

Charity registration number 1147318

Company registration number 02063893 (England and Wales)

SOFT TOUCH ARTS LIMITED

**ANNUAL REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 2023**

SOFT TOUCH ARTS LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	S Mahomed (Co-Chair) C Stocker (Co-Chair) KM Hudson (Honorary Treasurer) VJ Attwood J Crofton NS Nightingale SK Norman HD Pearson K Grace S Lad GP Place	(Appointed 16 January 2023) (Appointed 16 January 2023)
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

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SOFT TOUCH ARTS LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's governing document, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice for charities applying FRS 102 (2019), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

OBJECTIVES AND ACTIVITIES

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

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

Aims

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

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

Objectives

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

Engage

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

SOFT TOUCH ARTS LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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

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

Develop

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

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

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

Progress

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

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

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

Public Benefit Statement

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

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

ACHIEVEMENTS AND PERFORMANCE

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

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

Summary of the main activities

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

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Headline statistics* (last year in brackets):

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

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

Notable achievements and developments

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

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

FINANCIAL REVIEW

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

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

SOFT TOUCH ARTS LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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

Reserves

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

Risk Management

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

Key risks and mitigation included:

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

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

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

PLANS FOR THE FUTURE

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

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

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

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TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

DE Francis (Chair) – resigned 16 January 2023

S Mahomed (Co-Chair from 16 January 2023)

C Stocker (Co-Chair from 16 January 2023)

KM Hudson (Honorary Treasurer)

VJ Attwood

J Crofton

NS Nightingale

SK Norman

HD Pearson

MN Oldman – resigned 16 January 2023

KS Grace

GP Place – appointed 16 January 2023

S Lad – appointed 16 January 2023

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

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

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

SOFT TOUCH ARTS LIMITED

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

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

Wider networks

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also directors of Soft Touch Arts Limited for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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

In so far as the Trustees are aware:

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

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

AUDITORS

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

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

SOFT TOUCH ARTS LIMITED

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

On behalf of the board of trustees

KM Hudson (Honorary Treasurer)
Trustee

Date: 19 September 2023

SOFT TOUCH ARTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

Opinion

We have audited the financial statements of Soft Touch Arts Limited (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the trustee's report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustee's report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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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 6 the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements which give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Extent to which the audit was considered capable of detecting irregularities

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

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

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

SOFT TOUCH ARTS LIMITED

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

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

Audit response to risks of irregularities identified

Our procedures to respond to risks identified included the following:

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

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

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

This report is made solely to the charitable company's members, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Newby Castleman LLP

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

20 September 2023

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

SOFT TOUCH ARTS LIMITED

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

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

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

All income and expenditure derive from continuing activities.

SOFT TOUCH ARTS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

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

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

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

Directors' responsibilities:

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

SOFT TOUCH ARTS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2023

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

KM Hudson (Honorary Treasurer)
Trustee

Company Registration No. 02063893

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

SOFT TOUCH ARTS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

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

SOFT TOUCH ARTS LIMITED

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

1 Accounting policies

Charity information

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

1.1 Basis of preparation

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

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

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

1.2 Going concern

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

1.3 Charitable funds

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

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

1.4 Income recognition

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

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

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

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

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

SOFT TOUCH ARTS LIMITED

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

1 Accounting policies

(Continued)

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

1.5 Expenditure recognition

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

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

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

1.6 Support costs

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

The analysis of these costs is included in note 11.

1.7 Intangible fixed assets other than goodwill

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

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

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

1.8 Tangible fixed assets

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

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

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

1.9 Cash and cash equivalents

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

SOFT TOUCH ARTS LIMITED

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

1 Accounting policies

(Continued)

1.10 Financial instruments

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

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

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

1.11 Employee benefits

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

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

1.12 Retirement benefits

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

1.13 Taxation

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

2 Critical accounting estimates and judgements

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

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

Key sources of estimation uncertainty

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

Impairment of land and buildings

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

Allocation of support costs

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

SOFT TOUCH ARTS LIMITED

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

3 Income from donations

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

4 Income from charitable activities

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

Income from arts activities include the following:

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

5 Income from other trading activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £
Fundraising events	7,358	-	7,358	11,022	-	11,022

SOFT TOUCH ARTS LIMITED

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

6 Income from investments

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

7 Other income

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

8 Expenditure on raising funds

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

SOFT TOUCH ARTS LIMITED

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

9 Expenditure on charitable activities

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

10 Expenditure on activities undertaken directly

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

SOFT TOUCH ARTS LIMITED

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

11 Expenditure on support costs

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

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

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

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

12 Other expenditure

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

SOFT TOUCH ARTS LIMITED

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

13 Trustees

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

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

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

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

14 Employees

The average monthly number of employees during the year was:

	2023 Number	2022 Number
Directors	5	5
Project workers	5	6
Administrative workers	7	6
Sessional workers	7	6
Intern	4	3
Total	28	26

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

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

SOFT TOUCH ARTS LIMITED

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

15 Intangible fixed assets

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

16 Tangible fixed assets

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

17 Debtors

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

SOFT TOUCH ARTS LIMITED

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

18 Creditors: amounts falling due within one year

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

19 Creditors: amounts falling due after more than one year

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

20 Loans and overdrafts

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

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

21 Retirement benefit schemes

Defined contribution schemes

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

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

SOFT TOUCH ARTS LIMITED

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

22 Restricted funds

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

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

	Balance at 1 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>

SOFT TOUCH ARTS LIMITED

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

22 Restricted funds

(Continued)

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

New building

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

Time to Shine

Funding to employ a young marketing intern for a year.

UpStart

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

STARS and Soft Sell

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

NOTEable

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

RAP

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

Thursday Cafe

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

What If

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

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

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

SOFT TOUCH ARTS LIMITED

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

22 Restricted funds

(Continued)

Cre8ive TV

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

Project Enable

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

Punks

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

Garfield Weston

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

ACE CRG

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

Soft Touch Studios

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

Other funds

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

SOFT TOUCH ARTS LIMITED

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

23 Unrestricted funds

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

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

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

Designated funds

Property maintenance reserve

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

Continuing projects reserve

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

SOFT TOUCH ARTS LIMITED

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

24 Analysis of net assets between funds

	General funds 2023 £	Designated funds 2023 £	Restricted funds 2023 £	Total 2023 £
Fund balances at 31 March 2023 are represented by:				
Tangible assets	256,134	-	804,359	1,060,493
Current assets/(liabilities)	212,245	85,000	160,730	457,975
Long term liabilities	(108,344)	-	-	(108,344)
	<u>360,035</u>	<u>85,000</u>	<u>965,089</u>	<u>1,410,124</u>
	General 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>

25 Related party transactions

Remuneration of key management personnel

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

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

Transactions with related parties

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

No guarantees have been given or received.

SOFT TOUCH ARTS LIMITED

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

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

27 Analysis of changes in net funds

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	398,700	(27,058)	371,642
Loans falling due within one year	(7,521)	161	(7,360)
Loans falling due after more than one year	(114,789)	6,445	(108,344)
	<u>276,390</u>	<u>(20,452)</u>	<u>255,938</u>

	At 1 April 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>

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.