

**Report and Financial Statements**  
**for the year ended 31 December 2019**

**for**

**Arts Factory Ltd**  
**(A company limited by guarantee)**

*Company registration number 02491685*  
*Charity number 1178430*



# Arts Factory Ltd

## Contents of the Financial Statements for the year ended 31 December 2019

	Page
Charity and Company Information	1
Report of the Trustees	2 - 4
Independent Examiners' Report	5
Statement of Financial Activities	6
Balance Sheet	7
Notes to the financial statements	8 - 12
<i>The following pages do not form part of the financial statements:</i>	
Detailed income and expenditure account	13 - 14

**Arts Factory Ltd**  
**Charity Information**  
**for the year ended 31 December 2019**

<b>Directors and Trustees</b>	Mr M Bryan (Chair)	
	Ms A Evans	
	Mr B Triggs	
	Mr L Moss	
	Mr R Lines	appointed 14 January 2019
	Ms A Love	appointed 14 January 2019
	Ms S Adamiec	appointed 18 January 2019, resigned 3 May 2019
<b>Secretary</b>		
<b>Charity Number</b>	1178430	
<b>Company Number</b>	2491685	
<b>Registered Office</b>	Trerhonda The Strand Ferndale Rhondda Cynon Taff CF43 4LY	
<b>Accountants and Independent Examiners</b>	Arian Accountants Limited 19 Sundew Close Cardiff CF5 2SE	
<b>Bankers</b>	Barclays Bank plc	

## **Arts Factory Ltd**

### **Report of the Trustees for the year ended 31 December 2019**

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2019 which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes. The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

#### **Objectives and activities**

##### *Objectives*

The objects of the charity are to provide or assist in the provision of social welfare facilities for recreation or other leisure time occupation by individuals who have need of such facilities by reason of their youth, age, infirmity or disability, financial hardship or social circumstances with the object of improving their conditions of life.

##### *Activities*

The charity operates a Health and Wellbeing Centre at Trerhondda Chapel in the town centre of Ferndale in the upper Rhondda Fach. The centre runs various courses, clubs and groups for beneficiaries as well as a number of social business activities that both generate income and allow us to offer opportunities to people to train and upskill themselves through volunteering. The charity relies on earned income, grants, a service level agreement and donations to cover its operating costs.

The Trustees endeavour to encourage all members of the community to engage in our activities and programmes and this should enable them to change their lives.

#### **Achievements**

Achievements and highlights of the year for the Arts Factory include:

- Alison Love, Rick Lines and Leon Moss joined as new Trustees to strengthen the Board and help drive the organisation forward.
- We were successful with a funding application to the Coalfields Regeneration Trust to purchase a new van. This was an essential purchase to continue with our Factory Books project.
- A new Business Plan and Company Structure was produced working with consultants and ready for implementation in January 2020.
- We started working in partnership with Money Matters Wales to operate a regular clothes swap event which has been really successful and ran up until Christmas.
- Planning permission was eventually agreed and new signage has been erected around Trerhondda ensuring everyone knows where we are and more importantly what we do.
- We were successful in increasing the money on our SLA with RCTCBC, confirmed for three years, this will allow us to secure our Health & Wellbeing offer to the community and our volunteers with learning disabilities.
- We helped one volunteer with learning disabilities to move to live independently outside of services, this is a first for Arts Factory and it was totally successful.
- We started a new venture in partnership with People's First and the University of South Wales to take student nurse placements for both general nursing and speciality nursing working with learning disabilities.
- Successfully received a second round of grant funding from the WCVA Active Inclusion Programme to continue to run the 'Changing People Changing Lives' programme for over 25 year olds. This project will enable the charity to engage with over 95 people during its 21 month operational timeframe.
- Gained grant funding from ICF specifically to work with people living with Dementia. This funding enabled us to set up a Dementia Café and integrate activities and services designed for people living with Dementia into our Health & Wellbeing groups, the fund enabled us to purchase lots of games and items to help create the interactive group sessions that were needed.

## **Arts Factory Ltd**

### **Report of the Trustees cont'd**

- Even though we had a very productive year within our Health & Wellbeing programme we recruited a new Co-ordinator in November who has taken the reins and enhanced the programme even further, her experience has also allowed us to branch into different areas. She has introduced 'Period Poverty' which enables us to supply sanitary products free of charge to people in need. She has successfully applied for surplus beauty stock to be delivered which includes deodorant, soaps, toothpaste etc that we can also provide for free to the community.
- We recruited a new Volunteer Support Co-ordinator to work specifically with the volunteers and support them to achieve their goals whilst engaging with Arts Factory. This post was funded by the Waterloo Foundation.
- Our Head of Operations became a Dementia Champion.
- Our offer to the individuals that are engaged with Arts Factory is that we are very flexible to the need of the person and the offer is designed around them to maximise the impact for everyone.

### **Financial review**

Members of the management committee meet quarterly to review the financial position of the charity. As a result of this information they are confident in realistically reviewing and adjusting budgets. During the year funding continued to be received for the charity's main activities. Pen y Cymoedd Windfarm supported the charity with a revenue grant of £42,857. The Wales Council for Voluntary Action gave a grant of £20,944 to support the active inclusion programme and a Coalfields Regeneration Trust grant was received to assist in the purchase of a new delivery van for the charity. The charity also received a number of smaller grants and donations.

It is the policy of the charity that unrestricted reserves held by the charity should be at least £30,000, representing approximately a quarter of ongoing annual overhead costs. At this level the trustees consider that they would be able to accommodate any fundamental funding changes. At the balance sheet date the charity's unrestricted reserves exceeded that amount, at £194,361. As always, future funding of the Arts Factory is an ongoing dialogue with all our funders.

### **Structure, governance and management**

The charity is constituted as a company limited by guarantee and is also a registered charity. The directors serve also as the trustees of the charity. Reference and administrative details are shown in the company information page. The directors have the power to appoint additional trustees.

### **Trustees' responsibilities in relation to the financial statements**

The charity trustees (who are also the directors of the Arts Factory Ltd for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the charity trustees to prepare financial statements for each 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.

**Arts Factory Ltd**

**Report of the Trustees cont'd**

In preparing the 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 judgements and estimates that are reasonable and prudent;
- state whether 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 charity will continue in business.

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

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.

In so far as the trustees are aware:

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

Approval by order of the board of trustees

  
Director

Barry John Triggs

## **Independent Examiner's Report to the Trustees of Arts Factory Ltd ("the Company")**

I report to the charity trustees on my examination of the accounts of Arts Factory Ltd for the year ended 31 December 2019.

### **Responsibilities and basis of report**

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act.

### **Independent examiner's statement**

Since the Company's gross income exceeded £250,000 your examiner must be a member of a body listed in section 145 of the 2011 Act. I confirm that I am qualified to undertake the examination because I am a member of The Institute of Chartered Accountants in England and Wales, which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

- (1) accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
- (2) the accounts do not accord with those records; or
- (3) the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a "true and fair view" which is not a matter considered as part of an independent examination; or
- (4) the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for Accounting and Reporting by Charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

  
Chartered Accountant

15 June 2020

*Arian Accountants Limited*  
*19 Sundew Close*  
*Cardiff*  
*CF5 2SE*

**Arts Factory Ltd**

**Statement of Financial Activities (incorporating the income and expenditure account)  
for the year ended 31 December 2019**

	<u>Note</u>	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>2019 Total</b>	<b>2018 Total</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>					
Donations and legacies	3	-	1,581	1,581	1,258
<i>Income from charitable activities:</i>					
Arts Factory operations	4	131,089	153,415	284,504	261,474
Investment income		-	46	46	62
<b>Total income</b>		<u>131,089</u>	<u>155,042</u>	<u>286,131</u>	<u>262,794</u>
<b>Expenditure</b>					
<i>Expenditure on charitable activities:</i>					
Arts Factory operations	5	131,078	138,477	269,555	257,129
<b>Total expenditure</b>		<u>131,078</u>	<u>138,477</u>	<u>269,555</u>	<u>257,129</u>
<b>Net income and net movement in funds for the year</b>		11	16,565	16,576	5,665
<b>Reconciliation of funds</b>					
Total funds brought forward		1,766	177,796	179,562	173,897
<b>Total funds carried forward</b>		<u>1,777</u>	<u>194,361</u>	<u>196,138</u>	<u>179,562</u>

The Statement of Financial Activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All income and expenditure derive from continuing activities.

The notes on pages 8 to 12 form part of these financial statements



**Arts Factory Ltd**

**Balance Sheet  
As at 31 December 2019**

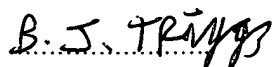
	Note	2019		2018	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		266,162		266,767
<b>Current assets</b>					
Debtors	9	11,021		18,682	
Cash at Bank and in hand		<u>29,464</u>		<u>44,404</u>	
		40,485		63,086	
<b>Current Liabilities</b>					
Creditors: Amounts falling due within one year	10	<u>(33,083)</u>		<u>(63,291)</u>	
<b>Net current (liabilities)/assets</b>			7,402		(205)
<b>Total assets less current liabilities</b>			<u>273,564</u>		<u>266,562</u>
Creditors: Amounts falling due after more than one year	11		(62,176)		(72,000)
<b>Net assets</b>			<u><u>211,388</u></u>		<u><u>194,562</u></u>
		£		£	
<b>The funds of the charity:</b>					
Unrestricted income funds	12		194,361		177,796
Restricted income funds	13		1,777		1,766
Capital grants reserve	14		<u>15,250</u>		<u>15,000</u>
<b>Total charity funds</b>			<u><u>211,388</u></u>		<u><u>194,562</u></u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of s.477 of the Companies Act 2006. Members have not required the company, under s.476 of the Companies Act 2006, to obtain an audit for the year ended 31 December 2019.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 & 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of the affairs of the company as at 31 December 2019 and of its surplus or deficit for the year then ended in accordance with the requirements of ss.394 & 395, and which otherwise comply with the requirements of the Act, relating to the financial statements, so far as applicable to the company.

These financial statements, which have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 applicable to small companies were approved by the Trustees on 15 June 2020 and signed on its behalf.



B Triggs  
Director

**The notes on pages 8 to 12 form part of these financial statements**

## Arts Factory Ltd

### Notes to the financial statements for the year ended 31 December 2019

#### 1 Accounting policies

##### Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Arts Factory Ltd meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

##### Income

###### *(i) donations and similar income*

Donations and similar income is recognised when received.

###### *(ii) revenue grants*

Revenue grants are recognised in the period in which the expenditure to which they relate is incurred.

###### *(iii) capital grants*

Capital grants are recognised as the corresponding expense is incurred.

###### *(iv) other income*

All other income is recognised in the period to which it relates.

##### Expenditure and irrecoverable VAT

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the accountancy fees and costs linked to the strategic management of the charity.

##### Tangible fixed assets

Fixed assets are stated in the balance sheet at cost less depreciation.

Depreciation is provided in order to write off the cost of fixed assets over their estimated useful lives in equal annual instalments, as follows :

Motor Vehicles	25% on cost
Computer equipment	25% on cost

##### Pension costs

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are recognised in the statement of financial activities when due.

# Arts Factory Ltd

## Notes to the financial statements (continued) for the year ended 31 December 2019

### 1 Accounting policies cont'd

#### Fund accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the Trustees for particular purposes.

Restricted funds are subjected to restrictions on their expenditure imposed by the donor.

### 2 Legal status

The Arts Factory is a company limited by guarantee and has no share capital.

### 3 Donations and legacies

	Restricted £	Unrestricted £	2019 £	2018 £
Donations	-	1,581	1,581	1,258
	<u>-</u>	<u>1,581</u>	<u>1,581</u>	<u>1,258</u>

### 4 Income from charitable activities

	Restricted £	Unrestricted £	2019 £	2018 £
<i>Sales income</i>				
Graphic design	-	123,976	123,976	92,714
Room rental	-	8,830	8,830	4,849
Book Factory	-	20,118	20,118	25,993
Other sundry income	-	491	491	699
	<u>-</u>	<u>153,415</u>	<u>153,415</u>	<u>124,255</u>
<i>Support from sponsors and local authorities:</i>				
Cymorth	-	-	-	3,322
Social Services Learning Disability SLA	33,778	-	33,778	17,628
Comic Relief	1,760	-	1,760	15,836
Capital grant release *	6,750	-	6,750	5,000
Pen y Cymoedd revenue grant	42,857	-	42,857	36,243
WCVA Active Inclusion	20,924	-	20,924	22,984
Apenning Rhondda	-	-	-	3,155
Other grants received	25,020	-	25,020	33,051
	<u>131,089</u>	<u>153,415</u>	<u>284,504</u>	<u>261,474</u>

\* see note 14

### 5 Analysis of expenditure on charitable activities

	Restricted £	Unrestricted £	2019 £	2018 £
<i>On charitable activities:</i>				
Purchases and other direct costs	39,391	80,255	119,646	71,193
Employee costs	64,002	41,624	105,626	102,211
Premises costs	15,000	461	15,461	44,213
General office expenses	12,685	9,897	22,582	32,119
Interest paid	-	3,435	3,435	3,958
	<u>131,078</u>	<u>135,672</u>	<u>266,750</u>	<u>253,694</u>
<i>On governance costs:</i>				
Accountancy fees	-	2,500	2,500	2,640
Other professional costs	-	305	305	795
	<u>131,078</u>	<u>138,477</u>	<u>269,555</u>	<u>257,129</u>

**Arts Factory Ltd**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**6 Net income for the year**

The net income for the year is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets: owned by the charity	7,719	5,881
Accountancy fees	<u>2,500</u>	<u>2,640</u>

**7 Staffing and trustee remuneration**

	2019 £	2018 £
<i>Staff costs</i>		
Wages and salaries	96,511	91,829
Social Security costs	3,239	5,473
Pension costs	<u>4,431</u>	<u>4,119</u>
	<u>104,181</u>	<u>101,421</u>

During the year the average number of employees was 8 (2018: 6). No employee received employee benefits in excess of £60,000 (2018: Nil).

No remuneration was paid to any trustees during the year nor any expenses reimbursed (2018: £Nil).

**8 Tangible fixed assets**

	Land & buildings	Motor vehicles	Computer equipment	Total
	£	£	£	£
<b>COST</b>				
As at 1 January 2019	371,153	1,250	105,819	478,222
Additions	-	7,350	-	7,350
Disposals	-	(1,250)	-	(1,250)
At 31 December 2019	<u>371,153</u>	<u>7,350</u>	<u>105,819</u>	<u>484,322</u>
<b>DEPRECIATION</b>				
As at 1 January 2019	121,153	780	89,522	211,455
Charge for period	-	2,072	5,647	7,719
On Disposals	-	(1,014)	-	(1,014)
At 31 December 2019	<u>121,153</u>	<u>1,838</u>	<u>95,169</u>	<u>218,160</u>
<b>NET BOOK VALUE</b>				
At 31 December 2019	<u>£ 250,000</u>	<u>£ 5,512</u>	<u>£ 10,650</u>	<u>£ 266,162</u>
At 31 December 2018	<u>£ 250,000</u>	<u>£ 470</u>	<u>£ 16,297</u>	<u>£ 266,767</u>

**Arts Factory Ltd**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**9 Debtors**

	2019 £	2018 £
Grants receivable	-	4,416
Trade debtors	11,021	14,266
Other debtors and prepayments	-	-
	<u>11,021</u>	<u>18,682</u>

**10 Creditors: amounts falling due within one year**

	2019 £	2018 £
Bank loans and overdrafts	6,600	6,500
Trade creditors	9,114	17,003
Taxes and social security	1,949	1,772
Other creditors	3,683	8,736
Accruals	2,250	16,550
Deferred income	9,487	12,730
	<u>33,083</u>	<u>63,291</u>

**11 Creditors: amounts falling due after more than one year**

	2019 £	2018 £
Bank loans	62,176	68,876
Other creditors	-	3,124
Deferred income	-	-
	<u>62,176</u>	<u>72,000</u>

**12 Unrestricted income funds**

	£
Balance at 1 January 2019	177,796
Income for the year	155,042
Expenditure for the year	(138,477)
Balance at 31 December 2019	<u>194,361</u>

**Arts Factory Ltd**

**Notes to the financial statements (continued)  
for the year ended 31 December 2019**

**13 Restricted income funds**

	Balance at 1 Jan 2019 £	Income in year £	Expenditure in year £	Balance at 31 Dec 2019 £
Waterloo Foundation	-	3,333	3,102	231
Social Services Learning Disability SLA	-	33,778	33,778	-
Active Inclusion Grant	-	20,924	20,924	-
Adults Learners week	-	600	600	-
Comic Relief Core Strengths Grant	-	1,760	1,760	-
Pen y Cymoedd Windfarm Revenue Grant	-	42,857	43,986	(1,129)
Interlink Grant	1,313	-	1,313	-
Community Capacity Grant: Autism	453	-	453	-
Community Capacity Grant: Dementia	-	8,460	5,785	2,675
National Lottery Health Grant	-	9,143	9,143	-
World Mental Health Day	-	475	475	-
Gwirvol/Yeps project	-	1,700	1,700	-
RCT Regeneration Grant	-	626	626	-
RCT Older Adult Grant	-	565	565	-
Ferndale WI Grant	-	118	118	-
Capital Grant Release	-	6,750	6,750	-
	<u>1,766</u>	<u>131,089</u>	<u>131,078</u>	<u>1,777</u>
Coalfields Regeneration Trust (note 14)	-	7,000	7,000	-
<b>Total funds</b>	<u><u>1,766</u></u>	<u><u>138,089</u></u>	<u><u>138,078</u></u>	<u><u>1,777</u></u>

**14 Capital Grants Reserve**

	Pen y Cymoedd £	Coalfields £	Total £
Balance at 1 January 2019	15,000	-	15,000
Income for the year : Coalfields regeneration Trust grant	-	7,000	7,000
Expenditure for the year : release to income	(5,000)	(1,750)	(6,750)
Balance at 31 December 2019	<u><u>10,000</u></u>	<u><u>5,250</u></u>	<u><u>15,250</u></u>

**15 Analysis of net assets between funds**

	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Unrestricted income funds	250,912	5,625	(62,176)	194,361
Restricted income funds	-	1,777	-	1,777
Restricted capital grant funds	15,250	-	-	15,250
<b>Total funds</b>	<u><u>266,162</u></u>	<u><u>7,402</u></u>	<u><u>(62,176)</u></u>	<u><u>211,388</u></u>