

**Report and Financial Statements
for the year ended 31 December 2021**

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 2021**

Directors and Trustees	Mr M Bryan (Chair) Ms A Evans Mr B Triggs Mr L Moss Mr R Lines Ms A Love	resigned 10 January 2022
Charity Number	1178430	
Company Number	2491685	
Registered Office	Trerhondda The Strand Ferndale Rhondda Cynon Taff CF43 4LY	
Accountants and Independent Examiners	Arian Accountants Limited 19 Sundew Close Cardiff CF5 2SE	
Bankers	Barclays Bank plc	

Arts Factory Ltd

Report of the Trustees for the year ended 31 December 2021

The trustees are pleased to present their annual directors' report together with the financial statements of the charity for the year ending 31 December 2021 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:

- We are proud to say that, despite 2021 being another year that was heavily impacted by the Covid pandemic, and where our ability to serve the community was curtailed at times due to the restrictions in place, we were one of the few community facilities that were open as often as the rules allowed, with the appropriate Covid risk assessments in place.
- 2021 also saw the growth of our staff team, with three new members of staff taken on in the roles of Garden Coordinator, Garden Assistant and Warehouse Van Driver.
- Our Fareshare Cupboard Essential Parcels were constantly busy during 2021. During the year we delivered 1125 food parcels which helped to feed 1728 adults and 751 children.
- We had a visit from Mark Drakeford, First Minister of Wales, in April 2021 to look at what we have been doing at Arts Factory during the pandemic.
- Some of our staff and key volunteers were filmed by the BBC for a Hayley Pearce show called Virgin Voter, to show the work we were doing around food poverty and why people should be voting.
- We celebrated Volunteers Week in June and our Health & Wellbeing Coordinator was interviewed live on Rhondda Radio promoting our services.
- We worked in partnership with Aim Academy, Cambrian Village Trust and YEPS to deliver our Summer of Fun School Holiday programme.
- Our Graphic Design service has continued to grow from strength to strength during 2021 and sales exceeded budget figures.
- Factory Books has had a slow year and volunteers were still getting used to being able to mingle and be back at the workplace. Lots of our volunteers needed additional support around their mental health and the after effects of numerous lockdowns.
- Friendly Friday's community Café was launched for people to pop in for a cuppa and a chat, a low cost and fun atmosphere.
- We were successful in gaining funding from the Welsh Government Kickstart initiative which enabled us to employ a Finance Assistant.

Arts Factory Ltd

Report of the Trustees (continued)

- We launched Rhondda Fach Community Garden on 1st July 2021, and it was opened by the local Mayor for Rhondda Cynon Taff. Intergenerational work has commenced with the local primary schools. This project has gone from strength to strength and has involved lots of community activities such as litter picking, garden clearances, open days and partnership working with other groups.
- Active Inclusion new funding commenced on 1st November 2021 and will see the project continue until September 2022. There was a waiting list of participants for this new project.
- Barod are now offering a weekly drop-in service at Trerhondda.
- We were awarded the "Mayor of Rhondda Cynon Taff Community Award 2021" for our work in the community.
- We celebrated Welsh Charities Week with the limelight being shone on our volunteer team.
- We delivered Christmas Hampers to local primary schools for the families that were in need.
- We were fortunate to have funding to run a coach trip for staff, volunteers, and group members to the New Theatre in Cardiff to see the panto Aladdin.

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. We were fortunate to obtain funding from a large number of funders such as Pen y Cymoedd Windfarm with £14,647, Natural Resources Wales with £21,750 and various Interlink grants totalling £19,758. The Wales Council for Voluntary Action continued their support with a grant of £24,304.

It is the policy of the charity that the unrestricted reserves (excluding any designated funds) should be at least £75,000. At this level the trustees consider that they would be able to accommodate any fundamental funding changes. As at the balance sheet date the charity has met this objective as total unrestricted general reserves were £102,104.

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.

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;

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Report of the Trustees (continued)

- 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

MH 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 2021.

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 ACA
Chartered Accountant

9 May 2022

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 2021**

	<u>Note</u>	Restricted Funds	Unrestricted Funds	2021 Total	2020 Total
		£	£	£	£
Income					
Donations and legacies	3	-	13,592	13,592	1,670
<i>Income from charitable activities:</i>					
Arts Factory operations	4	227,075	245,444	472,519	456,133
Investment income		-	10	10	33
Total income		<u>227,075</u>	<u>259,046</u>	<u>486,121</u>	<u>457,836</u>
Expenditure					
<i>Expenditure on charitable activities:</i>					
Arts Factory operations	5	228,336	181,534	409,870	340,847
Total expenditure		<u>228,336</u>	<u>181,534</u>	<u>409,870</u>	<u>340,847</u>
Net income and net movement in funds for the year		(1,261)	77,512	76,251	116,989
Reconciliation of funds					
Total funds brought forward		31,639	281,488	313,127	196,138
Transfer between funds		4,880	(4,880)	-	-
Total funds carried forward		<u>35,258</u>	<u>354,120</u>	<u>389,378</u>	<u>313,127</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 2021**

	Note	2021	2020
		£	£
Fixed assets			
Tangible assets	8	253,766	258,677
Current assets			
Debtors	9	53,292	68,012
Cash at Bank and in hand		<u>163,893</u>	<u>127,661</u>
		217,185	195,673
Current Liabilities			
Creditors: Amounts falling due within one year	10	<u>(33,491)</u>	<u>(77,790)</u>
Net current (liabilities)/assets		183,694	117,883
Total assets less current liabilities		<u>437,460</u>	<u>376,560</u>
Creditors: Amounts falling due after more than one year	11	<u>(46,332)</u>	<u>(54,933)</u>
Net assets		<u><u>391,128</u></u>	<u><u>321,627</u></u>
		£	£
The funds of the charity:			
Unrestricted income funds			
Designated fund	12	252,016	-
General income fund		<u>102,104</u>	<u>281,488</u>
		354,120	281,488
Restricted income funds	13	35,258	31,639
Capital grants funds	14	<u>1,750</u>	<u>8,500</u>
Total charity funds		<u><u>391,128</u></u>	<u><u>321,627</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 2021.

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 2021 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 9 May 2022 and signed on its behalf.

MH 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 2021

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
Tools and 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.

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Notes to the financial statements (continued) for the year ended 31 December 2021

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 £	2021 £	2020 £
Donations	-	13,592	13,592	1,670
	-	13,592	13,592	1,670

4 Income from charitable activities

	Restricted £	Unrestricted £	2021 £	2020 £
<i>Sales income</i>				
Graphic design	-	199,119	199,119	142,626
Room rental	-	9,134	9,134	6,217
Book Factory	-	16,689	16,689	19,124
Other sundry income	-	329	329	78
	-	225,271	225,271	168,045

Support from sponsors and local authorities:

Social Services Learning Disability SLA	49,929	-	49,929	58,004
ICF renovation grant	54,792	-	54,792	-
Capital grant release *	6,750	-	6,750	6,750
Pen y Cymoedd revenue grant	14,647	-	14,647	26,555
WCVA Active Inclusion	24,304	-	24,304	41,604
RCT Coronavirus grants	-	18,750	18,750	2,935
Waterloo Foundation	10,000	-	10,000	28,927
Other grants received	66,653	1,423	68,076	123,313

* see note 14

	227,075	245,444	472,519	456,133
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5 Analysis of expenditure on charitable activities

	Restricted £	Unrestricted £	2021 £	2020 £
<i>On charitable activities:</i>				
Purchases and other direct costs	112,066	80,990	193,056	161,379
Employee costs	105,700	58,611	164,311	133,876
Premises costs	-	19,910	19,910	19,511
General office expenses	10,570	17,548	28,118	20,843
Interest paid	-	1,981	1,981	2,988
	228,336	179,040	407,376	338,597
<i>On governance costs:</i>				
Accountancy fees	-	1,950	1,950	2,250
Other professional costs	-	544	544	-
	228,336	181,534	409,870	340,847

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**Notes to the financial statements (continued)
for the year ended 31 December 2021**

6 Net income for the year

The net income for the year is stated after charging:

	2021	2020
	£	£
Depreciation of tangible fixed assets: owned by the charity	7,478	7,485
Accountancy fees	<u>1,950</u>	<u>2,250</u>

7 Staffing and trustee remuneration

	2021	2020
	£	£
<i>Staff costs</i>		
Wages and salaries	146,970	125,817
Social Security costs	6,976	2,965
Pension costs	<u>6,670</u>	<u>4,191</u>
	<u>160,616</u>	<u>132,973</u>

During the year the average number of employees was 11 (2020: 9). No employee received employee benefits in excess of £60,000 (2020: Nil).

No remuneration was paid to any trustees during the year nor any expenses reimbursed (2020: £Nil).

8 Tangible fixed assets

	Land & buildings	Tools & equipment	Motor vehicles	Computer equipment	Total
	£	£	£	£	£
COST					
As at 1 January 2021	371,153	-	7,350	105,819	484,322
Additions	-	2,567	-	-	2,567
Disposals	-	-	-	-	-
At 31 December 2021	<u>371,153</u>	<u>2,567</u>	<u>7,350</u>	<u>105,819</u>	<u>486,889</u>
DEPRECIATION					
As at 1 January 2021	121,153	-	3,676	100,816	225,645
Charge for period	-	641	1,837	5,000	7,478
On Disposals	-	-	-	-	-
At 31 December 2021	<u>121,153</u>	<u>641</u>	<u>5,513</u>	<u>105,816</u>	<u>233,123</u>
NET BOOK VALUE					
At 31 December 2021	<u>250,000</u>	<u>1,926</u>	<u>1,837</u>	<u>3</u>	<u>253,766</u>
At 31 December 2020	<u>250,000</u>	<u>-</u>	<u>3,674</u>	<u>5,003</u>	<u>258,677</u>

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**Notes to the financial statements (continued)
for the year ended 31 December 2021**

9 Debtors

	2021	2020
	£	£
Grants receivable	18,466	44,305
Trade debtors	34,826	9,698
Other debtors and prepayments	-	14,009
	<u>53,292</u>	<u>68,012</u>

10 Creditors: amounts falling due within one year

	2021	2020
	£	£
Bank loans and overdrafts	7,600	6,600
Trade creditors	8,716	52,356
Taxes and social security	9,621	4,157
Other creditors	1,304	1,470
Accruals	6,250	13,207
	<u>33,491</u>	<u>77,790</u>

11 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Bank loans	46,332	54,933
Other creditors	-	-
	<u>46,332</u>	<u>54,933</u>

12 Designated funds

	Balance at beginning of year £	New designations £	Utilised/ released £	Transfer t/f capital grant funds £	Balance at end of year £
Tangible Fixed Assets fund	<u>-</u>	<u>252,744</u>	<u>(7,478)</u>	<u>6,750</u>	<u>252,016</u>

The tangible fixed assets fund represents the net book value of the charity's unrestricted tangible fixed assets. The fund has been created to recognise the fact that the tangible fixed assets are required for the day to day operations of the charity and are not available for other purposes or for general reserves.

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**Notes to the financial statements (continued)
for the year ended 31 December 2021**

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 £
Social Services Learning Disability SLA	-	49,929	49,929	-	-
Active Inclusion Grant	-	24,304	28,101	3,797	-
Arnold Clark Community fund	-	1,000	1,014	14	-
CFW Resilience Fund	1,839	-	1,839	-	-
Community Capacity Grant: Dementia	1,602	-	1,602	-	-
ICF Reminiscence Fund	3,389	-	3,431	42	-
ICF renovation grant	-	54,792	54,792	-	-
ICF Dementia Grant 2020-21	-	4,878	5,660	782	-
ICF Dementia Grant Recovery & reconnect	-	6,025	1,878	-	4,147
Interlink Big Lunch Grant	-	250	378	128	-
Interlink Sydney Albert Fund	-	1,680	1,104	-	576
Interlink WG Volunteer Resilience Grant	-	8,300	6,816	-	1,484
Interlink Youth Grant	-	343	343	-	-
Interlink Kindness Grant	-	1,500	-	-	1,500
Interlink Winter Pressures Grant	-	7,685	-	-	7,685
Kickstart Grant	-	2,511	1,011	-	1,500
Millenium Stadium Grant fund	1,365	-	1,385	20	-
Moondance Foundation	9,670	-	9,670	-	-
NRW Rhondda Fach Garden Project	(4,485)	21,750	17,265	-	-
Pen y Cymoedd Windfarm Revenue Grant	-	14,647	14,647	-	-
Peoples First Grant	9,800	-	-	-	9,800
RCT Adult Changing Room Fund	-	4,000	4,000	-	-
RCT Foodshare Fund	500	-	500.00	-	-
RCT Parent & Toddler Grant	-	993	997	4	-
RCT Summer of Fun Grant	-	3,900	3,258	-	642
RCT Age Cymru Grant	-	500	592	92	-
RCT Youth grant	-	1,338	1,339	1	-
Waterloo Foundation	7,959	10,000	10,035	-	7,924
Capital Grant Release	-	6,750	6,750	-	-
Total funds	31,639	227,075	228,336	4,880	35,258

14 Capital grants funds

	Pen y Cymoedd £	Coalfields £	Total £
Balance at 1 January 2021	5,000	3,500	8,500
Income for the year	-	-	-
Expenditure for the year : release to income	(5,000)	(1,750)	(6,750)
Balance at 31 December 2021	-	1,750	1,750

15 Analysis of net assets between funds

	Tangible fixed assets £	Net current assets £	Long term liabilities £	Total £
Unrestricted funds				
Designated funds	252,016	-	-	252,016
General income fund	-	148,436	(46,332)	102,104
Restricted income funds	-	35,258	-	35,258
Restricted capital grant funds	1,750	-	-	1,750
Total funds	253,766	183,694	(46,332)	391,128