



CRAFTS COUNCIL
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Charity No: 280956

CRAFTS COUNCIL

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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CRAFTS COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2019

Charity registration number: 280956

Principal office: 44a Pentonville Road, London, N1 9BY

Members of the Council ("Trustees")

Name	Role and Committees	Changes
Professor Geoffrey Crossick	Chair of Trustees and Nominations Committee Finance & Business Committee Remuneration Committee	
Maria Amidu	Acquisition Panel Nominations Committee	
Jo Bloxham		Resigned June 2018
Professor Bruce Brown	Chair of Finance & Business Committee and Remuneration Committee	
Matt Durran	Audit Committee	
Michael Eden	Audit Committee	
Reyahn King		Appointed December 2018
Dr Zoe Laughlin	Finance & Business Committee Remuneration Committee Nominations Committee Diversity Champion	
Professor Anthony Lilley OBE		
Andrew Marshall	Finance and Business Committee Remuneration Committee Audit Committee	
Brigid Rentoul	Chair of Audit Committee Lead Trustee for Safeguarding	
Beverley Rider	Nominations Committee	
Clare Twomey	Acquisition Panel	
Senior Management Team		
Rosy Greenlees OBE	Executive Director	
Henry Wrigley	Finance & Commercial Director	
Annie Warburton	Creative Director	Resigned October 2018
Natalie Melton	Creative Director	Appointed January 2019
Andy McGlynn	Development Director	

CRAFTS COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Auditor	Haysmacintyre LLP 10 Queen St Place London EC4R 1BE
Bank	Royal Bank of Scotland 40 Islington High Street London N1 8XB
Solicitor	Bates Wells 10 Queen St Place London EC4R 1BE

CRAFTS COUNCIL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2019

The members of the Crafts Council (being the Board of Trustees of the Crafts Council) are pleased to present their Report together with the Financial Statements for the year ended 31 March 2019. The Financial Statements comply with the Charities Act 2011, the Royal Charter of the Crafts Council, and the Statement of Recommended Practice 'Accounting and Reporting by Charities' which is applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015.

Professor Geoffrey Crossick
Chair

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

THE CRAFTS COUNCIL IN 2018/19

We believe in the power of craft to change lives for the better. We have long advocated for the value of craft to connect people and support wellbeing, as well as championing the economic and social benefits of craft makers and craft businesses.

Since 1971 the Crafts Council has advanced craft in the UK in the following ways:

- We champion new makers by providing opportunities for everyone to discover craft and have a go at making.
- We empower new making by supporting professional makers to build successful and sustainable businesses.
- We inspire new audiences by presenting the public with opportunities to see, discover and buy great craft.

At the heart of all that we do is a commitment to being resilient, inclusive and sustainable.



Hands of Darren Applagyei of *Inthegrain93*



Visitors to Julie Cope's *Grand Tour*

Our key achievements in 2018/2019:

- 3.25 million people across the UK engaged with some aspect of our wide-ranging and diverse programme, significantly exceeding our target of 2.5 million.
- 10,000 makers benefited from our workshops, talks and bite sized advice sessions on a range of business development topics.
- Over 87,000 people had the opportunity to have a hands-on experience of craft through our programme of learning and participation. These opportunities range from our national programme in secondary schools to community-led craft clubs in libraries, community centres and cafes,
- More than 1.6 million people watched our films or read our articles.
- 165,000 people watched episodes from our film series *What's Your Craft?* to show the breadth of careers available to those with craft skills to 16-24-year olds
- We strengthened our income generating activities with earned income of £1,410,799, exceeding our target by over £145,000.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

New Makers

"The experience was something that helped me focus on my creativity and made me realise what I can actually do, which I never knew I was capable of." Pupil from Harrow High School, London, who took part in Make Your Future

34,000 children and young people benefited from our learning programmes this year.

Make Your Future, our secondary schools programme, was delivered in London, Yorkshire and the West Midlands, giving 2,423 pupils a high-quality experience of making. Experienced makers trained 469 teachers resulting in increased craft skills and confidence in the 64 participating schools.

Our commitment to working with schools with high levels of pupil premium saw great results, as did our work with three Special Schools and one Alternative Provision Academy for permanently excluded pupils.

"Our partnership with you has meant so much and working with you has been inspirational as I have learnt so much and we have been making clay pots over the last few weeks. The pupils are having so much fun." Make Your Future teacher, Woodfield School, London



We were proud to become an Artsmark Partnership organisation, creating new resources and supporting 40 young people to achieve their Artsmark Bronze Awards.

Our Young Craft Citizens, who meet regularly, continue to grow in confidence and number. The group currently has 63 members with 50% from BAME backgrounds.

Our Make:Shift:Do programme gives people exposure to emerging craft technologies, new materials and digital making. Working with three makerspaces: the Harris Museum in Preston: Little Sandbox in Norris Green Library, Liverpool and FabLab, Barnstaple we developed three bespoke co-created projects with their communities.

"Community-building is important to us as an organisation, and important in providing a service to a community which is already fractured. Crafts offered us a great way in, it allows us to open the door in a way that feels non-threatening." Makerspace staff, Little Sandbox, Norris Green, Liverpool

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

New Making

"The vast amount of inspiration, knowledge and know-how that is passed on from artists and professionals is invaluable. My sales have doubled just in the first six months since Hothouse and I have secured a workspace" Jenny Chan, Hothouse participant

We support and champion UK's vibrant, diverse and talented makers at every stage of their career. This year over 10,000 makers benefited from our expertise and resources. This included a new International Export Toolkit for makers in partnership with the Department for International Trade, talks, advice sessions and workshops across the UK and via our digital platforms.

The Crafts Council Directory is a digital marketing platform for over 600 makers, and is widely used by businesses and individuals looking to connect with craft. Our open call with the National Trust resulted in two special commissions this year. Julie Bailey created a jewellery range for them and Hugh Miller created a bespoke furniture range for Red House in Bexleyheath, which included a performative event attended by local residents.

Hothouse, our flagship programme for emerging makers, saw 29 individuals selected, 27% of whom consider themselves BAME and/or disabled, an increase of 13.5% from the previous year.

"Thanks so much for arranging the Maker of the Week feature. I had loads of interest on Instagram and a sale as a direct result, so I really do appreciate it." Pipistrelle Ceramics



Momoka Gomi, Hothouse participant



Hugh Miller with his National Trust commission at Red House

Our research and advocacy provides the evidence base that demonstrate the value of craft to society. This year we published our annual summary of Crafts Council research alongside ten digital Policy Briefs. We also supported five postgraduate or doctorate research projects and published the findings from our annual maker export survey.

We worked with businesses and manufacturers to produce a collection of case studies showcasing how craft skills are integral to industry and became a member of the Materials and Design Exchange (MaDE) and a steering committee member of the annual Createch conference.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

New audiences

We tour high-quality exhibitions and provide loans from our Collection to regional museums, galleries and venues. This is supported by programming activities, events and content aimed at reaching an increasingly broad and diverse audience.

Four original Crafts Council exhibitions toured to nine venues across the UK, including *Julie Cope's Grand Tour* at Thurso Art Gallery in Scotland, *A Curious Turn* at Thelma Hulbert Gallery in Devon, *Legacy* at Firstsite Colchester and *Great and Small* delivered in partnership with the Broadway Gallery in Letchworth. Our film festival dedicated to craft *Real to Reel* was presented at three UK venues and two in Sydney, Australia.

We acquired 12 new objects for our national Collection including new works by Lin Cheung, Angela James, Lawson Oyekan, Esna Su and Philip Wood. 1,450,000 people engaged with our Collection through touring exhibitions and loans.

We worked in partnership with media platforms Creative Debuts and Dazed on 'Common Thread'; an exhibition of 25 artists exploring African-Caribbean history, identity, and culture. This was supported by a panel discussion focussed on the experiences of BAME people in the creative industries during Black History month.

"Common Thread - excellent exhibition with such dynamic and thought-provoking pieces." Jay Brave, Made in Hackney Youth Ambassador



Collect: International Art Fair for Modern Craft and Design which takes place annually has been instrumental in defining and growing the market for contemporary craft. Its 15th edition saw 45 galleries showcase the work of over 400 makers and artists from around the world, attracting 13,000 visits and over £1.5 million in sales.

"From poaching to plastic: London's Collect craft fair takes on politically charged topics" The Art Newspaper

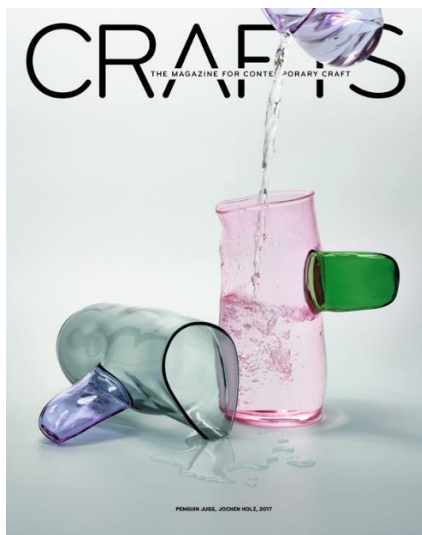


CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Crafts magazine published six issues with topics ranging from how the pioneering collective Intoart are breaking down the barrier facing artists with learning disabilities, to a profile of legendary textile Annie Albers, and James Shaw's innovative use of plastic.



Future Plans

The next year brings significant changes & new opportunities.

The opening of the Crafts Council Gallery in our Grade 2 listed premises in Islington. Free and open to the public, we will present a lively programme of events, talks, workshops, and exhibitions exploring craft and making.

Visitors will be able to hear from leading makers, artists and designers, see objects from our national Craft Collection and delve into our specialist archive of craft books and catalogues.

The inaugural exhibition, opening in March 2020, will be 'The Makers Eye'. 13 contemporary makers have selected objects from the collection that explore their connection to craft.

In addition, we launch the Artisa Curatorial Fellowship, a six-month fellowship that offers emerging curators the opportunity to draw on our collection and resources and present an exhibition in the Gallery.

We are participating in two European-funded programmes that aim to build the capacity of craft businesses, equip them with experience of working across craft and new technologies, and enable European partners to benefit from our expertise in supporting craft businesses.

In May 2020, we publish the findings of our 'Markets Study' our most comprehensive survey of consumer attitudes to craft in almost a decade.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

With Thanks

All our work is only possible with the generous financial support of Arts Council England, trusts and foundations, individuals and sponsors.



CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

FINANCIAL PERFORMANCE

Performance

In 2018/19 we exceeded all our major planned operating KPIs and audience figures. We did this while creating a material financial surplus of over £600k.

Income was nearly 4% above target. However, spend against budget was more efficient. This reflects effective programme management.

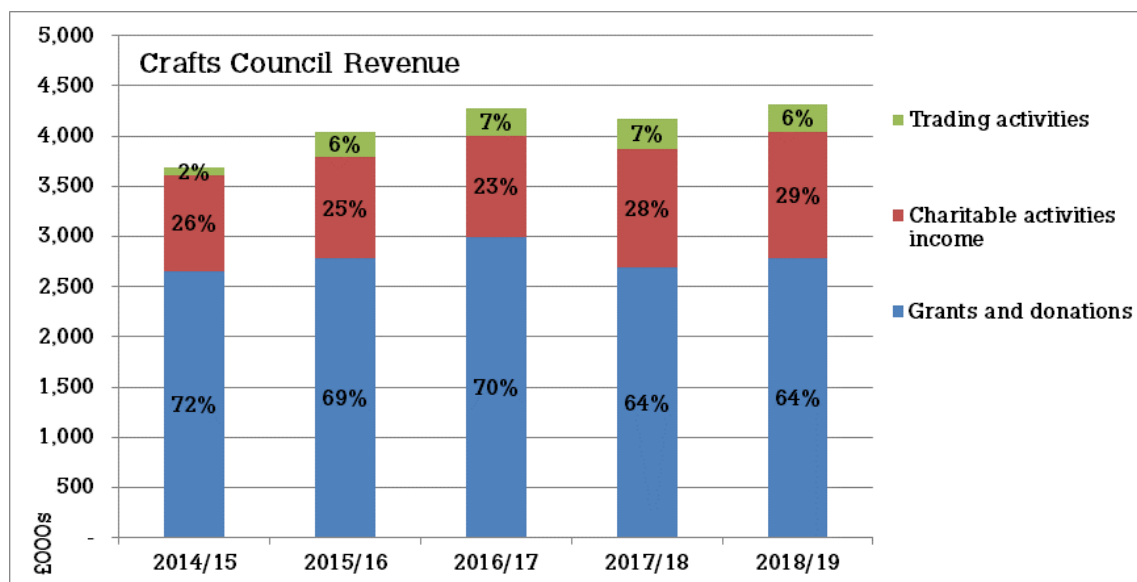
This positive performance means we are carrying forward a strong reserves position. These reserves – restricted, designated and free – are needed to deliver major projects in 2019/20:

- A website and brand project.
- Renovation of our public space.

Revenue

The Arts Council England (“ACE”) remains our largest funder. We have just completed the first year of a four-year funding agreement with them. Each year until 2022, we will get £2.5m of unsecured income from ACE. This is a great foundation for our work.

However, over the last 5 years we have grown and consolidated our other income. We now earn and raise more money, alongside ACE funding.



For the last two years we have grown revenue through:

- Improved commercial performance of our art fair, Collect.
- Income from Museums and Galleries Exhibition Tax Relief. This offsets the cost of creating new touring exhibitions.
- Working with partners like the British Council and Department for International Trade.
- Raising funds for the development of our new public space, the Home for Craft.

Alongside this, our focus is on securing more commercial and sector partnerships. These create even greater impact through sharing resources and audiences.

CRAFTS COUNCIL

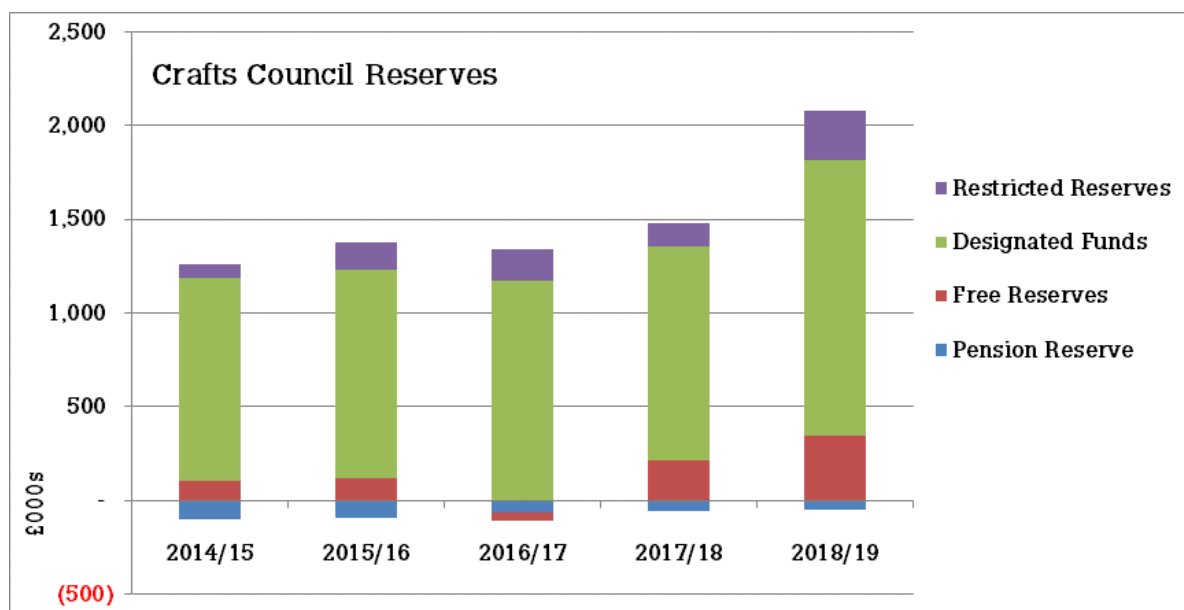
TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Reserves

We carefully manage our free reserves to balance maximising spend on activities and impact, against having surplus to manage risk. Our aim is to have sufficient free reserves to:

- Allow us operational flexibility.
- Give us the ability to invest in new projects and work.
- Manage risk and unexpected expenditure.



We have grown free reserves consistently since 2016/17.

In 2019/20 we are redeveloping our public space at 44a Pentonville Road. We have increased our restricted reserves with funds raised for this project. We have also built up our free reserves to ensure we have headroom to cope with any risks on this project.

The core of our designated reserves reflects the value of our Collection. It is recorded in our accounts at the historical cost of the artefacts. However, it has a commercial, cultural and intangible value far beyond this.

Our Collection presents a snapshot of the best making in UK since 1972. It forms the only collection in the UK that documents contemporary craft across all disciplines.

Reserves Policy

Crafts Council operates a dynamic Reserves Policy. Our three key tests, in order of importance, are:

- Cashflow Visibility: ensuring future cash headroom and operational flexibility.
- Requirements for Reserves: based on analysis of potential risks and contingencies.
- 3 Months Operating Expenses: building higher reserves for reinvestment in impact.

Our Arts Council England funding is confirmed for the next 3 years. Our aim during the initial years of our 4 year business plan is to reinvest surplus in building an organisation able to create greater impact long term. In the later years of the business plan, we will build our reserves further to mitigate lower longer term revenue visibility.

Note 15 to the Financial Statements provides more detail on specific reserves.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution, composition of the Council and Trustee induction

Crafts Council is incorporated by Royal Charter. It is registered as a Charity, number 280956, in England and Wales.

The Council consists of a Chair and not more than 14 Trustees. The Chair is appointed for a period of 4 years and may be reappointed for 1 further term. New Trustees are appointed by the Council and serve for 4 years. After this term they may put themselves forward for a further 4 years. No Trustee may serve for more than 2 consecutive terms of office.

The Council, comprising of all Trustees, is also described as the Board of Trustees. It meets at least quarterly to:

- Agree the strategy of the Crafts Council.
- Review performance.
- Advise upon areas of programme activity.
- Consider risk management and reserves policy.

The Crafts Council has four Committees:

- Audit Committee. Monitors the annual statutory audit and risk management.
- Finance and Business Committee. Reviews financial performance, business activities and risk.
- Remuneration Committee. Scrutinises staff compensation, pay and rewards.
- Nominations Committee. Supervises the skills and composition of the Board. Proposes new Trustee appointments.

In addition, two Trustees sit on the Heritage Assets Acquisition Panel.

The induction process for a new trustee includes meetings with the Chair, Executive Director and Senior Management Team. All new trustees are given an induction pack containing all key governance information.

Organisation and management

The day-to-day activities of the Crafts Council are delegated to the Executive Director. They lead a Senior Management Team of three other directors.

Pay policy for senior staff

All Trustees give of their time freely. No trustee received any payment for work during the year.

Senior Management Team pay is reviewed annually by Trustees on our Remuneration Committee.

There is no salary scale for the Senior Management Team. Each member of Senior Management Team is formally appraised twice yearly by the Executive Director. The Chair reviews the performance of the Executive Director.

A report on Directors' performance is submitted to the Remuneration Committee. Pay increases are determined by:

- Inflation.
- Comparable pay scales for similar roles.
- Individual performance.
- Any significant changes of role.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Principal risks and uncertainties

The Crafts Council maintains a Risk Register which is reviewed by Trustees quarterly. Additionally, the Finance and Business, and Audit Committees update the Risk Register every meeting.

During the year we have improved our financial position and began a 4 year funding plan with ACE. Therefore, our main risks now centre upon delivering this business plan. This means ensuring major projects and regular programmes are delivered on time and within budget, and create the desired impact.

Risks include:

- Management of significant projects. Such as development of the Home for Craft, the Craft UK network, and brand and website project.
- Implementing initiatives, such as our equality and diversity, environmental and digital action plans. Embedding these across all our projects and programmes,
- Compliance with changing laws, particularly around data and fundraising.
- Income risks; particularly on our commercial and fundraised income.

Our key strategies to mitigate these include:

- Strong governance, process and Trustee oversight.
- Training and recruitment to ensure we have the required professional skills in our teams.
- Strong financial controls and process. Regular review and forecasting of potential outcomes.
- Specialist cross organisational staff working groups for key areas, such as diversity or data.
- Continued progress diversifying sources of income and increasing free reserves.
- Planning, project management, forecasting and other actions that allow operational flexibility.

Public Benefit

Trustees confirm that they have complied with section 17 of the Charities Act 2011, in having regard to the Charity Commission's guidance on public benefit in determining the activities of the charities.

Fundraising Statement

All Crafts Council fundraising activities are compliant with the recognised standards of fundraising (set out in the Code of Fundraising Practice). As well as those required under charity law and wider law. The charity is a member of the Fundraising Regulator and is committed to conducting open, honest and respectful fundraising practices.

We use no external fundraising organisations. There have been no complaints regarding our fundraising activities.

We raised funds from a range of institutions, trusts and foundations, alongside some donations from individuals. We thank everyone who has supported our work.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Trustees' Responsibilities in relation to the Financial Statements

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Standards.

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity 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 of the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any 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 business.

The Trustees are responsible for keeping adequate accounting records which disclose with reasonable accuracy the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved and authorised for issue by the Trustees and signed on their behalf by



Professor Geoffrey Crossick
Chair

Date: 12/09/19

Opinion

We have audited the financial statements of the Crafts Council for the year-ended 31 March 2019 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and 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 Financial Reporting Standard 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 charity's affairs as at 31 March 2019 and of its net movement in funds 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 Charities Act 2011.

Basis for opinion

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder. 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 charity 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 14, the trustees 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 charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 charity'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 trustees are responsible for the other information. The other information comprises the information included in the Trustees' Report. 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.

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:

- adequate accounting records have not been kept by the charity; or
- sufficient accounting records have not been kept; or
- the charity 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.

Use of our report

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 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 charity's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Haysmacintyre LLP
Statutory Auditors

16 / 12 / 2019

10 Queen Street Place
London EC4R 1AG

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

CRAFTS COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2019

		Unrestricted Funds £'000	Restricted Funds £'000	2019 Total Funds £'000	2018 Total Funds £'000
	Notes				
INCOME					
Grants and donations	2	2,515	267	2,782	2,688
Income from charitable activities	3				
Artistic Programme: UK		742	-	742	633
Artistic Programme: Overseas		40	20	60	57
Learning & Talent Development		55	-	55	65
Innovation Programme		0	-	0	5
Leadership, Research & Policy		7	-	7	7
Audience Development		336	-	336	364
		1,180	20	1,200	1,131
Other trading activities					
Rental income	4	272	-	272	283
Product Sales	4	3	-	3	16
Investment Income		1	-	1	-
Other Income	4	56	-	56	50
Total Income		4,027	287	4,314	4,168
EXPENDITURE					
Raising funds					
Fundraising activities	5	309	-	309	373
Other trading activity: property surplus to requirements		202	-	202	198
Charitable activities					
Artistic Programme: UK		1,283	-	1,283	1,370
Artistic Programme: Overseas		28	18	46	213
Learning & Talent Development		549	89	638	588
Innovation Programme		85	-	85	100
Leadership, Research & Influencing Policy		164	-	164	129
Audience Development		975	-	975	956
Gallery Development Costs		4	-	4	55
Total expenditure		3,599	107	3,706	3,982
Net Income		428	180	608	186
Transfers between funds		36	(36)	-	-
Net movement in funds		464	144	608	186
Total funds brought forward		1,299	121	1,421	1,235
Total funds at 31 March		1,764	265	2,029	1,420

The notes on pages 18 to 35 form an integral part of these financial statements.

CRAFTS COUNCIL**BALANCE SHEET****FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	£'000	2019 £'000	2018 £'000
FIXED ASSETS				
Heritage assets	10	881		876
Other tangible fixed assets	10	289		267
			<u>1,170</u>	<u>1,143</u>
CURRENT ASSETS				
Stocks	11	12		8
Debtors	12	386		349
Cash at bank and in hand		921		349
		<u>1319</u>		<u>706</u>
CREDITORS: amounts falling due within one year	13	(388)		(378)
Net Current Assets			931	328
TOTAL ASSETS LESS CURRENT LIABILITIES			2,101	1,471
Creditors due after 1 year	14		(72)	(50)
			<u>2,029</u>	<u>1,421</u>
NET ASSETS			2,029	1,421
Represented by:				
Unrestricted funds				
General Fund			344	215
Pension Reserve			(51)	(58)
Rent Reserve			(29)	-
Designated Funds			1,497	1,143
Total unrestricted funds			<u>1,764</u>	<u>1,300</u>
Restricted funds			<u>265</u>	<u>121</u>
TOTAL FUNDS	15		<u>2,029</u>	<u>1,421</u>

The notes on pages 18 to 35 form an integral part of these financial statements

Approved and authorised for issue by the Council and signed on its behalf by:

Geoffrey Crossick

Professor Geoffrey Crossick
Chair

Date: 12/09/19

CRAFTS COUNCIL**CASHFLOW****FOR THE YEAR ENDED 31 MARCH 2019**

	Notes	2019 £'000	2018 £'000
Cash used in operating activities	17	589	155
Cash flows from investing activities			
Investment income received		1	
Payments to acquire heritage assets	10	(5)	(21)
Payments to acquire other tangible fixed assets	10	<u>(13)</u>	<u>(2)</u>
Net cash used in investing activities		<u>(17)</u>	<u>(22)</u>
Change in cash and cash equivalents	17	572	133
Cash and cash equivalents brought forward		<u>349</u>	<u>216</u>
Cash and cash equivalents carried forward	17	<u><u>921</u></u>	<u><u>349</u></u>

The notes on pages 18 to 35 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

1.1a Basis of preparation of the Financial Statements

These Financial Statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant note(s) to these Financial Statements. These Financial Statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) effective 1 January 2015 and the Charities Act 2011.

The Crafts Council constitutes a public benefit entity as defined by FRS102.

1.1b Preparation of the Financial Statements on a going concern basis

The Charity reported a cash inflow of £572,007 for the year. The trustees are of the view that the Crafts Council's status as an Arts Council England National Portfolio Organisation for the current funding period ending 2021/22 confirms that the Crafts Council can continue as a going concern.

The Board of Trustees have given due consideration to the working capital and cash requirements of the Crafts Council. The Board consider the Crafts Council's current and forecast cash resources to be sufficient to cover the working capital requirements of the charity for at least 12 months.

1.1c Areas of material judgement and estimates

The accounting policies for material items are set out below. Those which are subject to material judgements and estimates are in the opinion of the trustees: determination of the useful lives of assets. The Trustees do not believe that there are any items which are likely to be susceptible to material adjustment in future periods.

1.2 Fund accounting

Restricted funds comprise donations which the donor has specified are to be used solely for particular areas of the charity's work or for specific projects being undertaken by the charity.

Designated funds comprise monies set aside out of unrestricted funds for specific future purposes or projects, at the discretion of the trustees. Unrestricted general funds represent those monies which are freely available to spend on activities which further any of the purposes of the charity.

The Pension reserve deficit represents the net present value of Crafts Council's total expected contribution towards the Arts Council Retirement Plan Scheme deficit. It is the equivalent to the balance sheet provision at the year end.

1.3 Income

General

All income is recognised once the charity has entitlement to income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Unless noted otherwise below, income is recognised as earned, that is as the related goods or services are provided. Earned income arising during the year relating to future events or provision of services is deferred until those activities have taken place.

Grants and donations

Grants and donations are recognised where there is entitlement, probability of receipt and the amount can be measured with sufficient reliability. Where grants are specifically restricted to future accounting periods, they are deferred and recognised in the relevant periods.

Other Income

Income due under the Exhibition Tax Credit scheme is recognised on a receivable basis in the period in which the related qualifying expenditure is incurred, and is categorised in the Statement of Financial Activities under Other Income

1.4 Donated goods and services

Donated goods and services, in as much as they are material and quantifiable, are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

1.5 Expenditure

1.5a General

Expenditure is recognised when there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Costs of Raising Funds: Fundraising comprises the costs of the development (fundraising) team and associated support and governance costs

Costs of Raising Funds: Other trading activity comprise the cost of subletting property which is surplus to operational requirements, and associated support and governance costs.

Expenditure on Charitable Activities includes costs of projects undertaken to further the purposes of the charity, and associated support and governance costs. Crafts Council divides its charitable activities into six areas of work which are shown on the face of the Statement of Financial Activities. For clarity, and to improve the reader's understanding of the activities outlined in the trustees' report, some of these areas are broken down further in the Notes which follow.

Termination costs are accounted for when payable.

1.5b Allocation of support and governance costs

The cost of staff time that is not spent directly within the analysis headings on the Statement of Financial Activities (namely support and governance costs) is allocated in proportion to the directly attributable costs on those headings.

The average monthly full time equivalent head count is then calculated and used to allocate support general costs proportionally against direct activities, grant-making activities and governance general costs, within the Raising Funds and Charitable Activities analysis headings.

Lastly, governance general costs are analysed across the Raising Funds and Charitable Activities analysis headings, again in proportion to the average monthly full time equivalent head count.

1.5c Pension costs

The charity participates in a multi-employer defined benefit pension scheme and a defined contribution group personal pension plan. Both are accounted for as defined contribution schemes and full details are provided in Note 11.

Pension costs are allocated between funds in line with staff costs. For the defined benefit scheme, provision is made for the present value of the deficit contributions to be made.

1.6 Operating leases

Payments under operating leases are charged on a straight line basis over the lease term.

1.7 Foreign currency

Foreign currency transactions relate to income from subscriptions for *Crafts* magazine and sales

at some overseas craft events and expenditure incurred by activities carried out abroad. Such income and expenditure is translated into sterling at the exchange ruling at the date of the transaction. Monetary assets or liabilities existing at the year-end are translated at the rate ruling at the balance sheet date. All exchange rate differences are recognised through the Statement of Financial Activities.

1.8 Taxation

As a registered charity carrying out charitable activities, Crafts Council is generally exempt from corporation tax except in limited circumstances.

Irrecoverable VAT is not separately analysed and is charged to the Statement of Financial Activities when the expenditure to which it relates is incurred. It is initially categorised as a support cost and included within the analysis headers as for other support costs.

Tax recovered under gift aid relating to donated income is recognised when the related income is receivable and is included within Donations and Legacies income.

1.9 Tangible fixed assets and depreciation

Heritage assets

The Crafts Council Collection ("Collection") of craft objects is held for charitable purposes and is stated at cost. All items which form part of the collection are capitalised as fixed assets in the year of acquisition, principally through purchases from third parties.

Donated collection items are recognised initially at their fair value to the extent that this can be estimated with reasonable reliability. Where there is a lack of comparable information or market values, donated items are not reported on the balance sheet.

No provision is made for depreciation, as the items in the Crafts Council Collection are deemed to have indeterminate lives and it is the Trustees' policy to maintain the Collection in good condition so that the items' residual values are at least equal to their carrying value on the Balance Sheet. All maintenance costs are recognised as expenditure in the financial year in which they are incurred. The carrying value is reviewed as part of an ongoing internal audit process and a provision in the Financial Statements is made, if necessary, for any impairment in value.

Other Fixed Assets

Fixtures, fittings and computer equipment costing £1,000 or more are capitalised and are initially stated at cost. Assets purchased as part of the same project may be treated in aggregate. They are depreciated over their estimated useful economic lives at the following rates:

Leasehold improvements	: over the remaining lease period
IT equipment, software and other digital assets	: over 3 years
Other fixtures, fittings and equipment	: over 5 years

With the exception of leasehold improvements, a full year's depreciation is charged on fixed assets acquired and brought into use during the year, and no depreciation is charged in the year of disposal.

1.10 Stocks

Bought stocks are stated at the lower of historical cost (which is not materially different from net current replacement cost) or net realisable value.

1.11 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

1.12 Creditors and provisions

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

1.13 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments held by the charity are initially recognised at transaction value and subsequently measured at their settlement value.

2 INCOME FROM GRANTS AND DONATIONS

	2019 Total Funds £'000	2018 Total funds £'000
Arts Council England	2,524	2,504
Individual giving: Patrons & Donations	11	37
Various trusts, Make Your Future project	107	76
Various trusts, redevelopment project	125	25
Other funding	15	46
Total	2,782	2,688

Donations of cash from trustees in 2019 included above were £2,250 (2018: £880). Included in Individual Giving: Patrons and Donations is £0 (2018 £3,275) representing the value of donated heritage assets.

3 INCOME FROM CHARITABLE ACTIVITIES 2019

	2019 Total Funds £'000	2018 Total Funds £'000
Artistic Programme UK:		
Exhibitions, Loans & Collection	49	44
Collect	693	589
Artistic Programme Overseas: Showcasing	60	57
Learning & Talent Development:	-	-
Learning programme	2	0
Talent development programme	53	65
Innovation:	-	5
Leadership, Research & Influencing Policy:	7	7
Audience Development:	-	-
Crafts Magazine & other publishing	297	339
Other	39	25
	1,200	1,131

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

4 INCOME FROM OTHER TRADING ACTIVITIES	2019 Total Funds £'000	2018 Total Funds £'000
Rental income and related charges on surplus property	272	283
Exhibition related merchandising	3	16
Museum & Gallery Exhibitions Tax Relief	56	50

Rental Income was received in respect of the top 2 floors of the leasehold property at 44a Pentonville Road, London, N1 9BY.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

5a Allocation of Expenditure 2019

	Direct Activities £'000	Direct Staff £'000	Support Costs £'000	Support Staff £'000	Governance costs (6b) £'000	Governance staff £'000	2019 Total £'000	2018 Total £'000
<u>Expenditure on raising funds</u>								
Fundraising activities	69	165	55	13	3	4	309	373
Other trading activities	178	9	2	10	-	3	202	198
<u>Charitable Activities</u>								
Artistic Programme UK:	122	227	121	19	7	6	502	667
Exhibitions, Loans & Collection	563	110	56	38	3	11	781	703
Collect	28	12	3	2	-	1	46	213
Artistic Programme Overseas:								
Showcasing								
Learning & Talent Development:	104	128	79	13	5	4	332	284
Learning programme	73	135	77	12	5	3	306	304
Talent development programme	2	51	26	3	2	1	85	100
Innovation	46	80	27	7	2	2	164	129
Leadership, Research & Influencing Policy								
Audience Development & Communications:	271	172	48	25	3	7	526	558
Crafts Magazine & other publishing	121	203	96	18	6	5	449	398
Other								
Redevelopment Costs	(16)	16	4	-	-	-	4	55
Total resources expended	1,561	1,308	594	160	36	47	3,706	3982

(i) Further analysis of staff costs is given in Note 7.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

5b Allocation of Expenditure 2018

	Direct Activities £'000	Direct Staff £'000	Support Costs £'000	Support Staff £'000	Governance costs (6b) £'000	Governance staff £'000	2018 Total £'000	2017 Total £'000
<u>Expenditure on raising funds</u>								
Fundraising activities	69	200	82	14	5	3	373	426
Other trading activities	176	7	2	10	0	3	198	77
<u>Charitable Activities</u>								
Artistic Programme UK:								
Exhibitions, Loans & Collection	245	257	125	27	8	5	667	735
Collect	546	84	26	36	1	10	703	748
Artistic Programme Overseas:	164	32	3	11	0	3	213	385
Showcasing								
Learning & Talent Development:								
Learning programme	100	114	54	11	3	2	284	201
Talent development programme	93	123	70	11	4	3	304	304
Innovation	6	60	28	3	3	0	100	206
Leadership, Research & Influencing Policy	25	71	25	4	2	2	129	164
Audience Development & Communications:								
Crafts Magazine & other publishing	286	160	76	24	5	7	558	578
Other	98	177	99	14	6	4	398	511
Redevelopment Costs	40	10	2	3	0	0	55	
Total resources expended	1,848	1,295	592	168	37	42	3,982	4,335

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

5c Nature of Support and Governance Costs 2019

	Support Costs	Governance Costs	2019 Total	2018 Total
	£000	£000	£000	£000
Facilities costs	393	11	404	422
Finance & HR costs	124	3	127	129
IT costs	77	2	79	58
Audit fees	-	19	19	18
Trustee expenses	-	1	1	2
Support & governance sub-totals	594	36	630	629

5d Nature of Support and Governance Costs 2018

	Support Costs	Governance Costs	2018 Total	2017 Total
	£000	£000	£000	£000
Facilities costs	410	12	422	558
Finance & HR costs	126	3	129	107
IT costs	56	2	58	59
Audit fees	-	18	18	20
Trustee expenses	-	2	2	1
Support & governance sub-totals	592	37	629	745

6 AUDITORS REMUNERATION

The auditor's remuneration constituted an audit fee of £18,500 (2018: £18,500) and additional tax advisory services of £4,500 (2018: £5,150).

7 STAFF COSTS

**2019
£'000** **2018
£'000**

a) Staff costs consist of:

Wages and salaries	1,306	1,285
Employer's national insurance contributions	119	120
Employer's contribution to defined contribution pension schemes and defined benefit pension schemes treated as defined contribution schemes	62	54
Operating costs of defined benefit pension schemes	28	19

Total staff costs	1,515	1,478
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There were termination payments in 2019 of £25k (2018: £15k).

b) Employee benefits received by higher paid employees

During the period, 3 employees (2018: 3) received employee benefits (excluding employer pension costs) of more than £60,000. Of these, no employee received benefits between £60,000 and £70,000 (2018: 2), 2 employees received benefits between £70,000 and £80,000 (2018: 0) and 1 employee received benefits between £90,000 and £100,000 (2018: 1).

c) Remuneration and benefits received by key management personnel

The key management personnel of Crafts Council comprise the Board of Trustees, the Executive Director, the Finance & Commercial Director, the Creative Director and the Development Director. The total employee benefits of the key management personnel (including employer pension costs and employers national insurance contributions) were £348,036 (2018: £338,424)

7 STAFF COSTS (continued)**d) Average number of employees**

The average monthly head count was 43 staff (2018: 46 staff) and the average monthly number of full-time equivalent employees during the year (excluding short-term temporary workers) was 36 (2018: 39), analysed as follows, rounded to the nearest whole number:

	2019 No.	2018 No.
<u>Raising Funds</u>		
Fundraising activities	3	5
Other trading activities	-	-
<u>Charitable Activities</u>		
Artistic Programme UK:		
Exhibitions, Loans & Collection	7	8
Collect	3	2
Artistic Programme Overseas: Showcasing		
Learning & Talent Development:		
Learning programme	5	3
Talent development programme	5	5
Innovation:	2	2
Leadership, Research & Influencing Policy:	2	2
Audience Development:		
Crafts Magazine & other publishing	3	5
Other	6	7
	<u>36</u>	<u>39</u>

The average monthly FTE head count initially allocated to Governance was 1 (2018: 1). This has been reallocated across the other analysis headers above.

8 TRUSTEES' REMUNERATION AND BENEFITS AND RELATED PARTY TRANSACTIONS

Trustees claimed travel and subsistence expenses totalling £1,116 (2018: £1,635) in discharging their duties as Trustees. Trustees were either reimbursed on provision of receipts or the supplier was paid directly by the Crafts Council.

No Trustee received remuneration for any service during the year to 31 March 2019. There were no transactions with the Trustees during the year except for those detailed above.

Five (2018: 6 trustees) trustees claimed reimbursement for travel expenses supported by receipts, the total claims were £1,116 (2018 : £1,636)

9 PENSION COSTS

Arts Council Retirement Plan (1994)

Crafts Council participates in the Arts Council Retirement Plan (1994) ("the Scheme"), a multi-employer defined benefit pension scheme, which is funded by its participants and complies with the Pension Act 2004 governing the funding of employer-sponsored pension arrangements in the UK. There is one present staff member accruing benefits in the Scheme. The assets of the Scheme are held in a separate fund administered by the Trustees of the Scheme.

The statutory funding objective of the Scheme is to ensure that the Trustees build up sufficient assets to meet the expected cost of paying benefits to members of the Scheme, with the assets accumulating at the same rate as members' benefits are earned over their working lives. If the objective is met, the value of the Scheme's assets should, at any time, at least equal the estimated current cost of providing those members' benefits that have been earned to date.

Crafts Council is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by FRS102 Chapter 28 'Employee Benefits', accounts for its obligations to the Scheme as if it were a defined contribution scheme, and recognises a provision for contributions towards eliminating the Scheme's deficit. As a result, the amount charged to the Statement of Financial Activities represents the contributions payable to the Scheme less the portion of the provision released in respect of the accounting year.

The Scheme is formally valued every three years; the last available report dated 31 March 2017 stated the valuation as at 31 March 2016, as valued by Richard Crowhurst, Fellow of the Institute and Faculty of Actuaries, of Hymans Robertson LLP, using the projected unit method. The financial assumptions chosen by the Trustees, which have the most significant effect on the result of the valuation, are shown in the table below:

Main actuarial assumptions:

Retail Prices Index (RPI)	Market implied RPI inflation curve (with allowance for 0.3% pa inflation risk premium)
Consumer Prices Index (CPI)	RPI curve less 1.0% p.a.
Salary increases (including an allowance for promotional pay increases)	1.5% p.a. for 5 years, then RPI thereafter
Discount rate before retirement	Market implied gilt yield curve plus 1.2% p.a.
Discount rate after retirement	Market implied gilt yield curve plus 2.5% pa.

According to this report, the value of the assets of the Scheme, at the valuation date, excluding money purchase Additional Voluntary Contributions, was £132.1 million and the value of the past service liabilities was £157.6 million indicating a deficit of £25.5 million. The assets therefore were sufficient to cover 84% of the benefits which had accrued to members.

The statutory funding objective was not met at the valuation date. As there is a shortfall of assets to meet their obligations to the Scheme, the Trustees are required to put in place a recovery plan which aims to eliminate the deficit. This plan has been put in place after employer consultation. In line with the recovery plan, the Participating Employers will pay contributions with the aim of eliminating the shortfall over the 10 year period from the valuation date. These contributions are payable in addition to the contributions required to meet the cost of future service benefits.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Crafts Council has one current member of the Scheme. The contribution rate payable by Crafts Council from 1 April 2018 to 31 March 2019 was as follows:

- for the accrual of new benefits for members, 31.2% of pensionable salary plus £550 per month in relation to plan expenses (2018: 23.6% and £550 per month)
- an annual contribution of £8,100 towards eliminating the Scheme's deficit (2018 £8,100)

Therefore, the total cost of this Scheme included within Expenditure for the year was:

	2019 £	2018 £
Accrual of benefits for members	20,436	20,034
Annual contribution towards deficit	8,100	8,100
Less pension deficit provision released to SoFA during year	(7,141)	(7,606)
Plan expenses	6,600	6,600
Total staff costs	27,995	27,128

Under Staff Costs (note 11), all costs are disclosed within "Employer's contribution" with the exception of plan expenses which are disclosed as "Operating costs".

Group Personal Pension Plan

Permanent staff appointed on or after 31 March 2000 are eligible to join a Group Personal Pension Plan with Standard Life Assurance Company, a defined contribution scheme. For staff who joined before 1 April 2006, the Crafts Council funds an employer's contribution of 15% of basic salary to the Standard Life Group Personal Pension.

From 1 April 2006, the contribution by the Crafts Council was reduced to 7% for all new employees and the minimum contribution for each employee is 3%.

Following the introduction of new pension regulation by the government, from May 2017 Crafts Council was required to operate an auto enrolment pension scheme for all employees. Crafts Council appointed Standard Life for the provision of this plan.

The Crafts Council offered a more generous contribution than the legal minimum stipulated in the legislation, contributing 3% for an employee contribution of 1% (government minimum 1% employee, 1% employer. It is permissible for the employer to contribute a higher proportion, so long as the total contribution from both employee and employer is at least 2%). All employees not currently part of the existing Crafts Council scheme were auto-enrolled into the new scheme in May 2017.

From April 2018 the legislation required an increase in contributions to a minimum of 3% employee, 2% employer. Crafts Council again offered a more generous 5% contribution for an employee contribution of 2%.

From April 2019 the legislation requires an increase in contributions to a minimum of 5% employee, 3% employer. Crafts Council are offering a more generous 7% contribution for an employee contribution of 3%.

Amounts paid to the Group Personal Pension Plan in the year to 31 March 2019 were £61,716 (2018: £54,002).

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

10 TANGIBLE FIXED ASSETS

(a)	Leasehold improvements	Fixtures, fittings & equipment	Heritage assets	Digital assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 Apr 2018	522	140	877	208	1,747
Additions	58	8	5	-	71
Disposals	-	-	-	-	-
At 31 March 2019	<u>580</u>	<u>148</u>	<u>882</u>	<u>208</u>	<u>1,818</u>
Depreciation					
At 1 Apr 2018	274	125	1	204	604
Charge for the year and impairments	30	10	-	3	43
Disposals	-	-	-	-	-
At 31 March 2019	<u>304</u>	<u>135</u>	<u>1</u>	<u>208</u>	<u>648</u>
Net Book Value					
At 31 March 2019	<u>276</u>	<u>13</u>	<u>881</u>	<u>-</u>	<u>1,170</u>
At 1 April 2018	248	15	876	4	1,143

(b) Heritage Assets

Heritage assets are stated at cost. In the opinion of the Trustees, the market value of the heritage asset Collection is in excess of its book value.

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
(i) Five year summary of purchases					
Total cost of assets purchased in year	<u>5</u>	<u>24</u>	<u>109</u>	<u>19</u>	<u>4</u>

In 2018 we gratefully received a piece from Ute Decker, "Orbit", and a planter and stool from Granby Workshop. In recognition of these donated pieces, £3,275 has been shown as a donation in these Financial Statements.

(ii) Nature of Heritage Assets held and acquisition and disposal policy

The Collection numbers circa 1,800 objects spanning all the main media (excluding fashion). The scope of the Collection is craft between circa 1960 and the present day that is made in the UK, originated in the UK, or made by a UK maker (either as domicile or citizen). Many internationally acclaimed makers are represented and the aim has been to maintain a balance between purchasing work from young makers and those already well established. It is not constituted as a survey of the crafts overall, but reflects a wide and lively spectrum of activity in contemporary work. Acquired work has to be ambitious, innovative, and show new approaches to making, in keeping with the Crafts Council's overall focus.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

10 TANGIBLE FIXED ASSETS (continued)

The primary objectives for the Collection are to:

- support the aims of the Crafts Council;
- benefit the widest possible audience through its use in Crafts Council projects, including long and short term loans, partnership projects, touring exhibitions, displays on site and to support educational projects, published research and study;
- demonstrate excellence and quality in contemporary UK craft;
- stimulate an awareness of high quality work on the part of a wide audience;
- record key moments in craft practice through acquiring work from major exhibitions and from makers who are at an important stage of development in their career; and
- to position contemporary UK craft as an important and distinct creative discipline.

Decisions on acquisitions are made by an Acquisition Panel, consisting of two Trustees, the Executive Director, the Creative Director, the Head of Exhibitions & Collections, and the Keeper of Collections. The Panel meets as necessary to discuss the proposals and approve acquisitions. Acquisitions under £1,000 can be made by the Keeper of Collections with the agreement of the Head of Exhibitions & Collections.

The Crafts Council has a long-term purpose and its permanent collections contribute to its stated objectives. There is a strong presumption against the disposal of any items in the Crafts Council's Collection except as set out below.

In those cases where the Crafts Council is legally free to dispose of an item it is agreed that any decision to sell or otherwise dispose of material from the Collection will be taken only after due consideration; decisions to dispose of items will not be made with the principle aim of generating funds. Once a decision to dispose of an item has been taken, priority will be given to retaining the item within the public domain and with this in view it will be offered first, by exchange, gift or sale to Accredited museums before disposal to other interested individuals or organisations is considered. A decision to dispose of an object will be the responsibility of the Crafts Council's Trustee Board. Full records will be kept of all such decisions and the items involved.

Crafts Council's full Acquisition and Disposal Policy is published on its website and will be reviewed every five years. The last review was approved by the Board in July 2014 and the next will take place in 2019.

11 STOCK	2019 £'000	2018 £'000
Paper for Crafts magazine	10	7
Stock of items for resale	2	1
Total Stock	<u>12</u>	<u>8</u>

12 DEBTORS	2019 £'000	2018 £'000
Amounts receivable within one year:		
Trade debtors	65	50
Other debtors	18	17
VAT receivable	33	19
Prepayments	90	110
Accrued income	<u>180</u>	<u>153</u>
	<u>386</u>	<u>349</u>

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

13 CREDITORS

	2019 £'000	2018 £'000
(a) Amounts falling due within one year:		
Trade creditors	127	102
Other creditors including payroll taxation	46	29
Accruals	43	51
Deferred income: subscriptions received in advance 15 (b)	82	93
Deferred income: other 15 (c)	82	95
Pension contribution due within one year	8	8
	<u>388</u>	<u>378</u>
	2019 £'000	2018 £'000
(b) Movements in subscriptions received in advance		
Balance as at 1 April	92	92
Year-end balance invoiced during the year	82	93
Opening balance released during the year	<u>(92)</u>	<u>(92)</u>
Balance as at 31 March	<u>82</u>	<u>93</u>
	2019 £'000	2018 £'000
(c) Movements in other deferred income		
Balance as at 1 April	95	154
Year-end balance invoiced during the year	83	95
Opening balance released during the year	<u>(95)</u>	<u>(154)</u>
Balance as at 31 March	<u>83</u>	<u>95</u>

14 CREDITORS AFTER 1 YEAR

	2019 £'000	2018 £'000
Amounts falling after one year:		
Pension provision	43	50
Rent provision	29	-
	<u>72</u>	<u>50</u>

(a) Pension provision

The pension provision represents the Crafts Councils' present obligation to contribute towards the deficit relating to past service on the Arts Council Retirement Plan (1994), full details of which are given under Note 11.

Under the latest formal triennial actuarial valuation which took place on 31 March 2016 the contribution rate has been reviewed and from 1 April 2017 the Crafts Council's annual contribution to the scheme deficit was revised to £8,100 (previously £13,100). This is an annual amount payable at the commencement of each year up to March 2029 (12 years). The contribution has been discounted back to its present value at the reporting date and the reserve reflects the current best estimate of the settlement amount.

(b) Creation of rent reserve

Crafts Council leases 44a Pentonville Road. The existing lease was due to expire in 2025. During the year we extended the lease to 2040. As an incentive the landlord agreed two periods of rent reduction. The first 18 months of the lease from January 2019 to June 2020 will be charged at half rent. This is followed by a further half rent period from January to December 2026. In accordance with Accounting Standards, the deemed benefit of the rent free period has been spread over the remainder of the lease. A reserve has been created to reflect and separately disclose this.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

				2019 £'000	2018 £'000
Movements in rent reserve					
Balance as at 1 April				-	-
Reserve accrued during the year				29	-
Opening balance released during the year				-	-
Balance as at 31 March				29	-
<hr/>					
15 FUNDS	At 1 April 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2019 £'000
(a) Unrestricted undesignated funds					
General	215	4,027	(3,599)	(296)	347
Unrestricted designated funds					
Collection (heritage assets)	876	-	-	5	881
Digital assets	3	-	-	(3)	-
Other tangible fixed assets	264	-	-	27	291
"Home for Craft" development	-	-	-	250	250
Website and Brand review	-	-	-	75	75
Rent free period reserve	-	-	-	(29)	(29)
Pension Reserve	(58)	-	-	7	(51)
	1,085	-	-	332	1,417
Total unrestricted funds	1,300	4,027	(3,599)	36	1,764
Total restricted funds 17 (c)	121	287	(107)	(36)	265
Total funds	1,421	4,314	(3,706)	-	2,029

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

15 (b) Prior year fund movements are shown below;

2017/18 Fund movements	At 1 April 2017 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2018 £'000
Unrestricted undesignated funds					
General	(43)	3,974	(3,760)	44	215
Unrestricted designated funds					
Collection (heritage assets)	851	-	-	25	876
Digital assets	15	-	-	(12)	3
Other tangible fixed assets	308	-	-	(44)	264
Pension Reserve	(66)	-	-	8	(58)
	<u>1,108</u>	<u>-</u>	<u>-</u>	<u>(23)</u>	<u>1,085</u>
Total unrestricted funds	1,065	3,974	(3,760)	21	1,300
Total restricted funds 17 (c)	170	194	(222)	(21)	121
Total funds	<u>1,235</u>	<u>4,168</u>	<u>(3,982)</u>	<u>-</u>	<u>1,421</u>

Transfers between designated funds and undesignated funds represent:

- Acquisitions less depreciation of fixed assets.
- Pension deficit cash expenditure. Less the portion of the pension deficit provision which was released during the period.
- The creation of a rent reserve to show the accrual of rental income and spread the benefit of the rent-free period over the life of the new lease for 44a.
- The Trustees have established further designated funds for web and brand development projects, and the Home for Craft development.

Transfers between restricted funds and unrestricted funds represent either:

- Allocations of restricted funds against fixed assets purchased and held for general purposes, in accordance with the terms and conditions of the donated funds;
- Deficits on restricted funds met from general unrestricted undesignated funds; or
- Surpluses on restricted funds at the end of the project moved to general unrestricted undesignated funds, provided this is in accordance with terms and conditions set by the funder.

(b) Purpose of Designated Fund

Designation	Purpose of designated fund
Collection (heritage assets)	Equivalent to the net book value of the Collection
Digital assets	Equivalent to the net book value of digital fixed assets
Other tangible fixed assets	Equivalent to the net book value of all other fixed assets
Pension Reserve	The Pension Reserve deficit represents the net present value of Crafts Council's total expected contribution towards the Arts Council Retirement Plan Scheme deficit. It is the equivalent to the Balance Sheet provision at the year end.
Rent Reserve	The accrual of rental income to spread the benefit of the rent free period over the course of the lease for 44a.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

Web and Brand	Setting aside funds for the ongoing web and brand development, the majority of expenditure for this will fall in 2019/20.
Home for Craft	The development of the Home for Craft at 44a Pentonville Road will commence during August 2019, expected opening is early 2020. The trustees have set aside funds to cover part of these costs.

The net transfer from restricted funds into unrestricted funds represents the allocation of Patron funding against assets purchased for the Collection, in accordance with the terms and conditions of the donated funds.

c) Restricted Fund Analysis

	As at 1 Apr 18	Income	Expenditure	Transfers	As at 31 Mar 19
	£'000		£'000	£'000	£'000
Purpose of restricted fund:					
Home for Craft redevelopment support	52	125	-	(7)	170
Learning and talent	69	115	(89)	-	95
International Showcasing	-	44	(18)	(26)	-
Purchase of assets for the Collection	-	3	-	(3)	-
Total net assets as at 31 March 2019	121	287	(107)	(36)	265

The restricted fund analysis for 2017/18 is shown below;

	As at 1 Apr 17	Income	Expenditure	Transfers	As at 31 Mar 18
	£'000		£'000	£'000	£'000
Purpose of restricted fund:					
44a redevelopment support	62	30	(40)	-	52
Exhibitions and collections	23	28	(48)	(3)	-
Learning and talent	75	89	(95)	-	69
International Showcasing	10	34	(39)	(5)	-
Innovation programme	-	3	-	(3)	-
Purchase of assets for the collection	-	10	-	(10)	-
Total net assets AS AT 31 MARCH 2018	170	194	(222)	(21)	121

Restricted funds are raised for a specific purpose within the Crafts Council's charitable objectives. Restricted income comes from a mixture of grants and donations from institutional donors and individuals.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2019

d) ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted General Funds £'000	Unrestricted Designated Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund balances represented by:				
Tangible fixed assets		1,171	-	1,171
Current assets	729	325	264	1,318
Current liabilities	(388)	-	-	(388)
Long Term Liabilities	-	(72)		(72)
Total net assets as at 31 March 2019	340	1,424	265	2,029

16 COMMITMENTS UNDER OPERATING LEASES	2019 £'000	2018 £'000
(a) As at 31 March, Crafts Council had the following Total commitments under operating leases:		
Leases expiring after five years: land and buildings	2,567	2,087
Leases expiring in one to two years: equipment	0	0
Leases expiring in two to five years: equipment	13	17
(b) As at 31 March, Crafts Council had the following income receivable under operating leases:		
Leases expiring in one to two years: land and buildings	318	-
Leases expiring after five years: land and buildings	-	1,784

The tenant who sublets space at 44a Pentonville Road has exercised the break clause and will leave the building on 11th May 2020.

17 NOTES TO THE CASH FLOW STATEMENT	2019 £'000	2018 £'000
(a) Reconciliation of net income to net cash used in operating activities		
Net income for the year	609	186
Less Value of Donated Heritage Assets	-	(3)
Investment income receivable	(1)	0
Depreciation	43	57
(Increase) / Decrease in stocks	(4)	9
(Increase) / Decrease in debtors	(37)	117
(Increase) in creditors	(20)	(210)
Net cash flow inflow from operating activities	589	156