

Crafts Council

**Annual report and Financial Statements  
For the Year Ended 31 March 2020**

Charity No: 280956

**CRAFTS COUNCIL  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

<b>CONTENTS</b>	<b>Pages</b>
Legal and Administrative Information	2-3
Trustees' report	4-15
Independent auditor's report	16-18
Statement of Financial Activities	19
Balance sheet	20
Cash flow statement	21
Notes forming part of the financial statements	22-37

**CRAFTS COUNCIL**  
**LEGAL AND ADMINISTRATIVE INFORMATION**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**CHARITY REGISTRATION NUMBER:** 280956

**PRINCIPAL OFFICE:** 44a Pentonville Road, London, N1 9BY

**MEMBERS OF THE COUNCIL (“TRUSTEES”)**

<b>Name</b>	<b>Role and Committees</b>	<b>Changes</b>
Professor Geoffrey Crossick	Chair of Trustees and Nominations Committee Finance & Business Committee Remuneration Committee	
Maria Amidu	Acquisition Panel Nominations Committee	Resigned June 2020
Professor Bruce Brown	Chair of Finance & Business Committee and Remuneration Committee	
Matt Durran	Audit Committee	
Michael Eden	Audit Committee	
Reyahn King	Nominations Committee	
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	Resigned June 2020
Beverley Rider	Nominations Committee	Resigned June 2020
Clare Twomey	Acquisition Panel	
Helen Hyde		Appointed February 2020

**CRAFTS COUNCIL**  
**LEGAL AND ADMINISTRATIVE INFORMATION (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**SENIOR MANAGEMENT TEAM**

Rosy Greenlees OBE	Executive Director	
Henry Wrigley	Finance & Commercial Director	
Nicky Dewar	Learning & Skills Director	Appointed October 2020
Andy McGlynn	Insight and Development Director	
Natalie Melton	Creative Director	

**AUDITOR**

haysmacintyre LLP  
10 Queen St Place  
London  
EC4R 1BE

**BANK**

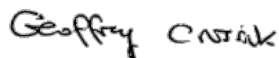
Royal Bank of Scotland  
40 Islington High Street  
London  
N1 8XB

**SOLICITOR**

Bates Wells  
10 Queen St Place  
London  
EC4R 1BE

**CRAFTS COUNCIL  
TRUSTEES REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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 2020. 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), second edition, effective for periods commencing on or after 1 January 2019.



Professor Geoffrey Crossick  
Chair

**CRAFTS COUNCIL**  
**TRUSTEES REPORT (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

Founded in 1972, the Crafts Council is the national charity for craft.

We inspire making, empower learning and nurture craft businesses. We believe craft skills and knowledge enrich and uplift us as individuals, and, in doing so, will change our world for the better.

We do this through a variety of activities:

- We support craft makers and businesses to help them grow in the UK and overseas
- We hold the national Crafts Council Collection,
- We run learning and participation programmes for all age groups
- We present exhibitions
- We publish a magazine – Crafts, six times a year, featuring inspiring stories about craft and making across the globe
- We present Collect: International art fair for modern craft and design annually in London
- We celebrate, promote and share the work of the wider craft sector through our communications channels
- We undertake research and advocacy, building a rigorous evidence base for the sector and for policy makers
- Finally, we convene Craft UK – a network of organisations with an interest in craft. It's a forum to share best practice, tackle challenges, and forge new partnerships for collaboration.

Much of this year has been focused on laying the foundations for our 50<sup>th</sup> anniversary celebration in 2021 – with considerable time and resourced directed towards this.

We have worked with our long-standing design collaborators Pentagram to refresh our brand, redesigned and rebuilt our website, and worked across the organisation to update our purpose and values.

Alongside this we have worked with AOC Architecture to develop our gallery space, with all of these activities co-ordinated to launch in tandem with the gallery opening at the end of March 2020. With just a week to go before opening, the Covid-19 pandemic forced us to postpone the opening and shift the organisation to home-working and responding to a new set of sector needs and priorities. The culmination of much of our work across this year will now be seen in 2020-21.



### **Our impact in 2019-2020**

- 1.8m million people across the UK engaged with some aspect of our wide-ranging and diverse programme.
- 7,171 makers benefited from our workshops, talks and bite sized advice sessions on a range of business development topics.
- Over 154,000 people had the opportunity to have a hands-on experience of craft through our programme of learning and participation.
- More than 1.2 million people watched our films, or read our articles.

### **Inspiring making**

Our commitment to sharing brilliant examples of contemporary craft practice continue to be delivered through a programme of touring exhibitions, collection loans and acquisitions and through our magazine *Crafts* and website. New audience engagement is focused on our participation activities.



Still from Crafts magazine commissioned film 'Material world: Inside Assemble's experimental New Orleans fashion school'

### **Exhibitions**

The Life of Julie Cope showed at three venues, Ty Pawb in Wrexham, The Potteries Museum and Art Gallery in Stoke on Trent, and Dovecot Gallery, Edinburgh. This was the first time a touring exhibition has gone to the newly built Ty Pawb in Wrexham.

Misshapes: The Making Tatty Devine launch at the Lethaby Gallery in London before touring to The Wilson Art Gallery in Cheltenham and De Montfort in Leicester.

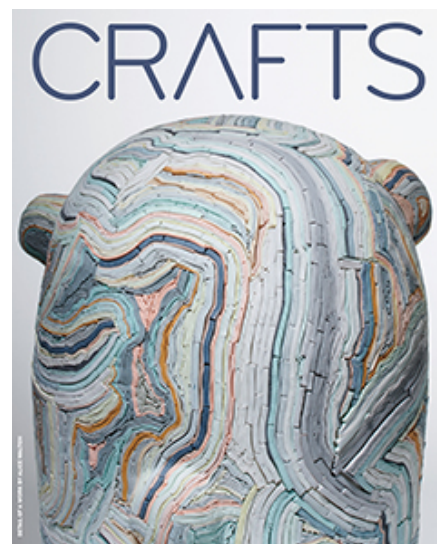
After a presentation at Picture House Central during London Craft Week, Real to Reel, our film festival, was shown at a number of tour venues in UK and internationally:

- Blackburn Festival of Making – June 2019
- Leeds International Film Festival – 13 July 2019
- Wooran Foundation, Korea, Material and Memory 20-24 August 2019

Work on Maker's Eye, our inaugural exhibition at the Crafts Council Gallery continued, and was bolstered by the acquisition of a number of new works for the collection with the support of the Art Fund.

### *Crafts* magazine

A detailed review of the performance and operations of the magazine has led to us engaging The River Group as new publishers of the magazine. Their work will commence in 2019/20 and we anticipate they will bring a more rigorous commercial approach to the success of the magazine.



### Participation

We have sought to deepen and increase our participation activities, conducting a survey to all those engaged to better understand their needs and interests and inform future development.

120 venues participated in Hey Clay! 2019,

- 84% of which were based outside of London.
- 85% of participants were female, 15% male
- 38% were under 39, 38% 40-49, 19% over 50
- 8% identify as a deaf or disabled person, or have a long-term health condition
- 92% of participants hadn't participated in Hey Clay! before, with all participants saying they are 95-100% likely to do this again

Our Young Craft Citizens group meet regularly with the average age of attendees 20 and 28% of the group identify as being from black Asian or other ethnically diverse communities.

We completed the delivery of three Make:Shift:Do action research projects, developing case studies exploring community co-creation in makerspaces. Each Make:Shift:Do partner is located in an area that ranks within the 10% most deprived neighbourhoods in the UK. The learning was shared at an event that brought together 40 participants interested in co-creation.





## **Empowering Learning**

Our flagship education programme, Make Your Future continues to have an impact on the 24 schools involved across 3 regions. 1,234 students participating across all three regions— 277 in Birmingham, 593 in Leeds and 355 in London • 46% were boys, 70% from BAME backgrounds, 33% additional needs.

The programme culminated in a special exhibition and celebration event for all those involved in each region.

The team also delivered Craft in the Classroom, an advocacy event aimed at teachers, school leaders, makers and education change- makers and hosted by Thomas Tallis School in Greenwich.

The education team play an invaluable role in the ongoing discussions around creative education in schools, ensuring that the Crafts Council has an active and prominent voice in national and local forums on this topic. This has included delivering advisory sessions for Arts Council England, facilitating a round-table discussion on craft and social practice, and supporting local Islington schools with advice and resources to support craft learning.

31 objects from the Crafts Council Collection were loaned to Langley Academy in South London for an exhibition.

## **Nurturing Craft Businesses**

The Market for Craft report, our most significant investigation of consumer buying habits in a decade was commissioned in partnership with Craft Scotland, Arts Council of Wales, Creative United, CVAN, Craft Northern Ireland, Goldsmiths Centre, Great Northern Events/Great Northern Contemporary Art Fair and Creative Scotland.

Due to Covid-19, the publication of the findings was postponed, but the findings will inform our activities to support craft businesses in the future.

Hothouse, our business support programme has benefited 26 craft businesses this year. In addition we have delivered numerous advice sessions, webinars, talks and group sessions to businesses, working across the country and in partnership with a wide range of organisations including Handmade in Chelsea, the Knit & Stitch Show, Made Brighton, Craft Cardiff, Rural Business Awards, Zealous Craft award, Ceramics Art London.

“There was such high and detailed calibre to everything we learned and did. I hadn’t appreciated how involved the Hothouse scheme was and what an honour and how advantageous it was to be selected for this process.”- Mitch Pilkington, participant

In addition, two significant partnerships are supporting businesses to develop innovative skills and capabilities. FUSION is a cohort of European partners working to provide solutions for people’s individual needs by up- skilling designers and makers to create bespoke products through digital fabrication technology, across fashion, textiles and wearables, promoting design focused SME economic growth throughout Europe’s regions. The Centre for Fine Print Research (CFPR) at UWE Bristol has been granted an award of £7.7M from Research England’s ‘Expanding Excellence in England’ (E3) Fund to expand its research capacity. As partners in the project we get to brand one of its new research fellows, we will attend advisory group meetings and will support the programming of a symposium on the theme of craft and innovation in 2020/21.

Collect, our international fair for modern craft and design held its 16<sup>th</sup> edition at Somerset house, a new venue after ten years at the Saatchi Gallery. 42 galleries from across the globe participated, alongside 12 makers who took part in Collect Open and one site-specific gallery-led installation. Despite the growing anxiety about the spread of Covid-19, the fair saw strong attendance and sales, with a high level of institutional purchasing and an increase in visitors attending the fair for the first time. Extensive press coverage helped to cement the fairs reputation as the leading fair for contemporary crafted objects.



Heike Brachlow, Bullseye Projects, Collect 2020. Photo: Iona Wolff

### **With thanks**

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

### **Our Future Plans**

The opening of the gallery, building an audience, and preparations for our 50<sup>th</sup> anniversary in 2021 were key priorities for the coming financial year. The Covid-19 pandemic has disrupted everything, and so at the time of writing the focus for the year had shifted to three core areas:

Supporting the sector – doing what we can to support those within the sector who have suffered economic hardship as a result of the pandemic.

Organisational resilience – ensuring that the organisation can survive, and that staff are supported and cared for during the crisis

Advocacy and promotion - celebrating the power of craft and its role in supporting mental resilience

When the time is right, then the gallery will reopen, and we will focus on building engagement with local communities, and ensure that diversity and inclusion is a key component of our programming.

## FINANCIAL PERFORMANCE

### Performance

In 2019/20 we exceeded all our major planned operating KPIs and audience figures. Income was above prior year. While spend against budget was more efficient than planned. This was due to effective programme management. As a consequence, we created a significant financial surplus of £250k.

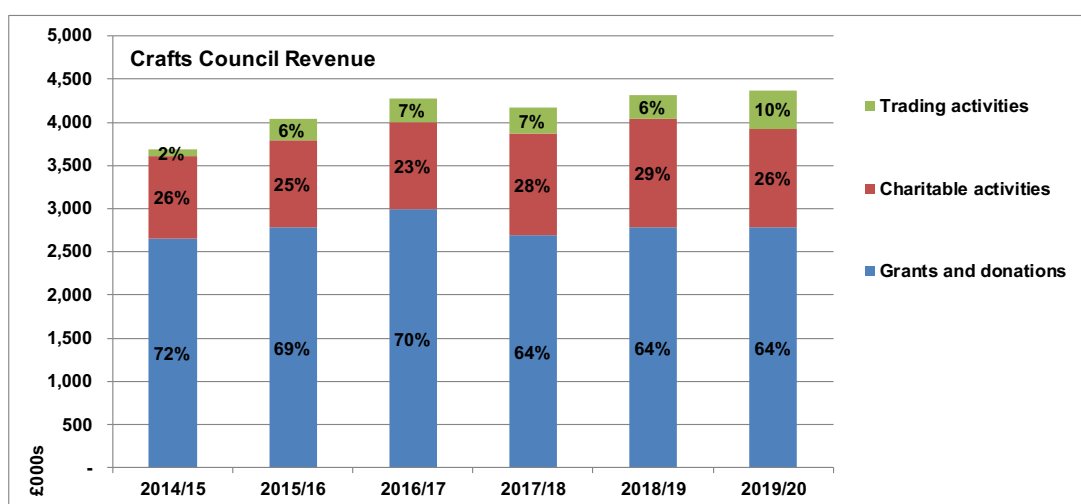
This surplus has been reinvested in two major capital projects carried over into 2020/21:

- A new website and brand.
- Renovation of our Gallery.

These projects have both been completed in the 2020/21 financial year.

### Revenue

Arts Council England (“ACE”) remains our largest funder. This year we completed the second year of a four-year funding agreement with them. This funding was extended for a further year during 2020. Therefore, each year until 2022/23, we will get £2.5m of unsecured income from ACE. This is a great foundation for our work.



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

For the last three years we have grown revenue through:

- Improved commercial performance of our contemporary craft and design fair, Collect.
- Income from Museums and Galleries Exhibition Tax Relief. This offsets the cost of creating new touring exhibitions.
- Working with partners, for example World Crafts Council Europe and the Department for International Trade.
- Raising funds from Trusts and Foundations and individual donations for the development of our Gallery and acquisitions to our Collection.
- Commercial partnerships and sponsorship deals.
- In 2019/20 we also secured a material premium on a lease surrender that increased our trading income.

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

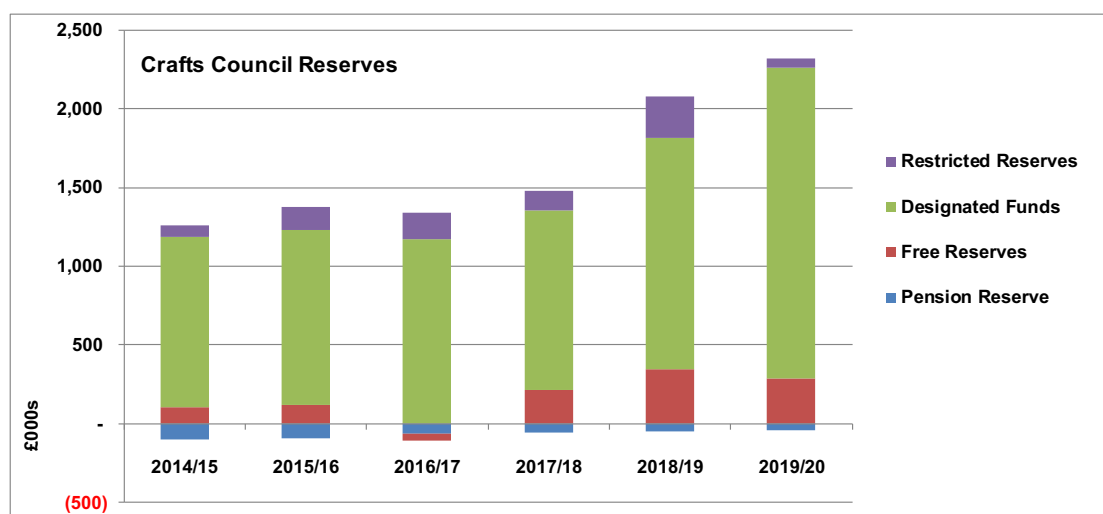
**CRAFTS COUNCIL  
TRUSTEES REPORT (Continued)  
FOR THE YEAR ENDED 31 MARCH 2020**

## 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 our free reserves since 2016/17. We ended 2019/20 with a comfortable level of free reserves to pursue our plans in 2020/21. These also provided a cushion when those plans changed due to Covid 19.

At year end 2019/20 we were advanced in the redevelopment of our Gallery and beginning the refresh of our brand and website. Therefore, reserves restricted for this work had largely been spent. The remainder was designated to separate capital commitments from operating free reserves.

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.

## **The Financial Impact of Covid 19**

Our 2019/20 operating programme had largely completed by the time Covid 19 became a material consideration. For example, our annual fair, Collect closed at the start of March 2020. Whilst there was some drop off in public ticket revenue, it was financially and critically a success.

We naturally had to reassess our operating and financial plans for 2020/21 due to Covid 19 restrictions. Our income was materially reduced. Additional income in 2020/21 from the Coronavirus Job Retention Scheme and ACE Cultural Recovery Fund has been vital to replace lost income. Overall, we managed to balance remote delivery and sector support, with lower cost delivery.

The disruption of Covid 19 has enabled us to realise new ways of working to support the craft sector. We believe we will come out of 2020/21 financially stable. But more importantly better able to create impact in an efficient manner for a sector that needs our support now more than ever. We remain keen to work with new funders and partners to build and grow this impact.

## **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 four years and may be reappointed for one further term. New Trustees are appointed by the Council and serve for four years. After this term they may put themselves forward for a further four years. No Trustee may serve for more than two 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 who leads a Senior Management Team of four 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.

**CRAFTS COUNCIL**  
**TRUSTEES REPORT (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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.

**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 progressed our four year funding plan with ACE. Therefore, during 2019/20 our main risks centred upon delivering this business plan. This meant ensuring major projects and regular programmes were delivered on time and within budget; and create the desired impact.

In early 2020/21, our focus shifted to managing the Covid 19 crisis internally and with the sector. Our emphasis will now be on delivering the most appropriate sector support during the next few years of recovery and change.

Risks include:

- Income risks; particularly on commercial and fundraised income following Covid 19.
- Management of significant projects. Such as development of the Gallery programme, the Craft UK network, and new magazine publisher.
- Implementing initiatives, such as our diversity and inclusion, environmental, and digital action plans. Embedding these across all our projects and programmes,
- Compliance with changing laws, particularly around data and fundraising.

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.

**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 thank everyone who has supported our work.

**CRAFTS COUNCIL**  
**TRUSTEES REPORT (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**Reserves Policy**

The 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 three years. Our aim during the initial years of our four 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.

**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.

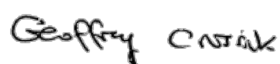
The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period.

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:** 10 December 2020



## Opinion

We have audited the financial statements of the Crafts Council for the year-ended 31 March 2020 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 2020 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 15, 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](http://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.

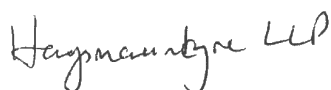
## Matters on which we are required to report by exception

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

18 December 2020

10 Queen Street Place

London EC4R 1AG

haysmacintyre LLP 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 2020**

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2020 Total Funds £'000	2019 Total Funds £'000
<b>INCOME</b>					
Grants and donations	2	2,520	262	2,781	2,782
<b>Income from charitable activities</b>	3				
Artistic Programme: UK		682	-	682	742
Artistic Programme: Overseas		5	-	5	60
Learning & Talent Development		34	-	34	55
Innovation Programme		1	-	1	0
Leadership, Research & Policy		27	-	27	7
Audience Development		324	-	324	336
		1,073	-	1,073	1,201
<b>Other trading activities</b>					
Rental income	4	436	-	436	272
Product Sales	4	2	-	2	1
Investment Income		1	-	1	3
Other Income	4	73	-	73	56
<b>Total Income</b>		<b>4,105</b>	<b>262</b>	<b>4,367</b>	<b>4,315</b>
<b>Expenditure</b>					
<b>Raising funds</b>					
Fundraising activities	5	297	-	297	309
Other trading activity: property surplus to requirements		185	-	185	202
<b>Charitable activities</b>					
Artistic Programme: UK		1,525	4	1,529	1,283
Artistic Programme: Overseas		9	-	9	46
Learning & Talent Development		589	89	678	637
Innovation Programme		100	1	101	85
Leadership, Research & Influencing Policy		213	-	213	164
Audience Development		998	-	998	975
Gallery Development Costs		86	-	86	4
<b>Total expenditure</b>		<b>4,004</b>	<b>93</b>	<b>4,097</b>	<b>3,706</b>
<b>Net Income</b>		<b>102</b>	<b>168</b>	<b>270</b>	<b>609</b>
Transfers between funds		369	(369)	-	-
<b>Net movement in funds</b>		<b>471</b>	<b>(201)</b>	<b>270</b>	<b>609</b>
Total funds brought forward		1,764	265	2,029	1,420
<b>Total funds at 31 March</b>		<b>2,236</b>	<b>64</b>	<b>2,299</b>	<b>2,029</b>

The notes on pages 26 – 42 form an integral part of these financial statements.

**CRAFTS COUNCIL  
BALANCE SHEET  
FOR THE YEAR ENDED 31 MARCH 2020**

	<b>Notes</b>	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>FIXED ASSETS</b>			
Heritage assets	10	952	881
Other tangible fixed assets	10	963	289
		<u>1,916</u>	<u>1,170</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1	12
Debtors	12	476	386
Cash at bank and in hand		547	921
		<u>1,025</u>	<u>1,319</u>
<b>CREDITORS: amounts falling due within one year</b>	13	(445)	(388)
<b>Net Current Assets</b>		<b>580</b>	<b>931</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,495</b>	<b>2,101</b>
Creditors due after 1 year	14	(196)	(72)
		<u>2,299</u>	<u>2,029</u>
<b>NET ASSETS</b>		<b>2,299</b>	<b>2,029</b>
<b>Represented by:</b>			
<b>Unrestricted funds</b>			
General Fund		288	344
Pension Reserve		(57)	(51)
Rent Reserve		(146)	(29)
Designated Funds		2,150	1,497
<b>Total unrestricted funds</b>		<u>2,235</u>	<u>1,764</u>
<b>Restricted funds</b>		<u>64</u>	<u>265</u>
<b>TOTAL FUNDS</b>	15	<u>2,299</u>	<u>2,029</u>

The notes on pages 26 – 42 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:** 10 December 2020

**CRAFTS COUNCIL**  
**CASHFLOW**  
**FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 £'000	2019 £'000
<b>Cash used in operating activities</b>	17	445	589
<b>Cash flows from investing activities</b>			
Investment income received		2	1
Payments to acquire heritage assets	10	(83)	(5)
Payments to acquire other tangible fixed assets	10	(740)	(13)
<b>Net cash used in investing activities</b>		(821)	(17)
<b>Change in cash and cash equivalents</b>	17	(376)	572
Cash and cash equivalents brought forward		921	349
<b>Cash and cash equivalents carried forward</b>	17	547	921

The notes on pages 26 - 42 form an integral part of these financial statements

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**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 outflow of £375,369 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 funding period ending 2022/23 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.

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**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.



**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**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.

**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.

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**2 INCOME FROM GRANTS AND DONATIONS**

	<b>2020 Total Funds £'000</b>	<b>2019 Total funds £'000</b>
Arts Council England	2,570	2,524
Individual giving: Patrons & Donations	39	11
Various trusts, Make Your Future project	-	107
Various trusts, redevelopment project	40	125
Various – funding for the Heritage Collection	70	-
Other funding	62	15
<b>Total</b>	<b>2,781</b>	<b>2,782</b>

Donations of cash from trustees in 2019 included above were £1,031 (2019: £2,250).

**3 INCOME FROM CHARITABLE ACTIVITIES 2019**

	<b>2020 Total Funds £'000</b>	<b>2019 Total Funds £'000</b>
<b>Artistic Programme UK:</b>		
Exhibitions, Loans & Collection	46	49
Collect	636	693
<b>Artistic Programme Overseas: Showcasing</b>	5	60
<b>Learning &amp; Talent Development:</b>		
Learning programme	11	2
Talent development programme	23	53
<b>Innovation:</b>	1	-
<b>Leadership, Research &amp; Influencing Policy:</b>	27	7
<b>Audience Development:</b>		
Crafts Magazine & other publishing	276	297
Other	48	39
<b>Total</b>	<b>1,073</b>	<b>1,200</b>

**4 INCOME FROM OTHER TRADING ACTIVITIES**

	<b>2020 Total Funds £'000</b>	<b>2019 Total Funds £'000</b>
Rental income and related charges on surplus property	436	272
Exhibition related merchandising	1	3
Museum & Gallery Exhibitions Tax Relief	73	56

Rental Income was received in respect of the top 2 floors of the leasehold property at 44a Pentonville Road, London, N1 9BY. Our tenant gave notice in line with the break clause in the lease agreement, which was effective from May 2020. We agreed that the tenant would vacate the building in December 2019, paying £70,000 of dilapidations costs and rent and service charges up to the date of the lease termination. This income is included above.

CRAFTS COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

5a Allocation of Expenditure 2020

	Direct Activities £'000	Direct Staff £'000	Support Costs £'000	Support Staff £'000	Governance costs (6b) £'000	Governanc e staff £'000	2020 Total £'000	2019 Total £'000
<b><u>Expenditure on raising funds</u></b>								
Fundraising activities	110	126	34	20	2	4	297	309
Other trading activities	156	10	2	14	0	3	185	202
<b><u>Charitable Activities</u></b>								
<b>Artistic Programme UK:</b>	203	273	166	41	10	9	702	502
Exhibitions, Loans & Collection	545	127	79	58	5	13	827	781
Collect	2	4	1	1	0	0	7	46
<b>Artistic Programme Overseas:</b>								
Showcasing								
<b>Learning &amp; Talent Development:</b>	89	154	102	21	6	5	376	332
Learning programme	88	121	67	18	4	4	302	306
Talent development programme	8	54	31	5	2	1	101	85
<b>Innovation</b>	74	87	32	14	2	3	213	164
<b>Leadership, Research &amp; Influencing Policy</b>								
<b>Audience Development &amp; Communications:</b>	265	101	46	32	3	7	454	526
	135	251	111	33	7	7	545	
Crafts Magazine & other publishing								449
Other								
Redevelopment Costs	0	52	27	4	2	1	86	4
<b>Total resources expended</b>	<b>1,674</b>	<b>1,360</b>	<b>698</b>	<b>263</b>	<b>42</b>	<b>58</b>	<b>4,097</b>	<b>3,706</b>

(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 2020

5b 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
<b><u>Expenditure on raising funds</u></b>								
Fundraising activities	69	165	55	13	3	4	309	373
Other trading activities	178	9	2	10	-	3	202	198
<b><u>Charitable Activities</u></b>								
<b>Artistic Programme UK:</b>	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
<b>Artistic Programme Overseas:</b>								
Showcasing								
<b>Learning &amp; Talent Development:</b>	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
<b>Innovation</b>	46	80	27	7	2	2	164	129
<b>Leadership, Research &amp; Influencing Policy</b>								
<b>Audience Development &amp; Communications:</b>	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
<b>Total resources expended</b>	<b>1,561</b>	<b>1,308</b>	<b>594</b>	<b>160</b>	<b>36</b>	<b>47</b>	<b>3,706</b>	<b>3982</b>

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**5c Nature of Support and Governance Costs 2020**

	Support Costs	Governance Costs	2020 Total	2019 Total
	£000	£000	£000	£000
Facilities costs	437	14	450	404
Finance & HR costs	187	6	193	127
IT costs	74	2	77	79
Audit fees	-	19	19	19
Trustee expenses	-	1	1	1
<b>Support &amp; governance sub-totals</b>	<b>698</b>	<b>42</b>	<b>740</b>	<b>630</b>

**5d 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
<b>Support &amp; governance sub-totals</b>	<b>594</b>	<b>36</b>	<b>630</b>	<b>629</b>

**6 AUDITORS REMUNERATION**

The auditor's remuneration constituted an audit fee of £19,000 (2019: £18,500) and additional tax advisory services of £4,500 (2019: £4,500).

**7 STAFF COSTS**

**a) Staff costs consist of:**

	2020 £'000	2019 £'000
Wages and salaries	1,415	1,306
Employer's national insurance contributions	132	119
Employer's contribution to defined contribution pension schemes and defined benefit pension schemes treated as defined contribution schemes	76	62
Operating costs of defined benefit pension schemes	41	28
Agency staff	20	
<b>Total staff costs</b>	<b>1,682</b>	<b>1,515</b>

There were no termination payments in 2020 (2019: £25k).

**b) Employee benefits received by higher paid employees**

During the period, 5 employees (2019: 3) received employee benefits (excluding employer pension costs) of more than £60,000. Of these, 3 employees received benefits between £70,000 and £80,000 (2019: 2), and 1 employee received benefits between £80,000 and £90,000 (2019: 1) and 1 employee received benefits between £90,000 and £100,000 (2019: 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, Development Director and the Learning Director (new this year). The total employee benefits of the key management personnel (including employer pension costs and employers national insurance contributions) were £443,089 (2019: £348,036)

CRAFTS COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

7 STAFF COSTS (continued)

d) Average number of employees

The average monthly head count was 45 staff (2019: 43 staff) and the average monthly number of full-time equivalent employees during the year (excluding short-term temporary workers) was 39 (2019: 36), analysed as follows, rounded to the nearest whole number:

	2020 No.	2019 No.
<b>Raising Funds</b>		
Fundraising activities	2	3
Other trading activities	0	-
<b>Charitable Activities</b>		
<b>Artistic Programme UK:</b>		
Exhibitions, Loans & Collection	9	7
Collect	4	3
<b>Artistic Programme Overseas: Showcasing</b>	0	
<b>Learning &amp; Talent Development:</b>		
Learning programme	6	5
Talent development programme	4	5
<b>Innovation:</b>	2	2
<b>Leadership, Research &amp; Influencing Policy:</b>	2	2
<b>Audience Development:</b>		
Crafts Magazine & other publishing	3	3
Redevelopment Project	2	
Other	6	6
<b>Total</b>	<b>39</b>	<b>36</b>

The average monthly FTE head count initially allocated to Governance was 1 (2019: 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 £881 (2019: £1,116) 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 2020. There were no transactions with the Trustees during the year except for those detailed above.

Five (2019: 5 trustees) trustees claimed reimbursement for travel expenses supported by receipts, the total claims were £881 (2019: £1,116)

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**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 2019 stated the valuation as at 31 March 2019, as valued by Bill Barnes, 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)	In line with CPI inflation
Discount rate before retirement	Market implied gilt yield curve plus 1.25% p.a.
Discount rate after retirement	Market implied gilt yield curve plus 2.3% pa.

According to this report, the value of the assets of the Scheme, at the valuation date, excluding money purchase Additional Voluntary Contributions, was £178.1million (2016: £132.1 million) and the value of the past service liabilities was £199.8 million (2016: £157.6 million) indicating a deficit of £21.7 million (2016: £25.5 million). The assets therefore were sufficient to cover 89% of the benefits which had accrued to members.

The statutory funding objective was not met at the valuation date. While the funding position has improved since the previous valuation, deficit contributions will continue to be required. Deficit contributions payable by each employer have been revised to reflect their current share of Plan liabilities, and the latest assumptions about future plan experience as selected by the Trustees. The Trustees have proposed a revised contribution package for the sponsoring employers, taking effect from 1 April 2020, which continues to target elimination of the funding shortfall by 31 March 2029. This is set out below;

The contribution rate to be paid by Crafts Council from 1 April 2020 following the latest valuation;

- for the accrual of new benefits for members, 23.2% of pensionable salary plus £583 per month in relation to plan expenses (previously 31.2% and £550 per month)
- an annual contribution of £7,600 towards eliminating the Scheme's deficit (2020 £8,100)

During the financial year from 1 April 2019 to 31 March 2020, Crafts Council had one current member of the Scheme. The contribution rate paid 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 (2019: 31.2% and £550 per month)
- an annual contribution of £8,100 towards eliminating the Scheme's deficit (2019 £8,100)

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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

	2020 £	2019 £
Accrual of benefits for members	20,844	20,436
Annual contribution towards deficit	8,100	8,100
Less pension deficit provision released to SoFA during year	(6,706)	(7,141)
Revaluation of reserve following fund review	12,645	
Plan expenses	6,600	6,600
	<hr/>	<hr/>
Total staff costs	41,483	27,995

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.

From its inception, the Crafts Council offered a more generous contribution than the legal minimum stipulated in the legislation, initially 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 required an increase in contributions to a minimum of 5% employee, 3% employer. Crafts Council are currently 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 2020 were £75,624 (2019: £61,716).



**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**10 TANGIBLE FIXED ASSETS**

<b>(a)</b>	<b>Leasehold improvements</b>	<b>Fixtures, fittings &amp; equipment</b>	<b>Heritage assets</b>	<b>Digital assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost</b>					
At 1 Apr 2019	581	148	882	208	1,818
Additions	645	6	83	89	822
Disposals	-	(39)	-	(194)	(234)
At 31 March 2020	<u>1,226</u>	<u>114</u>	<u>965</u>	<u>102</u>	<u>2,406</u>
<b>Depreciation</b>					
At 1 Apr 2019	304	134	1	208	646
Charge for the year and impairments	38	11	-	30	78
Disposals	-	(39)	-	(194)	(234)
At 31 March 2020	<u>342</u>	<u>105</u>	<u>1</u>	<u>43</u>	<u>491</u>
<b>Net Book Value</b>					
At 31 March 2020	<u>884</u>	<u>9</u>	<u>963</u>	<u>59</u>	<u>1,915</u>
At 1 April 2019	276	13	881	-	1,170

**(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.

	<b>2020 £'000</b>	<b>2019 £'000</b>	<b>2018 £'000</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
<b>(i) Five year summary of purchases</b>					
Total cost of assets purchased in year	<u>83</u>	<u>5</u>	<u>24</u>	<u>109</u>	<u>19</u>

**(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.

**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.

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

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.

<b>11</b>	<b>STOCK</b>	<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	Paper for Crafts magazine	-	10
	Stock of items for resale	1	2
	Total Stock	<u>1</u>	<u>12</u>
<b>12</b>	<b>DEBTORS</b>	<b>2020</b>	<b>2019</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Amounts receivable within one year:</b>		
	Trade debtors	84	65
	Other debtors	25	18
	VAT receivable	120	33
	Prepayments	118	90
	Accrued income	130	180
		<u>476</u>	<u>386</u>

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**13 CREDITORS**

	2020 £'000	2019 £'000
<b>(a) Amounts falling due within one year:</b>		
Trade creditors	242	127
Other creditors including payroll taxation	37	46
Accruals	67	43
Deferred income: subscriptions received in advance 15 (b)	77	82
Deferred income: other 15 (c)	15	82
Pension contribution due within one year	7	8
<b>Balance as at 31 March</b>	<b>445</b>	<b>388</b>
	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>(b) Movements in subscriptions received in advance</b>		
Balance as at 1 April	82	92
Year-end balance invoiced during the year	77	82
Opening balance released during the year	(82)	(92)
<b>Balance as at 31 March</b>	<b>77</b>	<b>82</b>
	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>(c) Movements in other deferred income</b>		
Balance as at 1 April	83	95
Year-end balance invoiced during the year	15	83
Opening balance released during the year	(83)	(95)
<b>Balance as at 31 March</b>	<b>15</b>	<b>83</b>

**14 CREDITORS AFTER 1 YEAR**

	2020 £'000	2019 £'000
<b>Amounts falling after one year:</b>		
Pension provision	50	43
Rent provision	146	29
	<b>196</b>	<b>72</b>

**(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 2019 the contribution rate has been reviewed and from 1 April 2020 the Crafts Council's annual contribution to the scheme deficit was revised to £7,000 (previously £8,100). This is an annual amount payable at the commencement of each year up to March 2029 (9 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.

	2020 £'000	2019 £'000
<b>Movements in rent reserve</b>		
Balance as at 1 April	29	-
Reserve accrued during the year	117	29
Opening balance released during the year	-	-
<b>Balance as at 31 March</b>	<b>146</b>	<b>29</b>

CRAFTS COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS (continued)  
FOR THE YEAR ENDED 31 MARCH 2020

15	FUNDS	At 1 April 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2020 £'000
(a)	<b>Unrestricted undesignated funds</b>					
	General	347	4,105	(4,004)	(174)	276
	<b>Unrestricted designated funds</b>					
	Collection (heritage assets)	881	-	-	83	963
	Digital assets	-	-	-	59	59
	Other tangible fixed assets	291	-	-	602	893
	Gallery development	250	-	-	(162)	88
	Website and Brand review	75	-	-	(3)	72
	Dilapidations on 44a	-	-	-	75	75
	Rent free period reserve	(29)	-	-	(117)	(146)
	Pension Reserve	(51)	-	-	(6)	(57)
		1,416	-	-	531	1,947
	<b>Total unrestricted funds</b>	<b>1,764</b>	<b>4,105</b>	<b>(4,004)</b>	<b>369</b>	<b>2,216</b>
	Total restricted funds 17 (c)	265	262	(93)	(369)	64
	<b>Total funds</b>	<b>2,029</b>	<b>4,367</b>	<b>(4,096)</b>	<b>-</b>	<b>2,299</b>

15 Prior year fund movements are shown below;

(b)	2018/19 Fund Movements	At 1 April 2018 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2019 £'000
	<b>Unrestricted undesignated funds</b>					
	General	215	4,027	(3,599)	(296)	347
	<b>Unrestricted designated funds</b>					
	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
	<b>Total unrestricted funds</b>	<b>1,300</b>	<b>4,027</b>	<b>(3,599)</b>	<b>36</b>	<b>1,764</b>
	Total restricted funds 17 (c)	121	287	(107)	(36)	265
	<b>Total funds</b>	<b>1,421</b>	<b>4,314</b>	<b>(3,706)</b>	<b>-</b>	<b>2,029</b>

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, Crafts Council Gallery and dilapidations costs on 44a 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.

**CRAFTS COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2020**

**(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.
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 Crafts Council Gallery at 44a Pentonville Road commenced during August 2019, expected opening was early 2020 but was deferred due to Covid. The opening is now planned for November 2020. The trustees have set aside funds to cover completion costs in 2020.

**(c) Restricted Fund Analysis**

	As at 1 Apr 19	Income	Expenditure	Transfers	As at 31 Mar 20
	£'000		£'000	£'000	£'000
<b>Purpose of restricted fund:</b>					
Home for Craft redevelopment support	170	129	-	(299)	-
Curatorial placement		10	(4)		6
Learning and talent	95	43	(89)	-	49
Innovation programme	-	9	-		9
Purchase of assets for the Collection	-	70	-	(70)	-
<b>Total net assets as at 31 March 2019</b>	<b>265</b>	<b>262</b>	<b>(93)</b>	<b>(369)</b>	<b>64</b>

The restricted fund analysis for 2018/19 is shown below;

	As at 1 Apr 18	Income	Expenditure	Transfers	As at 31 Mar 19
	£'000		£'000	£'000	£'000
<b>Purpose of restricted fund:</b>					
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)	-
<b>Total net assets as at 31 March 2019</b>	<b>121</b>	<b>287</b>	<b>(107)</b>	<b>(36)</b>	<b>265</b>

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 2020

d)	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted General Funds	Unrestricted Designated Funds	Restricted Funds	Total Funds
		£'000	£'000	£'000	£'000
	<b>Fund balances represented by:</b>				
	Tangible fixed assets		1,916	-	1,916
	Current assets	801	160	64	1,024
	Current liabilities	(446)	-	-	(446)
	Long Term Liabilities	-	(196)		(196)
	<b>Total net assets as at 31 March 2020</b>	<b>355</b>	<b>1,879</b>	<b>64</b>	<b>2,299</b>

16	COMMITMENTS UNDER OPERATING LEASES	2020 £'000	2019 £'000
(a)	<b>As at 31 March, Crafts Council had the following Total commitments under operating leases:</b>		
	Leases expiring after five years: land and buildings	2,988	2,567
	Leases expiring in one to two years: equipment	0	0
	Leases expiring in two to five years: equipment	10	13
(b)	<b>As at 31 March, Crafts Council had the following income receivable under operating leases:</b>		
	Leases expiring in one to two years: land and buildings	-	318
	Leases expiring after five years: land and buildings	-	-

The tenant who sublets space at 44a Pentonville Road exercised the break clause and left the building in December 2019.

17	NOTES TO THE CASH FLOW STATEMENT	2020 £'000	2019 £'000
(a)	<b>Reconciliation of net income to net cash used in operating activities</b>		
	Net income for the year	270	609
	Less Value of Donated Heritage Assets	-	-
	Investment income receivable	(2)	(1)
	Depreciation	78	43
	(Increase) / Decrease in stocks	11	(4)
	(Increase) / Decrease in debtors	(90)	(37)
	(Increase) in creditors	178	(20)
	<b>Net cash flow inflow from operating activities</b>	<b>445</b>	<b>589</b>