>£ | 2022<br>£ |
|---------------------------------------------|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 84,058    | 77,011    |
| Prepayments and accrued income              | 76,847    | 126,444   |
|                                             | <hr/>     | <hr/>     |
|                                             | 160,905   | 203,455   |
|                                             | <hr/>     | <hr/>     |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 18 Creditors: amounts falling due within one year

|                              | Notes | 2023<br>£     | 2022<br>£     |
|------------------------------|-------|---------------|---------------|
| ICOF loan                    | 20    | 7,360         | 7,521         |
| Taxation and social security |       | 31,290        | 23,577        |
| Trade creditors              |       | 8,521         | 5,731         |
| Other creditors              |       | 2,371         | 2,297         |
| Accruals and deferred income |       | 25,030        | 21,532        |
|                              |       | <u>74,572</u> | <u>60,658</u> |

### 19 Creditors: amounts falling due after more than one year

|           | Notes | 2023<br>£      | 2022<br>£      |
|-----------|-------|----------------|----------------|
| ICOF loan | 20    | 108,344        | 114,789        |
|           |       | <u>108,344</u> | <u>114,789</u> |

### 20 Loans and overdrafts

|                                                         | 2023<br>£      | 2022<br>£      |
|---------------------------------------------------------|----------------|----------------|
| ICOF loan                                               | 115,704        | 122,310        |
|                                                         | <u>115,704</u> | <u>122,310</u> |
| Payable within one year                                 | 7,360          | 7,521          |
| Payable after one year                                  | 108,344        | 114,789        |
|                                                         | <u>115,704</u> | <u>122,310</u> |
| Amounts included above which fall due after five years: |                |                |
| Payable by instalments                                  | 73,579         | 79,772         |
|                                                         | <u>73,579</u>  | <u>79,772</u>  |

The loans are secured by a first legal charge over the freehold land and property and a fixed and floating charge over all other assets.

### 21 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees.

The charge to the SOFA in respect of defined contribution schemes was £7,585 (2022: £6,526). This expenditure has been allocated to support costs and unrestricted general funds.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 22 Restricted funds

The funds of the charity include restricted funds held for specific purposes:

|                                   | Balance at 1<br>April 2022 | Movement in funds |                  |                        | Transfers  | Balance at 31<br>March 2023 |
|-----------------------------------|----------------------------|-------------------|------------------|------------------------|------------|-----------------------------|
|                                   | £                          | Income            | Expenditure      | Depreciation<br>charge | £          | £                           |
|                                   |                            | £                 | £                | £                      |            |                             |
| New Building                      | 787,347                    | -                 | -                | (19,911)               | -          | 767,436                     |
| Time to Shine                     | 8,315                      | 8,962             | (17,509)         | -                      | 232        | -                           |
| UpSTart                           | 45,917                     | -                 | (42,055)         | (1,162)                | -          | 2,700                       |
| STARS and Soft Sell               | 12,359                     | 13                | (8,269)          | -                      | -          | 4,103                       |
| RAP                               | 14,514                     | 23,700            | (22,440)         | -                      | -          | 15,774                      |
| Thursday Cafe -<br>Awards for All | 14,763                     | 15,408            | (15,663)         | (426)                  | -          | 14,082                      |
| What If                           | 27,846                     | -                 | (25,934)         | (151)                  | -          | 1,761                       |
| Cre8ive TV                        | 28,709                     | 6,817             | (34,103)         | (403)                  | -          | 1,020                       |
| Project Enable                    | 93,654                     | 126,607           | (112,076)        | (529)                  | -          | 107,656                     |
| Punks                             | -                          | 77,079            | (76,308)         | (86)                   | -          | 685                         |
| Garfield Weston                   | 22,047                     | -                 | (17,582)         | (392)                  | -          | 4,073                       |
| Soft Touch Studio                 | -                          | 34,800            | (28,548)         | (123)                  | -          | 6,129                       |
| Other funds                       | 47,686                     | 12,746            | (17,317)         | (4,095)                | 650        | 39,670                      |
|                                   | <u>1,103,157</u>           | <u>306,132</u>    | <u>(417,804)</u> | <u>(27,278)</u>        | <u>882</u> | <u>965,089</u>              |

|                                   | Balance at 1<br>April 2021 | Movement in funds |                  |                        | Transfers       | Balance at 31<br>March 2022 |
|-----------------------------------|----------------------------|-------------------|------------------|------------------------|-----------------|-----------------------------|
|                                   | £                          | Income            | Expenditure      | Depreciation<br>charge | £               | £                           |
|                                   |                            | £                 | £                | £                      |                 |                             |
| New Building                      | 807,820                    | -                 | -                | (20,473)               | -               | 787,347                     |
| Time to Shine                     | -                          | 13,443            | (5,128)          | -                      | -               | 8,315                       |
| UpSTart                           | 107,881                    | 360               | (61,468)         | (856)                  | -               | 45,917                      |
| STARS and Soft Sell               | 22,105                     | 5,233             | (14,979)         | -                      | -               | 12,359                      |
| NOTEable                          | 3,125                      | 40,054            | (40,231)         | -                      | -               | 2,948                       |
| RAP                               | 12,113                     | 22,700            | (20,299)         | -                      | -               | 14,514                      |
| Thursday Cafe -<br>Awards for All | 11,818                     | 14,673            | (11,302)         | (426)                  | -               | 14,763                      |
| What If                           | 61,290                     | -                 | (33,388)         | (56)                   | -               | 27,846                      |
| Cre8ive Tv                        | -                          | 67,351            | (38,543)         | (99)                   | -               | 28,709                      |
| Project Enable                    | -                          | 111,670           | (17,961)         | (55)                   | -               | 93,654                      |
| Punks                             | -                          | 15,197            | (15,197)         | -                      | -               | -                           |
| Garfield Weston                   | -                          | 30,000            | (7,910)          | (43)                   | -               | 22,047                      |
| ACE CRG                           | -                          | 44,000            | (14,914)         | (535)                  | (25,000)        | 3,551                       |
| Other funds                       | 40,725                     | 33,278            | (29,205)         | (3,611)                | -               | 41,187                      |
|                                   | <u>1,066,877</u>           | <u>397,959</u>    | <u>(310,525)</u> | <u>(26,154)</u>        | <u>(25,000)</u> | <u>1,103,157</u>            |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 22 Restricted funds

(Continued)

Transfers have been made into restricted funds from unrestricted funds to cover any overspend on restricted funds.

#### **New building**

Part funding received in respect of the Soft Touch Arts building.

#### **Time to Shine**

Funding to employ a young marketing intern for a year.

#### **UpStart**

The UpStart programme has five years of funding from the Big Lottery targeting young people from the New Parks, Beaumont Leys, Stocking Farm and Mowmacre Hill areas of Leicester. The programme has three phases of engagement, development, and progression for participating young people.

#### **STARS and Soft Sell**

STARS & Soft Sell Creative Enterprise project aims to support budding artists and makers with selling and marketing their work. Participants work closely with our Creative Enterprise programme coordinator as well as receiving guidance from industry professionals on a range of creative business skills. In addition, Soft Touch support these artists and makers by providing a space for them to sell work at weekly market events and online, use their extensive network to reach out to local businesses to commission work and provide participants with opportunities to network and find work experience.

#### **NOTEable**

The very popular Mixt up funding from youth music came to an end in December 2018, however youth music have kindly continued to fund us, continuing sessions at Soft Touch Arts studios. This will allow us to continue our sessions in 2022/23 with a focus on girls, people with SEN needs, deprived neighbourhoods and also a strand of outreach sessions working with the YOS. This fund has been included within "other funds" in the current year.

#### **RAP**

RAP is an offer to fund a full-time 1-year internship through RANK at the national living wage to develop an intern as a young leader, moving them forward in life and offering them further opportunity with support from RANK and Soft Touch Arts.

#### **Thursday Cafe**

The funding enables Soft Touch Arts to employ a sessional chef and project worker to run a weekly training café enabling young people to develop cooking and front of house skills.

#### **What If**

The "What IF..." inspiring futures project is designed for young people aged 15-24, living in the Leicester or Leicestershire area and have left school or college in the last couple of years feeling unsure of the next steps required to access employability or college.

The main aims of the project are to engage with young people through The Arts and increase their employability through personal development and creative skills. Running through the core of the project will be creativity.

Throughout the "What IF..." project young people will learn interpersonal skills, employer expectations, interview techniques, managing emotions and behaviours for the workplace and confidence building skills. During practical sessions they will experience creative workshops such as graffiti art and music whilst working on skills to help them in the next stage of their life, whether that's finding a job, going to college or getting an apprenticeship.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

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### 22 Restricted funds

(Continued)

#### **Cre8ive TV**

The Cre8ive TV project involves working with ex-offenders to produce 30 x 30 minutes creative TV shows to screen straight into prison cells in 53 prisons across the country.

#### **Project Enable**

Project Enable is a 3 year partnership project in the New Parks area working with New College and Team Hub to reach out to 11-16 year olds from the area.

#### **Punks**

The Punks project involves working with young people to produce an exhibition looking at the Punk era through the eyes of young people today. The exhibition will take place at Leicester Museum and at Soft Touch Arts in Summer 2023.

#### **Garfield Weston**

We received funding to launch a youth leadership development project which also ties in with our 35th year of operation. Through facilitated ongoing sessions they will feed their ideas into shaping our annual programme content and future programme development. At the same time, developing communication and leadership skills. The funding will also help us showcase how our work benefits young people and how we involve them in shaping our projects as we celebrate our 35th year.

#### **ACE CRG**

ACE Covid Recovery Funding allowed us to bring development staff back from furlough to work on strategic fundraising goals, provided equipment to facilitate online/digital improvements and provided us with an opportunity to build our post-Covid depleted reserves. This fund has been included within "other funds" in the current year.

#### **Soft Touch Studios**

Soft Touch Studios is a 3 year programme of work for young people from Leicester and Leicestershire. The aim of the project is to target young people with challenging life circumstances, and those who may have additional needs and need support, to reach their potential. We currently have 3 different sessions, a Monday night session aimed at young people who identify as female, a Tuesday evening referral session, focusing on young people who need extra support, and also a Friday night session, aimed at young people from urban areas and estates.

#### **Other funds**

Other funds comprises of several funds that have been aggregated together for disclosure purposes, with only material fund balances and movements being disclosed separately.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 23 Unrestricted funds

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

|                              | Balance at<br>1 April 2022<br>£ | Movement in funds |                  |                | Balance at<br>31 March 2023<br>£ |
|------------------------------|---------------------------------|-------------------|------------------|----------------|----------------------------------|
|                              |                                 | Income<br>£       | Expenditure<br>£ | Transfers<br>£ |                                  |
| General funds                | 355,620                         | 295,493           | (260,196)        | (30,882)       | 360,035                          |
| <b>Designated funds</b>      |                                 |                   |                  |                |                                  |
| Property maintenance reserve | 55,000                          | -                 | -                | -              | 55,000                           |
| Continuing projects reserve  | -                               | -                 | -                | 30,000         | 30,000                           |
|                              | <u>410,620</u>                  | <u>295,493</u>    | <u>(260,196)</u> | <u>(882)</u>   | <u>445,035</u>                   |

|                              | Balance at<br>1 April 2021<br>£ | Movement in funds |                  |                | Balance at<br>31 March 2022<br>£ |
|------------------------------|---------------------------------|-------------------|------------------|----------------|----------------------------------|
|                              |                                 | Income<br>£       | Expenditure<br>£ | Transfers<br>£ |                                  |
| General funds                | 310,556                         | 303,338           | (258,274)        | -              | 355,620                          |
| <b>Designated funds</b>      |                                 |                   |                  |                |                                  |
| Property maintenance reserve | 30,000                          | -                 | -                | 25,000         | 55,000                           |
|                              | <u>340,556</u>                  | <u>303,338</u>    | <u>(258,274)</u> | <u>25,000</u>  | <u>410,620</u>                   |

### Designated funds

#### Property maintenance reserve

The Trustees have designated £55,000 for use in respect of future property repairs and maintenance.

#### Continuing projects reserve

The Trustees have designated £30,000 via a transfer for use in respect of continuing projects that are no longer funded by the original grant provider.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 24 Analysis of net assets between funds

|                                                    | General<br>funds<br>2023<br>£ | Designated<br>funds<br>2023<br>£ | Restricted<br>funds<br>2023<br>£ | Total<br>2023<br>£ |
|----------------------------------------------------|-------------------------------|----------------------------------|----------------------------------|--------------------|
| Fund balances at 31 March 2023 are represented by: |                               |                                  |                                  |                    |
| Tangible assets                                    | 256,134                       | -                                | 804,359                          | 1,060,493          |
| Current assets/(liabilities)                       | 212,245                       | 85,000                           | 160,730                          | 457,975            |
| Long term liabilities                              | (108,344)                     | -                                | -                                | (108,344)          |
|                                                    | <u>360,035</u>                | <u>85,000</u>                    | <u>965,089</u>                   | <u>1,410,124</u>   |
|                                                    |                               |                                  |                                  |                    |
|                                                    | General<br>funds<br>2022<br>£ | Designated<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
| Fund balances at 31 March 2022 are represented by: |                               |                                  |                                  |                    |
| Intangible fixed assets                            | 3,949                         | -                                | -                                | 3,949              |
| Tangible assets                                    | 259,861                       | -                                | 823,259                          | 1,083,120          |
| Current assets/(liabilities)                       | 206,599                       | 55,000                           | 279,898                          | 541,497            |
| Long term liabilities                              | (114,789)                     | -                                | -                                | (114,789)          |
|                                                    | <u>355,620</u>                | <u>55,000</u>                    | <u>1,103,157</u>                 | <u>1,513,777</u>   |

### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel (including Trustees) is as follows:

|                        | 2023<br>£      | 2022<br>£      |
|------------------------|----------------|----------------|
| Aggregate compensation | <u>138,157</u> | <u>154,921</u> |

#### Transactions with related parties

During the year, ER Crofton, the spouse of J Crofton, was paid £3,432 (2022: £5,063) for her services as an employee. SJ Collier, the spouse of VJ Attwood, was paid £2,104 (2022: £2,727) for her services as an employee.

No guarantees have been given or received.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

| 26 | Cash generated from operations                       | 2023<br>£       | 2022<br>£     |
|----|------------------------------------------------------|-----------------|---------------|
|    | (Deficit)/surplus for the year                       | (103,653)       | 106,344       |
|    | Adjustments for:                                     |                 |               |
|    | Investment income                                    | (8,775)         | (9,746)       |
|    | Loss on disposal of tangible fixed assets            | 3,949           | -             |
|    | Amortisation and impairment of intangible assets     | -               | 551           |
|    | Depreciation and impairment of tangible fixed assets | 36,397          | 35,297        |
|    | Movements in working capital:                        |                 |               |
|    | Decrease/(increase) in debtors                       | 42,550          | (75,336)      |
|    | Increase/(decrease) in creditors                     | 14,075          | (26,101)      |
|    | <b>Cash (absorbed by)/generated from operations</b>  | <b>(15,457)</b> | <b>31,009</b> |

## 27 Analysis of changes in net funds

|                                            | At 1 April<br>2022<br>£ | Cash flows<br>£ | At 31 March<br>2023<br>£ |
|--------------------------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand                   | 398,700                 | (27,058)        | 371,642                  |
| Loans falling due within one year          | (7,521)                 | 161             | (7,360)                  |
| Loans falling due after more than one year | (114,789)               | 6,445           | (108,344)                |
|                                            | <u>276,390</u>          | <u>(20,452)</u> | <u>255,938</u>           |
|                                            |                         |                 |                          |
|                                            | At 1 April<br>2021<br>£ | Cash flows<br>£ | At 31 March<br>2022<br>£ |
| Cash at bank and in hand                   | 381,430                 | 17,270          | 398,700                  |
| Loans falling due within one year          | (7,085)                 | (436)           | (7,521)                  |
| Loans falling due after more than one year | (121,828)               | 7,039           | (114,789)                |
|                                            | <u>252,517</u>          | <u>23,873</u>   | <u>276,390</u>           |

## 28 Controlling party

Soft Touch Arts Limited is a company limited by guarantee and not having a share capital; it is incorporated under the Companies Act and governed by the Memorandum and Articles of Association of the company. The Trustees of the company are elected members and act as directors of the company and are deemed to be the controlling party of the company.

**SOFT TOUCH ARTS LIMITED**

England & Wales - Charity number 1147318

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# Accounts

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**Charity Registration No. 1147318**

**Company Registration No. 02063893 (England and Wales)**

**SOFT TOUCH ARTS LIMITED**

**TRUSTEES' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2022**

# SOFT TOUCH ARTS LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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|                          |                                                                                                                                                                                |                                                           |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| <b>Trustees</b>          | DE Francis (Chair)<br>KM Hudson (Honorary Treasurer)<br>VJ Attwood<br>J Crofton<br>NS Nightingale<br>SK Norman<br>HD Pearson<br>S Mahomed<br>C Stocker<br>MN Oldman<br>K Grace | (Appointed 14 April 2021)<br>(Appointed 16 November 2021) |
| <b>Charity number</b>    | 1147318                                                                                                                                                                        |                                                           |
| <b>Company number</b>    | 02063893                                                                                                                                                                       |                                                           |
| <b>Principal address</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                                            |                                                           |
| <b>Registered office</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                                            |                                                           |
| <b>Auditor</b>           | Newby Castleman LLP<br>West Walk Building<br>110 Regent Road<br>Leicester<br>LE1 7LT                                                                                           |                                                           |
| <b>Bankers</b>           | National Westminster Bank Plc<br>1 Granby Street<br>Leicester<br>LE1 6EJ                                                                                                       |                                                           |

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# SOFT TOUCH ARTS LIMITED

## CONTENTS

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|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Trustees' report                  | 1 - 7       |
| Independent auditor's report      | 8 - 11      |
| Statement of financial activities | 12          |
| Balance sheet                     | 13 - 14     |
| Statement of cash flows           | 15          |
| Notes to the financial statements | 16 - 31     |

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# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 MARCH 2022

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The trustees who are also directors of the charitable company present their report and financial statements for the year ended 31 March 2022.

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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

### **OBJECTIVES AND ACTIVITIES**

The charity's objects per the Articles of Association are as follows:

1. To advance the education of the public in the appreciation and practice of the arts.
2. To relieve the needs of those who are most disadvantaged in society by way of social and economic deprivation, mental and physical disability and vulnerable physical circumstance, such as being in care or homeless, through participation in the arts, in particular but not exclusively through the creation of music, film and video, multimedia installations, sculpture, drama and graphic designs with the aim of improving their quality of life.
3. To advance education, learning and personal development for the public benefit in particular but not limited to promoting the development of skills and aptitudes (such as creative expression, self-confidence, group working and communication) through participation in the arts in all their forms.

### **Aims**

At the beginning of the year, we set three objectives and monitored progress with these through regular reviews:

- Achieve greater sustainability – key progress included
  - Diversifying our board
  - Growing the number of fee-paying clients
  - Appointing a new working director as per the succession plan
- Improve our impact on young people – key progress included
  - Supporting a Youth Voice group to influence and help plan our delivery
  - Introducing regular young people-led, public events
  - Expanding delivery to young people with disabilities
- Deliver a high-quality artistic programme – key progress included
  - Introducing a range of new projects, including a programme across multiple prisons
  - Making new relationships, e.g. with the Canal and River Trust
  - Providing four internships to young people who helped deliver our programme

### **Objectives**

The programme is delivered to a three-stage model: Engage – Develop – Progress.

#### Engage

Inspire and engage young people in fun, high-quality creative activities at our centre and locations across the city and county.

We run creative outreach sessions in communities such as New Parks and Beaumont Leys and with specific groups of young people with special educational needs or disabilities, or those at risk of poor life outcomes such as young offenders or looked after children. We also work in Leicestershire schools and prisons.

In 2021-22 we aimed to engage 600 young people in our creative activities. In fact, our engagement went up to 1,566, equivalent to pre-pandemic levels.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### Develop

Longer term creative projects which facilitate in-depth learning, support wellbeing, and develop personal and social skills.

This is the core of our work: we get to know a young person and their interests, and to understand the best way to make them feel better about themselves, the world around them and their future. This process works through the positive relationships built by our staff with participants with most work taking place at our arts centre.

In 2021-22 we aimed to deliver 40 hours per week of high-quality supervised project sessions. We delivered an average of 51 hours of these sessions per week.

#### Progress

Progression through involvement in performances, exhibitions, mentoring, volunteering, work experience and creative enterprise.

Our projects are designed to recognise and record young people's progress. Meaningful personalised outcomes include: performing live music; public exhibitions of creative work; selling artwork; volunteering in our café; working on life goals with a mentor; support into volunteering, work experience and employment.

#### **Public Benefit Statement**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aim and objectives.

The charity provides public benefit through the services provided to disadvantaged young people in Leicester city and Leicestershire and occasionally in other areas of the UK to share good practice or replicated models of delivery.

### **ACHIEVEMENTS AND PERFORMANCE**

We measure success through monitoring user engagement and evaluating the impact of projects and programmes. This includes using Charitylog software for quantitative recording and evaluation tools such as those based on the 'Outcomes Star'.

During 2021/22 the Charity's level of operations increased as a result of the easing of restrictions which had been imposed as a result of the Covid-19 pandemic.

#### **Summary of the main activities**

During the year we were able to bring back a full programme of activities, with participant numbers back up to pre-pandemic levels.

Headline statistics\* (last year in brackets):

- We worked with 1,566 (427) individual young people for the year ending 31 March 2022 and ran 1,051 (979) sessions over 28 (16) programmes and projects.
- 20 young people took part in 46 online sessions. This was a continuation of delivery for those participants who were not able to come back to face-to-face projects (last year, because of lockdown, 121 young people engaged in 452 online sessions).
- All of our projects had a focus on health and wellbeing and 36% (20%) of participants were recorded as having a disability or extra support needs.
- The largest age group of those accessing Soft Touch were 12–16-year-olds at 26% and 8–11-year-olds at 23% (% of those for whom an age was recorded; last year the largest age group was 14–18-year-olds)
- The area with the highest number of participants was the north west of the city, covering the deprived neighbourhoods of New Parks and Beaumont Leys, at 56% (% of those for whom a postcode was recorded; last year the figure was 40% from these areas).

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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- We had 785 (1,546) visitors to events held at our building, at other venues and online, and 2,085 (275) café visitors.
- We delivered 28 (16) projects and programmes.

\*Sources: annual statistics submitted to Leicester City Council extracted from Charity Log records

#### **Notable achievements and developments**

The following are examples of how we have achieved the aims and objectives described above:

- 35th year/Youth Voice – we were awarded a grant by the Garfield Weston Foundation to involve young people in organising a series of activities to celebrate our 35th anniversary. Through this we now have a regular Youth Voice group and they, plus our young interns, organised three creative open days.
- Project Enable – this new, three-year Lottery funded project carried on our long involvement with the New Parks neighbourhood of Leicester but with a greater level of involvement from the local community.
- Cre8ive TV – this project has funded the recording and production of a series of art programmes, which were led by an expert steering group of ex-offenders, and used creative practitioners from the local area. These art programmes have been broadcast across 75 prisons across England including those in Leicester and Leicestershire, through the Way Out TV network, enabling prisoners to undertake creative activities in their cells. The project was conceived during lockdown when it wasn't possible to go into prisons to undertake work, and prisoners were being locked up for 23 hours a day.
- Soft Touch Studios – Youth Music is funding us for a further three years to deliver music activities to some of the city's most disadvantaged young people

#### **FINANCIAL REVIEW**

The results for the year ended 31 March 2022 are shown in the Statement of Financial Activities on page 11. This, together with the balance sheet on pages 12-13, should be read in conjunction with the related notes which have been prepared in accordance with the Charities SORP 2019 (FRS 102).

Total income for the year amounted to £747,552 (2021 - £690,517). The principal funding source continued to be grant income. The charity does not carry out significant fundraising activities. Total expenditure for the year amounted to £594,953 (2021 - £519,348). A breakdown of expenditure is set out in notes to the financial statements.

After transfers between funds, there was a surplus on unrestricted funds for the year totalling £70,064 and a surplus on restricted funds totalling £82,535. This has resulted in a total increase in funds for the year of £152,599. The funds for the charity at the year-end totalled £1,560,032 which comprise restricted funds of £1,149,412 and unrestricted funds of £410,620, of which £55,000 has been designated and general funds totalling £355,620.

#### **Reserves**

Reserves are needed to cover any immediate drop in income caused by external unforeseeable circumstances. It is the policy of the board of trustees to maintain free reserves (unrestricted general funds less tangible fixed assets and long-term liabilities) at £137,000, being approximately six months unrestricted expenditure. The Board has designated £55,000 for a Property Maintenance reserve for future property capital repairs and maintenance. Soft Touch Arts currently has £206,599 in free reserves (see note 24), therefore free reserves are in excess of the reserves policy by approximately £70,000, the Directors feel it is prudent to retain a higher level of reserves to mitigate the impact of inflation on future operating costs and to help fund projects affected by rising costs over the coming year.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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#### **Risk Management**

The trustees have identified and reviewed the major risks to which the charity is exposed and procedures have been established to mitigate these risks and are regularly addressed at the Board meetings. Principal risks identified for the year ahead include:

- Cuts to care and youth services means more emotional support required from staff – we are making sure that staff are trained to identify and support young people with extra support needs, and that they know how to refer them on to the specialist services that still exist. We are also seeking to include pastoral support within project funding applications.
- Reducing/insufficient income streams or shortfall in funding for programmes – there are fewer funding sources and greater competition for those that exist. We have a targeted income generation strategy which to date has managed to bring in the necessary funds. We put in a strong application to Arts Council England to renew our core National Portfolio funding for 2023-26.
- Long term staff sickness – staff are still going off with Covid and there has been an uptick in other illnesses and mental health absences. We have a budget for sessional/freelance to cover when needed and operate best practice in enabling staff to return to work in a supported way.
- Succession planning aims/timeline not achieved – we have regular succession plan meetings with SMART goals, and are on track to achieve those identified for the current financial year (2022/23).

Additionally, we were given a risk rating by Arts Council England which stands at 2-6 (minor). This is based on a minor risk that fundraising targets may not be met; the fact that three co-directors and the board chair are due to retire within the next four years; and the long-term effects of the pandemic on take up of services. ACE are satisfied that we have realistic plans in place for income generation, succession and post-Covid recovery.

#### **PLANS FOR THE FUTURE**

We feel a sense of achievement that we weathered the Covid storm and our financial position by the end of the 2021/22 year was far better than expected. This was as a result of the amazing support from our funders both in terms of ongoing grant support and additional emergency funding, generous donations from a multitude of fundraising activities, and Government support both locally through ongoing business support grants and the Coronavirus Job Retention Scheme grant. This has left us with a buffer in our unrestricted reserves in line with our reserves policy. At the time of writing, we fully expect to meet our income targets for 2022/23.

We are working to an income generation strategy which we fully expect to bring in the rest of the income we need for 2022/23, as well as a proportion for the following years, through grants, fees and donations.

We are working towards launching a capital campaign following a feasibility study to upgrade the New Walk facing side of the building/forecourt. Succession planning for the director team continues, with it likely that in the year ahead one of the long-term directors will stand down and the trainee director will take their place.

Soft Touch are working with over 100 young people to put together the Punks: Rage and Revolution exhibition. This follows the successive 2019 Mods exhibition project which received over 35,000 visitors. Young people are looking at the Punk sub-culture through the eyes of today and identifying the lasting impact and influence of this short-lived sub-culture. The exhibition will open in May 2023 in both the main spaces at Leicester Museum and Soft Touch Arts and run for three months. The project is funded by the National Heritage Lottery with additional funding from Leicester City Council and sponsorship from Bid Leicester and PRS/PPL. The project will engage three interns one of whom is employed through DMU.

Project Enable is the latest project working with New Parks young people. The project is a partnership project working with New College and Team Hub, the resident-run community centre on the estate. The project targets 11–16-year-olds and uses arts, music and dance to engage young people and support their development. The project started in January 2022 and will run for three years with funding from lottery players distributed by the National Community Lottery.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2022

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The Garfield Weston funding for the "Looking Back: Moving Forward project" has been helping us to showcase how our work benefits young people and how we involve them in shaping our projects as we celebrate our 35th year. The newly formed youth leadership group has been organising a series of showcase events throughout our 35th year and the project has given other young people accessing our services a much-needed social and confidence boost by involving them in showing their creative achievements through performances and exhibiting their work. These events shared the stories of past and present participants who have benefitted from our work to understand the impact we have to shape future services and also as a way to engage new partners and supporters

Alongside this funding, we have also received funding from DMU to support the youth leadership team, giving them the opportunity to design and deliver their own small community projects, such as using the community cafe as a way of feeding the homeless and young people in general given the rises in the cost of living.

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Soft Touch Arts Limited is a company limited by guarantee (number 02063893) and is governed by its Memorandum and Articles of Association. It is a charity registered with the Charity Commission (number 1147318). The charity is based in Leicester and aims to engage with and change the lives of disadvantaged young people through the use of arts, media and music activities.

The following trustees / directors have served during 2021/22:

S Alizart (co-Chair) – resigned 26 October 2021

DE Francis (Chair)

KM Hudson (Honorary Treasurer)

VJ Attwood

J Crofton

NS Nightingale

SK Norman

HD Pearson

CC Wigmore – resigned 26 October 2021

S Mahomed

C Stocker

MN Oldman – appointed 14 April 2021

KS Grace – appointed 16 November 2021

VJ Attwood, J Crofton, K Grace, SK Norman, HD Pearson and C Wigmore are the only salaried directors. These salaried directors deliver projects as well as operating as the charity's executive directors. Remuneration of salaried directors is decided upon by independent, non-salaried, board members. The board meets on a periodic basis to make decisions on strategy and direct the management of the charity's affairs.

The Articles of Association set out the required quota of salaried and voluntary directors at any one meeting of the board.

The trustees are appointed in accordance with the company's Articles of Association and are chosen to bring in the various knowledge, skills and experience required to meet the charity's objectives generally selected through open recruitment through an application and selection process. There are times when the board decides to approach a particular individual to become a trustee where it is felt important to bring on people who will make the board more fully representative of the communities which our participants come from. New trustees are given a full induction programme, which includes the safeguarding policy and procedures, when they join and are offered training opportunities.

At the AGM the board elects a Chair, Vice Chair and Treasurer for an annual term. At the AGM on 25 October 2021 S Alizart resigned as co-Chair and K Hudson was reappointed Honorary Treasurer. D Francis became the sole Chair.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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### Wider networks

Soft Touch is an active member of a number of related networks, including the Cultural Education Partnership; East Midlands Participatory Arts Forum; Leicester/shire Music Education Hub; National Portfolio Organisations Network

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Soft Touch Arts Limited for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

### **AUDITORS**

A resolution to reappoint Newby Castleman as our auditors will be put to members at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

# **SOFT TOUCH ARTS LIMITED**

## **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022**

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On behalf of the board of trustees

KM Hudson (Honorary Treasurer)  
**Trustee**

Date: 7 November 2022

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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#### Opinion

We have audited the financial statements of Soft Touch Arts Limited (the 'charitable company') for the year ended 31 March 2022 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 FRS 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 charitable company's affairs as at 31 March 2022 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

#### 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the trustee's report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustee's 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.

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees Report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 5 the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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.

### **Extent to which the audit was considered capable of detecting irregularities**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. However, responsibility for the prevention and detection of fraud ultimately rests with both those charged with governance and management of the charitable company.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the charitable company by considering the nature of the industry in which the charitable company operates and enquiring of management; and
- identifying the key laws and regulations considered to have a direct impact on the financial statements including the UK Companies Act 2006, UK Charities Act 2011, UK Generally Accepted Accounting Practice and UK tax legislation; and

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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- assessing how the charitable company is complying with the applicable legal and regulatory framework by making further enquiries of management and observing the company's control environment regarding compliance with regulations and fraud prevention; and
- assessing the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur, by considering the effectiveness of the charitable company's accounting systems and controls and how these were monitored by management. Where the risk of material misstatement was considered to be higher in certain areas, further audit procedures were designed to address this increased risk; and
- discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

### **Audit response to risks of irregularities identified**

Our procedures to respond to risks identified included the following:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- enquiry of charitable company staff responsible for compliance to identify any instances of non-compliance with laws and regulations; and
- enquiry of management, those charged with governance and other relevant parties around actual and potential litigation claims; and
- reviewing supporting documentation regarding actual and potential litigation claims; and
- reviewing minutes of meetings of those charged with governance; and
- 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
- communicating identified laws and regulations and potential fraud risks to all engagement team members and assessing whether there are any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%e2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

# **SOFT TOUCH ARTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED**

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### **Newby Castleman LLP**

Chartered Accountants  
Statutory Auditor  
West Walk Building  
110 Regent Road  
Leicester  
LE1 7LT

12 December 2022

Newby Castleman LLP is eligible for appointment as auditor of the charitable company by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

|                                    | Notes | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Total<br>2021<br>£ |
|------------------------------------|-------|------------------------------------|----------------------------------|--------------------|--------------------|
| <b>Income from:</b>                |       |                                    |                                  |                    |                    |
| Donations                          | 3     | 20,006                             | 51,536                           | 71,542             | 186,017            |
| Charitable activities              | 4     | 260,995                            | 345,901                          | 606,896            | 473,837            |
| Other trading activities           | 5     | 11,022                             | -                                | 11,022             | 20,601             |
| Investments                        | 6     | 9,746                              | -                                | 9,746              | 5,392              |
| Other income                       | 7     | 1,569                              | 522                              | 2,091              | 4,670              |
| <b>Total</b>                       |       | 303,338                            | 397,959                          | 701,297            | 690,517            |
| <b>Expenditure on:</b>             |       |                                    |                                  |                    |                    |
| Raising funds                      | 8     | 44,751                             | -                                | 44,751             | 31,563             |
| Charitable activities              | 9     | 213,523                            | 335,143                          | 548,666            | 408,754            |
| Other                              | 12    | -                                  | 1,536                            | 1,536              | 79,031             |
| <b>Total</b>                       |       | 258,274                            | 336,679                          | 594,953            | 519,348            |
| <b>Net income</b>                  |       | 45,064                             | 61,280                           | 106,344            | 171,169            |
| Transfers between funds            | 22    | 25,000                             | (25,000)                         | -                  | -                  |
| <b>Net movement in funds</b>       |       | 70,064                             | 36,280                           | 106,344            | 171,169            |
| <b>Reconciliation of funds</b>     |       |                                    |                                  |                    |                    |
| Total funds brought forward        |       | 340,556                            | 1,066,877                        | 1,407,433          | 1,236,264          |
| <b>Total funds carried forward</b> |       | 410,620                            | 1,103,157                        | 1,513,777          | 1,407,433          |

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

All income and expenditure derive from continuing activities.

# SOFT TOUCH ARTS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2022

|                                                                | Notes | 2022<br>£      | £                       | 2021<br>£      | £                       |
|----------------------------------------------------------------|-------|----------------|-------------------------|----------------|-------------------------|
| <b>Fixed assets</b>                                            |       |                |                         |                |                         |
| Intangible assets                                              | 15    |                | 3,949                   |                | 4,500                   |
| Tangible assets                                                | 16    |                | 1,083,120               |                | 1,101,535               |
|                                                                |       |                | <u>1,087,069</u>        |                | <u>1,106,035</u>        |
| <b>Current assets</b>                                          |       |                |                         |                |                         |
| Debtors                                                        | 17    | 203,455        |                         | 128,119        |                         |
| Cash at bank and in hand                                       |       | 398,700        |                         | 381,430        |                         |
|                                                                |       | <u>602,155</u> |                         | <u>509,549</u> |                         |
| <b>Liabilities</b>                                             |       |                |                         |                |                         |
| Creditors: amounts falling due within one year                 | 18    | (60,658)       |                         | (86,323)       |                         |
| <b>Net current assets</b>                                      |       |                | <u>541,497</u>          |                | <u>423,226</u>          |
| <b>Total assets less current liabilities</b>                   |       |                | <u>1,628,566</u>        |                | <u>1,529,261</u>        |
| <b>Creditors: amounts falling due after more than one year</b> | 19    |                | (114,789)               |                | (121,828)               |
| <b>Total net assets</b>                                        |       |                | <u><u>1,513,777</u></u> |                | <u><u>1,407,433</u></u> |
| <b>The funds of the charity</b>                                |       |                |                         |                |                         |
| Restricted funds                                               | 22    |                | 1,103,157               |                | 1,066,877               |
| Unrestricted funds:                                            |       |                |                         |                |                         |
| Designated funds                                               | 23    | 55,000         |                         | 30,000         |                         |
| General funds                                                  |       | 355,620        |                         | 310,556        |                         |
|                                                                |       | <u>410,620</u> |                         | <u>340,556</u> |                         |
| <b>Total charity funds</b>                                     |       |                | <u><u>1,513,777</u></u> |                | <u><u>1,407,433</u></u> |

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

For the year ending 31 March 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

# **SOFT TOUCH ARTS LIMITED**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2022**

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The financial statements were approved and authorised for issue by the board of trustees on 7 November 2022 and are signed on its behalf by:

KM Hudson (Honorary Treasurer)  
**Trustee**

**Company Registration No. 02063893**

The notes on pages 16 - 31 form part of these financial statements.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

|                                                  | Notes | 2022<br>£ | £       | 2021<br>£ | £       |
|--------------------------------------------------|-------|-----------|---------|-----------|---------|
| <b>Cash flows from operating activities</b>      |       |           |         |           |         |
| Cash generated from operations                   | 26    |           | 31,009  |           | 160,937 |
| <b>Investing activities</b>                      |       |           |         |           |         |
| Purchase of tangible fixed assets                |       | (16,882)  |         | (10,446)  |         |
| Investment income                                |       | 9,746     |         | 5,392     |         |
| <b>Net cash used in investing activities</b>     |       |           | (7,136) |           | (5,054) |
| <b>Financing activities</b>                      |       |           |         |           |         |
| Repayment of ICOF loan                           |       | (6,603)   |         | (2,202)   |         |
| <b>Net cash used in financing activities</b>     |       |           | (6,603) |           | (2,202) |
| <b>Net increase in cash and cash equivalents</b> |       |           | 17,270  |           | 153,681 |
| Cash and cash equivalents at beginning of year   |       |           | 381,430 |           | 227,749 |
| <b>Cash and cash equivalents at end of year</b>  |       |           | 398,700 |           | 381,430 |

# SOFT TOUCH ARTS LIMITED

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

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### 1 Accounting policies

#### Charity information

Soft Touch Arts Limited is a private company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office and place of business is given in the legal and administrative information page of these financial statements.

#### 1.1 Basis of preparation

The charity is a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: the Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied.

#### 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### 1.4 Income recognition

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.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes income received from local authorities, project fees and other grant providers. Income from these categories is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

Income from trading activities comprises sponsorship income and income derived from fundraising events.

Investment income is earned through holding assets for investment purposes. It comprises bank interest and rental income, which are recognised on an accruals basis.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 1 Accounting policies

(Continued)

Government grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

#### 1.5 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It is recognised under the following headings:

- Costs of raising funds - includes costs incurred in seeking donations, grants and fundraising.
- Expenditure on charitable activities - includes individual project costs to further the deliverance of the objectives of the charity.
- Other expenditure - includes the loss on disposal of fixed assets and staff costs covered by income from the coronavirus job retention scheme.

Irrecoverable VAT is charged against the category of resources expensed for which it was incurred.

#### 1.6 Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and costs of raising funds and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Support costs are allocated to costs of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 11.

#### 1.7 Intangible fixed assets other than goodwill

Intangible assets are measured at cost, net of amortisation and any impairment losses.

Amortisation 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:

|          |          |
|----------|----------|
| Software | 10 years |
|----------|----------|

#### 1.8 Tangible fixed assets

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

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

|                                |                                                                     |
|--------------------------------|---------------------------------------------------------------------|
| Freehold land                  | Not depreciated                                                     |
| Freehold buildings             | 2% per annum of cost                                                |
| Fixtures, fittings & equipment | 10% per annum of net book value, straight line over 3, 5 or 7 years |
| Motor vehicles                 | 20% per annum of net book value                                     |

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies

(Continued)

#### 1.10 Financial instruments

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

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities ("SOFA").

Loans are initially measured at transaction price and subsequently measured at amortised cost using the effective interest method.

#### 1.11 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the SOFA on a straight line basis over the term of the relevant lease.

#### 1.14 Taxation

Soft Touch Arts Limited is a registered charity and no taxation provision is required as its income from charitable activities falls within the various exemptions available to registered charities.

### 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Impairment of land and buildings

The impairment of land and buildings has been assessed by the trustees, who consider that the value in use by the charity is consistent with the net book value included in the accounts.

#### Allocation of support costs

The allocation of support costs is sensitive to changes in the level of work undertaken on each activity by the charity. The allocation is reassessed annually and amended when necessary to reflect current estimates.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 3 Income from donations

|              | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Donations    | 7,220                              | 6,000                            | 13,220             | 9,986                              | 6,940                            | 16,926             |
| Grant income | 12,786                             | 45,536                           | 58,322             | 60,428                             | 108,663                          | 169,091            |
|              | <u>20,006</u>                      | <u>51,536</u>                    | <u>71,542</u>      | <u>70,414</u>                      | <u>115,603</u>                   | <u>186,017</u>     |

### 4 Income from charitable activities

|                     | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Arts activities     | 258,254                            | 341,114                          | 599,368            | 207,829                            | 265,016                          | 472,845            |
| Catering activities | 2,741                              | 4,787                            | 7,528              | 295                                | 697                              | 992                |
|                     | <u>260,995</u>                     | <u>345,901</u>                   | <u>606,896</u>     | <u>208,124</u>                     | <u>265,713</u>                   | <u>473,837</u>     |

Income from arts activities include the following:

|                |                |                |
|----------------|----------------|----------------|
| Core funding   | 102,939        | 102,939        |
| Project grants | 357,173        | 283,890        |
| Project fees   | 139,256        | 86,016         |
|                | <u>599,368</u> | <u>472,845</u> |

### 5 Income from other trading activities

|                    | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|--------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Fundraising events | 11,022                             | -                                | 11,022             | 20,601                             | -                                | 20,601             |
|                    | <u>11,022</u>                      | <u>-</u>                         | <u>11,022</u>      | <u>20,601</u>                      | <u>-</u>                         | <u>20,601</u>      |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 6 Income from investments

|                     | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Rental income       | 9,732                              | -                                | 9,732              | 5,329                              | -                                | 5,329              |
| Interest receivable | 14                                 | -                                | 14                 | 63                                 | -                                | 63                 |
|                     | <u>9,746</u>                       | <u>-</u>                         | <u>9,746</u>       | <u>5,392</u>                       | <u>-</u>                         | <u>5,392</u>       |

### 7 Other income

|              | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Other income | 1,569                              | 522                              | 2,091              | 4,485                              | 185                              | 4,670              |
|              | <u>1,569</u>                       | <u>522</u>                       | <u>2,091</u>       | <u>4,485</u>                       | <u>185</u>                       | <u>4,670</u>       |

### 8 Expenditure on raising funds

|                            | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|----------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Staging fundraising events | 3,576                              | -                                | 3,576              | 2,361                              | -                                | 2,361              |
| Staff costs                | 41,175                             | -                                | 41,175             | 29,202                             | -                                | 29,202             |
|                            | <u>44,751</u>                      | <u>-</u>                         | <u>44,751</u>      | <u>31,563</u>                      | <u>-</u>                         | <u>31,563</u>      |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 9 Expenditure on charitable activities

|                              | Activities<br>undertaken<br>directly<br>Note 10<br>£ | Support<br>Costs<br>Note 11<br>£ | Total<br>2022<br>£ | Total<br>2021<br>£ |
|------------------------------|------------------------------------------------------|----------------------------------|--------------------|--------------------|
| Arts and catering activities | 387,263                                              | 161,403                          | 548,666            | 408,754            |
|                              |                                                      |                                  |                    |                    |
| Unrestricted funds           |                                                      |                                  | 213,523            | 103,207            |
| Restricted funds             |                                                      |                                  | 335,143            | 305,547            |
|                              |                                                      |                                  | 548,666            | 408,754            |

### 10 Expenditure on activities undertaken directly

|                           | 2022<br>£ | 2021<br>£ |
|---------------------------|-----------|-----------|
| Staff costs               | 303,969   | 222,586   |
| Project costs             | 28,153    | 30,535    |
| Motor and transport costs | 6,978     | 1,539     |
| Project worker costs      | 48,163    | 18,978    |
|                           | 387,263   | 273,638   |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 11 Expenditure on support costs

|                                  | 2022<br>£      | 2021<br>£      |
|----------------------------------|----------------|----------------|
| Staff costs                      | 64,486         | 42,945         |
| Depreciation                     | 35,848         | 37,320         |
| Premises costs                   | 19,254         | 15,704         |
| Motor and transport costs        | 3,055          | 1,609          |
| Audit fees                       | 7,375          | 8,125          |
| Printing, postage and stationery | 1,493          | 1,106          |
| Computer costs                   | 2,145          | 2,728          |
| Telephone                        | 2,608          | 2,763          |
| Legal and professional           | 6,961          | 5,128          |
| Loan interest and bank charges   | 8,580          | 8,346          |
| Irrecoverable VAT                | 8,078          | 6,748          |
| Sundry                           | 1,520          | 2,594          |
|                                  | <u>161,403</u> | <u>135,116</u> |
| Charitable activities            | <u>161,403</u> | <u>135,116</u> |

All support costs have been allocated to charitable activities based on their usage.

Support costs include governance costs totalling £71,861 (2021: £51,070) which comprise a proportion of staff costs and audit fees.

The amount charged to the SOFA in respect of auditor's remuneration was £7,375 (2021 - £8,125).

### 12 Other expenditure

|                                           | Unrestricted<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|-------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Loss on disposal of tangible fixed assets | -                                  | -                                | -                  | 77                                 | 829                              | 906                |
| Staff costs                               | -                                  | 1,536                            | 1,536              | -                                  | 78,125                           | 78,125             |
|                                           | <u>-</u>                           | <u>1,536</u>                     | <u>1,536</u>       | <u>77</u>                          | <u>78,954</u>                    | <u>79,031</u>      |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 13 Trustees

Six of the trustees received remuneration during the year totalling £126,917 (2021 - £122,770). This is as permitted by the Articles of Association and is made up as follows:

|            |                          |
|------------|--------------------------|
| SK Norman  | £26,545 (2021 - £26,545) |
| VJ Attwood | £26,545 (2021 - £26,545) |
| HD Pearson | £16,590 (2021 - £16,590) |
| CC Wigmore | £11,613 (2021 - £19,909) |
| J Crofton  | £33,181 (2021 - £33,181) |
| KS Grace   | £12,443 (2021 - £Nil)    |

Pension contributions for the above Trustees amounted to £3,092 (2021 - £3,032).

Five trustees were reimbursed a total of £1,625 travelling expenses (2021 - two were reimbursed £267).

### 14 Employees

The average monthly number of employees during the year was:

|                        | 2022<br>Number | 2021<br>Number |
|------------------------|----------------|----------------|
| Directors              | 5              | 5              |
| Project workers        | 6              | 5              |
| Administrative workers | 6              | 6              |
| Sessional workers      | 6              | 6              |
| Apprentice             | -              | 1              |
| Intern                 | 3              | 2              |
| Total                  | 26             | 25             |
| Employment costs       | 2022<br>£      | 2021<br>£      |
| Wages and salaries     | 384,214        | 344,659        |
| Social security costs  | 20,426         | 21,997         |
| Other pension costs    | 6,526          | 6,202          |
|                        | 411,166        | 372,858        |

There were no employees whose annual remuneration was £60,000 or more.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 15 Intangible fixed assets

|                                    | Software<br>£ |
|------------------------------------|---------------|
| <b>Cost</b>                        |               |
| At 1 April 2021 and 31 March 2022  | 5,510         |
| <b>Amortisation and impairment</b> |               |
| At 1 April 2021                    | 1,010         |
| Amortisation charged for the year  | 551           |
| At 31 March 2022                   | 1,561         |
| <b>Carrying amount</b>             |               |
| At 31 March 2022                   | 3,949         |
| At 31 March 2021                   | 4,500         |

### 16 Tangible fixed assets

|                                    | Freehold<br>land and<br>buildings<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|----------------------------------------|-------------------------------------------|------------------------|------------|
| <b>Cost</b>                        |                                        |                                           |                        |            |
| At 1 April 2021                    | 1,186,496                              | 135,330                                   | 8,016                  | 1,329,842  |
| Additions                          | -                                      | 16,882                                    | -                      | 16,882     |
| At 31 March 2022                   | 1,186,496                              | 152,212                                   | 8,016                  | 1,346,724  |
| <b>Depreciation and impairment</b> |                                        |                                           |                        |            |
| At 1 April 2021                    | 128,126                                | 96,675                                    | 3,506                  | 228,307    |
| Depreciation charged in the year   | 22,830                                 | 11,322                                    | 1,145                  | 35,297     |
| At 31 March 2022                   | 150,956                                | 107,997                                   | 4,651                  | 263,604    |
| <b>Carrying amount</b>             |                                        |                                           |                        |            |
| At 31 March 2022                   | 1,035,540                              | 44,215                                    | 3,365                  | 1,083,120  |
| At 31 March 2021                   | 1,058,370                              | 38,655                                    | 4,510                  | 1,101,535  |

### 17 Debtors

|                                             | 2022<br>£ | 2021<br>£ |
|---------------------------------------------|-----------|-----------|
| <b>Amounts falling due within one year:</b> |           |           |
| Trade debtors                               | 77,011    | 42,824    |
| Prepayments and accrued income              | 126,444   | 85,295    |
|                                             | 203,455   | 128,119   |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 18 Creditors: amounts falling due within one year

|                              | Notes | 2022<br>£     | 2021<br>£     |
|------------------------------|-------|---------------|---------------|
| ICOF loan                    | 20    | 7,521         | 7,085         |
| Taxation and social security |       | 23,577        | 15,621        |
| Trade creditors              |       | 5,731         | 2,965         |
| Other creditors              |       | 2,297         | 2,053         |
| Accruals and deferred income |       | 21,532        | 58,599        |
|                              |       | <u>60,658</u> | <u>86,323</u> |

Deferred income is provided for in respect of grant income and income invoiced in advance for projects occurring in the next financial year.

### 19 Creditors: amounts falling due after more than one year

|           | Notes | 2022<br>£      | 2021<br>£      |
|-----------|-------|----------------|----------------|
| ICOF loan | 20    | <u>114,789</u> | <u>121,828</u> |

### 20 Loans and overdrafts

|                         | 2022<br>£      | 2021<br>£      |
|-------------------------|----------------|----------------|
| ICOF loan               | <u>122,310</u> | <u>128,913</u> |
| Payable within one year | 7,521          | 7,085          |
| Payable after one year  | <u>114,789</u> | <u>121,828</u> |

Amounts included above which fall due after five years:

|                        |               |               |
|------------------------|---------------|---------------|
| Payable by instalments | <u>79,772</u> | <u>88,839</u> |
|------------------------|---------------|---------------|

The loans are secured by a first legal charge over the freehold land and property and a fixed and floating charge over all other assets.

### 21 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees.

The charge to the SOFA in respect of defined contribution schemes was £6,526 (2021 - £6,202). This expenditure has been allocated to support costs and unrestricted general funds.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 22 Restricted funds

The funds of the charity include restricted funds held for specific purposes:

|                                   | Balance at 1<br>April 2021 | Movement in funds |                  |                        | Transfers       | Balance at 31<br>March 2022 |
|-----------------------------------|----------------------------|-------------------|------------------|------------------------|-----------------|-----------------------------|
|                                   | £                          | Income            | Expenditure      | Depreciation<br>charge | £               | £                           |
|                                   |                            | £                 | £                | £                      |                 |                             |
| New Building                      | 807,820                    | -                 | -                | (20,473)               | -               | 787,347                     |
| Time to Shine                     | -                          | 13,443            | (5,128)          | -                      | -               | 8,315                       |
| UpSTart                           | 107,881                    | 360               | (61,468)         | (856)                  | -               | 45,917                      |
| STARS and Soft Sell               | 22,105                     | 5,233             | (14,979)         | -                      | -               | 12,359                      |
| NOTEable                          | 3,125                      | 40,054            | (40,231)         | -                      | -               | 2,948                       |
| RAP                               | 12,113                     | 22,700            | (20,299)         | -                      | -               | 14,514                      |
| Thursday Cafe -<br>Awards for All | 11,818                     | 14,673            | (11,302)         | (426)                  | -               | 14,763                      |
| What If                           | 61,290                     | -                 | (33,388)         | (56)                   | -               | 27,846                      |
| Cre8ive TV                        | -                          | 67,351            | (38,543)         | (99)                   | -               | 28,709                      |
| Project Enable                    | -                          | 111,670           | (17,961)         | (55)                   | -               | 93,654                      |
| Punks                             | -                          | 15,197            | (15,197)         | -                      | -               | -                           |
| Garfield Weston                   | -                          | 30,000            | (7,910)          | (43)                   | -               | 22,047                      |
| ACE CRG                           | -                          | 44,000            | (14,914)         | (535)                  | (25,000)        | 3,551                       |
| Other funds                       | 40,725                     | 33,278            | (29,205)         | (3,611)                | -               | 41,187                      |
|                                   | <u>1,066,877</u>           | <u>397,959</u>    | <u>(310,525)</u> | <u>(26,154)</u>        | <u>(25,000)</u> | <u>1,103,157</u>            |

|                                     | Balance at 1<br>April 2020 | Movement in funds |                  |                        | Transfers      | Balance at 31<br>March 2021 |
|-------------------------------------|----------------------------|-------------------|------------------|------------------------|----------------|-----------------------------|
|                                     | £                          | Income            | Expenditure      | Depreciation<br>charge | £              | £                           |
|                                     |                            | £                 | £                | £                      |                |                             |
| New Building                        | 830,440                    | -                 | (829)            | (21,791)               | -              | 807,820                     |
| Time to Shine                       | 3,212                      | 12,555            | (15,767)         | -                      | -              | -                           |
| UpSTart                             | 103,757                    | 83,124            | (78,254)         | (746)                  | -              | 107,881                     |
| Prison Unlocked                     | 64,527                     | 330               | (62,723)         | (40)                   | -              | 2,094                       |
| STARS and Soft Sell                 | 26,652                     | 11,500            | (16,047)         | -                      | -              | 22,105                      |
| NOTEable                            | 4,550                      | 33,324            | (34,749)         | -                      | -              | 3,125                       |
| RAP                                 | 8,719                      | 30,500            | (27,106)         | -                      | -              | 12,113                      |
| What If                             | -                          | 63,808            | (2,501)          | (17)                   | -              | 61,290                      |
| Coronavirus Job<br>Retention Scheme | -                          | 78,125            | (78,125)         | -                      | -              | -                           |
| Rank                                | -                          | 22,271            | (22,271)         | -                      | -              | -                           |
| Other funds                         | 35,395                     | 45,964            | (21,142)         | (2,393)                | (7,375)        | 50,449                      |
|                                     | <u>1,077,252</u>           | <u>381,501</u>    | <u>(359,514)</u> | <u>(24,987)</u>        | <u>(7,375)</u> | <u>1,066,877</u>            |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 22 Restricted funds

(Continued)

Transfers have been made into unrestricted funds from restricted funds to represent a fund that allows £25,000 to be used as reserves of the charity.

#### **New building**

Part funding received in respect of the Soft Touch Arts building.

#### **Time to Shine**

Funding to employ a young marketing intern for a year.

#### **UpStart**

The UpStart programme has five years of funding from the Big Lottery targeting young people from the New Parks, Beaumont Leys, stocking Farm and Mowmacre Hill areas of Leicester. The programme has three phases of engagement, development, and progression for participating young people.

#### **STARS and Soft Sell**

STARS & Soft Sell Creative Enterprise project aims to support budding artists and makers with selling and marketing their work. Participants work closely with our Creative Enterprise programme coordinator as well as receiving guidance from industry professionals on a range of creative business skills. In addition, Soft Touch support these artists and makers by providing a space for them to sell work at weekly market events and online, use their extensive network to reach out to local businesses to commission work and provide participants with opportunities to network and find work experience.

#### **NOTEable**

The very popular Mixt up funding from youth music came to an end in December 2018, however youth music have kindly continued to fund us, continuing sessions at Soft Touch Arts studios. This will allow us to continue our sessions in 2022/23 with a focus on girls, people with SEN needs, deprived neighbourhoods and also a strand of outreach sessions working with the YOS.

#### **RAP**

RAP is an offer to fund a full-time 1-year internship through RANK at the national living wage to develop an intern as a young leader, moving them forward in life and offering them further opportunity with support from RANK and Soft Touch Arts.

#### **Thursday Cafe**

The funding enables Soft Touch Arts to employ a sessional chef and project worker to run a weekly training café enabling young people to develop cooking and front of house skills.

#### **What If**

The "What IF..." inspiring futures project is designed for young people aged 15-24, living in the Leicester or Leicestershire area and have left school or college in the last couple of years feeling unsure of the next steps required to access employability or college.

The main aims of the project are to engage with young people through The Arts and increase their employability through personal development and creative skills. Running through the core of the project will be creativity.

Throughout the "What IF..." project young people will learn interpersonal skills, employer expectations, interview techniques, managing emotions and behaviours for the workplace and confidence building skills. During practical sessions they will experience creative workshops such as graffiti art and music whilst working on skills to help them in the next stage of their life, whether that's finding a job, going to college or getting an apprenticeship.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 22 Restricted funds

(Continued)

#### Cre8ive TV

The Cre8ive TV project involves working with ex-offenders to produce 30 x 30 minutes creative TV shows to screen straight into prison cells in 53 prisons across the country.

#### Project Enable

Project Enable is a 3 year partnership project in the New Parks area working with New College and Team Hub to reach out to 11-16 year olds from the area.

#### Punks

The Punks project involves working with young people to produce an exhibition looking at the Punk era through the eyes of young people today. The exhibition will take place at Leicester Museum and at Soft Touch Arts in Summer 2023.

#### Garfield Weston

We received funding to launch a youth leadership development project which also ties in with our 35th year of operation. Through facilitated ongoing sessions they will feed their ideas into shaping our annual programme content and future programme development. At the same time, developing communication and leadership skills. The funding will also help us showcase how our work benefits young people and how we involve them in shaping our projects as we celebrate our 35th year.

#### ACE CRG

ACE Covid Recovery Funding allowed us to bring development staff back from furlough to work on strategic fundraising goals, provided equipment to facilitate online/digital improvements and provided us with an opportunity to build our post-Covid depleted reserves.

#### Other funds

Other funds comprises of several funds that have been aggregated together for disclosure purposes, with only material fund balances and movements being disclosed separately.

### 23 Unrestricted funds

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

|                              | Balance at<br>1 April 2021 | Movement in funds |                  |                | Balance at<br>31 March 2022 |
|------------------------------|----------------------------|-------------------|------------------|----------------|-----------------------------|
|                              | £                          | Income<br>£       | Expenditure<br>£ | Transfers<br>£ | £                           |
| General funds                | 310,556                    | 303,338           | (258,274)        | -              | 355,620                     |
| Property maintenance reserve | 30,000                     | -                 | -                | 25,000         | 55,000                      |
|                              | <u>340,556</u>             | <u>303,338</u>    | <u>(258,274)</u> | <u>25,000</u>  | <u>410,620</u>              |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 23 Unrestricted funds

(Continued)

|                              | Balance at<br>1 April 2020<br>£ | Movement in funds |                  | Transfers    | Balance at<br>31 March 2021<br>£ |
|------------------------------|---------------------------------|-------------------|------------------|--------------|----------------------------------|
|                              |                                 | Income<br>£       | Expenditure<br>£ | £            |                                  |
| General funds                | 159,012                         | 309,016           | (134,847)        | (22,625)     | 310,556                          |
| Property maintenance reserve | -                               | -                 | -                | 30,000       | 30,000                           |
|                              | <u>159,012</u>                  | <u>309,016</u>    | <u>(134,847)</u> | <u>7,375</u> | <u>340,556</u>                   |

#### Property maintenance reserve

The Trustees have designated a further £25,000 via a transfer for use in respect of future property repairs and maintenance.

### 24 Analysis of net assets between funds

|                                                    | General<br>funds<br>2022<br>£ | Designated<br>funds<br>2022<br>£ | Restricted<br>funds<br>2022<br>£ | Total<br>2022<br>£ |
|----------------------------------------------------|-------------------------------|----------------------------------|----------------------------------|--------------------|
| Fund balances at 31 March 2022 are represented by: |                               |                                  |                                  |                    |
| Intangible fixed assets                            | 3,949                         | -                                | -                                | 3,949              |
| Tangible assets                                    | 259,861                       | -                                | 823,259                          | 1,083,120          |
| Current assets/(liabilities)                       | 206,599                       | 55,000                           | 279,898                          | 541,497            |
| Long term liabilities                              | (114,789)                     | -                                | -                                | (114,789)          |
|                                                    | <u>355,620</u>                | <u>55,000</u>                    | <u>1,103,157</u>                 | <u>1,513,777</u>   |
|                                                    |                               |                                  |                                  |                    |
|                                                    | General<br>funds<br>2021<br>£ | Designated<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
| Fund balances at 31 March 2021 are represented by: |                               |                                  |                                  |                    |
| Intangible fixed assets                            | 4,500                         | -                                | -                                | 4,500              |
| Tangible assets                                    | 268,201                       | -                                | 833,334                          | 1,101,535          |
| Current assets/(liabilities)                       | 159,683                       | 30,000                           | 233,543                          | 423,226            |
| Long term liabilities                              | (121,828)                     | -                                | -                                | (121,828)          |
|                                                    | <u>310,556</u>                | <u>30,000</u>                    | <u>1,066,877</u>                 | <u>1,407,433</u>   |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel (including Trustees) is as follows:

|                        | 2022<br>£ | 2021<br>£ |
|------------------------|-----------|-----------|
| Aggregate compensation | 154,921   | 151,019   |

#### Transactions with related parties

During the year, ER Crofton, the spouse of J Crofton, was paid £5,063 (2021: £1,737) for her services as an employee. SJ Collier, the spouse of VJ Attwood, was paid £2,727 (2021: £2,592) for her services as an employee. Purchases totalling £Nil (2021: £2,998) were made from C Lincoln, the spouse of C Wigmore.

No guarantees have been given or received.

| 26 Cash generated from operations                    | 2022<br>£     | 2021<br>£      |
|------------------------------------------------------|---------------|----------------|
| Surplus for the year                                 | 106,344       | 171,169        |
| Adjustments for:                                     |               |                |
| Investment income                                    | (9,746)       | (5,392)        |
| (Gain)/loss on disposal of tangible fixed assets     | -             | 906            |
| Amortisation and impairment of intangible assets     | 551           | 551            |
| Depreciation and impairment of tangible fixed assets | 35,297        | 36,769         |
| Movements in working capital:                        |               |                |
| (Increase) in debtors                                | (75,336)      | (45,389)       |
| (Decrease)/increase in creditors                     | (26,101)      | 2,323          |
| <b>Cash generated from operations</b>                | <b>31,009</b> | <b>160,937</b> |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

### 27 Analysis of changes in net funds

|                                            | At 1 April<br>2021<br>£ | Cash flows<br>£ | At 31 March<br>2022<br>£ |
|--------------------------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand                   | 381,430                 | 17,270          | 398,700                  |
| Loans falling due within one year          | (7,085)                 | (436)           | (7,521)                  |
| Loans falling due after more than one year | (121,828)               | 7,039           | (114,789)                |
|                                            | <u>252,517</u>          | <u>23,873</u>   | <u>276,390</u>           |

  

|                                            | At 1 April<br>2020<br>£ | Cash flows<br>£ | At 31 March<br>2021<br>£ |
|--------------------------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand                   | 227,749                 | 153,681         | 381,430                  |
| Loans falling due within one year          | (6,928)                 | (157)           | (7,085)                  |
| Loans falling due after more than one year | (124,187)               | 2,359           | (121,828)                |
|                                            | <u>96,634</u>           | <u>155,883</u>  | <u>252,517</u>           |

### 28 Controlling party

Soft Touch Arts Limited is a company limited by guarantee and not having a share capital; it is incorporated under the Companies Act and governed by the Memorandum and Articles of Association of the company. The Trustees of the company are elected members and act as directors of the company and are deemed to be the controlling party of the company.

**SOFT TOUCH ARTS LIMITED**

England & Wales - Charity number 1147318

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# Accounts

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**Charity Registration No. 1147318**

**Company Registration No. 02063893 (England and Wales)**

**SOFT TOUCH ARTS LIMITED**

**TRUSTEES' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 MARCH 2021**

# SOFT TOUCH ARTS LIMITED

## LEGAL AND ADMINISTRATIVE INFORMATION

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|                          |                                                                                                                                                                                                              |                                                                                         |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <b>Trustees</b>          | S Alizart (Co-Chair)<br>DE Francis (Co-Chair)<br>KM Hudson (Honorary Treasurer)<br>VJ Attwood<br>J Crofton<br>NS Nightingale<br>SK Norman<br>HD Pearson<br>CC Wigmore<br>S Mahomed<br>C Stocker<br>MN Oldman | (Appointed 26 January 2021)<br>(Appointed 26 January 2021)<br>(Appointed 14 April 2021) |
| <b>Charity number</b>    | 1147318                                                                                                                                                                                                      |                                                                                         |
| <b>Company number</b>    | 02063893                                                                                                                                                                                                     |                                                                                         |
| <b>Principal address</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                                                                          |                                                                                         |
| <b>Registered office</b> | 50 New Walk<br>Leicester<br>LE1 6TF                                                                                                                                                                          |                                                                                         |
| <b>Auditor</b>           | Newby Castleman LLP<br>West Walk Building<br>110 Regent Road<br>Leicester<br>LE1 7LT                                                                                                                         |                                                                                         |
| <b>Bankers</b>           | National Westminster Bank Plc<br>1 Granby Street<br>Leicester<br>LE1 6EJ                                                                                                                                     |                                                                                         |

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# SOFT TOUCH ARTS LIMITED

## CONTENTS

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|                                   | <b>Page</b> |
|-----------------------------------|-------------|
| Trustees' report                  | 1 - 9       |
| Independent auditor's report      | 10 - 12     |
| Statement of financial activities | 13          |
| Balance sheet                     | 14 - 15     |
| Statement of cash flows           | 16          |
| Notes to the financial statements | 17 - 31     |

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# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT

### FOR THE YEAR ENDED 31 MARCH 2021

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The trustees who are also directors of the charitable company present their report and financial statements for the year ended 31 March 2021.

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 Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

### **OBJECTIVES AND ACTIVITIES**

The charity's objects per the Articles of Association are as follows:

1. To advance the education of the public in the appreciation and practice of the arts.
2. To relieve the needs of those who are most disadvantaged in society by way of social and economic deprivation, mental and physical disability and vulnerable physical circumstance, such as being in care or homeless, through participation in the arts, in particular but not exclusively through the creation of music, film and video, multimedia installations, sculpture, drama and graphic designs with the aim of improving their quality of life.
3. To advance education, learning and personal development for the public benefit in particular but not limited to promoting the development of skills and aptitudes (such as creative expression, self-confidence, group working and communication) through participation in the arts in all their forms.



Creating Opportunity: Changing Lives

Since 1986 we've been using arts, media and music to create positive change for young people across Leicestershire

| Vision                                                                                                  | Purpose                                                                                                               | Beneficiaries                                                                                                |
|---------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| For young people to enjoy happy and healthy lives and make a positive contribution to their communities | To give vulnerable young people opportunities to engage in creative projects which support their personal development | Young people whose life circumstances put them at a disadvantage in education and other areas of their lives |

### **Where we work**

|                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                       |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
|  | <p><b>From 50 New Walk and across Leicestershire</b></p> <p>Our arts centre sits opposite New Walk Museum in the heart of Leicester and is the city's only dedicated youth arts centre. It houses art, music and craft studios, a project kitchen, and a large multi-purpose exhibition and event space which hosts a Wednesday and Thursday lunchtime café. We also deliver projects and events in schools, youth and community centres, and through street-based work in different neighbourhoods.</p> |  |
|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### Our Model of Working – Engage – Develop – Progress

We have a three-stage process which takes young people with challenging lives on a developmental journey; through engaging positive and inspiring activities, developing creative and life skills and giving them opportunities to progress in a positive way. To do this we work with a range of funders and partners from the public sector and business community, to ensure we have robust support mechanisms and progression opportunities for each young person we work with.

#### How we work: our 3-stage delivery model and the impact we have



### Our Values



Our values of creativity, respect, integrity, co-operation and caring, shape the way we engage children and young people who are struggling because of the life challenges they face. Experience and evaluation show that the creative processes we use (music, art, film, fashion, craft, cooking) are fun, inspiring and help people to feel good about themselves. The quality of the process, with creativity at its heart, along with the engagement skills of our staff, fosters trust, unlocks self-belief and untapped talent and inspires young people to feel valued as members of their communities and to aspire to a more positive future.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### **The need/case for support**

If you don't have the security of a happy and stable home or have problems relating to others it can be difficult to view the future positively and know how to move forward. It can seem easier to withdraw from or fight against society. Leicester has one of the highest levels of child poverty in England, 40%. Children that live in poverty are more likely to leave school without five good GCSEs, and have low aspirations and an uncertain or insecure future in terms of finding employment. They are at increased risk of teenage pregnancy, drug use and anti-social behaviour. They have multiple challenges at an important transition point in their lives where their more privileged peers are far more likely to go into further education or find jobs.

#### **What we do**

The young people we work with have chaotic home lives, are in the care system, have mental health and behaviour issues, learning or physical disabilities, have been in trouble or in prison, or live in homes with very low incomes. They struggle to access activities that benefit their personal development, health and wellbeing and have often missed out on, or been failed by mainstream education.

Soft Touch Arts has been using creative projects to engage and bring out the best in young people that the system has failed in Leicestershire since 1986. Our creative projects unlock creativity, facilitate self-expression and a sense of purpose, and support the development of personal and social skills. We support young people to have a more positive outlook and introduce them to new and inspiring opportunities, people and places.

Our work has kept young people out of prison, helped them re-engage with education, gives them employability skills and improves health and wellbeing and social and communication skills. You can see what young people say about the impact of our work here:

<https://www.youtube.com/watch?v=0r0Gf4Q8jBc>

In 2016/17, we reviewed our strategic vision and set a 10-year mission to be more focused in our delivery to ensure that young people have the opportunity to engage in longer-term personal development opportunities. We developed our Engage – Develop – Progress model which underpins our fundraising strategy. Our current challenge is to secure more resources and generate income in our 'progress stage' to give young people opportunities to grow through work experience, mentoring and involvement in creative enterprise activities.

#### **Public Benefit Statement**

The trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charity's aim and objectives.

The charity provides public benefit through the services provided to disadvantaged young people in Leicester city and Leicestershire.

### **ACHIEVEMENTS AND PERFORMANCE**

The year 2020/21 was not a typical year as our operations were affected by the Covid-19 pandemic. This meant that we delivered less work than usual. For comparison, the numbers in brackets below relate to 2019/20. We have commented on the effect of the pandemic in more detail below.

We measure success through monitoring user engagement and evaluating the impact of projects and programmes. This includes using Charitylog software for quantitative recording and evaluation tools such as those based on the 'Outcomes Star'.

#### **Headline statistics:**

- We worked with 427 (1,184) individual young people for the year ending 31 March 2021 and ran 979 (6,150) sessions over 16 (25) programmes and projects.
- 121 young people engaged in 452 online sessions (a new development during 2020/21).
- All of our projects had a focus on health and wellbeing and 20% of participants had special educational needs/disability support needs.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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- The largest age group of those accessing Soft Touch were 14–18-year-olds (43.5%) followed by 19–24-year-olds (15.5%).
- The area with the highest number of participants (40%) was the north west of the city (covering New Parks and Beaumont Leys).
- We had 1,546 (13,364) visitors to events and 275 (2,886) café visitors.

#### **Artistic programme**

In spite of the disruption caused by the pandemic we continued to deliver several large, long-term programmes:

Big Lottery funded UpStart programme working across New Parks, Beaumont Leys and Stocking Farm  
Online sessions were set up two weeks after the first lockdown and between March and September, 23 young people took part in these. There were many challenges, such as participants having a lack of equipment at home, and some young people did not want to take part. Social isolation was difficult to deal with for many and even when young people didn't come to sessions, we made an effort to keep in touch. The case study below shows how this worked for one young person.

One young person attended the UpStart group and was approaching her 25th birthday. She struggled with isolation during lockdown but kept herself busy being creative and joining as many Soft Touch online sessions as she could. She was a participant that we were particularly concerned about but actually coped better than we feared she might. She has now progressed from UpStart onto our Enterprise project which works with young people to take the next steps in selling and marketing their creative work and has taken on a voluntary befriending role within her community. The young person stated "I'm sad and lonely... It's [online sessions] a good way of keeping in touch with people while in isolation".

#### Unlocked prison art programme

This three-year project was run in partnership with Leicestershire NHS Partnership Trust but we were not able to carry out any face-to-face work after the first lockdown. We re-aligned the project to engage with a group of former offenders/prisoners to create a virtual exhibition and launch, 'Images of Release'.

#### NoteAble Youth Music funded programme

The sessions were moved online until the summer when, given that many of the young people that access this programme have high support needs and are particularly vulnerable, we decided to re-start small group face to face sessions three times a week.

#### Enterprise programme

This project supports young people to sell their work. Because of the nature of the participants once lockdown came in a focus was on supporting wellbeing. This took the form of online group sessions to begin with, followed by 121 'walk and talk' sessions over the summer. In March we started a group photography project, walking around Leicester and preparing for an online exhibition.

#### YES

This project is aimed at young people farthest from the labour market and is delivered as part of a consortium through European and Lottery funding. The sessions went online from April 2020 but it took a few months to build up engagement. We worked with the project managers at Voluntary Action Leicester to put together and deliver art packs to young people at home. As soon as we were able to start face to face delivery again participation increased and since then we have had regular attendance.

Creative Studio is our paid-for alternative education service. Although everything stopped in April 2020, we were subsequently able to re-establish provision both online and face to face (this was allowable as participants were vulnerable students).

Other projects we were able to continue delivering through both online and face to face sessions include:

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### enSENble

This Saturday morning session for young people with disabilities proved to be popular online. It was really important to keep it going because many of these participants were already socially isolated, before lockdown. Between September and December 2020, we were able to deliver the project at our building, restarting in March 2021 with January and February being online again.

#### SEN schools

Between Jan – March 2021 we delivered outdoor music at SEN schools. We had great engagement from students and teachers, and the musicians delivering reported that it helped them develop new delivery skills and ideas for how to deliver in a different way. This has now gone on to be a regularly commissioned service.

#### Café

At the start of the year this had been running three days a week. Between mid-April and early August, we were able to use the kitchen to run Zoom cooking sessions. Between 19 August and 4 November, we were able to open to the public with a limited menu.

We successfully organised a number of online exhibitions and events:

#### 'Images of Release'

This was viewed by some 320 people during February and March 2021.

#### NoteAble

1,524 people attended an online music gig.

### **Staffing**

#### Coronavirus Job Retention Scheme

During 2020-21, we made full use of the Government's Coronavirus Job Retention Scheme and established a 'furlough' rota for directors, project workers and support staff while we were operating a reduced and online delivery of services. From 30 June, as we were able to deliver more services and the CJRS enabled part-time working, we continued to furlough staff based on operational requirements, initially with project workers returning to work on a part-time basis. From July to September, there was a phased increase back to work and once schools returned in September, our project workers returned to work full time. Throughout the period, we topped up salaries to 100%. Overall, we received over £78,000 from the scheme.

We took on a new permanent member of staff, Chloe Frost as part time marketing assistant.

Due to the pandemic the funding for our existing Rank-supported young employee, Muzi Moyo, was extended for three months. We were successful in getting a further placement, with Nidah Hanif starting in September for one year. Our other young person, funded through the Rank Time to Shine scheme left early in February 2020.

### **Funding**

#### Grant funders

Our grant funders, such as Youth Music, BBC Children in Need and Big Lottery continued with payments in spite of the fact that we couldn't deliver the projects in the same way as planned, which recognised the work to find alternative ways of reaching our participants.

#### Earned income

We saw a 20% drop in fee income as a result of reduced activity and the income from the café was limited to the summer months resulting in an over 80% loss in café revenue.

#### Donations

Our regular and new donors were extraordinarily generous in supporting us through the lockdown period providing funds for additional equipment, for example Hastings providing funding for outdoor café furniture and a smoothie bike, Persimmon Homes and Rank emergency funding. Our business board set up a Virgin Money donations page, and through a variety of activities raised in excess of £3,000.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 MARCH 2021

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#### Emergency and Covid-specific funding

We were able to access several emergency funding streams such as: the local authority business support grant for lost revenue over the lockdown period; Clothworkers' Foundation; Children In Need COVID funding; and Highcross funds. This enabled us to buy much needed IT equipment and on-line meeting subscriptions to deliver on-line sessions and funding for 'art packs' which we were able to deliver to participants so they could take part in the online activities and work at home. In addition, we were able to secure funding from the COVID safe fund for refurbishment and reconfiguration of our youth arts toilets making them fit for purpose to meet COVID requirements. The Rank Coronavirus Recovery Grant enabled us to bring staff back from part-time furlough as well as contributing to lost café income when the 2nd national lockdown was brought in.

#### Core funding

Our primary core funders continue to be the Arts Council England and Leicester City Council. We have been able to access an Arts Council Coronavirus Recovery Grant to help with replacement IT equipment to enable staff to work from home more easily, contribution to staff salaries for development work and to help boost our reserves.

#### **Business Development Board**

As the Covid lockdown hit in March 2020, our business development board, alongside other business community contacts, rallied round to contribute ideas and activity to help generate funds to cover fee-based income that we lost as schools and other referral and funding partners were unable to operate. The business board helped organise and promote some online chef sessions which raised over £1,000 and gave us new restaurant contacts for our café project post-pandemic. They helped us get chosen to benefit from the Business Lockdown Fundraising Group which raised over £12,000 for Soft Touch Arts and two other local charities. Another locally-based company, Hastings Direct, invited us to apply four times to their Covid community support fund and this helped us buy equipment and materials to switch to online working. We received circa £4,000 in donations between April – August 2020.

This fundraising helped to make up for cancelling the bigger annual business comedy fundraising event. Positive new relationships with the other charities involved have developed and we are planning to run joint fundraising events in the future to spread the workload and costs of organising and promotion.

Due to the difficulty of extended Leicester lockdowns the business board decided to focus on maximising potential for new business relationships and support during our 35th year (October 2021 - September 2022).

Unfortunately, during the year one of our long-standing business board members, Tracey Miller, sadly passed away unexpectedly. She was a positive driving force within the board and we would like to acknowledge her support for Soft Touch over the years.

#### **Adapting to the Covid-19 pandemic**

Covid-19 and lockdown have, of course, had an impact on Soft Touch Arts. When lockdown started, we had to move all sessions with young people online. We made every effort we could to contact young people to inform them about this and to find out how they were coping with lockdown. Most young people chose to engage online, some didn't and a few preferred this as a means of communication including some who returned having previously stopped attending in person.

We introduced a new strand of cooking work which was open to all participants. This involved dropping ingredients round to young people's homes so that they could follow along on a Zoom session, and over the summer running socially distanced sessions in the forecourt of our building.

Given that we were classed as a youth setting working with vulnerable young people, over the summer we introduced some carefully managed and socially distanced face-to-face sessions, and for some projects continued to blend in some contact continuing online.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### **FINANCIAL REVIEW**

The results for the year ended 31 March 2021 are shown in the Statement of Financial Activities on page 13. This, together with the balance sheet on pages 14-15, should be read in conjunction with the related notes which have been prepared in accordance with the Charities SORP 2019 (FRS 102).

Total income for the year amounted to £690,517 (2020 - £524,521). The principal funding source continued to be grant income. Total expenditure for the year amounted to £519,348 (2020 - £600,382). A breakdown of expenditure is set out in notes to the financial statements.

After transfers between funds, there was a surplus on unrestricted funds for the year totalling £181,544 and a deficit on restricted funds totalling £10,375. This has resulted in a total increase in funds for the year of £171,169. The funds for the charity at the year-end totalled £1,407,433 which comprise restricted funds of £1,066,877 and unrestricted funds of £340,556, of which £30,000 has been designated.

### **Reserves**

Reserves are needed to cover any immediate drop in income caused by external unforeseeable circumstances. It is the policy of the board of trustees to maintain free reserves (unrestricted general funds less tangible fixed assets and long-term liabilities) at £137,000, being approximately six months unrestricted expenditure. The Board has designated £30,000 for a Property Maintenance reserve for future property capital repairs and maintenance. Soft Touch Arts currently has £159,683 in free reserves (see note 24), therefore free reserves are in excess of the reserves policy by approximately £23,000, which will be utilised in 2021-22.

### **PLANS FOR THE FUTURE**

We feel a sense of achievement that we weathered the Covid storm and our financial position by the end of the 2020/21 year was far better than expected. This was as a result of the amazing support from our funders both in terms of ongoing grant support and additional emergency funding, generous donations from a multitude of fundraising activities, and Government support both locally through ongoing business support grants and the Coronavirus Job Retention Scheme grant which provided cover for almost 30% of salary costs. In addition, we experienced a greater up-surge in fees in the last quarter than was expected as schools were keen to utilise our alternative education provision. This has left us with a buffer in our unrestricted reserves in line with our policy of three months working capital.

At the time of writing, we fully expect to meet our income targets for 2021/22. We have had success with two large funding applications for one-year projects:

- An award of £63,000 from Arts Council England for the Cre8ive TV prison project.
- A grant of £30,000 from the Garfield Weston Foundation towards strengthening young people's voices within Soft Touch and to put on a programme of events to celebrate our 35th year.

Additionally, we supported a successful application to the National Lottery by a consortium of organisations in the New Parks neighbourhood, which includes funding for us to support delivery.

We are working to an income generation strategy which we fully expect to bring in the rest of the income we need for 2021/22, as well as a proportion for the following years, through grants, fees and donations.

We are working towards launching a capital campaign following a feasibility study to upgrade the New Walk facing side of the building/forecourt. Succession planning for the director team continues, with it likely that in the year ahead one of the long-term directors will stand down and the trainee director will take their place.

# SOFT TOUCH ARTS LIMITED

## TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

Soft Touch Arts Limited is a company limited by guarantee and is governed by its Memorandum and Articles of Association. It is a charity registered with the Charity Commission. The charity is based in Leicester and

aims to engage with and change the lives of disadvantaged young people through the use of arts, media and music activities.

The following trustees / directors have served during 2020/21:

S Alizart (co-Chair)

DE Francis (co-Chair)

KM Hudson (Honorary Treasurer)

VJ Attwood

TJ Burke – resigned 9 November 2020

J Crofton

NS Nightingale

SK Norman

HD Pearson

CC Wigmore

S Mahomed – appointed 26 January 2021

C Stocker – appointed 26 January 2021

MN Oldman – appointed 14 April 2021

VJ Attwood, J Crofton, SK Norman, HD Pearson and CC Wigmore are the only salaried directors. These salaried directors deliver projects as well as operating as the charity's executive directors. The board meet on a periodic basis to make decisions on strategy and direct the management of the charity's affairs. The Articles of Association set out the required quota of salaried and voluntary directors at any one meeting of the board.

The trustees are appointed in accordance with the company's Articles of Association and are chosen to bring in the various knowledge, skills and experience required to meet the charity's objectives. New trustees are given a full induction programme when they join and are offered training opportunities.

At the AGM the board elects a Chair, Vice Chair and Treasurer for an annual term. On 16 November 2020, DE Francis and S Alizart were reappointed as co-Chairs and K Hudson was reappointed Honorary Treasurer. It was decided that the role of Vice Chair was not needed as there are co-Chairs.

### **Risk Management**

The trustees have identified and reviewed the major risks to which the charity is exposed and procedures have been established to mitigate these risks and are regularly addressed at the Board meetings.

The main key risks for the charity:

- The financial impact of Covid-19 leading to the loss of fee-based income, the suspension of major grant programmes and anticipated greater competition for grant funding. Strategies are in place to help minimise the negative impact however, as the pandemic is continuing at the time of writing, the future is still very unknown.
- The impact of leaving the European Union, ending access to certain strands of European funding and an uncertain economic future for the country.
- Succession planning and finding ways and sources of funding to ensure there is a smooth transition from the existing structure and personnel to a changed internal structure set to be introduced in 2026.

# **SOFT TOUCH ARTS LIMITED**

## **TRUSTEES' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Soft Touch Arts Limited for the purposes 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 charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. 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 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

### **AUDITORS**

A resolution to reappoint Newby Castleman as our auditors will be put to members at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the board of trustees

KM Hudson (Honorary Treasurer)  
**Trustee**

Date: 27 November 2021

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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#### Opinion

We have audited the financial statements of Soft Touch Arts Limited (the 'charitable company') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, 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 FRS 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 charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

#### 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC'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 trustees' 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 charitable company'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 trustees with respect to going concern are described in the relevant sections of this report.

#### Other information

The other information comprises the information included in the trustee's report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustee's 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.

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees Report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on page 9 the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees 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 trustees are responsible for assessing the charitable company'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 trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

We have been appointed as auditor under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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.

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.

### **Extent to which the audit was considered capable of detecting irregularities**

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. However, responsibility for the prevention and detection of fraud ultimately rests with both those charged with governance and management of the charitable company.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- obtaining an understanding of the legal and regulatory framework applicable to the charitable company by considering the nature of the industry in which the charitable company operates and enquiring of management; and
- identifying the key laws and regulations considered to have a direct impact on the financial statements including the UK Companies Act 2006, UK Charities Act 2011, UK Generally Accepted Accounting Practice and UK tax legislation; and

# SOFT TOUCH ARTS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

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- assessing how the charitable company is complying with the applicable legal and regulatory framework by making further enquiries of management and observing the company's control environment regarding compliance with regulations and fraud prevention; and
- assessing the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur, by considering the effectiveness of the charitable company's accounting systems and controls and how these were monitored by management. Where the risk of material misstatement was considered to be higher in certain areas, further audit procedures were designed to address this increased risk; and
- discussing amongst the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud.

### **Audit response to risks of irregularities identified**

Our procedures to respond to risks identified included the following:

- reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations; and
- enquiry of charitable company staff responsible for compliance to identify any instances of non-compliance with laws and regulations; and
- enquiry of management, those charged with governance and other relevant parties around actual and potential litigation claims; and
- reviewing supporting documentation regarding actual and potential litigation claims; and
- reviewing minutes of meetings of those charged with governance; and
- 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
- communicating identified laws and regulations and potential fraud risks to all engagement team members and assessing whether there are any indications of fraud or non-compliance with laws and regulations throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees 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 charitable company and charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

**Newby Castleman LLP**  
Chartered Accountants  
Statutory Auditor  
West Walk Building  
110 Regent Road  
Leicester  
LE1 7LT

2 December 2021

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Newby Castleman LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

|                                    |       | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Total<br>2020<br>£ |
|------------------------------------|-------|------------------------------------|----------------------------------|--------------------|--------------------|
|                                    | Notes |                                    |                                  |                    |                    |
| <b>Income from:</b>                |       |                                    |                                  |                    |                    |
| Donations                          | 3     | 70,414                             | 115,603                          | 186,017            | 23,544             |
| Charitable activities              | 4     | 208,124                            | 265,713                          | 473,837            | 461,551            |
| Other trading activities           | 5     | 20,601                             | -                                | 20,601             | 22,246             |
| Investments                        | 6     | 5,392                              | -                                | 5,392              | 12,095             |
| Other income                       | 7     | 4,485                              | 185                              | 4,670              | 5,085              |
| <b>Total</b>                       |       | 309,016                            | 381,501                          | 690,517            | 524,521            |
| <b>Expenditure on:</b>             |       |                                    |                                  |                    |                    |
| Raising funds                      | 8     | 31,563                             | -                                | 31,563             | 31,507             |
| Charitable activities              | 9     | 103,207                            | 305,547                          | 408,754            | 568,875            |
| Other                              | 12    | 77                                 | 78,954                           | 79,031             | -                  |
| <b>Total</b>                       |       | 134,847                            | 384,501                          | 519,348            | 600,382            |
| <b>Net income/(expenditure)</b>    |       | 174,169                            | (3,000)                          | 171,169            | (75,861)           |
| Transfers between funds            |       | 7,375                              | (7,375)                          | -                  | -                  |
| <b>Net movement in funds</b>       |       | 181,544                            | (10,375)                         | 171,169            | (75,861)           |
| <b>Reconciliation of funds</b>     |       |                                    |                                  |                    |                    |
| Total funds brought forward        |       | 159,012                            | 1,077,252                        | 1,236,264          | 1,312,125          |
| <b>Total funds carried forward</b> |       | 340,556                            | 1,066,877                        | 1,407,433          | 1,236,264          |

The statement of financial activities includes all gains and losses recognised during 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.

# SOFT TOUCH ARTS LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2021

|                                                                | Notes | 2021<br>£               | £ | 2020<br>£               | £ |
|----------------------------------------------------------------|-------|-------------------------|---|-------------------------|---|
| <b>Fixed assets</b>                                            |       |                         |   |                         |   |
| Intangible assets                                              | 15    | 4,500                   |   | 5,051                   |   |
| Tangible assets                                                | 16    | 1,101,535               |   | 1,128,764               |   |
|                                                                |       | <u>1,106,035</u>        |   | <u>1,133,815</u>        |   |
| <b>Current assets</b>                                          |       |                         |   |                         |   |
| Debtors                                                        | 17    | 128,119                 |   | 82,730                  |   |
| Cash at bank and in hand                                       |       | 381,430                 |   | 227,749                 |   |
|                                                                |       | <u>509,549</u>          |   | <u>310,479</u>          |   |
| <b>Liabilities</b>                                             |       |                         |   |                         |   |
| Creditors: amounts falling due within one year                 | 18    | (86,323)                |   | (83,843)                |   |
| <b>Net current assets</b>                                      |       | <u>423,226</u>          |   | <u>226,636</u>          |   |
| <b>Total assets less current liabilities</b>                   |       | <u>1,529,261</u>        |   | <u>1,360,451</u>        |   |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | (121,828)               |   | (124,187)               |   |
| <b>Total net assets</b>                                        |       | <u><u>1,407,433</u></u> |   | <u><u>1,236,264</u></u> |   |
| <b>The funds of the charity</b>                                |       |                         |   |                         |   |
| Restricted funds                                               | 22    | 1,066,877               |   | 1,077,252               |   |
| Unrestricted funds:                                            |       |                         |   |                         |   |
| Designated funds                                               | 23    | 30,000                  |   | -                       |   |
| General funds                                                  |       | <u>310,556</u>          |   | <u>159,012</u>          |   |
|                                                                |       | <u>340,556</u>          |   | <u>159,012</u>          |   |
| <b>Total charity funds</b>                                     |       | <u><u>1,407,433</u></u> |   | <u><u>1,236,264</u></u> |   |

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

For the year ending 31 March 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

# **SOFT TOUCH ARTS LIMITED**

## **BALANCE SHEET (CONTINUED)**

**AS AT 31 MARCH 2021**

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Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The financial statements were approved and authorised for issue by the board of trustees on 27 November 2021 and are signed on its behalf by:

KM Hudson (Honorary Treasurer)

**Trustee**

**Company Registration No. 02063893**

The notes on pages 17 - 31 form part of these financial statements.

# SOFT TOUCH ARTS LIMITED

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

|                                                  | Notes | 2021<br>£ | £       | 2020<br>£ | £       |
|--------------------------------------------------|-------|-----------|---------|-----------|---------|
| <b>Cash flows from operating activities</b>      |       |           |         |           |         |
| Cash generated from operations                   | 26    |           | 160,937 |           | 20,826  |
| <b>Investing activities</b>                      |       |           |         |           |         |
| Purchase of intangible assets                    |       | -         |         | (5,510)   |         |
| Purchase of tangible fixed assets                |       | (10,446)  |         | (11,177)  |         |
| Investment income                                |       | 5,392     |         | 12,095    |         |
| <b>Net cash used in investing activities</b>     |       |           | (5,054) |           | (4,592) |
| <b>Financing activities</b>                      |       |           |         |           |         |
| Repayment of ICOF loan                           |       | (2,202)   |         | (6,518)   |         |
| <b>Net cash used in financing activities</b>     |       |           | (2,202) |           | (6,518) |
| <b>Net increase in cash and cash equivalents</b> |       |           | 153,681 |           | 9,716   |
| Cash and cash equivalents at beginning of year   |       |           | 227,749 |           | 218,033 |
| <b>Cash and cash equivalents at end of year</b>  |       |           | 381,430 |           | 227,749 |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

#### Charity information

Soft Touch Arts Limited is a private company limited by guarantee incorporated in England and Wales. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity. The address of the registered office and place of business is given in the legal and administrative information page of these financial statements.

#### 1.1 Basis of preparation

The charity is a public benefit entity as defined by FRS 102. These financial statements have been prepared in accordance with: the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ("FRS 102"), Accounting and Reporting by Charities: the Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. These policies have been consistently applied.

#### 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.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### 1.4 Income recognition

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.

Cash donations are recognised on receipt. Other donations are recognised once the charity has been notified of the donation, unless performance conditions require deferral of the amount. Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income from charitable activities includes income received from local authorities, project fees and other grant providers. Income from these categories is recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

Income from trading activities comprises sponsorship income and income derived from fundraising events. Income is received in exchange for supplying goods and services and is recognised when entitlement occurs.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 1 Accounting policies

(Continued)

Investment income is earned through holding assets for investment purposes. It comprises bank interest and rental income, which are recognised on an accruals basis.

Government grants are recognised at fair value when the charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured with reliability. If entitlement is not met, then the amounts are deferred.

#### 1.5 Expenditure recognition

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category. Expenditure is recognised when there is a legal or constructive obligation to make payments to third parties, it is probable that settlement will be required and the amount of the obligation can be measured reliably. It is recognised under the following headings:

- Costs of raising funds - includes costs incurred in seeking donations, grants and fundraising.
- Expenditure on charitable activities - includes individual project costs to further the deliverance of the objectives of the charity.
- Other expenditure - includes the loss on disposal of fixed assets and staff costs covered by income from the coronavirus job retention scheme.

Irrecoverable VAT is charged against the category of resources expensed for which it was incurred.

#### 1.6 Support costs

Support costs are those that assist the work of the charity but do not directly represent charitable activities and costs of raising funds and include office costs, governance costs, and administrative payroll costs. They are incurred directly in support of expenditure on the objects of the charity. Support costs are allocated to costs of raising funds and expenditure on charitable activities on a basis consistent with use of the resources.

The analysis of these costs is included in note 11.

#### 1.7 Intangible fixed assets other than goodwill

Intangible assets are measured at cost, net of amortisation and any impairment losses.

Amortisation 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:

|          |          |
|----------|----------|
| Software | 10 years |
|----------|----------|

#### 1.8 Tangible fixed assets

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

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

|                                |                                                                     |
|--------------------------------|---------------------------------------------------------------------|
| Freehold land                  | Not depreciated                                                     |
| Freehold buildings             | 2% per annum of cost                                                |
| Fixtures, fittings & equipment | 10% per annum of net book value, straight line over 3, 5 or 7 years |
| Motor vehicles                 | 20% per annum of net book value                                     |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

---

### 1 Accounting policies

(Continued)

#### 1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

#### 1.10 Financial instruments

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

Debtors and creditors with no stated interest rate and receivable or payable within one year are measured at transaction price. Any losses arising from impairment are recognised in the Statement of Financial Activities ("SOFA").

#### 1.11 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

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

#### 1.12 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the SOFA on a straight line basis over the term of the relevant lease.

#### 1.14 Taxation

Soft Touch Arts Limited is a registered charity and no taxation provision is required as its income from charitable activities falls within the various exemptions available to registered charities.

### 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.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Valuation of land and buildings

The valuation of land and buildings has been assessed by the trustees, who consider that the value in use by the charity is consistent with the value included in the accounts.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 3 Income from donations

|              | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Donations    | 9,986                              | 6,940                            | 16,926             | 20,067                             | 3,477                            | 23,544             |
| Grant income | 60,428                             | 108,663                          | 169,091            | -                                  | -                                | -                  |
|              | <u>70,414</u>                      | <u>115,603</u>                   | <u>186,017</u>     | <u>20,067</u>                      | <u>3,477</u>                     | <u>23,544</u>      |

### 4 Income from charitable activities

|                     | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Arts activities     | 207,829                            | 265,016                          | 472,845            | 181,012                            | 271,814                          | 452,826            |
| Catering activities | 295                                | 697                              | 992                | 3,620                              | 5,105                            | 8,725              |
|                     | <u>208,124</u>                     | <u>265,713</u>                   | <u>473,837</u>     | <u>184,632</u>                     | <u>276,919</u>                   | <u>461,551</u>     |

Income from arts activities include the following:

|                |                |                |
|----------------|----------------|----------------|
| Core funding   | 102,939        | 101,310        |
| Project grants | 283,890        | 245,501        |
| Project fees   | 86,016         | 106,015        |
|                | <u>472,845</u> | <u>452,826</u> |

### 5 Income from other trading activities

|                    | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
|--------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Sponsorship income | -                                  | -                                | -                  | 500                                | 800                              | 1,300              |
| Fundraising events | 20,601                             | -                                | 20,601             | 20,946                             | -                                | 20,946             |
|                    | <u>20,601</u>                      | <u>-</u>                         | <u>20,601</u>      | <u>21,446</u>                      | <u>800</u>                       | <u>22,246</u>      |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 6 Income from investments

|                     | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
|---------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Rental income       | 5,329                              | -                                | 5,329              | 11,757                             | -                                | 11,757             |
| Interest receivable | 63                                 | -                                | 63                 | 338                                | -                                | 338                |
|                     | <u>5,392</u>                       | <u>-</u>                         | <u>5,392</u>       | <u>12,095</u>                      | <u>-</u>                         | <u>12,095</u>      |

### 7 Other income

|              | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
|--------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Other income | 4,485                              | 185                              | 4,670              | 1,802                              | 3,283                            | 5,085              |
|              | <u>4,485</u>                       | <u>185</u>                       | <u>4,670</u>       | <u>1,802</u>                       | <u>3,283</u>                     | <u>5,085</u>       |

### 8 Expenditure on raising funds

|                            | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
|----------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Staging fundraising events | 2,361                              | -                                | 2,361              | 2,604                              | -                                | 2,604              |
| Staff costs                | 29,202                             | -                                | 29,202             | 28,903                             | -                                | 28,903             |
|                            | <u>31,563</u>                      | <u>-</u>                         | <u>31,563</u>      | <u>31,507</u>                      | <u>-</u>                         | <u>31,507</u>      |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 9 Expenditure on charitable activities

|                              | Activities<br>undertaken<br>directly<br>Note 10<br>£ | Support<br>Costs<br>Note 11<br>£ | Total<br>2021<br>£ | Total<br>2020<br>£ |
|------------------------------|------------------------------------------------------|----------------------------------|--------------------|--------------------|
| Arts and catering activities | 273,638                                              | 135,116                          | 408,754            | 568,875            |
| Unrestricted funds           |                                                      |                                  | 103,207            | 233,808            |
| Restricted funds             |                                                      |                                  | 305,547            | 335,067            |
|                              |                                                      |                                  | 408,754            | 568,875            |

### 10 Expenditure on activities undertaken directly

|                           | 2021<br>£ | 2020<br>£ |
|---------------------------|-----------|-----------|
| Staff costs               | 222,586   | 313,794   |
| Project costs             | 30,535    | 66,673    |
| Motor and transport costs | 1,539     | 4,713     |
| Project worker costs      | 18,978    | 29,738    |
|                           | 273,638   | 414,918   |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 11 Expenditure on support costs

|                                  | 2021<br>£      | 2020<br>£      |
|----------------------------------|----------------|----------------|
| Staff costs                      | 42,945         | 49,077         |
| Depreciation                     | 37,320         | 37,196         |
| Premises costs                   | 15,704         | 16,662         |
| Motor and transport costs        | 1,609          | 5,497          |
| Audit fees                       | 8,125          | 8,125          |
| Printing, postage and stationery | 1,106          | 4,663          |
| Computer costs                   | 2,728          | 2,631          |
| Telephone                        | 2,763          | 2,970          |
| Legal and professional           | 5,128          | 6,361          |
| Loan interest and bank charges   | 8,346          | 8,745          |
| Irrecoverable VAT                | 6,748          | 1,925          |
| Sundry                           | 2,594          | 10,105         |
|                                  | <u>135,116</u> | <u>153,957</u> |
| Charitable activities            | <u>135,116</u> | <u>153,957</u> |

All support costs have been allocated to charitable activities based on their usage.

Support costs include governance costs totalling £51,070 (2020: £57,203) which comprise a proportion of staff costs and audit fees.

The amount charged to the SOFA in respect of auditor's remuneration was £8,125 (2020 - £8,125).

### 12 Other expenditure

|                                              | Unrestricted<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ | Unrestricted<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
|----------------------------------------------|------------------------------------|----------------------------------|--------------------|------------------------------------|----------------------------------|--------------------|
| Loss on disposal of<br>tangible fixed assets | 77                                 | 829                              | 906                | -                                  | -                                | -                  |
| Staff costs                                  | -                                  | 78,125                           | 78,125             | -                                  | -                                | -                  |
|                                              | <u>77</u>                          | <u>78,954</u>                    | <u>79,031</u>      | <u>-</u>                           | <u>-</u>                         | <u>-</u>           |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 13 Trustees

Five of the trustees received remuneration during the year totalling £122,770 (2020 - £131,235). This is as permitted by the Articles of Association and is made up as follows:

|            |                          |
|------------|--------------------------|
| SK Norman  | £26,545 (2020 - £26,545) |
| VJ Attwood | £26,545 (2020 - £26,545) |
| HD Pearson | £16,590 (2020 - £18,419) |
| CC Wigmore | £19,909 (2020 - £26,545) |
| J Crofton  | £33,181 (2020 - £33,181) |

Pension contributions for the above Trustees amounted to £3,032 (2020 - £3,263).

Two trustees were reimbursed a total of £267 travelling expenses (2020 - five were reimbursed £1,121).

### 14 Employees

The average monthly number of employees during the year was:

|                        | 2021<br>Number | 2020<br>Number |
|------------------------|----------------|----------------|
| Directors              | 5              | 5              |
| Project workers        | 5              | 5              |
| Administrative workers | 6              | 6              |
| Sessional workers      | 6              | 7              |
| Apprentice             | 1              | 1              |
| Intern                 | 2              | 2              |
| Total                  | 25             | 26             |

| Employment costs      | 2021<br>£ | 2020<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 344,659   | 360,186   |
| Social security costs | 21,997    | 25,111    |
| Other pension costs   | 6,202     | 6,477     |
|                       | 372,858   | 391,774   |

There were no employees whose annual remuneration was £60,000 or more.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 15 Intangible fixed assets

|                                    | Software<br>£ |
|------------------------------------|---------------|
| <b>Cost</b>                        |               |
| At 1 April 2020 and 31 March 2021  | 5,510         |
| <b>Amortisation and impairment</b> |               |
| At 1 April 2020                    | 459           |
| Amortisation charged for the year  | 551           |
| At 31 March 2021                   | 1,010         |
| <b>Carrying amount</b>             |               |
| At 31 March 2021                   | 4,500         |
| At 31 March 2020                   | 5,051         |

### 16 Tangible fixed assets

|                                    | Freehold<br>land and<br>buildings<br>£ | Fixtures,<br>fittings &<br>equipment<br>£ | Motor<br>vehicles<br>£ | Total<br>£ |
|------------------------------------|----------------------------------------|-------------------------------------------|------------------------|------------|
| <b>Cost</b>                        |                                        |                                           |                        |            |
| At 1 April 2020                    | 1,183,529                              | 169,819                                   | 8,016                  | 1,361,364  |
| Additions                          | 2,967                                  | 7,479                                     | -                      | 10,446     |
| Disposals                          | -                                      | (41,968)                                  | -                      | (41,968)   |
| At 31 March 2021                   | 1,186,496                              | 135,330                                   | 8,016                  | 1,329,842  |
| <b>Depreciation and impairment</b> |                                        |                                           |                        |            |
| At 1 April 2020                    | 105,296                                | 124,943                                   | 2,361                  | 232,600    |
| Depreciation charged in the year   | 22,830                                 | 12,794                                    | 1,145                  | 36,769     |
| Eliminated in respect of disposals | -                                      | (41,062)                                  | -                      | (41,062)   |
| At 31 March 2021                   | 128,126                                | 96,675                                    | 3,506                  | 228,307    |
| <b>Carrying amount</b>             |                                        |                                           |                        |            |
| At 31 March 2021                   | 1,058,370                              | 38,655                                    | 4,510                  | 1,101,535  |
| At 31 March 2020                   | 1,078,233                              | 44,876                                    | 5,655                  | 1,128,764  |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 17 Debtors

|                                             | 2021<br>£      | 2020<br>£     |
|---------------------------------------------|----------------|---------------|
| <b>Amounts falling due within one year:</b> |                |               |
| Trade debtors                               | 42,824         | 21,059        |
| Prepayments and accrued income              | 85,295         | 61,671        |
|                                             | <u>128,119</u> | <u>82,730</u> |

### 18 Creditors: amounts falling due within one year

|                              | Notes | 2021<br>£     | 2020<br>£     |
|------------------------------|-------|---------------|---------------|
| ICOF loan                    | 20    | 7,085         | 6,928         |
| Taxation and social security |       | 15,621        | 22,283        |
| Trade creditors              |       | 2,965         | 2,190         |
| Other creditors              |       | 2,053         | 1,842         |
| Accruals and deferred income |       | 58,599        | 50,600        |
|                              |       | <u>86,323</u> | <u>83,843</u> |

Deferred income is provided for in respect of grant income and income invoiced in advance for projects occurring in the next financial year.

### 19 Creditors: amounts falling due after more than one year

|           | Notes | 2021<br>£      | 2020<br>£      |
|-----------|-------|----------------|----------------|
| ICOF loan | 20    | <u>121,828</u> | <u>124,187</u> |

### 20 Loans and overdrafts

|                                                                | 2021<br>£      | 2020<br>£      |
|----------------------------------------------------------------|----------------|----------------|
| ICOF loan                                                      | <u>128,913</u> | <u>131,115</u> |
| Payable within one year                                        | 7,085          | 6,928          |
| Payable after one year                                         | <u>121,828</u> | <u>124,187</u> |
| <b>Amounts included above which fall due after five years:</b> |                |                |
| Payable by instalments                                         | <u>88,839</u>  | <u>91,861</u>  |

The loans are secured by a first legal charge over the freehold land and property and a fixed and floating charge over all other assets.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 21 Retirement benefit schemes

#### Defined contribution schemes

The charity operates a defined contribution pension scheme for all qualifying employees.

The charge to the SOFA in respect of defined contribution schemes was £6,202 (2020 - £6,477). This expenditure has been allocated to support costs and unrestricted general funds.

### 22 Restricted funds

The funds of the charity include restricted funds held for specific purposes:

|                  | Balance at 1<br>April 2020 | Movement in funds |                  |                        | Transfers      | Balance at 31<br>March 2021 |
|------------------|----------------------------|-------------------|------------------|------------------------|----------------|-----------------------------|
|                  | £                          | Income            | Expenditure      | Depreciation<br>charge | £              | £                           |
|                  |                            | £                 | £                | £                      |                |                             |
| New Building     | 830,440                    | -                 | (829)            | (21,791)               | -              | 807,820                     |
| Time to Shine    | 3,212                      | 12,555            | (15,767)         | -                      | -              | -                           |
| UpSTart          | 103,757                    | 83,124            | (78,254)         | (746)                  | -              | 107,881                     |
| Prison Unlocked  | 64,527                     | 330               | (62,723)         | (40)                   | -              | 2,094                       |
| STARS and Soft   |                            |                   |                  |                        |                |                             |
| Sell             | 26,652                     | 11,500            | (16,047)         | -                      | -              | 22,105                      |
| NOTEable         | 4,550                      | 33,324            | (34,749)         | -                      | -              | 3,125                       |
| RAP              | 8,719                      | 30,500            | (27,106)         | -                      | -              | 12,113                      |
| What If          | -                          | 63,808            | (2,501)          | (17)                   | -              | 61,290                      |
| Coronavirus Job  |                            |                   |                  |                        |                |                             |
| Retention Scheme | -                          | 78,125            | (78,125)         | -                      | -              | -                           |
| Rank             | -                          | 22,271            | (22,271)         | -                      | -              | -                           |
| Other funds      | 35,395                     | 45,964            | (21,142)         | (2,393)                | (7,375)        | 50,449                      |
|                  | <u>1,077,252</u>           | <u>381,501</u>    | <u>(359,514)</u> | <u>(24,987)</u>        | <u>(7,375)</u> | <u>1,066,877</u>            |

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 22 Restricted funds

(Continued)

|                        | Balance at 1<br>April 2019 | Movement in funds |                  |                        | Transfers      | Balance at 31<br>March 2020 |
|------------------------|----------------------------|-------------------|------------------|------------------------|----------------|-----------------------------|
|                        | £                          | Income            | Expenditure      | Depreciation<br>charge | £              | £                           |
|                        |                            | £                 | £                | £                      |                |                             |
| New Building           | 856,283                    | -                 | (829)            | (25,843)               | -              | 830,440                     |
| HLF - 1950s            | 10,967                     | -                 | (519)            | (357)                  | -              | 10,091                      |
| Time to Shine          | 8,152                      | 8,668             | (13,608)         | -                      | -              | 3,212                       |
| UpSTart                | 82,840                     | 94,354            | (72,691)         | (746)                  | -              | 103,757                     |
| Prison Unlocked        | 50,129                     | 39,000            | (24,595)         | (7)                    | -              | 64,527                      |
| STARS and Soft<br>Sell | 46,258                     | 17,615            | (37,221)         | -                      | -              | 26,652                      |
| MODS Grant             | 38,702                     | 11,351            | (47,435)         | -                      | (2,618)        | -                           |
| NOTEable               | -                          | 49,179            | (44,629)         | -                      | -              | 4,550                       |
| RAP                    | -                          | 20,094            | (11,375)         | -                      | -              | 8,719                       |
| Profit for Good        | -                          | 11,233            | (11,160)         | -                      | -              | 73                          |
| Other funds            | 44,311                     | 32,985            | (42,879)         | (2,002)                | (7,184)        | 25,231                      |
|                        | <u>1,137,642</u>           | <u>284,479</u>    | <u>(306,941)</u> | <u>(28,955)</u>        | <u>(9,802)</u> | <u>1,077,252</u>            |

Transfers have been made into unrestricted funds from restricted funds to represent a fund that is an invoiced fee project rather than a genuine restricted fund.

#### New building

Part funding received in respect of the Soft Touch Arts building.

#### Time to Shine

Funding to employ a young marketing intern for a year.

#### UpSTart

The UpSTart programme has five years of funding from the Big Lottery targeting young people from the New Parks, Beaumont Leys, stocking Farm and Mowmacre Hill areas of Leicester. The programme has three phases of engagement, development, and progression for participating young people.

#### Prison Unlocked

Prison Unlocked is a three year programme working on behalf of Leicestershire Partnership (NHS) Trust in partnership with HMP Prison and probation aiming to use art as a means to improving mental health and wellbeing. The programme will have annual exhibitions across the New Walk Museum and Soft Touch Arts sites as well as other smaller exhibitions throughout each year. De Montfort University are conducting research alongside the programme into the positive effects of art on mental health and wellbeing.

#### STARS and Soft Sell

STARS & Soft Sell Creative Enterprise project aims to support budding artists and makers with selling and marketing their work. Participants work closely with our Creative Enterprise programme coordinator as well as receiving guidance from industry professionals on a range of creative business skills. In addition, Soft Touch support these artists and maker by providing a space for them to sell work at weekly market events and online, use their extensive network to reach out to local businesses to commission work and provide participants with opportunities to network and find work experience.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 22 Restricted funds

(Continued)

#### NOTEable

The very popular Mixt up funding from youth music came to an end in December 2018 with another busy year of sessions at our studios, however youth music have kindly continued to fund us, continuing sessions at Soft Touch Arts studios. This will allow us to continue our sessions in 2020/21 with a focus on girls, people with SEN needs, deprived neighbourhoods and also a strand of outreach sessions working with the YOS.

#### RAP

RAP is an offer to fund a fulltime 1-year internship through RANK at the national living wage to develop an intern as a young leader, moving them forward in life and offering them further opportunity with support from RANK and Soft Touch Arts.

#### What If

The "What IF..." inspiring futures project is designed for young people aged 15-24, living in the Leicester or Leicestershire area and have left school or college in the last couple of years feeling unsure of the next steps required to access employability or college.

The main aims of the project are to engage with young people through The Arts and increase their employability through personal development and creative skills. Running through the core of the project will be creativity.

Throughout the "What IF..." project young people will learn interpersonal skills, employer expectations, interview techniques, managing emotions and behaviours for the workplace and confidence building skills. During practical sessions they will experience creative workshops such as graffiti art and music whilst working on skills to help them in the next stage of their life, whether that's finding a job, going to college or getting an apprenticeship.

#### Coronavirus Job Retention Scheme

Represents amounts received from the Government to cover staff costs during the Covid-19 pandemic.

#### Other funds

Other funds comprises of several funds that have been aggregated together for disclosure purposes, with only material fund balances and movements being disclosed separately.

### 23 Designated funds

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

|                              | Balance at 1<br>April 2020<br>£ | Movement in funds |             |           | Balance at 31<br>March 2021<br>£ |
|------------------------------|---------------------------------|-------------------|-------------|-----------|----------------------------------|
|                              |                                 | Income            | Expenditure | Transfers |                                  |
|                              | £                               | £                 | £           | £         | £                                |
| Property maintenance reserve | -                               | -                 | -           | 30,000    | 30,000                           |
|                              | -                               | -                 | -           | 30,000    | 30,000                           |

#### Property maintenance reserve

The Trustees have designated £30,000 via a transfer from general funds for use in respect of future property repairs and maintenance.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

### 24 Analysis of net assets between funds

|                                                    | General<br>funds<br>2021<br>£ | Designated<br>funds<br>2021<br>£ | Restricted<br>funds<br>2021<br>£ | Total<br>2021<br>£ |
|----------------------------------------------------|-------------------------------|----------------------------------|----------------------------------|--------------------|
| Fund balances at 31 March 2021 are represented by: |                               |                                  |                                  |                    |
| Intangible fixed assets                            | 4,500                         | -                                | -                                | 4,500              |
| Tangible assets                                    | 268,201                       | -                                | 833,334                          | 1,101,535          |
| Current assets/(liabilities)                       | 159,683                       | 30,000                           | 233,543                          | 423,226            |
| Long term liabilities                              | (121,828)                     | -                                | -                                | (121,828)          |
|                                                    | <u>310,556</u>                | <u>30,000</u>                    | <u>1,066,877</u>                 | <u>1,407,433</u>   |
|                                                    |                               |                                  |                                  |                    |
|                                                    | General<br>funds<br>2020<br>£ | Designated<br>funds<br>2020<br>£ | Restricted<br>funds<br>2020<br>£ | Total<br>2020<br>£ |
| Fund balances at 31 March 2020 are represented by: |                               |                                  |                                  |                    |
| Intangible fixed assets                            | 5,051                         | -                                | -                                | 5,051              |
| Tangible assets                                    | 277,253                       | -                                | 851,511                          | 1,128,764          |
| Current assets/(liabilities)                       | 895                           | -                                | 225,741                          | 226,636            |
| Long term liabilities                              | (124,187)                     | -                                | -                                | (124,187)          |
|                                                    | <u>159,012</u>                | <u>-</u>                         | <u>1,077,252</u>                 | <u>1,236,264</u>   |

### 25 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

|                        | 2021<br>£      | 2020<br>£      |
|------------------------|----------------|----------------|
| Aggregate compensation | <u>151,019</u> | <u>146,123</u> |

#### Transactions with related parties

During the year, ER Crofton, the spouse of J Crofton, was paid £1,737 (2020: £290) for her services as an employee. SJ Collier, the spouse of VJ Attwood, was paid £2,592 (2020: £2,584) for her services as an employee. Purchases totalling £2,998 (2020: £1,300) were made from C Lincoln, the spouse of C Wigmore.

No guarantees have been given or received.

# SOFT TOUCH ARTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

| 26 | Cash generated from operations                       | 2021<br>£      | 2020<br>£     |
|----|------------------------------------------------------|----------------|---------------|
|    | Surplus/(deficit) for the year                       | 171,169        | (75,861)      |
|    | Adjustments for:                                     |                |               |
|    | Investment income                                    | (5,392)        | (12,095)      |
|    | Loss on disposal of tangible fixed assets            | 906            | -             |
|    | Amortisation and impairment of intangible assets     | 551            | 459           |
|    | Depreciation and impairment of tangible fixed assets | 36,769         | 36,737        |
|    | Movements in working capital:                        |                |               |
|    | (Increase)/decrease in debtors                       | (45,389)       | 66,304        |
|    | Increase in creditors                                | 2,323          | 5,282         |
|    | <b>Cash generated from operations</b>                | <b>160,937</b> | <b>20,826</b> |

## 27 Analysis of changes in net funds

|                                            | At 1 April<br>2020<br>£ | Cash flows<br>£ | At 31 March<br>2021<br>£ |
|--------------------------------------------|-------------------------|-----------------|--------------------------|
| Cash at bank and in hand                   | 227,749                 | 153,681         | 381,430                  |
| Loans falling due within one year          | (6,928)                 | (157)           | (7,085)                  |
| Loans falling due after more than one year | (124,187)               | 2,359           | (121,828)                |
|                                            | <u>96,634</u>           | <u>155,883</u>  | <u>252,517</u>           |
|                                            | <u>96,634</u>           | <u>155,883</u>  | <u>252,517</u>           |
|                                            | At 1 April<br>2019<br>£ | Cash flows<br>£ | At 31 March<br>2020<br>£ |
| Cash at bank and in hand                   | 218,033                 | 9,716           | 227,749                  |
| Loans falling due within one year          | (6,543)                 | (385)           | (6,928)                  |
| Loans falling due after more than one year | (131,090)               | 6,903           | (124,187)                |
|                                            | <u>80,400</u>           | <u>16,234</u>   | <u>96,634</u>            |
|                                            | <u>80,400</u>           | <u>16,234</u>   | <u>96,634</u>            |

## 28 Controlling party

Soft Touch Arts Limited is a company limited by guarantee and not having a share capital; it is incorporated under the Companies Act and governed by the Memorandum and Articles of Association of the company. The Trustees of the company are elected members and act as directors of the company and are deemed to be the controlling party of the company.