Charity Registration No. 1147318

Company Registration No. 02063893 (England and Wales)

SOFT TOUCH ARTS LIMITED

TRUSTEES REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

SOFT TOUCH ARTS LIMITED

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	TJ Burke (Vice Chairman)	
	KM Hudson (Honorary Treasurer)	
	VJ Attwood	
	N Diamond	
	J Crofton	
	SK Norman	
	HD Pearson	
	CC Wigmore	
	S Alizart	(Appointed 3 September 2018)
	DE Francis	(Appointed 3 September 2018)
Charity number	1147318	
Company number	02063893	
Principal address	50 New Walk Leicester LE1 6TF	
Registered office	50 New Walk Leicester LE1 6TF	
Auditor	Newby Castleman LLP West Walk Building 110 Regent Road Leicester LE1 7LT	
Bankers	National Westminster Bank Plc 1 Granby Street Leicester LE1 6EJ	

SOFT TOUCH ARTS LIMITED

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SOFT TOUCH ARTS LIMITED

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The trustees who are also directors of the charitable company present their report and financial statements for the year ended 31 March 2019.

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

OBJECTIVES AND ACTIVITIES

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

1. To advance the education of the public in the appreciation and practice of the arts.

2. To relieve the needs of those who are most disadvantaged in society by way of social and economic deprivation, mental and physical disability and vulnerable physical circumstance, such as being in care or homeless, through participation in the arts, in particular but not exclusively through the creation of music, film and video, multimedia installations, sculpture, drama and graphic designs with the aim of improving their quality of life.

3. To advance education, learning and personal development for the public benefit in particular but not limited to promoting the development of skills and aptitudes (such as creative expression, self-confidence, group working and communication) through participation in the arts in all their forms.

History and Background of Soft Touch Arts
Soft Touch Arts was formed in 1986 by a group of four like-minded creative and passionate young people that understood how powerful the arts and creativity could be as a way to support disadvantaged young people to access alternative opportunities to develop self-belief, skills and a sense of purpose.

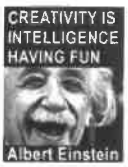
This ethos still runs true today and Soft Touch Arts has grown into a well-respected, award-winning charity that supports around 1,400 young people with challenges in their lives each year (mainly in the 13-25 age group); to access creative projects which help them with personal and social development, improved well-being, life skills and progression with education and employment goals.

Our vision:
For children, young people and families in Leicester and Leicestershire to enjoy happy and healthy lives and make a positive contribution to their community.

Purpose:
Create opportunity for and change the lives of the most disadvantaged young people in Leicester city and Leicestershire using creative engagement and progression opportunities.

Mission:
- Inspire and engage young people with challenges that are holding them back by involving them in enjoyable high-quality creative experiences.
- Support individual development and progression through in-depth creative projects which facilitate individual wellbeing, learning and development of personal and social skills.
- Unlock untapped potential, hidden depths and talent, and facilitate positive progression through mentoring, volunteering and work experience.

Our Values



Our values of creativity, respect, integrity, co-operation and caring, shape the way we engage children and young people who are struggling because of the life challenges they face. Experience and evaluation show that the creative processes we use (music, art, film, fashion, craft, cooking) are fun, inspiring and help people to feel good about themselves. The quality of the process, with creativity at its heart, along with the engagement skills of our staff, fosters trust, unlocks self-belief and untapped talent and inspires young people to feel valued as members of their communities and to aspire to a more positive future.

The need/case for support

If you don't have the security of a happy and stable home or have problems relating to others it can be difficult to view the future positively and know how to move forward. It can seem easier to withdraw from or fight against society. Leicester has one of the highest levels of child poverty in England, 40%. Children that live in poverty are more likely to leave school without five good GCSEs, and have low aspirations and an uncertain or insecure future in terms of finding employment. They are at increased risk of teenage pregnancy, drug use and anti-social behaviour. They have multiple challenges at an important transition point in their lives where their more privileged peers are far more likely to go into further education or find jobs.

Our Model of Working – Access – Develop – Progress

We have a three-stage process which takes young people with challenging lives on a developmental journey; through accessing positive and inspiring activities, developing creative and life skills and giving them opportunities to progress in a positive way. To do this we work with a range of funders and partners from the public sector and business community, to ensure we have robust support mechanisms and progression opportunities for each young person we work with.

What we do

The young people we work with have chaotic home lives, are in the care system, have mental health and behaviour issues, learning or physical disabilities, have been in trouble or in prison, or live in homes with very low incomes. They struggle to access activities that benefit their personal development, health and wellbeing and have often missed out on, or been failed by mainstream education.

Soft Touch Arts has been using creative projects to engage and bring out the best in young people that the system has failed in Leicestershire since 1986. Our creative projects unlock creativity, facilitate self-expression and a sense of purpose, and support the development of personal and social skills. We support young people to have a more positive outlook and introduce them to new and inspiring opportunities, people and places.

Our work has kept young people out of prison, helped them re-engage with education, gives them employability skills and improves health and wellbeing and social and communication skills. You can see what young people say about the impact of our work here:
https://www.youtube.com/watch?v=0r0Gf4Q8jBc

In 2015, we opened Leicester's first youth arts and heritage centre, the result of a £1.2 million fundraising and development campaign. We now have a fantastic creative resource for programme delivery and to help the charity to be more sustainable through generating income to reinvest into our core work and be less reliant on grant and public sector funding.

In 2016/7, we reviewed our strategic vision and set a 10-year mission to be more focused in our delivery to ensure that young people have the opportunity to engage in longer-term personal development opportunities. We developed our Access – Develop – Progress model which underpins our fundraising strategy. Our current challenge is to secure more resources and generate income in our 'progress stage' to give young people opportunities to grow through work experience, mentoring and involvement in creative enterprise activities.

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

The charity provides public benefit through the services provided to disadvantaged young people in Leicester city and Leicestershire.

ACHIEVEMENTS AND PERFORMANCE

Headline statistics:

- 1,533 individuals engaged in our activities for the year ended 31 March 2019.
- These were engaged through 86 projects and programmes, 97% of which were targeted at disadvantaged groups.
- 95% of projects were focused on improving health and wellbeing and 46% of participants had special education needs/disability support needs.
- The largest age group accessing Soft Touch were 10-15 (44%) followed by those who were 16-19 (29%).
- 10,457 people attended events (exhibitions, performances etc) and 1,566 attended our pop up café.

Programme work
Demand for our work has continued to be high with new referral agencies requesting activities and placements for young people in need. We continue to be resourceful and innovative in the ways we secure funding, make new partnerships and show the impact that our work has on young people and communities in Leicester City and across Leicestershire.

We continue to deliver community-focussed outreach work in deprived neighbourhoods such as New Parks and Beaumont Leys and work with young people who face challenges in their lives that are holding them back.

Highlights of our programme include a large intergenerational community heritage project and exhibition (Mods: Shaping a Generation) in partnership with Leicester's New Walk Museum, local design agency Arch Creative and local author historian Shaun Knapp. The project secured funding from the Heritage Lottery Fund and our first major sponsorship from BID Leicester. Exploring the 1960s MOD youth sub-culture we engaged 93 young people in learning about and creating an exhibition inspired by the fashion

and music of the era and stories told by people who were part of the Mod scene in Leicester and which provided the content for a two-site exhibition at New Walk Museum and Soft Touch Arts. The exhibition attracted nearly 35,000 visitors and kickstarted a new retro festival for Leicester – ReVive.

Our Prison Art project continued to break new ground with a research partnership looking into how art in prisons benefits mental health of young men by De Montfort University. Further high-profile exhibitions are planned at New Walk Museum in 2020.

Our push to raise our profile with the local business community has helped to make the charity's name recognised in business circles and this has been further boosted by being shortlisted for the 2018 Leicester Mercury Business Awards not for profit award and winning the Niche Business Awards 2018 Charity of the Year Award for the second year running and raising £1,600 on the evening. A number of new local businesses made us their charity of the year – Marks & Spencers Leicester Store, The White Stuff Distribution Centre and HSP Financial Advisors.

As a result of our higher profile, we are getting many more offers from individuals and businesses to run fundraising activities on our behalf and expect our % of income generated in this way to increase year on year. An example of this is that a local business – The Miller Partnership – now run an annual fundraising comedy event on our behalf as part of The Leicester Comedy Festival. This raises around £3,000 each year.

Highlights of programme work include:

UpSTart
In the third year of a five-year programme UpSTart is funded by the Big Lottery and covers the areas of New Parks, Beaumont Leys, Mowmacre Hill and Stocking Farm. The three-stage programme engages young people in their communities and then brings them to Soft Touch Arts to develop and progress. The programme offered opportunities as well, for example; to undertake creative activities leading to exhibitions or performances, learning new skills through working in the Soft Touch Arts Smashing café, having a mentor, gaining an Arts Award accreditation, and opportunities to volunteer and be ambassadors for Soft Touch Arts. A new peer mentoring programme was launched as part of this programme in 2018.

Your Festival
Was a huge success with around 100 young people attending with various special needs. Children attended from Ellesmere academy, Birkett House, Dorothy Goodman academy, FTM and Autism Outreach. The Saturday was attended by 150 people which was made of up primarily of families of young people with SEN needs, this was a lovely day with a great mix of young people from all backgrounds, parents, carers and agencies. We were joined by various creative agencies including The Philharmonia, Sidekick Dance, What If Circus and My Muddy Boots.

Creative Studio
The Creative Studio alternative education programme has continued to expand over the current year with more and more young people from an expanding range of organisations being referred to the programme.

The programme provides alternative education for individuals or small groups of young people who are either not currently attending mainstream education or will benefit from the individual attention. Most of the young people are quite vulnerable and react positively to the range of creative activities including food and café activities on offer, the informal and safe environment, and the skills and care of the Soft Touch Arts staff.

NoteAble
The very popular Mixt-UP programme funded by Youth Music came to an end in December 2018 with another busy year of sessions at our studios. However, Youth Music have kindly continued to fund further sessions at Soft Touch Arts, which will allow us to continue our sessions with a focus on girls, people with SEN needs, deprived neighbourhoods and a strand of outreach sessions working with the Youth Offending Service.

Unlocked
Weekly sessions in HMP Leicester and with those on probation have run throughout the year. A spilt-site exhibition was held at New Walk Museum and Soft Touch Arts in September 2018 attracting a large number of visitors to the Museum in that period and featuring in national and regional media. Over 500 comments were received, of which all but a very small handful were positive.

Pop-Up Café and Cooking Projects
Our cooking and lifeskills project provides a weekly café open to the public which gives young people the opportunity to learn a wide variety of cooking and catering skills and gain valuable work experience. The café is attracting regular clientele as well as new customers each week, income contributes to running costs and any profit gets put back into Soft Touch Arts. We were successful in applying for a grant to The Big Lottery Awards for All programme to run the GR-eat project to engage Asylum Seekers in Leicester in a cooking and wellbeing project. Working in partnership with The Red Cross, City of Sanctuary and Journeys Festival International this project offered the opportunity for participants to share recipes from their home countries whilst meeting other people and making new friendships. Community cooking demonstrations with volunteer chefs showing the public their recipes were organised and some of the participants volunteered alongside young people in our Thursday pop-up café.

Arts Café
Creative Café arts project is in partnership with probation services. The project is an extension of the prison project where we offer a continuation of contact for people we have worked with when they are released. The main partnership is with the CRC which is the privatised section of the probation service, referrals are also taken from other agencies who deal with young offenders. The aim is to continue supporting young offenders when they leave prison which is their most vulnerable time. Using arts and music activities to engage them and providing a place that they can have positive interaction with other people and their probation workers. They also contribute to the exhibition of young offenders' work which we hold annually in partnership with New Walk museum.

Partnerships
Soft Touch continues to give time and expertise to a number of strategic partnerships and groups including:

- Music Education Hub steering group and we also became a Hub strategic partner along with five other organisations.
- Leicester Cultural Education Partnership, made up of local authority, health, education and cultural organisations that respond to opportunities for large-scale projects that engage hard to reach communities in cultural activity.
- Leicester City Children's Trust.
- City Classroom Initiative.

Directors also give their time as development board members/governors at two local schools, New College and Ellesmere College

Fundraising activities
Work has continued to diversify income streams. Soft Touch Arts was successful in securing Arts Council National Portfolio Organisation funding renewed for a further four years (to March 2022) which is very welcome, but there is still a lot of other income that needs to be raised. We have continued to be successful in most of our grant applications despite increasing competition, and the Creative Studio programme in particular has ensured that we continue to bring in a healthy amount of fee income. The Business Development Board which aims to raise our profile within the business community and increase income from business partners has been active in running a number of different fundraising events on our behalf. Work on gaining sponsorship and donations has proved fruitful and space is being rented on a regular basis. An Enterprise Grant from the Social Investment Business will help to move forward with income generation from providing services to young people with special education needs and disabilities.

Developing young people
We were successful in our application to the Rank Foundation's Time to Shine programme which has enabled us to employ a young person to assist with marketing and communications. We were also successful with a new three-year Youth Music application which includes funding to take on one apprentice per year over the next three years, with our first one starting in February 2019.

FINANCIAL REVIEW

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

Total income for the year amounted to £672,579 (2018 - £513,066). The principal funding source continued to be grant income. Total expenditure for the year amounted to £563,299 (2018 - £538,452). A breakdown of expenditure is set out in notes to the financial statements.

After transfers between funds, there was a surplus on general funds for the year totalling £6,987, a deficit on designated funds totalling £362 and a surplus on restricted funds totalling £102,655. This has resulted in a total increase in funds for the year of £109,280. The funds for the charity at the year-end totalled £1,312,125 which comprise general funds of £174,483, designated funds of £Nil and restricted funds of £1,137,642.

Reserves
Reserves are needed to cover any immediate drop in income caused by external unforeseeable circumstances. It is the policy of the board of trustees to maintain free reserves (unrestricted general funds less tangible fixed assets and long-term liabilities) at approximately £70,000, being three months unrestricted expenditure. Soft Touch Arts currently holds £29,700 of free reserves (see note 24). Although free reserves are currently below the reserves policy, the trustees are diversifying income generation streams to increase the level of free reserves held going forward.

PLANS FOR THE FUTURE

Tailored programmes of creative activities for young people will continue as our core activity. Work continues on our succession planning and strategic vision and we took the decision to bring in a fundraiser during 2019/20 as two of the co-directors will reduce their hours. The new three-stage model is being put into place and we will be working towards producing a Theory of Change and income generation strategy for the progression strand.

We have actively been seeking funding for the progress stage of our work to help young people gain creative enterprise skills in selling and marketing their creative work as a way of helping them to progress and to gain transferrable employment skills. The Arts Council, Cambridge & Counties Bank and the NATWEST Skills & Opportunities fund all invested funding into this area of our work during 2018/19 and enabled us to employ a dedicated creative enterprise facilitator and run weekly enterprise sessions. The Soft Sell and STARS projects started in October 2018 and aims to support 50 young people each year through a tailored package of support and advice given by pro-bono business and creative mentors and advisors. They will gain experience of marketing and selling their creative work and undertaking creative commissions for local businesses. There will also be another fundraising art auction in October 2019.

We have made our environmental action plan more of a priority and started the process of involving staff and young people in shaping our response to the climate crisis both through operations factors and our project work.
Next year we will plan a new capital campaign to improve our building's access, signage and storage facilities and take into account what young people are telling us about the projects and facilities they want and need.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

The following trustees / directors have served during 2018/19:
S Alizart (co-Chair) – appointed 3 September 2018
DE Francis (co-Chair) – appointed 3 September 2018
G Brigden (Chairman) – resigned 12 November 2018
TJ Burke (Vice Chairman)
KM Hudson (Honorary Treasurer)
VJ Attwood
N Diamond
J Crofton
D Myers – resigned 1 September 2018
SK Norman
HD Pearson
CR Spence – resigned 21 March 2019
CC Wigmore

VJ Attwood, J Crofton, SK Norman, HD Pearson and CC Wigmore are the only salaried directors. These salaried directors deliver projects as well as operating as the charity's executive directors. The board meet on a periodic basis to make decisions on strategy and direct the management of the charity's affairs. The Articles of Association set out the required quota of salaried and voluntary directors at any one meeting of the board.

The trustees are appointed in accordance with the company's Articles of Association and are chosen to bring in the various knowledge, skills and experience required to meet the charity's objectives. New trustees are given a full induction programme when they join and are offered training opportunities.

At the AGM the board elects a Chairman, Vice Chairman and Treasurer for an annual term. On 25 June 2018 DE Francis and S Alizart were appointed as co-Chairs, TJ Burke was reappointed Vice Chairman, and K Hudson was reappointed Honorary Treasurer.

Risk Management
The trustees have identified and reviewed the major risks to which the charity is exposed and procedures have been established to mitigate these risks and are regularly addressed at the Board meetings.

The main key risks for the charity:

- Long term funding – opportunities for grant and fee-based income is continuing to decline coupled with greater competition for grant funds and increased demand for our services. The core funding we receive from Arts Council England and Leicester City Council is also continually under threat to either reduce or be cut completely. We have been working for several years now on a strategy to diversify and widen our income together with a detailed long-term fundraising strategy, which is reviewed and updated regularly.

- Sudden changes to access certain sources of funding, for example the end of access to European funding, changes in policy about education resulting in the end of funding for the Creative Studio programme.

- Succession planning not going to plan or not being enacted on time, leaving a gap in knowledge and skills as the salaried directors retire.

STATEMENT OF TRUSTEES' RESPONSIBILITES

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

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

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

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

In so far as the Trustees are aware:

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

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

AUDITORS

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

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

On behalf of the board of trustees

.....
KM Hudson (Honorary Treasurer)
Trustee

Date: 11/12/19

SOFT TOUCH ARTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED

Opinion

We have audited the financial statements of Soft Touch Arts Limited (the 'charitable company') for the year ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees Report; or
- the charitable company has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Trustees Responsibilities Statement set out on page 8 the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Newby Castleman LLP

Newby Castleman LLP 12 December 2019
Chartered Accountants
Statutory Auditor
West Walk Building
110 Regent Road
Leicester
LE1 7LT

Newby Castleman LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

SOFT TOUCH ARTS LIMITED

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Unrestricted funds general £	Unrestricted funds designated £	Restricted funds £	Total 2019 £	Total 2018 £
Income from						
Donations	3	19,955	-	145	20,100	18,354
Charitable activities	4	245,677	-	349,681	595,358	460,476
Other trading activities	5	8,179	-	29,926	38,105	13,212
Investments	6	13,806	-	-	13,806	13,665
Other	7	5,130	-	80	5,210	7,359
Total		292,747	-	379,832	672,579	513,066
Expenditure on						
Raising funds	8	32,883	-	-	32,883	31,195
Charitable activities	9	257,511	-	272,905	530,416	500,797
Other	12	-	-	-	-	6,460
Total		290,394	-	272,905	563,299	538,452
Net income / (expenditure)		2,353	-	106,927	109,280	(25,386)
Transfers between funds		4,634	(362)	(4,272)	-	-
Net movement in funds		6,987	(362)	102,655	109,280	(25,386)
Reconciliation of funds						
Total funds brought forward		167,496	362	1,034,987	1,202,845	1,228,231
Total funds carried forward	24	174,483	-	1,137,642	1,312,125	1,202,845

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

All income and expenditure derive from continuing activities.

SOFT TOUCH ARTS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	**15**		1,154,324		1,179,887
Current assets					
Debtors	**17**	149,034		164,536	
Cash at bank and in hand		218,033		134,866	
		367,067		299,402	
Liabilities					
Creditors: amounts falling due within one year	**18**	(78,176)		(138,852)	
Net current assets			288,891		160,550
Total assets less current liabilities			1,443,215		1,340,437
Creditors: amounts falling due after more than one year	**19**		(131,090)		(137,592)
Net assets			1,312,125		1,202,845
The funds of the charity					
Restricted funds	**22**		1,137,642		1,034,987
Unrestricted funds:					
Designated	**23**	-		362	
General		174,483		167,496	
			174,483		167,858
Total charity funds	**24**		1,312,125		1,202,845

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

For the year ending 31 March 2019 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies but as this company is a charity, it is subject to audit under the Charities Act 2011.

Directors' responsibilities:

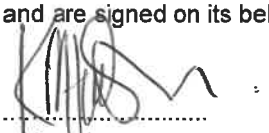
- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial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

SOFT TOUCH ARTS LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 MARCH 2019

The financial statements were approved and authorised for issue by the board of trustees on 11/12/19 and are signed on its behalf by:



KM Hudson (Honorary Treasurer)
Trustee

Company Registration No. 02063893

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

SOFT TOUCH ARTS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash generated from operations	**26**		88,957		27,354
Investing activities					
Purchase of tangible fixed assets		(12,854)		(21,547)	
Proceeds on disposal of tangible fixed assets		-		667	
Investment income		13,806		13,665	
Net cash generated from/(used in) investing activities			952		(7,215)
Financing activities					
Repayment of directors' loans		(617)		(7,325)	
Repayment of ICOF and LCC loans		(6,125)		(18,005)	
Net cash used in financing activities			(6,742)		(25,330)
Net increase/(decrease) in cash and cash equivalents			83,167		(5,191)
Cash and cash equivalents at beginning of year			134,866		140,057
Cash and cash equivalents at end of year			218,033		134,866

1 Accounting policies

Charity information

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

1.1 Basis of preparation

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

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

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

1.2 Going concern

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

1.3 Charitable funds

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

Designated funds comprise unrestricted funds which have been set aside at the discretion of the trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

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

1.4 Income recognition

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

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

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

1 Accounting policies **(Continued)**

Income from trading activities comprises sponsorship income and income derived from fundraising events. Income is received in exchange for supplying goods and services and is recognised when entitlement occurs.

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

1.5 Expenditure recognition

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

- Costs of raising funds - includes costs incurred in seeking donations, grants and fundraising.
- Expenditure on charitable activities - includes individual project costs to further the deliverance of the objectives of the charity.

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

1.6 Support costs

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

The analysis of these costs is included in note 11.

1.7 Tangible fixed assets

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

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

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

1.8 Cash and cash equivalents

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

1.9 Financial instruments

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

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

1 Accounting policies **(Continued)**

1.10 Employee benefits

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

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

1.11 Retirement benefits

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

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the SOFA on a straight line basis over the term of the relevant lease.

1.13 Taxation

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

2 Critical accounting estimates and judgements

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

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

Key sources of estimation uncertainty

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

Valuation of land and buildings

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

3 Income from donations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Donations and gifts	19,955	145	20,100	18,354

Unrestricted funds	17,709
Restricted funds	645
	18,354

4 Income from charitable activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Arts activities	242,243	344,607	586,850	452,085
Catering activities	3,434	5,074	8,508	8,391
	245,677	349,681	595,358	460,476

Unrestricted funds	272,116
Restricted funds	188,360
	460,476

Income from charitable activities include the following:		
Core funding	99,818	119,501
Project grants	359,515	227,777
Project fees	136,025	113,198
	595,358	460,476

5 Income from other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Sponsorship income	4,233	29,926	34,159	3,555
Fundraising events	3,946	-	3,946	9,657
	8,179	29,926	38,105	13,212
Unrestricted funds				13,212
Restricted funds				-
				13,212

6 Income from investments

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Rental income	13,648	-	13,648	13,640
Interest receivable	158	-	158	25
	13,806	-	13,806	13,665
Unrestricted funds				13,665
Restricted funds				-
				13,665

7 Other income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Net gain on disposal of tangible fixed assets	-	-	-	432
Other income	5,130	80	5,210	6,927
	5,130	80	5,210	7,359
Unrestricted funds				6,937
Restricted funds				422
				7,359

8 Expenditure on raising funds

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Staff costs	32,883	-	32,883	31,195
Unrestricted funds				31,195
Restricted funds				-
				31,195

9 Expenditure on charitable activities

	Activities undertaken directly Note 10 £	Support Costs Note 11 £	Total 2019 £	Total 2018 £
Arts and catering activities	374,398	156,018	530,416	500,797
Unrestricted funds - general			257,511	248,585
Unrestricted funds - designated			-	11,500
Restricted funds			272,905	240,712
			530,416	500,797

10 Expenditure on activities undertaken directly

	2019 £	2018 £
Staff costs	270,852	250,354
Project costs	57,978	34,137
Motor and transport costs	5,611	4,949
Project worker costs	39,957	34,112
	374,398	323,552

11 Expenditure on support costs

	2019 £	2018 £
Staff costs	54,550	60,169
Depreciation	38,417	40,422
Premises costs	16,583	13,328
Motor and transport costs	3,926	2,729
Audit fees	8,786	8,850
Printing, postage and stationery	2,668	2,419
Computer costs	3,202	3,994
Telephone	3,311	1,566
Legal and professional	7,786	18,319
Loan interest and bank charges	9,143	9,732
Irrecoverable VAT	2,290	14,920
Sundry	5,356	797
	156,018	177,245
Charitable activities	156,018	177,245

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

Support costs include governance costs totalling £63,336 (2018: £69,635) which comprise a proportion of staff costs and audit fees.

The amount charged to the SOFA in respect of auditor's remuneration was:
- statutory audit £8,786 (2018 - £8,850)
- other services £Nil (2018 - £2,100)

12 Other expenditure

	2019	2018
	£	£
Loss on disposal of tangible fixed assets	-	6,460
	-	6,460

13 Trustees

Five of the trustees received remuneration during the year totalling £137,981 (2018 - £140,399). This is as permitted by the Articles of Association and is made up as follows:

SK Norman	£26,282 (2018 - £26,062)
VJ Attwood	£26,282 (2018 - £29,319)
HD Pearson	£19,711 (2018 - £19,864)
CC Wigmore	£32,853 (2018 - £32,577)
J Crofton	£32,853 (2018 - £32,577)

Pension contributions for the above Trustees amounted to £3,299 (2018 - £2,517).

Five trustees were reimbursed a total of £747 travelling expenses (2018 - three were reimbursed £970).

14 Employees

Number of employees
The average monthly number employees during the year was:

	2019 Number	2018 Number
Directors	5	5
Project workers	5	4
Administrative workers	5	5
Sessional workers	6	5
Intern	1	2
	22	21

14 Employees (Continued)

Employment costs	2019	2018
	£	£
Wages and salaries	331,579	315,769
Social security costs	21,245	21,117
Other pension costs	5,461	4,832
	358,285	341,718

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

15 Tangible fixed assets

	Freehold land and buildings	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2018	1,177,960	153,373	6,000	1,337,333
Additions	5,569	5,269	2,016	12,854
At 31 March 2019	1,183,529	158,642	8,016	1,350,187
Depreciation and impairment				
At 1 April 2018	59,754	97,621	71	157,446
Depreciation charged in the year	22,771	14,501	1,145	38,417
At 31 March 2019	82,525	112,122	1,216	195,863
Carrying amount				
At 31 March 2019	1,101,004	46,520	6,800	1,154,324
At 31 March 2018	1,118,206	55,752	5,929	1,179,887

16 Financial instruments

	2019	2018
	£	£
Carrying amount of financial assets		
Debt instruments measured at amortised cost	61,644	120,585
Carrying amount of financial liabilities		
Measured at amortised cost	181,272	235,256

Financial assets comprise trade debtors.

Financial liabilities comprise trade creditors, other creditors, accruals and deferred income and other borrowings.

17 Debtors

	2019	2018
Amounts falling due within one year:	£	£
Trade debtors	61,644	120,585
Prepayments and accrued income	87,390	43,951
	149,034	164,536

18 Creditors: amounts falling due within one year

	Notes	2019	2018
		£	£
ICOF loan	20	6,543	6,166
Directors' loan accounts	20	-	617
Taxation and social security		27,994	41,188
Trade creditors		3,636	22,263
Other creditors		1,443	1,299
Accruals and deferred income		38,560	67,319
		78,176	138,852

Deferred income is provided for in respect of grant income and income invoiced in advance for projects occurring in the next financial year.

19 Creditors: amounts falling due after more than one year

	Notes	2019	2018
		£	£
ICOF loan	20	131,090	137,592

20 Loans and overdrafts

	2019	2018
	£	£
ICOF loan	137,633	143,758
Directors' loans	-	617
	137,633	144,375
Payable within one year	6,543	6,783
Payable after one year	131,090	137,592
Amounts included above which fall due after five years:		
Payable by instalments	100,626	108,883

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

21 Retirement benefit schemes

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

The charge to the SOFA in respect of defined contribution schemes was £5,461 (2018 - £4,832). This expenditure has been allocated to support costs and unrestricted general funds.

22 Restricted funds

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

	Balance at 1 April 2018	Movement in funds			Transfers	Balance at 31 March 2019
		Income	Expenditure	Depreciation charge		
	£	£	£	£	£	£
New Building	882,665	-	-	(26,382)	-	856,283
HLF - 1950s	11,216	-	-	(249)	-	10,967
Glen Parva	6,037	-	-	(41)	-	5,996
Mixt Up - Youth Music	41,821	15,875	(50,581)	(789)	-	6,326
Time to Shine	343	12,577	(4,425)	-	(343)	8,152
Local Sustainability Fund Grant	8,500	-	(8,106)	(95)	(299)	-
SMashing Cookery Sessions	2,607	2,996	(6,644)	(435)	1,476	-
UpSTart	60,493	99,485	(76,490)	(648)	-	82,840
Esmée Fairbairn Grant	5,416	2,144	(4,186)	(243)	(3,131)	-
Craft Café	3,248	97	(1,782)	(220)	-	1,343
Rank Foundation	1,250	900	(175)	-	(1,975)	-
Postcode Lottery	8,391	-	(211)	(1,145)	-	7,035
Prison Unlocked	3,000	58,072	(10,943)	-	-	50,129
Arts Café	-	8,043	(2,652)	(7)	-	5,384
STARS and Soft Sell	-	63,593	(17,335)	-	-	46,258
Co-Op Community Grant	-	3,000	-	(142)	-	2,858
MODS Grant	-	91,999	(53,297)	-	-	38,702
Start	-	3,953	(4,061)	-	-	(108)
Gr-eat Project	-	9,840	(1,621)	-	-	8,219
Your Festival	-	7,258	-	-	-	7,258
	1,034,987	379,832	(242,509)	(30,396)	(4,272)	1,137,642

22 **Restricted funds** **(Continued)**

Transfers have been made into restricted funds from unrestricted funds to underwrite a cash deficit on a fund. A transfer has been made from restricted funds into unrestricted funds to transfer the balance of unutilised cash after the restriction lapsed.

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

HLF - 1950's
Heritage project working with young people to create an exhibition looking at the similarities and differences between being young in the 1950's and today.

Glen Parva
Arts workshop with young prisoners at the Glen Parva Youth Offending Institute.

Mixt up - Youth Music
3 year music programme bringing together different young people and musical styles using both in-house and outreach projects.

Time to Shine
Funding to employ a young marketing intern for a year.

Local Sustainability Fund Grant
Funding from the Big Lottery for one year to implement organisation change and access professional advice.

SMashing Cookery Sessions
The Esmée Fairbairn Trust has provided two years of funding to enable Soft Touch Arts to run a weekly training café enabling young people to learn a variety of skills.

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

Esmée Fairbairn Grant
Funding for 2 years towards the salary of a sessional chef to lead the development of food focused social enterprises known as Smashing, which enables young people to develop cooking and front of house skills whilst running a cafe at Soft Touch Arts.

Craft Café
A pilot project funded by the SSE, looking at developing how we use volunteers to run a Saturday morning family arts activity.

Rank Foundation
Funding to employ a young arts worker for a year.

Postcode Lottery
Funding to purchase and refurbish a new van for street sessions.

Prison Unlocked
Prison Unlocked is a three year programme working on behalf of Leicestershire Partnership (NHS) Trust in partnership with HMP Prison and probation aiming to use art as a means to improving mental health and wellbeing. The programme will have annual exhibitions across the New Walk Museum and Soft Touch Arts sites as well as other smaller exhibitions throughout each year. De Montfort University are conducting research alongside the programme into the positive effects of art on mental health and wellbeing.

22 Restricted funds **(Continued)**

Arts Café
Creative Café arts project is in partnership with probation services and is an extension of the prison project where we offer a continuation of contact for people we have worked with when they are released. The aim is to continue supporting young offenders when they leave prison which is their most vulnerable time. Using arts and music activities to engage them and providing a place that they can have positive interaction with other people and their probation workers. They also contribute to the exhibition of young offenders work which we hold annually in partnership with New Walk museum.

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

Co-Op Community Grant
The "Making a Difference" community grant was awarded to provide funding for equipment to support our young people on projects.

MODS Grant
Mods: Shaping a Generation told the story of a 1960s first youth subculture through a major exhibition at Soft Touch Arts and New Walk Museum. The project was made possible with funding from the National Heritage Lottery and BID Leicester.
Soft Touch Arts, Joe Nixon of Arch Creative and author and curator Shaun Knapp worked together with original Mods and young people to bring the Mods: Shaping a Generation exhibition to life.

Start
The Start project continues to provide weekly drop-in arts and music sessions for young people with a range of different issues who would not attend mainstream education, providing a safe and supportive environment.

Gr-eat Project
The GR-eat project, funded through a grant from the Big Lottery Awards for All programme, aimed to engage Asylum Seekers in Leicester in a cooking and wellbeing project. Working in partnership with The Red Cross, City of Sanctuary and Journeys Festival International this project allowed participants to share recipes from their home countries whilst meeting other people and making new friendships, this included community cooking demonstrations with volunteer chefs and some of the participants volunteered alongside young people in our Thursday pop-up café.

Your Festival
Your Festival was a one-off project to reach a wider special needs audience in Leicestershire and promote our work with young people with SEN needs. The festival itself was in July 2019 and was attended by young people with various special needs.

23 Designated funds

The funds of the charity include the following designated fund which has been set aside out of unrestricted funds by the trustees for specific purposes:

	Balance at 1 April 2018	Movement in funds Income	Expenditure	Transfers	Balance at 31 March 2019
	£	£	£	£	£
New Building	362	-	-	(362)	-
	362	-	-	(362)	-

New building
Monies set aside by the Trustees for use in respect of the new Soft Touch Arts building.

24 Analysis of net assets between funds

	Unrestricted funds general	designated	Restricted funds	Total
	£	£	£	£
Fund balances at 31 March 2019 are represented by:				
Tangible assets	275,873	-	878,451	1,154,324
Current assets/(liabilities)	29,700	-	259,191	288,891
Long term liabilities	(131,090)	-	-	(131,090)
	174,483	-	1,137,642	1,312,125

25 Related party transactions

Remuneration of key management personnel
The remuneration of key management personnel is as follows.

	2019	2018
	£	£
Aggregate compensation	141,279	142,916

25 Related party transactions (Continued)

Transactions with related parties

Included in creditors note 18 and 19, are amounts due to the following directors of the company:
SK Norman £Nil (2018 - £220)
HD Pearson £Nil (2018 - £220)
CC Wigmore £Nil (2018 - £176)

During the year, ER Crofton, the spouse of J Crofton, was paid £1,809 (2018: £432) for her services as an employee. SJ Collier, the spouse of VJ Attwood, was paid £2,574 (2018: £1,728) for her services as an employee. Purchases totalling £484 (2018: £1,294) were purchased from SCS, a business owned by SJ Collier.

During the year income of £208 (2018: £982) was received from The Mighty Creatives Limited, a company where D Myers is the commercial director. Amounts owed from this company at the year end totalled £Nil (2018: £250).

During the year business support totalling £2,001 (2018: £3,815) was paid to CASE (Co-operative and Social Enterprise), a company where K Hudson's spouse is a director. Amounts owed to this company at the year end totalled £Nil (2018: £294).

No guarantees have been given or received.

26 Cash generated from operations

	2019	2018
	£	£
Surplus/(deficit) for the year	109,280	(25,386)
Adjustments for:		
Investment income	(13,806)	(13,665)
(Gain)/loss on disposal of tangible fixed assets	-	6,028
Depreciation and impairment of tangible fixed assets	38,417	40,422
Movements in working capital:		
Decrease/(increase) in debtors	15,502	(33,205)
(Decrease)/increase in creditors	(60,436)	53,160
Cash generated from operations	88,957	27,354

27 Controlling party

Soft Touch Arts Limited is a company limited by guarantee and not having a share capital; it is incorporated under the Companies Act and governed by the Memorandum and Articles of Association of the company. The Trustees of the company are elected members and act as directors of the company and are deemed to be the controlling party of the company.