

**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) DE Francis (Co-Chair) KM Hudson (Honorary Treasurer) VJ Attwood J Crofton NS Nightingale SK Norman HD Pearson CC Wigmore S Mahomed C Stocker MN Oldman	(Appointed 26 January 2021) (Appointed 26 January 2021) (Appointed 14 April 2021)
<b>Charity number</b>	1147318	
<b>Company number</b>	02063893	
<b>Principal address</b>	50 New Walk Leicester LE1 6TF	
<b>Registered office</b>	50 New Walk Leicester LE1 6TF	
<b>Auditor</b>	Newby Castleman LLP West Walk Building 110 Regent Road Leicester LE1 7LT	
<b>Bankers</b>	National Westminster Bank Plc 1 Granby Street Leicester LE1 6EJ	

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# SOFT TOUCH ARTS LIMITED

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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>	
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# 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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Total 2020 £
	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 £	£	2020 £	£
<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 £	£	2020 £	£
<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
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#### 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

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### 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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
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 undertaken directly Note 10 £	Support Costs Note 11 £	Total 2021 £	Total 2020 £
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 £	2020 £
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 £	2020 £
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 funds 2021 £	Restricted funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Restricted funds 2020 £	Total 2020 £
Loss on disposal of 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 Number	2020 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 £	2020 £
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 £
<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 land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<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 £	2020 £
<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 £	2020 £
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 £	2020 £
ICOF loan	20	<u>121,828</u>	<u>124,187</u>

### 20 Loans and overdrafts

	2021 £	2020 £
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 April 2020	Movement in funds			Transfers	Balance at 31 March 2021
	£	Income	Expenditure	Depreciation 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 April 2019	Movement in funds			Transfers	Balance at 31 March 2020
	£	Income	Expenditure	Depreciation 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 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 April 2020 £	Movement in funds			Balance at 31 March 2021 £
		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 funds 2021 £	Designated funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 funds 2020 £	Designated funds 2020 £	Restricted funds 2020 £	Total 2020 £
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 £	2020 £
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 £	2020 £
	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 2020 £	Cash flows £	At 31 March 2021 £
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 2019 £	Cash flows £	At 31 March 2020 £
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.