

COMPANY NUMBER 01317772

CHARITY REGISTRATION NUMBER 0274040

**ARTS & BUSINESS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2012**

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ARTS & BUSINESS LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 3 MARCH 2012

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**ARTS & BUSINESS LIMITED
TRUSTEES AND ADVISORS
YEAR ENDED 31 MARCH 2012**

TRUSTEES

Stephen Howard (Appointed 2nd December 2011)
David Pemberton (Appointed 2nd December 2011)
Francoise Seacroft (Appointed 2nd December 2011)

The following Directors resigned during the year

Mark Edward Austen (2nd December 2011)
Stephen Geoffrey Williams (2nd December 2011)
Dr Wendy Austin (2nd December 2011)
Anne Margaret Gunther (2nd December 2011)
Peter Richard Wallis (2nd December 2011)
Professor Elan Clos Stephens (3rd April 2011)

SECRETARY

Lesley Wolfenden

COMPANY NUMBER

01317772

CHARITY REGISTRATION

0274040

**REGISTERED & PRINCIPLE
OFFICE**

137 Shepherdess Walk
London N1 7RQ

AUDITOR

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

BANKER

HSBC Bank
333 Vauxhall Bridge Road
London
SW1V 2RB

SOLICITOR

Bates Wells & Braithwaite
2 – 6 Cannon Street
London EC4M 6YH

**ARTS AND BUSINESS LIMITED
TRUSTEES REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

The trustees present their annual report and the company's consolidated financial statements for the year ended 31 March 2012

OBJECTIVES AND AIMS

Arts & Business (A&B)'s object is to promote the advancement of education in the arts with a view to developing public taste and appreciation of the arts. Its vision statement is

"Arts & Business sparks new partnership between commerce and culture. We connect companies and individuals to cultural organisations and provide the expertise and insight for them to prosper together"

The goals of the charity during the year under review were as follows

- To build the knowledge and capacity of the arts and cultural sector to engage with the private sector and to stimulate philanthropy
- To build business performance through culture
- To build world class research and thought leadership around culture, commerce and philanthropy
- To deliver world class advocacy and communications that encourages the private sector to support the arts

STRUCTURE, GOVERNANCE AND MANAGEMENT

Arts & Business Limited is a charity registered in England and Wales with the charity number 274040 and a company limited by guarantee numbered 01317772

A&B was constituted, in June 1977, as a company limited by guarantee not having a share capital. Its governing documents are the company's memorandum and articles of association. As detailed later in this report, substantial changes were effected during the year under review as a result of severe cuts in funding available to the charity.

On the 2nd December 2011, the existing trustees resigned and the new trustees appointed transferred their shares to Business in the Community, a charity registered in England and Wales (company registration number 1619253). Business in the Community as the sole member has the power to appoint or remove trustees, who are responsible for the management and direction of A&B. Induction of trustees and subsequent training is delivered as appropriate to their experience and need.

All trustees gave their time freely and no trustee remuneration or expenses was paid in the year. Details of related party transactions are disclosed in note 18 of the accounts. Trustees are required to disclose all relevant interests and to register them with the Company Secretary and, in accordance with A&B's policy, withdraw from decisions where a conflict of interest arises.

A&B subsequently changed its registered office to 137 Shepherdess Walk, London, N1 7RQ. It continued to carry out its non-charitable trading activities through a wholly owned subsidiary Arts & Business Services Limited ("Services").

ARTS AND BUSINESS LIMITED
TRUSTEES REPORT
FOR THE YEAR ENDED 31 MARCH 2012

HOW THE ACTIVITIES OF THE FUND DELIVERED BENEFIT

Last year was a challenging one for Arts & Business. With its ongoing grant from Arts Council England coming to an end, the organisation needed to take some fundamental decisions about its structure and how it would achieve its objectives going forward. It was agreed by the Board of Trustees that the most efficacious move for Arts & Business would be to merge into Business in the Community (BITC). BITC, another of the Prince's Charities, has a remarkable track record for engaging businesses in some of the important social issues facing communities across England. As part of this proposal it was agreed that Arts & Business operations in Scotland, Wales and Northern Ireland would become independent, enhancing local engagement and business support. Consequently on 31st October 2011 a transfer was effected that passed responsibility for the employment of staff and underlying activities to three new organisations.

Whilst the negotiations for the merger proceeded, Arts & Business continued, albeit with reduced staff, to deliver activity that helped to achieve its core purpose, which is to encourage more businesses to engage with the arts. As the recession continues, both business profitability and cultural funding remain challenged. By encouraging more businesses to partner with the arts we are helping to create stronger businesses, more resilient arts organisations and improved communities which they share.

Key outputs over the last year included the preparation for the 33rd Annual Arts & Business awards, (to be held on 22nd May 2012) highlighting and celebrating the very best business/arts partnership. In November 2011, five more leading cultural philanthropists received the Prince's Medal for Arts Philanthropy, in a programme managed over the last four years by Arts & Business. Complementing this national recognition of cultural philanthropy, we also held events in Manchester, Birmingham, London and Bristol which drew attention to the vital support given by individuals, as philanthropists, volunteers or ambassadors, to the cultural sector in each region. We also worked closely with businesses both nationally and regionally to celebrate the work they were doing with the cultural sector and, where we could add value, using our expertise and experience to strengthen those partnerships.

We are delighted that our Principal Members – BP, Sky Arts, JTI, Google, Ernest & Young, PWC and Bank of American Merrill Lynch, amongst others - continue to lead the way in what business and arts partnerships can achieve.

Alongside the work we did for businesses, we continued to support the cultural sector in how they developed stronger partnerships with the private sector. Through a combination of master classes, one-to-one surgeries, online content and research, we were able to provide the cultural sector with the tools and knowledge they need to start or strengthen private sector partnerships. Our core piece of research during the year was our annual survey of Private Sector support of Culture which showed, despite the recession, an underlying resilience to such support.

FINANCIAL RESULTS FOR THE YEAR

The financial results in the year to 31 March 2012 include the affect of the significant reduction in Arts Council Funding from £3,840k in 2011 to £1,890k in 2012, the transfer of engagements to the Nations

ARTS AND BUSINESS LIMITED
TRUSTEES REPORT
FOR THE YEAR ENDED 31 MARCH 2012

plus a significant element of closure and restructuring costs. The net result was a reduction in funds of £2,019k (2011 – Increase of £113k)

As part of the restructuring programme summarised above and Arts & Business's integration into BITC, a deferred income trust was set up in December 2011, and, prior to its merger, £1.25m was transferred into the fund. The funds will be released over the next two years, to help the organisation continue to oversee its charitable provision whilst, as noted under future plans, it looks to shape its future and develop new approaches.

The results can be summarised as follows

	£000's
Transfer of fund re demerger of nations (note 6)	(527)
Transfer to deferred income trust fund (note 6)	(1,250)
Restructure costs (note 7)	(435)
Surplus on operating activities	<u>193</u>
Total	(2,019)

FUNDERS

The main source of funds for A & B in the year to 31 March 2012 was the Department of Culture, Media & Sport ("DCMS") through Arts Council England.

RISK MANAGEMENT

The trustees have considered the major risks to which the charity is exposed at this time and have reviewed them and the systems and procedures in place to manage them. It is continually considering ways in which this could be improved. Arts & Business is in the process of being integrated into Business in the Community's risk framework.

RESERVES POLICY

The trustees considered that in light of the change in activity the appropriate benchmark for reserves cover should reflect the costs of closure of the organisation. This cost has been assessed as £250k. This level of cover is available from our current unrestricted funds.

INVESTMENT POLICY

The charity's investments are made in accordance with the trustee's investment powers which are set out in the charity's governing documents. The policy is to obtain the best return on the funds surplus to the charity's immediate needs whilst minimising the risk of capital depreciation. In line with the trustees' decision to spread the risk, funds are maintained with HSBC Bank plc and CAF Charities deposit funds.

**ARTS AND BUSINESS LIMITED
TRUSTEES REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

FUTURE PLANS

Over the coming year Arts & Business is looking forward to exploring how its deepening integration into BITC will provide very real dividends in terms of its core mission. Already the sharing of knowledge and links into the corporate sector is proving beneficial to Arts & Business, BITC and, most importantly, the business and arts organisations which we are working with. Central to our success in this will be the new Arts & Business Leadership Team, which is bringing senior people from, amongst others, BP, JTI, SKY, JLR, under the Chairmanship of Jonathan Moulds from Bank of America, to help shape this exciting new phase in the life of Arts & Business.

This year we will again be presenting the Prince's Medal for Arts Philanthropy in late December 2012. We will also be holding our 34th Annual Awards on the 14th May 2013 at St Luke's Church in London, in part to help celebrate the astonishing partnership between UBS and the London Symphony Orchestra. Alongside our other work, we are also planning to deliver key programmes that look at how businesses and arts organisations can partner to help strengthen the communities that they share and explore how culture and creativity can be used to encourage the development of STEM skills in higher education.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

Company law requires the trustees to prepare financial statements for each financial year. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the incoming resources and application of resources, including the income and expenditure, of the company for that year. In preparing these financial statements, the trustees are required to

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

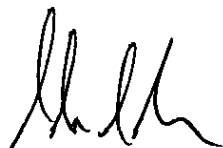
**ARTS AND BUSINESS LIMITED
TRUSTEES REPORT
FOR THE YEAR ENDED 31 MARCH 2012**

So far as each of the directors is aware, there is no relevant audit information of which the charitable company's auditors are unaware. The directors have each taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

Crowe Clark Whitehill LLP have expressed their willingness to continue as statutory auditor of the company and a resolution proposing their re-appointment will be submitted to the forthcoming Annual General Meeting.

Approved by the trustees on 7 March 2013 and signed on their behalf by



Stephen Howard

Trustee

7 March 2013

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ARTS & BUSINESS LIMITED

We have audited the financial statements of Arts and Business Limited for the year ended 31 March 2012 which comprise the Statement of Financial Activities (incorporating the Group Income and expenditure account), the Group and company Balance Sheet, the Group cash flow statement and the related notes numbered 1 to 22

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the Statement of Trustees' Responsibilities, the trustees, who are also the directors of the charitable company for the purpose of the company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2012 and of the group's incoming resources and the 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.

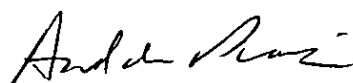
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate accounting records, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Andrew Pianca

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

7 March 2013

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ARTS & BUSINESS GROUP, INCLUDING ARTS & BUSINESS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE GROUP
(INCORPORATING AN INCOME & EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	Unrestr'd Funds £'000	Restricted Funds £'000	2012 Totals £'000	2011 Totals £'000
Incoming Resources					
<i>Grant and voluntary income</i>					
Grants	3	2,648	87	2,735	5,265
<i>Earned Income</i>					
Advocacy, Research & Events		163	-	163	226
Arts Capacity Building		81	-	81	136
Business Development		177	-	177	313
Consultancy		97	-	97	160
Projects		28	-	28	68
Other Earned income	4	11	-	11	25
Investment income		14	-	14	13
Total Incoming Resources		3,219	87	3,306	6,206
Resources Expended					
<i>Costs of generating funds</i>					
Costs of operating A & B Services Ltd		(277)	-	(277)	(436)
Fundraising and publicity costs		(16)	-	(16)	(39)
Total costs of generating funds		(293)	-	(293)	(475)
<i>Charitable Expenditure</i>					
	5				
Advocacy, Research & Events		(704)	-	(704)	(1,447)
Arts Capacity Building		(711)	(117)	(828)	(1,265)
Investment Programmes		(318)	-	(318)	(695)
Business Development		(546)	-	(546)	(996)
Projects		(279)	-	(279)	(580)
Support to charities with parallel objects		-	-	-	(211)
Other activities		(552)	-	(552)	(404)
Governance		(28)	-	(28)	(20)
Total Charitable Expenditure		(3,138)	(117)	(3,255)	(5,618)
Grant to deferred income trust fund		(1,250)	-	(1,250)	-
Total Resources Expended		(4,681)	(117)	(4,798)	(6,093)
Net Incoming resources before transfers		(1,462)	(30)	(1,492)	113
Nations Settlement	6	(527)	-	(527)	-
Net Movement in funds for the year		(1,989)	(30)	(2,019)	113
Funds brought forward at 1 April 2011		2,477	53	2,530	2,417
Funds carried forward at 31 March 2012		488	23	511	2,530

The notes on pages 11 to 19 form part of the Financial Statements

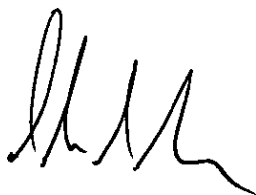
All of the charitable company's operations are represented by continuing activities

The charitable company has no recognised gains and losses other than those shown above

ARTS & BUSINESS GROUP, INCLUDING ARTS & BUSINESS LIMITED
CHARITY AND GROUP BALANCE SHEETS
AS AT 31 MARCH 2012

	Notes	Charity 2012 £'000	Group 2012 £'000	Charity 2011 £'000	Group 2011 £'000
Fixed Assets					
Tangible fixed assets	11	-	-	27	27
		-	-	27	27
Current Assets					
Debtors	12	260	221	426	449
Investment deposits		1,516	1,516	1,512	1,512
Cash at bank		424	541	1,571	1,756
Total Current Assets		2,200	2,278	3,509	3,717
Current Liabilities					
Creditors	13	442	517	1,010	1,214
Deferred Income Trust Fund	13	800	800	-	-
Total Current Liabilities		1,242	1,317	1,010	1,214
Net Current Assets		958	961	2,499	2,503
Total assets less current liabilities		958	961	2,526	2,530
Creditors Amounts Falling Due More than One Year	14	450	450	-	-
Net Assets		508	511	2,526	2,530
Reserves					
Restricted Funds	15	23	23	53	53
Unrestricted Funds	16	485	488	2,473	2,477
Total Reserves		508	511	2,526	2,530

Approved and authorised for issue by the trustees on 7 March 2013 and signed on their behalf by
Stephen Howard



The notes on pages 11 to 19 form part of the Financial Statements

Company Number 01317772

ARTS & BUSINESS LIMITED
CONSOLIDATED CASHFLOW
FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 £'000	2011 £'000
Net cash (outflow)/inflow from operating activities		(698)	371
Returns on investments and servicing of finance		14	13
Settlement Transfer to Nations		(527)	-
Payment to acquire tangible fixed assets		-	(6)
(Decrease)/ Increase in cash in the year		(1,211)	378

Analysis of movement in Cash

	2012 £'000	2011 £'000	Change for Year
Short Term Deposits	1,516	1,512	4
Cash at bank and in hand	541	1,756	(1,215)
Total	2,057	3,268	(1,211)

RECONCILIATION OF NET (OUTGOING) RESOURCES
TO NET CASH (OUTFLOWS) /INFLOWS FROM OPERATIONS

	2012 £'000	2011 £'000
Net movement in funds	(2,019)	(122)
Less investment income	(14)	(13)
Depreciation	27	22
Transfer to Deferred Income Trust Fund	1,250	-
Transfer to Nations	527	-
(Decrease) / Increase in creditors	(697)	569
Decrease / (Increase) in debtors	228	(85)
Net cashflow outflow / inflow from operating activities	(698)	371

The notes on pages 11 to 19 form part of the Financial Statements

ARTS & BUSINESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

Note 1 Principal Accounting Policies

These accounts are prepared in accordance with the Statement of Recommended Practice Accounting and Reporting by Charities (Revised 2005), applicable accounting standards and the Companies Act, 2006. They are drawn up on the historical cost accounting basis. The consolidated accounts include the trading activities, assets and liabilities of the charity's subsidiary company.

Having assessed the charity's financial position and plans to the foreseeable future, the trustees are satisfied that it remains appropriate to prepare financial statements on the ongoing concern basis.

Basis of Consolidation

These financial statements consolidate the results of Arts & Business Limited (the "Charity") and its wholly owned subsidiary, Arts & Business Services Limited ("Services"), on a line by line basis.

Incoming Resources

Grants, corporate sponsorship, investment income and other incoming resources are accounted for on an accruals basis, in the year to which they relate. Membership income is accounted for on a cash basis. To the extent that they relate to a future period, an appropriate part of it is carried forward as deferred income. Grants receivable for specific projects are credited to restricted funds.

Resources Expended

All expenditure is accounted for on an accruals basis as follows -

- External direct costs are allocated to the appropriate expenditure activity. Where appropriate staff costs, overheads, and depreciation are allocated directly to the expenditure categories. Support costs, including central functions, have been allocated to the expenditure categories based on management's estimate of the proportion of time and resources consumed by each of the key activities of the Charity.
- Governance costs include those incurred in the governance of the Charity and its assets.
- Costs of generating funds are those costs incurred in attracting voluntary income.

Non-charitable Trading Expenditure

Non-charitable trading expenditure consists of all costs incurred by the subsidiary, Services, plus an appropriate proportion of overheads incurred by the parent, the Charity. These overheads are charged to Services during the year in the form of a management fee.

Investment programmes

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

Support to charities with parallel objects

Grants to these charities are recognised in the year for which they are payable.

ARTS & BUSINESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

Tangible fixed assets and depreciation

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition. It is the policy of the Charity not to capitalise assets costing less than £1,000. Depreciation is charged to the Statement of Financial Activities ("SOFA") and is calculated to write off the cost of the assets in equal instalments over their expected useful lives, commencing in the quarter after acquisition of the asset, as follows -

- Improvements to short leasehold property - over period of the lease
- Furniture & office equipment - over five years
- Computer hardware and software - over three years

Operating leases

Operating lease rentals are charged as an expense in the SOFA as they are incurred

Investments

Investments are shown at market value at the year-end and any realised and unrealised gains or losses are reflected within the SOFA. At present the Charity's investment portfolio is held in cash deposits with licensed UK financial institutions

Funds

Funds are classed as restricted where specific conditions have been imposed by the donor or grant maker, such that the funds must be used wholly and exclusively for the identified purpose. All other funds are classed as either unrestricted or designated according to decisions made by the trustees of the Charity

Overhead Costs

Overhead costs include rent, rates light & heat, staff travel, legal costs, irrecoverable VAT and other office costs

Income and Expenditure for the Charity

As permitted by section 408 of the Companies Act 2006 a separate income and expenditure account of the charity is not presented as part of these accounts. The statement of financial activities includes a deficit of £(2,019)k (2011-surplus of £113k) which is dealt with in the accounts of the charity. The profit and loss account for the subsidiary is presented in note 2

Note 2 Subsidiary Companies

During the year under review, Arts & Business Limited had one wholly-owned subsidiary company - Arts & Business Services Limited ("Services"). Audited accounts for Services will be filed with Companies House. The Company's results have been consolidated with those of Arts & Business Limited in the Group accounts

Arts & Business Services Limited

Services provides membership and consultancy services to the business community and organises, brokers and delivers creative training and development (formerly known as arts-based training) to business. The Company donates its taxable profits to Arts & Business Limited (the charity) under Gift Aid. The net results from the non-charitable trading activities of this subsidiary are summarised below -

ARTS & BUSINESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

Profit & Loss Account

	2012 £'000	2011 £'000
Turnover	462	775
Less Cost of Sales	(185)	(309)
Gross Profit	277	466
Less Management charge from Parent company	(277)	(436)
Net Profit	-	30
Amount donated to Arts & Business Limited	-	(30)
Retained in subsidiary	-	-
Net Assets	4	4

Note 3 Grants Receivable

	2012 £'000
Arts Council England (£1920k-30k)	1,890
Northern Ireland Arts Council	274
The Scottish Government paid through Scottish Arts Council	231
Department of Economy and Transport	95
Amex monies	87
Scottish Government	46
Department for Children Education	42
Cabinet Office	37
Scottish Arts Council	12
Arts Council Wales - revenue grant	10
Welsh Assembly Government	6
Museums and Galleries Scotland	3
Dept of Culture	1
Other Arts Council London	1
	2,735

Note 4 Other Earned Income

	2012 £'000	2011 £'000
Other Donations	5	25
Sundry Income	6	-
	11	25

ARTS & BUSINESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

Note 5 Analysis of Total Resources expended

	External Direct Costs £'000	Staff Costs £'000	Overheads £'000	Total 2012 £'000	Total 2011 £'000
Advocacy, Research & Events	237	359	108	704	1,447
Arts Capacity Building	7	578	243	828	1,265
Investment Programmes	273	33	12	318	695
Business Development	62	344	140	546	996
Projects	228	34	17	279	580
Other A & B Business Activities	-	436	89	525	404
	807	1,784	609	3,200	5,387
Other Expenditure					
Costs of operating A & B services Ltd	-	262	15	277	436
Fundraising and publicity costs	-	16		16	39
Depreciation	-	-	27	27	-
Governance	28	-	-	28	20
Support to charities with parallel objects	-	-	-	-	211
	28	278	42	348	706
Total for year to 31 March 2012	835	2,062	651	3,548	6,093
Total for year to 31 March 2011	1,737	3,416	940	6,093	6,391

Note 6 Restructure and demerger

As part of the re-structuring of the charity during October 2011, the operations in Scotland, Wales and Northern Ireland were demerged with the responsibility for operations and staff passing to three newly independent organisations, the cost of funding the transfer amounting to £527k

Following the transfer and prior to the merger with Business in the Community, a deferred income trust was established into which £1 25m was transferred, which will help finance, as noted in the Trustees report, Arts and Business's integration into the parent charity's operations and the development of new approaches. The funds will be released over the next two years.

ARTS & BUSINESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

Note 7 Staff Costs

	Group 2012 <u>£'000</u>	Group 2011 <u>£'000</u>
Wages & salaries	1,302	2,481
Employer's National Insurance	128	245
Pensions	128	195
	<u>1,558</u>	<u>2,921</u>
Restructure Costs	435	328
Other staff costs	69	167
	<u>2,062</u>	<u>3,416</u>

All staff are employed by the charitable company, Arts & Business Limited. The trading subsidiary, Arts & Business Services Limited, does not have any employees. In addition, two members of staff who act for the charity are employed by Business in the Community and the full costs are recharged to Arts & Business and included in the figures above. The average full-time equivalent number of persons employed in the year was 35 (2011: 68). Restructuring costs relate to the implementation of the strategic review. Upon completion of the company reorganisation and at 31st March 2012 the number of full time equivalent persons was 20.

The number of higher paid employees whose remuneration exceeded £60,000 during the year was as follows:

	2012 <u>No</u>	2011 <u>No</u>
£60,000 - £70,000	1	1
£80,000 - £90,000	-	2
£100,000 - £110,000	-	1
£110,000-£120,000	1	-
£130,000 - £140,000	1	-

A&B operates a "defined contribution" pension scheme for all other permanent staff, employer's contributions payable under the scheme, included in the above analysis of staff costs, were paid over during the year to the trustees of the pension fund, which is independently administered. Contributions made during the year in respect of higher-paid employees amounted to £49k (2011: £26k).

The Trustees of the charity (who are also the directors of the company) did not receive any emoluments in the year (2011: £nil). Expenses reimbursed to trustees during the year amounted to £nil (2011: £1,886, relate to a single trustee for travel expenses).

ARTS & BUSINESS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2012

Note 8 Overhead costs incurred by the Group may be analysed as follows

	2012 <u>£'000</u>	2011 <u>£'000</u>
Rent & Services	177	302
Travel	74	147
Equipment & Maintenance	113	139
Legal & Professional	132	123
Irrecoverable VAT	26	40
Other Office costs	68	108
Telephone	30	59
Depreciation	27	
	<u>647</u>	<u>918</u>

Note 9 Group Statement of Financial Activities

	2012 <u>£000</u>	2011 <u>£000</u>
The net movement in funds is shown after charging		
Auditor's remuneration – audit services	28	20
-other services	3	-
Amounts payable under operating leases	210	229

Note 10 Taxation

The company is a registered charity under the Charities Act 2006 and as such is potentially exempt from direct tax on its income and gains to the extent that such income and gains are applied charitable purposes

Note 11 Tangible Fixed Assets

	Improvements to short leasehold <u>£'000</u>	Fixtures Fittings & Office Equipment <u>£'000</u>	Charity & Group Total <u>£'000</u>
Cost			
Balance at 1 April 2011	115	153	268
Additions	-	-	-
Disposals	(115)	(153)	(268)
Balance at 31 March 2012	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated Depreciation			
Balance at 1 April 2011	115	126	241
Charge for year	-	27	27
Disposals	(115)	(153)	(268)
Balance at 31 March 2012	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value at 31 March 2012	<u>-</u>	<u>-</u>	<u>-</u>
Net Book Value at 31 March 2011	<u>-</u>	<u>27</u>	<u>27</u>

The figures above do not include works of art held by the charity. In June 2009 these were valued independently by Purdy Hicks at £129,000

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Note 16: Unrestricted Funds

The Unrestricted Funds shown in the Balance Sheet are available to the trustees to pursue the charitable objects of the charity. Within this total, the trustees have decided to set aside funds for specific purposes and the Unrestricted Funds may be analysed as follows

	Balance at 01/04/2011 <u>£'000</u>	Incoming Resource <u>£'000</u>	Expenditure <u>£'000</u>	Nations Settlement <u>£'000</u>	Balance at 31/03/2012 <u>£'000</u>
Designated Fund for Strategic Review	635	-	(635)	-	-
General Reserve Fund	1,815	3,219	(4,019)	(527)	488
Tangible Fixed Assets Reserve	27	-	(27)	-	-
Totals	2,477	3,219	(4,681)	(527)	488

A strategic Review Fund was set up in 2009-2010 to review the charities activities

Note 17 Analysis of assets between funds

	Unrestricted Funds <u>£'000</u>	Restricted Funds <u>£'000</u>	Total Funds <u>£'000</u>
Fixed Assets	-	-	-
Net current assets	938	23	961
Liabilities > 1 year	(450)	-	(450)
Total net assets	488	23	511

Note 18: Support to charities with parallel objects

	2012 <u>£'000</u>	2011 <u>£'000</u>
Arts & Business Yorkshire Ltd	-	145
The Sponsor's Club for Arts & Business	-	66
Total	-	211

Note 19: Financial Commitments

	Group 2012 <u>£'000</u>	Group 2011 <u>£'000</u>
Land & Buildings Between 2-5 years inclusive	-	139

ARTS & BUSINESS LIMITED
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Note 12. Debtors falling due within one year

	Charity 2012 £'000	Group 2012 £'000	Charity 2011 £'000	Group 2011 £'000
Trade Debtors	2	47	30	146
Prepayments and Accrued Income	133	134	293	298
Recoverable VAT	2	2	5	5
Owed by A&B Wales	38	38	-	-
Amounts owed by subsidiary undertaking	85	-	98	-
Total	260	221	426	449

Note 13: Creditors falling due within one year

	Charity 2012 £'000	Group 2012 £'000	Charity 2011 £'000	Group 2011 £'000
Trade Creditors	-	-	89	120
PAYE and social security	37	37	91	91
VAT Payable	-	14	-	-
Business in the Community	143	143	-	-
Investment programme payable	-	-	312	312
Other creditors and accruals	262	289	462	470
Deferred Income Trust	800	800	-	-
Deferred Income	-	34	56	221
Total	1,242	1,317	1,010	1,214

Note 14: Creditors: Amounts Falling Due More than One Year

	Charity 2012 £'000	Group 2012 £'000	Charity 2011 £'000	Group 2011 £'000
Deferred Income Trust Fund	450	450	-	-

The Deferred Income Trust was set up in December 2011 to support the development of new approaches to the delivery of the charity's charitable objective

Note 15 Restricted Funds

The incoming funds of the Charity include restricted funds which comprise donations and grants to be held on trust and applied for specific purposes as follows

	Movement in Funds				
	Balance at 01/04/11 £'000	Incoming Resource £'000	Expenditure £'000	Transfers in /out £'000	Balance at 31/03/12 £'000
ACE London and MLA – Gain Project	39	-	(39)	-	-
American Express Foundation Crafted	14	87	(78)	-	23
Total	53	87	(117)	-	23

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Note 20 Indemnity Insurance

The charity paid £1,708 (2011 £1,708) to provide insurance for the trustees and the senior officers indemnifying them against personal liabilities arising from neglect or default on their part other than those arising as a result of "reckless acts"

Note 21 Ultimate Parent Company

As at 31st March 2012 the immediate and ultimate parent company is Business in the Community, a charitable company registered with both the Charity Commission in England and Wales and Companies House

Note 22 Related Parties Transactions

The Company has taken advantage of the exemption from FRS8 to disclose transactions with fellow group undertakings on the grounds that it and its fellow subsidiaries are 100% owned by the ultimate parent company which is preparing group accounts

The following trustees are also employees of Business in the Community, the ultimate parent company

David Pemberton

Françoise Seacroft

Stephen Howard

Copies of the consolidated financial statements for the group can be obtained by writing to the Company Secretary at 137 Shepherdess Walk, London, N1 7RQ