

Charity Registration No. 1147318

Company Registration No. 02063893 (England and Wales)

SOFT TOUCH ARTS LIMITED

**(LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL)**

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2015

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	G Brigden (Chairman) TJ Burke (Vice Chairman) KM Hudson (Honorary Treasurer) VJ Attwood N Diamond J Crofton D Myers SK Norman HD Pearson CR Spence CC Wigmore
Secretary	DE Francis (Resigned 16 September 2014)
Charity number	1147318
Company number	02063893
Principal address	50 New Walk Leicester LE1 6TF
Registered office	50 New Walk Leicester LE1 6TF
Auditors	Newby Castleman West Walk Building 110 Regent Road Leicester LE1 7LT
Bankers	National Westminster Bank Plc 1 Granby Street Leicester LE1 6EJ

**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
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**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

The Trustees who are also Directors of the Charitable Company present their report and accounts for the year ended 31 March 2015.

The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the Charity's governing document, the Companies Act 2006 and the Statement of Recommended Practice "Accounting and reporting by Charities", issued in March 2005.

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 have served since 1 April 2014:

G Brigden (Chairman)	
TJ Burke (Vice Chairman)	
KM Hudson (Honorary Treasurer)	
VJ Attwood	
DE Francis	(Resigned 16 September 2014)
N Diamond	(Appointed 12 January 2015)
J Crofton	
D Myers	
SK Norman	
HD Pearson	
CR Spence	(Appointed 12 January 2015)
D Steadman	(Resigned 15 June 2014)
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 sets 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 10 November 2014 G Brigden was reappointed Chairman, 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.

**SOFT TOUCH ARTS LIMITED
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

The two key risk areas where the Charity and its operations could be vulnerable are as follows:

- Capital project – this started in September 2014 and the Company moved into the new premises just after the year end in May 2015. There was a risk strategy in place which was managed by the lead designer, rg+p architects. The project did go over budget, mainly due to two large scale structural problems that were unearthed in the building process. The cost of materials also rose due to the upturn in the building industry. Extra funds were raised to cover these costs.

- Long term revenue funding – Our longest term programme of work is the five-year Lottery funded BIG-UP New Parks programme which ends in July 2016. We are working to a new fundraising strategy with a view to looking ahead to longer term programmes which will operate from the new premises.

A detailed and timetabled long-term fundraising strategy is in place and is reviewed and updated regularly by the salaried Directors.

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.

The Charity also aims:

4. To advance in life and help young people through:
 - The provision of arts and media activities provided in the interest of social welfare, designed to improve their conditions of life;
 - Providing support and activities, which develop their skills, capacities and capabilities to enable them to participate in society as mature and responsible individuals.
5. To help young people, especially but not exclusively through arts, to develop their capabilities so that they grow to full maturity as individuals and members of society.
6. To act as a resource for young people by providing advice and assistance and organising programmes of physical, educational and other activities as means of:
 - Advancing in life and helping young people;
 - Advancing education;
 - Relieving unemployment; and
 - Providing recreational and leisure time activity in the interests of social welfare for people living in the area of benefit who have need by reason of their youth, age, infirmity or disability, poverty or social and economic circumstances with a view to improving the conditions of life of such persons.
7. And to carry out all other such work incidental to the above objects of the Charity for charitable purposes for the general benefit of the inhabitants of Leicester, Leicestershire and occasionally in other areas of the UK to share good practice or replicated models of delivery.

**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Soft Touch Arts has adopted a three-year strategic plan to help achieve the above objectives. The plan states that the Company ethos is "to operate as an effective and sustainable charity, working collectively to improve the lives of young people with limited opportunities. We do this by using creativity to help them grow in confidence, express their ideas, and support their personal development and progression".

Our strategic aims for 2014-17 are to:

1. Involve young people in the design and delivery of our activities and develop their creative leadership and enterprise skills.
2. Target the needs of young people and their communities and demonstrate a positive social impact.
3. Increase opportunities for disadvantaged young people to engage in our activities by delivering both building-based and community outreach creative programmes.

Our key business goals for 2014-17 are to:

1. Implement a financial strategy that increases income generated from fees, the private sector, donations, traded income and fundraising events to 30% of annual turnover.
2. Operate a marketing and communications strategy that builds strong partnerships with the public and private sector, and increases our donor and public support.
3. Maintain strong leadership with a skilled management board and support network drawn from the public sector, business and academic community.
4. Underpin our delivery programme with excellent management systems which demonstrates the quality of our arts programmes and our commitment to social responsibility.

Public Benefit

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 aims and objectives.

Equality and diversity

Soft Touch Arts is committed to promoting, valuing and managing equality and diversity in all aspects of its work.

We do not tolerate discrimination on the basis of age, disability, gender, race, religion or belief, sexual orientation or any other form of discrimination

In order to ensure that equality and diversity is embedded at every level of operation and service delivery, and that all relevant legislation is complied with, in November 2012 Soft Touch Arts reviewed and revised its Equality and Diversity Policy and the action plan which lays out how, by whom and when the policy will be implemented.

The Equality and Diversity Policy aims to ensure that the people who work for and with Soft Touch are fully representative of the local population. As an organisation that works primarily with young people, Soft Touch aims to involve young people in the development and delivery of our programme of work.

We have nominated Helen Pearson to be the Director responsible for designing a programme of action, in consultation with staff and the other salaried and voluntary Directors, to implement this policy.

The voluntary Directors (Management Board) are involved in the process of ensuring that the Policy and associated Action Plan are appropriate, relevant and current. Helen Pearson carried out a review during the year. Stakeholders are also regularly consulted, as a part of our social impact reporting process.

**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

ACHEIVMENTS AND PERFORMANCE

Headline statistics for the year ended 31 March 2015:

- 2300 people engaged in our projects (an increase of 609 from 2014).
- 99.7% came from vulnerable groups.
- 26% attended projects 3 or more times (excluding the school projects).
- 95% of people completing stakeholder surveys rated the quality of their experience and the quality of creative activities as 'excellent' or 'good'.

The Building Project

Our capital project started in October 2014 and by the end of March was nearing completion. This is the biggest achievement ever in the life of Soft Touch, the culmination of five years relentlessly spent making our vision for a new arts and heritage centre for young people into a reality. It involved raising over £1 million in funding, and undertaking the client side project management. The later was a constant process of problem solving and creative thinking to keep all the most important elements in the project. This dream has been achieved whilst still running a full artistic programme and with minimum disruption. The centre was officially opened in June 2015 by HRH Prince Edward, Earl of Wessex.

BIG UP

The Style Your Space element of the five year BIG-UP programme in the New Parks area of Leicester has continued to transform the lives of local residents participating in the course. Most course participants were isolated adults who rarely left their homes or believed they couldn't achieve anything. One participant went on to apply for and gain a five year apprenticeship with the City Council (500 applicants for five places) and was named Apprentice of the Year at the end of her first year. Several others got their first jobs for years and one has progressed onto being the assistant worker on the project.

The BIG-UP Flower Festival was another achievement of the BIG-UP programme. The flower-themed festival ran in June 2014 and supported local residents to develop their own ideas for the event. It attracted in excess of 250 people on the day who all engaged in a range of different creative activities.

Each of the two participants on our intern programme for the year has shown great progression. One individual came to the Soft Touch Arts sessions two years ago. They were withdrawn, under-confident and struggling with social interaction and plans for the future. Through the freedom to test out and develop their creative expression, alongside the social support offered by Soft Touch Arts, they have blossomed. The individual applied for, and got, a six-month internship with us, then progressed to sessional work, and now has a part-time job at a local gallery. They also co-organised several exhibitions and events, which included selling some of their own work and is now getting booked to do the photography at business events.

Catalyst Match Funding

Well before the end of the year we had reached the match funding target of £70,000 under our Arts Council England Catalyst Programme. This amount encompassed significant new funding streams including trusts and foundations; corporates (including being adopted as 'Charity of the Year' by Kaplan East Midlands); fundraising events; and individual donors. Catalyst's support for a Director and PA has enabled them to establish very positive and solid links with local businesses, which will prove invaluable as we settle into our new role as an arts venue. Alongside this they have developed key skills around networking and maintaining relationships with donors.

**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

Fundraising activities

We noticed that there was greater competition for, and less money available from, public sector project funding. Our major challenge, therefore, was to put in place strategies to generate continuing income from other sources. For example to sustain and expand private sector fundraising which made a major contribution towards the match for our capital project; start development work on new trading schemes based at 50 New Walk; and expand paid referrals to our Creative Studio one to one support programme.

FINANCIAL REVIEW

The results for the year ended 31 March 2015 are shown in the Statement of Financial Activities on page 9. This, together with the Balance Sheet on page 10 should be read in conjunction with the related notes which have been prepared in accordance with SORP 2005.

Total incoming resources for the year amounted to £1,229,144 (2014 - £531,812). The principal funding source continued to be grant income. Total resources expended for the year amounted to £486,077 (2014 - £450,903). A breakdown of resources expended is set out in note 6 to the accounts.

There was a deficit on general funds totalling £22,687, a surplus on designated funds totalling £6,694 and a surplus on restricted funds totalling £759,060. This has resulted in a total increase in funds for the year of £743,067.

An exceptional item has been included in the accounts relating to the loss on disposal of leasehold property at Hartopp Road totalling £36,570 (see note 6 to the accounts). This arose due to the relocation from Hartopp Road to New Walk.

Reserves

It is the policy of the Board of Trustees to maintain unrestricted reserves equivalent to three months total expenditure (being approximately £120,000) in case Soft Touch suffers an immediate drop in income caused by external unforeseeable circumstances. Current levels of unrestricted reserves are £85,592.

There are deficits on three of the restricted funds at the year end. These have arisen because expenditure has been allocated to these projects in advance of income being received.

The Charity reports periodically to its principal funder and ensures funds are expended in accordance with the funding agreement.

PLANS FOR THE FUTURE

Plans for the future revolve around the new opportunities presented by relocating to 50 New Walk. Its central and visible location will mean a higher profile for the Charity and easier access for young people from all parts of the city and county. Space for exhibitions and performances, a training kitchen, outdoor space and a garden will present new possibilities for work with young people.

**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015**

STATEMENT OF TRUSTEES RESPONSIBILITIES

The Trustees who are also the Directors of Soft Touch Arts Limited for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare accounts 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 year.

In preparing these accounts, 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 accounts; and
- prepare the accounts 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 Charity and enable them to ensure that the accounts 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:

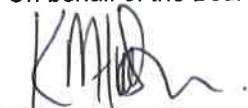
- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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 for small companies under the Companies Act 2006.

On behalf of the Board of Trustees



KM Hudson (Honorary Treasurer)
Trustee

Dated: 16 December 2015

**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
INDEPENDENT AUDITORS' REPORT
TO THE TRUSTEES OF SOFT TOUCH ARTS LIMITED**

We have audited the accounts of Soft Touch Arts Limited for the year ended 31 March 2015 set out on pages 9 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Charity's Trustees, as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the Charity's Trustees those matters we are required to state to them in an auditors' 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 its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the statement of Trustees' responsibilities, the Trustees, who are also the directors of Soft Touch Arts Limited for the purposes of company law, are responsible for the preparation of the accounts and for being satisfied that they give a true and fair view.

The Trustees have elected for the accounts to be audited in accordance with the Charities Act 2011 rather than the Companies Act 2006. Accordingly we have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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

Scope of the audit of the accounts

An audit involves obtaining evidence about the amounts and disclosures in the accounts sufficient to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the accounts. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited accounts and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on accounts

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2015 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.

**SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
INDEPENDENT AUDITORS' 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 where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the accounts; or
- the charitable company has not kept adequate accounting records; or
- the accounts 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.

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

Dated: 17 December 2015

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

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Unrestricted funds			Total	Total
		General funds	Designated funds	Restricted funds	2015	2014
		£	£	£	£	£
Incoming resources						
Incoming resources from generated funds						
Voluntary income	2	2,427	6,290	18,330	27,047	10,396
Investment income	3	1,843	-	-	1,843	2,435
		<u>4,270</u>	<u>6,290</u>	<u>18,330</u>	<u>28,890</u>	<u>12,831</u>
Incoming resources from charitable activities	4	189,666	404	1,009,441	1,199,511	515,310
Other incoming resources	5	743	-	-	743	3,671
		<u>194,679</u>	<u>6,694</u>	<u>1,027,771</u>	<u>1,229,144</u>	<u>531,812</u>
Total incoming resources						
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	6	25,824	-	-	25,824	25,320
Charitable activities						
Arts Activities		153,269	-	216,701	369,970	336,648
Governance costs		<u>31,407</u>	<u>-</u>	<u>58,876</u>	<u>90,283</u>	<u>88,935</u>
		<u>210,500</u>	<u>-</u>	<u>275,577</u>	<u>486,077</u>	<u>450,903</u>
Total resources expended						
Net (outgoing)/incoming resources before transfers		(15,821)	6,694	752,194	743,067	80,909
Gross transfers between funds		(6,866)	-	6,866	-	-
		<u>(22,687)</u>	<u>6,694</u>	<u>759,060</u>	<u>743,067</u>	<u>80,909</u>
Net movement in funds and net income / (expenditure) for the year						
Fund balances at 1 April 2014		108,279	8,957	215,073	332,309	251,400
		<u>85,592</u>	<u>15,651</u>	<u>974,133</u>	<u>1,075,376</u>	<u>332,309</u>
Fund balances at 31 March 2015						

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
BALANCE SHEET
AS AT 31 MARCH 2015

	Notes	2015		2014	
		£	£	£	£
Fixed assets					
Tangible assets	12		1,108,509		370,686
Current assets					
Debtors	13	82,876		43,177	
Cash at bank and in hand		233,906		181,718	
		316,782		224,895	
Creditors: amounts falling due within one year	14	(160,333)		(51,775)	
Net current assets			156,449		173,120
Total assets less current liabilities			1,264,958		543,806
Creditors: amounts falling due after more than one year	15		(189,582)		(211,497)
Net assets			1,075,376		332,309
Income funds					
Restricted funds	17		974,133		215,073
Unrestricted funds:					
Designated funds	18		15,651		8,957
General funds			85,592		108,279
			1,075,376		332,309

The company is entitled to the exemption from the audit requirement contained in section 477 of the Companies Act 2006, for the year ended 31 March 2015, although an audit has been carried out under section 144 of the Charities Act 2011. No member of the company has deposited a notice, pursuant to section 476, requiring an audit of these accounts under the requirements of the Companies Act 2006.

The Directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and, 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to accounts, so far as applicable to the company.

These accounts have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The accounts were approved by the Board on 16 December 2015



KM Hudson (Honorary Treasurer)

Trustee

Company Registration No. 02063893

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

The accounts have been prepared in accordance with applicable accounting standards, the Statement of Recommended Practice, "Accounting and Reporting by Charities", issued in March 2005 and the Companies Act 2006.

1.2 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the Charity is legally entitled to the income and the amount can be quantified with reasonable accuracy.

Voluntary income including donations and grants that provide core funding or are of a general nature are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Gifts in kind and donated assets are valued at cost and are included in the SOFA and Balance Sheet as appropriate. No amounts are included in the financial statements for services donated by volunteers.

Investment income is recognised on a receivable basis.

Income from charitable activities includes income received under contract or where entitlement to grant funding is subject to specific performance conditions and is recognised as earned (as the related goods or services are provided).

Deferred income is recognised when:

- the grant or donation must only be used in future accounting periods; or
- conditions have been imposed which must be met before the Charity has unconditional entitlement.

1.3 Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs relating to the category.

Costs of arts activities are those costs incurred in providing the various activities required in order for the Charity to achieve its objectives. Governance costs are those costs incurred in connection with the administration of the Charity and compliance with constitutional and statutory requirements.

Support costs include those costs not directly attributable to charitable work are allocated to charitable activities and governance on a basis consistent with the use of resources.

Expenditure is classified as exceptional when, in the opinion of the Trustees, it requires separate disclosure by virtue of its size, nature or incidence to enable a full understanding of the Charity's performance.

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

1 Accounting policies

(Continued)

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold land is not depreciated	
Freehold buildings	Not depreciated during the year as the new premises were not occupied until May 2015
Leasehold property	Straight line over 20 years
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

1.5 Pensions

The Charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

1.6 Company Status

The Charity is a company limited by guarantee. The members of the Company are the Trustees named on page 1. 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.

1.7 Fund Accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim of each designated fund is 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.

Transfers arise between unrestricted and restricted funds because general reserves are used to underwrite the overspend on the restricted projects.

1.8 Irrecoverable VAT

All resources expended are classified under activity headings that aggregate all costs related to the category. Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

2 Voluntary income

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2015 £	Total 2014 £
Donations	2,427	6,290	18,330	27,047	10,396

3 Investment income

	2015 £	2014 £
Rental income	1,665	2,094
Interest receivable	178	341
	<u>1,843</u>	<u>2,435</u>

4 Incoming resources from charitable activities

	Unrestricted funds General funds £	Designated funds £	Restricted funds £	Total 2015 £	Total 2014 £
Arts Activities	189,666	404	1,009,441	1,199,511	515,310
Included within income relating to Arts Activities are the following:					
Core funding	112,727	-	-	112,727	121,873
Project grants	5,682	-	1,004,382	1,010,064	335,169
Project fees	70,851	-	5,059	75,910	57,972
Other	406	404	-	810	296
	<u>189,666</u>	<u>404</u>	<u>1,009,441</u>	<u>1,199,511</u>	<u>515,310</u>

5 Other incoming resources

	2015 £	2014 £
Other income	743	3,671

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

6 Total resources expended

	Staff costs	Depreciation	Other costs	Total 2015	Total 2014
	£	£	£	£	£
Costs of generating funds					
Costs of generating voluntary income	25,824	-	-	25,824	25,320
Charitable activities					
<u>Arts Activities</u>					
Activities undertaken directly	179,699	-	25,738	205,437	183,397
Support costs	42,244	50,290	71,999	164,533	153,251
Total	221,943	50,290	97,737	369,970	336,648
Governance costs	84,183	-	6,100	90,283	88,935
	331,950	50,290	103,837	486,077	450,903

Other governance costs includes payments to the auditors of £6,100 (2014: £6,100) for audit fees.

Depreciation support costs includes an exceptional item for the sum of £36,570 (2014 - £Nil) relating to the loss on disposal of leasehold land and buildings.

7 Activities undertaken directly

	Unrestricted Funds	Restricted Funds	Total 2015	Total 2014
	£	£	£	£
Costs relating to Arts Activities comprise:				
Staff costs	72,910	106,789	179,699	159,974
Project costs	6,683	11,578	18,261	18,724
Motor and transport	2,230	5,247	7,477	4,699
	81,823	123,614	205,437	183,397

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

8 Support costs

	Unrestricted Funds	Restricted Funds	2015	2014
	£	£	£	£
Staff costs	12,662	29,582	42,244	44,230
Depreciation	12,513	37,777	50,290	14,679
Premises costs	12,873	9,825	22,698	23,233
Motor and transport	7,551	2,099	9,650	8,933
Printing, postage and stationery	2,614	2,030	4,644	8,042
Computer costs	3,203	814	4,017	3,513
Telephone	404	826	1,230	1,305
Legal and professional	4,275	9,769	14,044	26,515
Loan interest	10,577	-	10,577	9,982
Sundry	1,516	365	1,881	8,518
Other costs	3,258	-	3,258	4,301
	<u>71,446</u>	<u>93,087</u>	<u>164,533</u>	<u>153,251</u>

9 Trustees

Five of the Trustees received remuneration during the year totalling £147,828 (2014 - £145,263). This is made up as follows:

SK Norman	£25,824 (2014 - £25,320)
VJ Attwood	£32,280 (2014 - £31,983)
HD Pearson	£25,824 (2014 - £25,320)
CC Wigmore	£32,280 (2014 - £31,644)
J Crofton	£31,620 (2014 - £30,996)

Pension contributions for the above Trustees amounted to £4,542 (2014 - £408)

Two Trustees were reimbursed a total of £467 travelling expenses (2014: Three were reimbursed £538).

SOFT TOUCH ARTS LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

10 Employees

Number of employees

The average monthly number of employees during the year was:

	2015	2014
	Number	Number
Directors	5	5
Project Workers	3	4
Administrative	3	2
Sessional Workers	3	3
Apprentice	1	-
Intern	1	-
	<u>16</u>	<u>14</u>

Employment costs

	2015	2014
	£	£
Wages and salaries	305,628	288,804
Social security costs	19,335	20,800
Other pension costs	6,987	2,755
	<u>331,950</u>	<u>312,359</u>

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

11 Taxation

The Company is a Registered Charity and no provision is considered necessary for taxation.

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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

12 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 April 2014	289,601	63,041	145,181	35,799	533,622
Additions	763,035	-	25,078	-	788,113
Disposals	-	(63,041)	(39,990)	-	(103,031)
At 31 March 2015	1,052,636	-	130,269	35,799	1,218,704
Depreciation					
At 1 April 2014	-	26,471	108,827	27,638	162,936
On disposals	-	(26,471)	(35,461)	-	(61,932)
Charge for the year	-	-	6,603	2,588	9,191
At 31 March 2015	-	-	79,969	30,226	110,195
Net book value					
At 31 March 2015	1,052,636	-	50,300	5,573	1,108,509
At 31 March 2014	289,601	36,570	36,354	8,161	370,686

13 Debtors

	2015 £	2014 £
Trade debtors	30,828	13,713
Other debtors	50,733	28,067
Prepayments	1,315	1,397
	82,876	43,177

SOFT TOUCH ARTS LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

14 Creditors: amounts falling due within one year	2015	2014
	£	£
ICOF Loan	5,153	4,829
LCC Loan	9,800	9,800
Directors' loan accounts	6,982	6,817
Trade creditors	28,329	8,847
Taxes and social security costs	5,914	11,983
Accruals and deferred income	104,155	9,499
	<u>160,333</u>	<u>51,775</u>
	<u>160,333</u>	<u>51,775</u>
15 Creditors: amounts falling due after more than one year	2015	2014
	£	£
ICOF Loan	154,888	160,021
LCC Loan	19,600	29,400
Directors' loan accounts	15,094	22,076
	<u>189,582</u>	<u>211,497</u>
	<u>189,582</u>	<u>211,497</u>
Analysis of loans		
ICOF Loan	160,041	164,850
LCC Loan	29,400	39,200
Directors' loan accounts	22,076	28,893
	<u>211,517</u>	<u>232,943</u>
	<u>211,517</u>	<u>232,943</u>
Included in current liabilities	(21,935)	(21,446)
	<u>189,582</u>	<u>211,497</u>
	<u>189,582</u>	<u>211,497</u>
Instalments not due within five years	130,878	143,591
	<u>130,878</u>	<u>143,591</u>
	<u>130,878</u>	<u>143,591</u>

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.

16 Pension scheme

The Charity operates a defined contribution scheme. Contributions are charged in the financial statements as they are incurred and there are no outstanding contributions at the balance sheet date.

	2015	2014
	£	£
Contributions payable by the Company for the year	6,987	2,755
	<u>6,987</u>	<u>2,755</u>
	<u>6,987</u>	<u>2,755</u>

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

17 Restricted funds

The income funds of the Charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds					Balance at 31 March 2015 £
	Balance at 1 April 2014 £	Incoming resources £	Resources expended £	Depreciation £	Transfers £	
New Building	67,992	808,896	(5,124)	(552)	-	871,212
BIG Lottery (BIG-UP New Parks)	13,921	104,742	(114,786)	(253)	-	3,624
Arts Council England Catalyst	58,682	30,148	(11,392)	(135)	5,623	82,926
Tender Education	913	16,710	(16,577)	-	-	1,046
Youth Music (Back on Track)	15,737	-	(18,805)	-	-	(3,068)
Youth Music (Elevated Risk)	9,392	15,000	(27,993)	(739)	-	(4,340)
HLF - 1950's	1,629	20	(9,523)	-	-	(7,874)
Short Breaks - Capital	5,347	-	-	(853)	-	4,494
TMC (Start)	114	11,114	(12,381)	-	1,153	-
Glen Parva	-	9,731	(2,865)	-	-	6,866
Lloyds SSE	-	6,000	(5,000)	-	-	1,000
Game Over 2	-	7,960	(7,456)	-	-	504
City Classroom Sessions	-	7,450	(5,310)	-	-	2,140
Bleeding Hearts	-	500	(590)	-	90	-
Bloom in New Parks	-	4,500	-	-	-	4,500
Summer Art Trail	-	5,000	-	-	-	5,000
Leasehold Improvements	30,556	-	-	(30,556)	-	-
Big Lottery (Stretch)	935	-	-	(675)	-	260
Mash Up	2,186	-	-	(1,229)	-	957
Musical Van	6,909	-	-	(2,303)	-	4,606
UK Online	760	-	-	(480)	-	280
	215,073	1,027,771	(237,802)	(37,775)	6,866	974,133

There are deficits on three of the restricted funds at the year end. These have arisen because expenditure has been allocated to these projects in advance of income being received.

New building

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

BIG-UP New Parks

5 year community development programme in New Parks ward in Leicester engaging young people and adults through creative activities.

Arts Council England Catalyst

3 years of funding from Arts Council England for regularly funding organisations to support research into gaining alternative sources of funding.

SOFT TOUCH ARTS LIMITED
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NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

17 Restricted funds

(Continued)

Tender Education

Educational work in schools with young people using drama to examine healthy relationships.

Youth Music (Back on Track)

Music workshops for young people to engage them through music to get their lives back on track.

Young Music (Elevated Risk)

Working with hard to reach young people in their communities and signposting them to regular music workshops at Soft Touch to engage and progress them.

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.

Short Breaks - Capital

Funding from Leicestershire County Council to provide specialist equipment for people with disabilities in the new Soft Touch building.

TMC (Start)

Weekly drop-in arts and music session for referred young people with a range of different issues who would not attend mainstream provision providing a safe and supportive environment.

Glen Parva

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

Lloyds SSE

Strategy, development and business skills training from the Lloyds Foundation.

Game Over 2

Funding from the Police and Crime Commissioner's Office to fund a series of workshops in schools on the topic of misbehaviour and the consequences of crime.

City Classroom Sessions

A Mighty Creatives initiative using the arts to connect young people with their city.

Bleeding Hearts

Funding from the Mighty Creatives to help and support young people to develop and subsequently run their own exhibitions and performances.

Bloom in New Parks

A flower and music festival run in New Parks ward in Leicester, to engage young people and adults through creative activities.

Summer Art Trail

Grant funding received to support the Summer Art Trail in Leicester.

Leasehold improvements

Improvements to the Hartopp Road premises, which were vacated shortly after the year end.

Big Lottery (Stretch)

Arts workshops for disadvantaged young people bringing together young people from different areas.

Mash Up

Two year programme of music and arts work with young people from New Parks.

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

17 Restricted funds

(Continued)

Musical Van

Funding to purchase and refurbish a new van to convert into a mobile music and arts studio.

UK Online

Funding to engage people who would not normally use technology in using technology.

18 Designated funds

The income funds of the Charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance at 1 April 2014 £	Movement in funds		Balance at 31 March 2015 £
		Incoming resources £	Resources expended £	
New Building	8,957	6,694	-	15,651
	<u>8,957</u>	<u>6,694</u>	<u>-</u>	<u>15,651</u>

New building

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

19 Analysis of net assets between funds

	General funds £	Designated funds £	Restricted funds £	Total £
Fund balances at 31 March 2015 are represented by:				
Tangible fixed assets	290,329	-	818,180	1,108,509
Current assets	145,178	15,651	155,953	316,782
Creditors: amounts falling due within one year	(160,333)	-	-	(160,333)
Creditors: amounts falling due after more than one year	(189,582)	-	-	(189,582)
	<u>85,592</u>	<u>15,651</u>	<u>974,133</u>	<u>1,075,376</u>

20 Capital commitments

	2015 £	2014 £
At 31 March 2015 the company had capital commitments as follows:		
Expenditure contracted for but not provided in the accounts	<u>52,433</u>	<u>-</u>

SOFT TOUCH ARTS LIMITED
(LIMITED BY GUARANTEE AND NOT HAVING A SHARE CAPITAL)
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2015

21 Related parties

Included in creditors notes 14 and 15, are amounts in respect of the credit balances on the following Directors' current accounts with the Charity:

	Balance at 1 April 2014	Amounts repaid	Interest paid	Balance at 31 March 2015	Split:-	
					in less than one year	in more than one year
	£	£	£	£	£	£
SK Norman	10,319	(2,656)	221	7,884	2,494	5,390
HD Pearson	10,319	(2,656)	221	7,884	2,494	5,390
CC Wigmore	8,255	(2,124)	177	6,308	1,994	4,314
	<u>28,893</u>	<u>(7,436)</u>	<u>619</u>	<u>22,076</u>	<u>6,982</u>	<u>15,094</u>

22 Controlling party

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