

**Report and Financial Statements**  
**for the year ended 31 December 2020**

**for**

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

*Company registration number 02491685*  
*Charity number 1178430*



## **Arts Factory Ltd**

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**Arts Factory Ltd**  
**Charity Information**  
**for the year ended 31 December 2020**

<b>Directors and Trustees</b>	Mr M Bryan (Chair) Ms A Evans Mr B Triggs Mr L Moss Mr R Lines Ms A Love
<b>Charity Number</b>	1178430
<b>Company Number</b>	2491685
<b>Registered Office</b>	Trerhondda 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 2020**

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2020 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 2015).

#### **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 Arts Factory include:

- What a start to the year we had when on 23<sup>rd</sup> March 2020 we had to lockdown our services due to the COVID 19 pandemic. All staff worked from home, and we did not have to furlough anyone. Instead we diverted our services successfully to serve the community need.
- We created a video for Interlink RCT on how to open a community building safely after COVID 19. We were one of the only community venues that opened and closed in line with government guidance throughout the pandemic. This was a massive achievement for the staff and volunteer team.
- We responded to demand by starting our FareShare food parcel scheme, feeding the community who were isolating or shielding. Only ESSENTIAL staff and volunteers accessed our building to provide this service. During 2020 we delivered 741 food parcels which helped to feed 888 adults and 575 children.
- We engaged with the community via Zoom sessions ranging from mental health awareness training to fun and games and exercises.
- We gave out on loan 45 tablets to enable the community to communicate online.
- Our Active Inclusion project continued to engage with participants mostly online and on phone calls throughout.
- Our playgroup reopened with socially distanced play stations for parents and children with a Facebook booking system.
- Our Graphic Design service had an extremely busy year. Our customers worked from home, and this enabled them to look at their marketing needs and buy more Graphic Design services.
- We had to close our Factory Books enterprise in March, but we were very fortunate that The Waterloo Foundation recognised this and awarded us funding to replace the loss of income. We reopened in August 2020, to be closed back down on 18<sup>th</sup> December 2020.

## **Arts Factory Ltd**

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

- to claim COVID grant support from the local authority alongside various other grant funders that specifically set up grants to help organisations deliver services and keep open during the pandemic and not fold.
- Our Head of Operations was promoted to Chief Executive Officer.
- We were successful in receiving funding from Moondance Foundation to employ a van driver for one year.
- We were approached by Rhondda Cynon Taff County Borough Council regarding their funding of a public Adult Changing Room at Trerhondda. This was agreed, with building work that started in January 2021.
- Natural Resources Wales (NRW) have provided funding to create a new venture called the Rhondda Fach Community Garden, a partnership between Arts Factory and Sunrise Community Garden. This grant will enable us to create disabled toilets at the Highfield site and employ a Garden Coordinator, buy tools and equipment, and cover some overhead costs. This started in January 2021.
- We had no service users or volunteers catch COVID during 2020. When we did open, we ensured everyone was safe with our processes and sanitising regimes.
- We held three socially distanced Christmas Parties (instead of the usual one) to ensure that everyone could celebrate, with individual packed lunches, a quiz and a raffle.

### **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 £26,555. The Wales Council for Voluntary Action gave a grant of £41,604 to support the active inclusion programme, £51,000 in coronavirus related grants were received from Rhondda Cynon Taff CBC and the Waterloo Foundation supported the charity with grants of £28,927 during the year. The charity also received a number of other 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 £281,488. 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

M Bryan

Director

## **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 2020.

### **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.

*Andrea L Davies*  
Chartered Accountant

26 July 2021

*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 2020**

	<u>Note</u>	<b>Restricted Funds</b>	<b>Unrestricted Funds</b>	<b>2020 Total</b>	<b>2019 Total</b>
		£	£	£	£
<b>Income</b>					
Donations and legacies	3	-	1,670	1,670	1,581
<i>Income from charitable activities:</i>					
Arts Factory operations	4	237,088	219,045	456,133	284,504
Investment income		-	33	33	46
<b>Total income</b>		<u>237,088</u>	<u>220,748</u>	<u>457,836</u>	<u>286,131</u>
<b>Expenditure</b>					
<i>Expenditure on charitable activities:</i>					
Arts Factory operations	5	208,423	132,424	340,847	269,555
<b>Total expenditure</b>		<u>208,423</u>	<u>132,424</u>	<u>340,847</u>	<u>269,555</u>
<b>Net income and net movement in funds for the year</b>		28,665	88,324	116,989	16,576
<b>Reconciliation of funds</b>					
Total funds brought forward		1,777	194,361	196,138	179,562
Transfer between funds		1,197	(1,197)	-	-
<b>Total funds carried forward</b>		<u>31,639</u>	<u>281,488</u>	<u>313,127</u>	<u>196,138</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 2020**

	Note	2020		2019	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8	258,677		266,162	
<b>Current assets</b>					
Debtors	9	68,012		11,021	
Cash at Bank and in hand		<u>127,661</u>		<u>29,464</u>	
		195,673		40,485	
<b>Current Liabilities</b>					
Creditors: Amounts falling due within one year	10	<u>(77,790)</u>		<u>(33,083)</u>	
<b>Net current (liabilities)/assets</b>		117,883		7,402	
<b>Total assets less current liabilities</b>		<u>376,560</u>		<u>273,564</u>	
Creditors: Amounts falling due after more than one year	11	(54,933)		(62,176)	
<b>Net assets</b>		<u><u>321,627</u></u>		<u><u>211,388</u></u>	
		£		£	
<b>The funds of the charity:</b>					
Unrestricted income funds	12	281,488		194,361	
Restricted income funds	13	31,639		1,777	
Capital grants reserve	14	<u>8,500</u>		<u>15,250</u>	
<b>Total charity funds</b>		<u><u>321,627</u></u>		<u><u>211,388</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 2020.

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 2020 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 26 July 2021 and signed on its behalf.

M Bryan

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M Bryan  
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 2020

#### 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 generally recognised in the period in which they are received.

###### *(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 2020

### 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 £	2020 £	2019 £
Donations	-	1,670	1,670	1,581
	<u>-</u>	<u>1,670</u>	<u>1,670</u>	<u>1,581</u>

### 4 Income from charitable activities

	Restricted £	Unrestricted £	2020 £	2019 £
<i>Sales income</i>				
Graphic design	-	142,626	142,626	123,976
Room rental	-	6,217	6,217	8,830
Book Factory	-	19,124	19,124	20,118
Other sundry income	-	78	78	491
	<u>-</u>	<u>168,045</u>	<u>168,045</u>	<u>153,415</u>

#### Support from sponsors and local authorities:

Social Services Learning Disability SLA	58,004	-	58,004	33,778
Comic Relief	-	-	-	1,760
Capital grant release *	6,750	-	6,750	6,750
Pen y Cymoedd revenue grant	26,555	-	26,555	42,857
WCVA Active Inclusion	41,604	-	41,604	20,924
RCT Coronavirus grants	-	51,000	51,000	-
Waterloo Foundation	28,927	-	28,927	3,333
Other grants received	75,248	-	75,248	21,687

\* see note 14

	<u>237,088</u>	<u>219,045</u>	<u>456,133</u>	<u>284,504</u>
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### 5 Analysis of expenditure on charitable activities

	Restricted £	Unrestricted £	2020 £	2019 £
<i>On charitable activities:</i>				
Purchases and other direct costs	86,235	75,144	161,379	119,646
Employee costs	107,798	26,078	133,876	105,626
Premises costs	-	19,511	19,511	15,461
General office expenses	14,390	6,453	20,843	22,582
Interest paid	-	2,988	2,988	3,435
	<u>208,423</u>	<u>130,174</u>	<u>338,597</u>	<u>266,750</u>
<i>On governance costs:</i>				
Accountancy fees	-	2,250	2,250	2,500
Other professional costs	-	-	-	305
	<u>208,423</u>	<u>132,424</u>	<u>340,847</u>	<u>269,555</u>

**Arts Factory Ltd**

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**6 Net income for the year**

The net income for the year is stated after charging:

	2020	2019
	£	£
Depreciation of tangible fixed assets:		
owned by the charity	7,485	7,719
Accountancy fees	<u>2,250</u>	<u>2,500</u>

**7 Staffing and trustee remuneration**

	2020	2019
	£	£
<i>Staff costs</i>		
Wages and salaries	125,817	96,511
Social Security costs	2,965	3,239
Pension costs	<u>4,191</u>	<u>4,431</u>
	<u>132,973</u>	<u>104,181</u>

During the year the average number of employees was 9 (2019: 8). No employee received employee benefits in excess of £60,000 (2019: Nil).

No remuneration was paid to any trustees during the year nor any expenses reimbursed (2019: £Nil).

**8 Tangible fixed assets**

	Land & buildings	Motor vehicles	Computer equipment	Total
	£	£	£	£
<b>COST</b>				
As at 1 January 2020	371,153	7,350	105,819	484,322
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2020	<u>371,153</u>	<u>7,350</u>	<u>105,819</u>	<u>484,322</u>
<b>DEPRECIATION</b>				
As at 1 January 2020	121,153	1,838	95,169	218,160
Charge for period	-	1,838	5,647	7,485
On Disposals	-	-	-	-
At 31 December 2020	<u>121,153</u>	<u>3,676</u>	<u>100,816</u>	<u>225,645</u>
<b>NET BOOK VALUE</b>				
At 31 December 2020	<u>£ 250,000</u>	<u>£ 3,674</u>	<u>£ 5,003</u>	<u>£ 258,677</u>
At 31 December 2019	<u>£ 250,000</u>	<u>£ 5,512</u>	<u>£ 10,650</u>	<u>£ 266,162</u>

**Arts Factory Ltd**

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**9 Debtors**

	2020	2019
	£	£
Grants receivable	44,305	-
Trade debtors	9,698	11,021
Other debtors and prepayments	14,009	-
	<u>68,012</u>	<u>11,021</u>

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

	2020	2019
	£	£
Bank loans and overdrafts	6,600	6,600
Trade creditors	52,356	9,114
Taxes and social security	4,157	1,949
Other creditors	1,470	3,683
Accruals	13,207	2,250
Deferred income	-	9,487
	<u>77,790</u>	<u>33,083</u>

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

	2020	2019
	£	£
Bank loans	54,933	62,176
Other creditors	-	-
	<u>54,933</u>	<u>62,176</u>

**12 Unrestricted income funds**

	£
Balance at 1 January 2020	194,361
Income for the year	220,748
Expenditure for the year	(132,424)
Transfer between funds	(1,197)
Balance at 31 December 2020	<u>281,488</u>

**Arts Factory Ltd**

**Notes to the financial statements (continued)  
for the year ended 31 December 2020**

**13 Restricted income funds**

	Balance at beginning of year £	Income in year £	Expenditure in year £	Transfer t/f unrestricted funds £	Balance at end of year £
Waterloo Foundation	231	28,927	21,199	-	7,959
Social Services Learning Disability SLA	-	58,004	58,004	-	-
Active Inclusion Grant	-	41,604	41,604	-	-
Cwm Taf Transformation Fund	-	9,734	10,755	1,021	-
CFW Resilience Fund	-	2,935	1,096	-	1,839
Pen y Cymoedd Windfarm Revenue Grant	(1,129)	26,555	25,572	146	-
Interlink Grant	-	1,830	1,857	27	-
NRW Rhondda Fach Garden Project	-	0	4,485	-	(4,485)
Community Capacity Grant: Dementia	2,675	2,820	3,893	-	1,602
Greggs Emergency Fund	-	500	500	-	-
ICF Reminiscence Fund	-	4,169	780	-	3,389
Millenium Stadium Grant fund	-	2,000	635	-	1,365
Moondance Foundation	-	9,670	-	-	9,670
RCT Adult Changing Room fund	-	31,000	31,000	-	-
RCT Foodshare Fund	-	500	-	-	500
RCT CAF Grant Fund	-	290	293	3	-
Peoples First Grant	-	9,800	-	-	9,800
Capital Grant Release	-	6,750	6,750	-	-
<b>Total funds</b>	<b>1,777</b>	<b>237,088</b>	<b>208,423</b>	<b>1,197</b>	<b>31,639</b>

**14 Capital Grants Reserve**

	Pen y Cymoedd £	Coalfields £	Total £
Balance at 1 January 2020	10,000	5,250	15,250
Income for the year	-	-	-
Expenditure for the year : release to income	(5,000)	(1,750)	(6,750)
Balance at 31 December 2020	<u>5,000</u>	<u>3,500</u>	<u>8,500</u>

**15 Analysis of net assets between funds**

	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Unrestricted income funds	250,177	86,244	(54,933)	281,488
Restricted income funds	-	31,639	-	31,639
Restricted capital grant funds	8,500	-	-	8,500
<b>Total funds</b>	<b>258,677</b>	<b>117,883</b>	<b>(54,933)</b>	<b>321,627</b>