

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

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

SOFT TOUCH ARTS LIMITED

CONTENTS

	Page
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

SOFT TOUCH ARTS LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

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

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

- 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

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

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

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**

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

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

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

- 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

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

		Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	Total 2021 £
	Notes				
Income from:					
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
Total		303,338	397,959	701,297	690,517
Expenditure on:					
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
Total		258,274	336,679	594,953	519,348
Net income		45,064	61,280	106,344	171,169
Transfers between funds	22	25,000	(25,000)	-	-
Net movement in funds		70,064	36,280	106,344	171,169
Reconciliation of funds					
Total funds brought forward		340,556	1,066,877	1,407,433	1,236,264
Total funds carried forward		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 £	£	2021 £	£
Fixed assets					
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>
Current assets					
Debtors	17	203,455		128,119	
Cash at bank and in hand		398,700		381,430	
		<u>602,155</u>		<u>509,549</u>	
Liabilities					
Creditors: amounts falling due within one year	18	(60,658)		(86,323)	
Net current assets			<u>541,497</u>		<u>423,226</u>
Total assets less current liabilities			1,628,566		1,529,261
Creditors: amounts falling due after more than one year	19		(114,789)		(121,828)
Total net assets			<u>1,513,777</u>		<u>1,407,433</u>
The funds of the charity					
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>	
Total charity funds			<u>1,513,777</u>		<u>1,407,433</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

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

SOFT TOUCH ARTS LIMITED

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

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
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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

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

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 funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 undertaken directly Note 10 £	Support Costs Note 11 £	Total 2022 £	Total 2021 £
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 £	2021 £
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 £	2021 £
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 funds 2022 £	Restricted funds 2022 £	Total 2022 £	Unrestricted funds 2021 £	Restricted funds 2021 £	Total 2021 £
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 Number	2021 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 £	2021 £
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 £
Cost	
At 1 April 2021 and 31 March 2022	5,510
Amortisation and impairment	
At 1 April 2021	1,010
Amortisation charged for the year	551
At 31 March 2022	1,561
Carrying amount	
At 31 March 2022	3,949
At 31 March 2021	4,500

16 Tangible fixed assets

	Freehold land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
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
Depreciation and impairment				
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
Carrying amount				
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 £	2021 £
Amounts falling due within one year:		
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 £	2021 £
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 £	2021 £
ICOF loan	20	<u>114,789</u>	<u>121,828</u>

20 Loans and overdrafts

	2022 £	2021 £
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>
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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 April 2021	Movement in funds			Transfers	Balance at 31 March 2022
	£	Income	Expenditure	Depreciation 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 - 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 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 2022

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 1 April 2021	Movement in funds			Balance at 31 March 2022
	£	Income £	Expenditure £	Transfers £	£
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 1 April 2020 £	Movement in funds		Transfers	Balance at 31 March 2021 £
		Income £	Expenditure £	£	
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 funds 2022 £	Designated funds 2022 £	Restricted funds 2022 £	Total 2022 £
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 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>

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 £	2021 £
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 £	2021 £
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
Cash generated from operations	31,009	160,937

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 2021 £	Cash flows £	At 31 March 2022 £
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 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>

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.