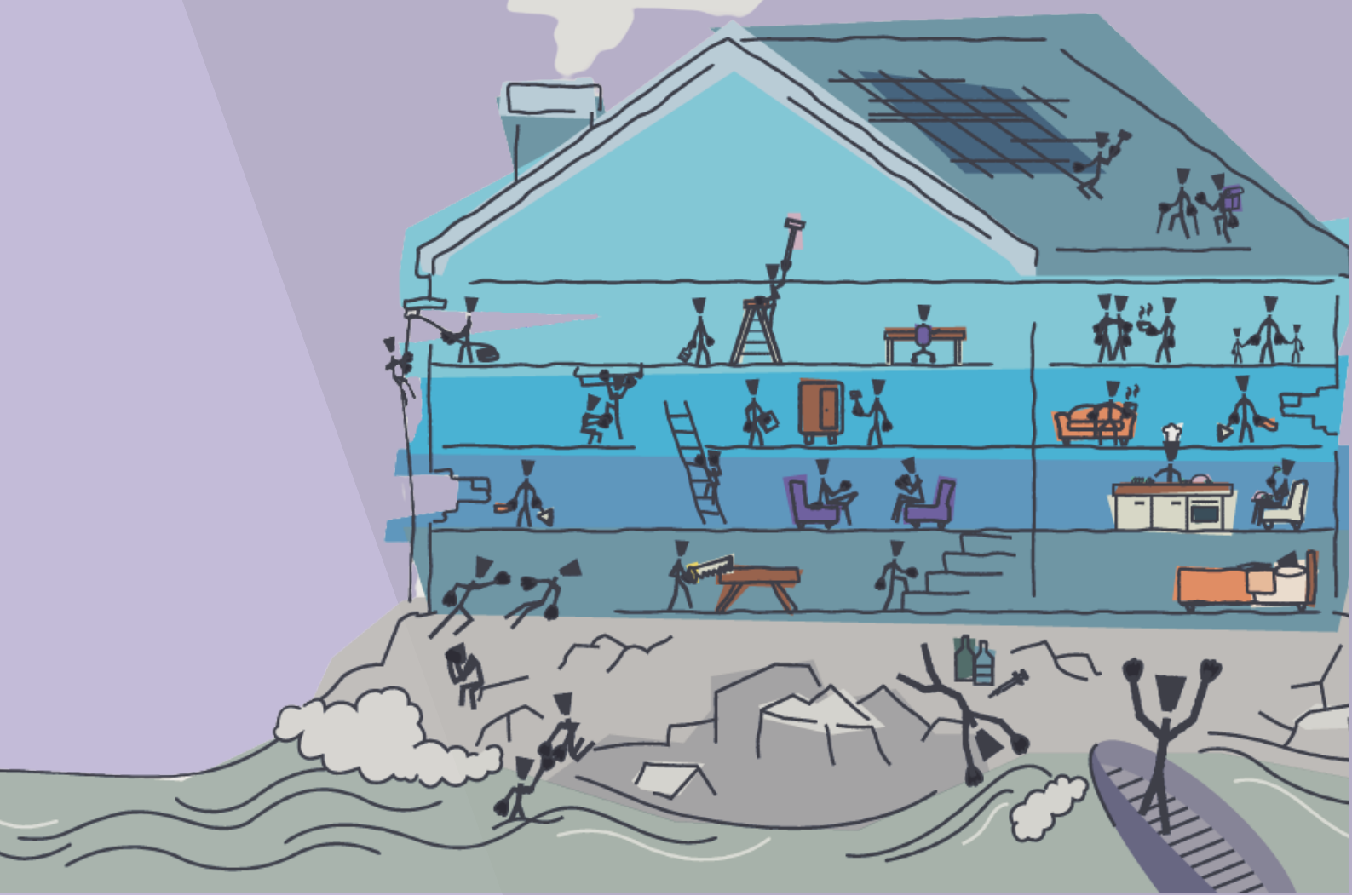


HANDCRAFTED PROJECTS
COMPANY NO. 07884740
CHARITY NO. 1146188

TRUSTEES' ANNUAL REPORT AND
FINANCIAL STATEMENTS FOR THE PERIOD
1ST JANUARY 2022 TO
31ST DECEMBER 2022



HANDCRAFTED

Financial Statements 1st January - 31st December 2022

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**A HOPE
+ A FUTURE**

TRUSTEES' ANNUAL REPORT

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st December 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2019).

THE TRUSTEES

The Trustees who served the company during the period 1 January 2022 to 31 December 2022 were:

Paul Morley

Dan Northover (resigned 23rd September 2022)

Norman Urwin

Richard Alty

Mark Buttanshaw

Eileen Brady

Karen Bianchi (appointed 1st March 2022)

Febrina Robinson (appointed 1st March 2022)

REFERENCE AND ADMINISTRATIVE DETAILS

Name of the company: Handcrafted Projects

Company registration number: 07884740

Charity number: 1146188

Registered office: Unit 7, Skillion Business Park, Littleburn Industrial Estate,
Langley Moor, Durham, DH7 8HG

Auditors: Ribchesters Group Limited, Finchale House,
Belmont Business Park, Durham, DH1 1TW



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Financial Statements 1st January - 31st December 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Handcrafted Projects is a company limited by guarantee with company registration number 7884740. It is governed by its Memorandum and Articles of Association dated 16 December 2011. It was registered as a charity with the Charity Commission on 1 March 2012 with charity number 1146188. The subscribers to the Company's Memorandum of Association were the first members of the Charity. Membership is open to other individuals or organisations who apply to the charity in the form required by the Directors and who are approved by the Directors.

TRUSTEE APPOINTMENT, INDUCTION AND TRAINING

Handcrafted recognises the importance of a diverse, skilled and experienced Board. The Directors proactively seek out potential new Members who have the required strengths and background, who may be appointed at any ordinary meeting. New trustees may be elected after attending a Board meeting as an observer.

New trustees undergo an induction to brief them on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, the strategic plan and recent developments of the charity. They will attend Handcrafted activities, to meet beneficiaries and key employees.

ORGANISATION AND DAY-TO-DAY MANAGEMENT

The directors consider the board of directors, and the senior management team comprise the key management personnel. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses and related party transactions are disclosed in notes 7 and 18 to the accounts. The pay of the senior staff is reviewed annually and normally increased in accordance with average earnings. The directors will also seek to benchmark against other similar roles in the charity sector.

A Chief Executive and an Operations Director are appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment, strategic planning, and safeguarding.

RISK MANAGEMENT

Major risks are reviewed at quarterly board meetings and six steering groups have been established to review the systems and procedures to manage these risks on a more regular basis. These steering groups include Directors, staff members and external specialists who have the relevant expertise. These steering groups cover the key strategic risks and opportunities in the respective areas of:

- Finance,
- Safeguarding,
- Mission & Values,
- HR & Wellbeing,
- Health & Safety, and
- Regulatory Environment.



OBJECTIVES AND PURPOSE

CHARITABLE OBJECTIVES

- To promote social inclusion for the public benefit by preventing people from becoming socially excluded, relieving the needs of those people who are socially excluded and assisting them to integrate into society. For the purpose of this clause "socially excluded" means being excluded from society, or parts of society, as a result on one of the following factors: unemployed; financial hardship; old age; substance abuse or dependency including alcohol and drugs and poor education or skills attainment.
- The relief of unemployment for the benefit of the public in such ways as may be thought fit, including assistance to find employment.
- The relief of financial hardship by providing people with goods and services which they could not otherwise afford through lack of means.
- The advancement of the Christian faith for the benefit of the public.

PUBLIC BENEFIT

All our charitable activities are undertaken to further our charitable purposes for the public benefit. The Trustees have had regard to the Charity Commission's guidance on public benefit throughout the period when deciding on the activities of the charity.

VALUES

The following values have been identified as essential to the way the Handcrafted works. We seek to demonstrate these in every aspect of the way that we work with beneficiaries, with our colleagues, with partner organisations, and with members of the public:

EMPOWERMENT - Everyone can learn to take back control of their lives

COMMUNITY - We accept people just as they are, and we support each other

EMPATHY - We will walk through challenges together, shoulder to shoulder

CREATIVITY - Everyone can make something to be proud of



HANDCRAFTED

Financial Statements 1st January - 31st December 2022

TRUSTEES' ANNUAL REPORT

OUR STATEMENT OF PURPOSE

Handcrafted's mission is to connect with the most socially excluded people in society, to offer them the support, housing, training, and opportunities so that they might be empowered to turn their own lives around.

562 PEOPLE ATTENDED SESSIONS



1,023 PROJECTS COMPLETED



61 PEOPLE HOUSED



2,553 SUPPORT VISITS



In 2022 we worked with 623 people - believing in them, getting alongside them, and giving them the chance that they need.

In these uncertain and difficult times, with the cost of living increasing, the most vulnerable and most isolated are hit hardest. Consequently, we saw a 53% increase in the number of new referrals: from 210 in 2021 up to 322 in 2022.

We want to match this by continuing to grow to help more people who have the most complex needs, often including a combination of factors such as homelessness, unemployment, leaving care, offending history, addiction, mental health issues, disability, and abuse.

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Financial Statements 1st January - 31st December 2022

ACTIVITIES & OUTPUTS

We connected with 623 people in 2022, demonstrating our reputation for effective support that will have a lasting impact. We provide opportunities for our trainees to realise their own resourcefulness by offering sustainable tenancies in supported housing; practical and creative skills training in a positive community context; person-centred holistic support; signposting and opportunities to progress.



HOUSING

In 2022, 61 previously homeless people were housed in a safe, quality home with us. We expanded our portfolio to include 60 spaces in 47 properties and will buy 14 more houses in 2023.



TRAINING

Experienced Training Supervisors run 2 training sessions per weekday in each of our hubs in Durham, Chester-le-Street and Gateshead. Every day we have an average of 43.3 people attending training sessions across the hub locations in carpentry, catering, and crafts.



SUPPORT

Our team provide person-centred support based on the strengths people already have, to empower them to find their own solutions to improve their wellbeing. In 2022 we did 2,553 support visits, and 117 people attended our protected groups for vulnerable women and young people.



OPPORTUNITY

As trainees build more stability into their lives, we help them overcome barriers and provide advocacy and signposting. 54 people progressed into volunteering or employment in 2022.



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Financial Statements 1st January - 31st December 2022

ACHIEVEMENTS AND PERFORMANCE

Some trainees unlock changes within weeks of first engaging with us. Others take months or years to find stability. We want lasting transformation for our trainees, so progress and stability are equally valued. We measure impact by tracking each interaction with trainees on our tailor-made database:

LIVING SPACE

Having a safe and suitable place to live. We are currently sustainably housing 52 people, of whom 49% are demonstrating the skills for independent living by managing to pay all of their bills on time, despite the current cost-of-living challenges.

SELF-CONFIDENCE

Having confidence in abilities and potential. In 2022 142 people progressed to take on a helping role at Handcrafted to support other trainees in our activity sessions. 54 progressed into further volunteering and employment opportunities.

USE OF TIME

Having a meaningful use of time. In 2022, 295 people managed to sustain a routine of regularly attending our sessions, despite struggles with social anxiety and chaotic lifestyles.

POSITIVE SOCIAL NETWORKS

A positive community in which encouraging and meaningful friendships are formed. 217 people engaged with social events that we organised outside of usual sessions.

COPING STRATEGIES

Having healthy coping strategies when difficulties arise. In 2022, 146 people engaged with drug and alcohol services to address their substance abuse issues, 101 ex-offenders did not reoffend in the year, and 304 people engaged with us for support with their mental health.



CASE STUDIES

FROM SOCIAL ISOLATION TO A CONTRIBUTING ROLE IN THEIR COMMUNITY

We have had significant success working with people facing social isolation. This is often men over 50 who are struggling with their mental health due to long-term unemployment, family breakdown or offending history.

We have been working with Gavin for several years since he was living in temporary hostel accommodation.

Gavin is very isolated with no support from family or friends. He is unable to re-enter the labour market and his daily life is being increasingly impacted by symptoms of Dementia. He engaged well with the woodwork; he has expanded his skills over time and takes great pride in making things for other people. We were able to provide housing for Gavin, along with person-centred support which has made it sustainable for him to live independently.

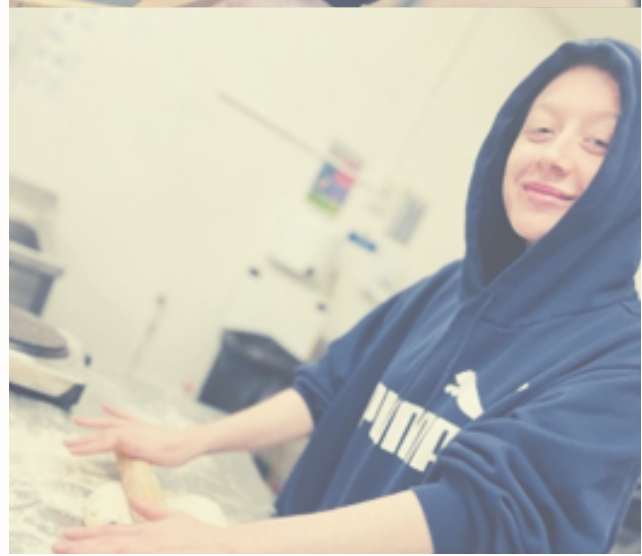
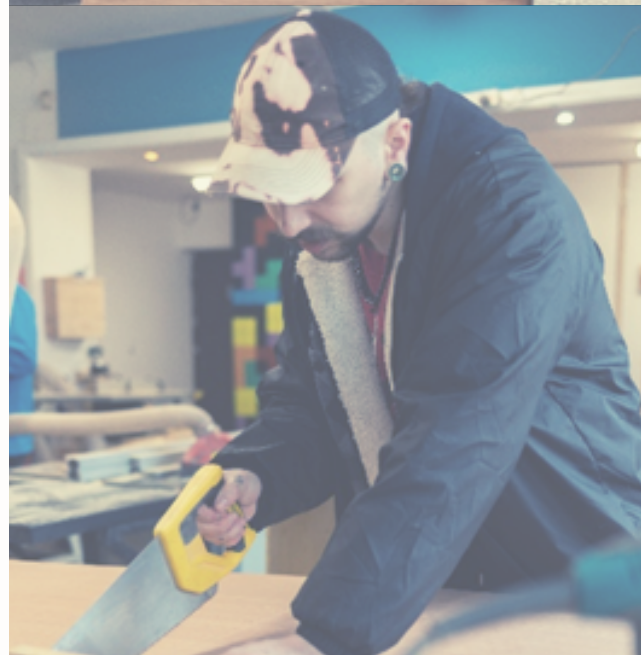
We have found that our side-by-side approach, has empowered Gavin to improve his mental wellbeing through increased social and creative activity.

A PARTNERSHIP APPROACH TO COMPLEX MENTAL HEALTH NEEDS

Many of the people we work with are engaging with multiple different services so we use a multi-agency approach to plan our support. In many cases, it is our community support and activities, alongside our approach of empowering people which is valuable in this joined-up working.

Kelly has a range of complex mental health needs. She firstly engaged through our workshops as she was socially isolated, but we provided her housing as she was about to be made homeless. She has complex mental health needs and is closely supported by a Care Co-ordinator and Psychologist.

Kelly has also suffered a significant physical injury, and we were able to adapt our support to her, in co-ordinating her recovery and rehabilitation in hospital and later with physiotherapists. We have thus been able to support her back into employment as a delivery driver.



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Financial Statements 1st January - 31st December 2022

PLANS FOR FUTURE PERIODS

CURRENT OPPORTUNITIES

There are several opportunities that we have taken to develop our work, including purchasing an additional 14 homes using social investment, securing funding to support 12 Unaccompanied Asylum-Seeking Children, and 5 education contracts for 100s of adults with no previous qualifications.

We are significantly investing in the staff and infrastructure of the charity to be able to deliver this increased provision. We have recruited and trained more staff, and renovated an old pub to include housing, workshops, offices, and a community café. This will secure the long-term financial sustainability of the existing provision and set us up to expand further in future years.

FUTURE EXPANSION

We've developed a model that has proven to be effective and demonstrated how it can be rolled out and sustained in new areas. The approach is flexible enough that it can be tailored to the strengths and needs of the local community to develop organically. This approach meets a need that other people and stakeholders have recognised and are keen to take into Stockton, Darlington, Carlisle, Blackpool, and Liverpool.

We've seen people who were written off by everyone else, able to turn their lives around with the right belief and support. There's yet more demand than we can currently meet in the North East and beyond. Our expansion plan would mean that by 2026 we could be working across 8 regional hubs to house over 160 people each year, provide training to over 1,400 people and carry out over 6,300 support visits to the most isolated and vulnerable people.



FINANCIAL REVIEW

Incoming Resources totalled £1,200,674 and expenditure was £1,039,095. The movement in funds arising in this financial period was a net surplus of £161,579 – which left total funds held by the charity of £335,541 at 31st December 2022.

The charity has achieved a significant increase in income from Charitable Activities, with the income from rental income, training contract, and social enterprise increasing by 20% from £489,499 in 2021, to £588,879 in 2022. Grant income has also increased by 96% from £294,205 in 2021, to £577,275 in 2022.

This has enabled the charity to invest in building the staff team to 24 and to spend £200,444 on developing the tangible fixed assets that are the core infrastructure of the charity. This will create increased opportunities to further grow the charity in 2023 and beyond, to improve the breadth and depth of impact and the financial sustainability of the organisation.

RESERVES POLICY

The trustees aim to keep sufficient working reserves to cover at least two months of committed expenditure including Wages and Salaries, Social Security, Pension Contributions, Rent & Rates, Insurance and Loan Repayments.

The amount of total funds held at 31st December 2022 is £335,541. Of which the amount of restricted funds is £34,964. The amount of reserves after making allowance for restricted funds is £300,577. In comparison with the reserves policy, this is equivalent to four months of committed expenditure.

The trustees have put in place a strategic plan for 2023 to release the equity from property held in tangible fixed assets and to develop income streams from housing and training in order to grow the level of free reserves and to sustain it at between two and four months of committed expenditure.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees, who are also the Directors for the purposes of company law, are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charitable company will continue in operation.

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

In so far as the trustees are aware:

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

AUDITORS

The auditors, Ribchesters Group Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Approved by order of the board of trustees on 26th September and signed on its behalf by:



Paul Morley, Chair of Trustees

Date: 26 / 9 / 22

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HANDCRAFTED PROJECTS

OPINION

We have audited the financial statements of Handcrafted Projects (the 'charitable company') for the year ended 31 December 2022 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 (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

OTHER MATTER

The charitable company claimed exemption from audit in the year ended 31 December 2021. The comparative figures included in the financial statements were not subject to audit at that time. We have however been able to satisfy ourselves that those comparatives were properly prepared and therefore this matter does not impact our audit opinion. We have not modified our opinion, therefore, in respect of this matter.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

HANDCRAFTED

Financial Statements 1st January - 31st December 2022

OTHER INFORMATION

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Trustees.

RESPONSIBILITIES OF TRUSTEES

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

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

HANDCRAFTED

Financial Statements 1st January - 31st December 2022

OUR 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our audit must be alert to the risk of manipulation of the financial statements and seek to understand the incentives and opportunities for management to achieve this.

We undertake the following procedures to identify and respond to these risks of non-compliance:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the charitable company through discussions with trustees and other management and from our knowledge and experience of this sector;
- we focussed on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the charitable company, including the Companies Acts, Charities Acts, tax legislation, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was a susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining any accounting estimates were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation claims;
- reviewing correspondence with regulators, HMRC and the company's legal advisers.

Through these procedures, we did not become aware of actual or suspected non-compliance.

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Financial Statements 1st January - 31st December 2022

We planned and performed our audit in accordance with auditing standards but owing to the inherent limitations of procedures required in these areas, there is an unavoidable risk that we may not have detected a material misstatement in the accounts. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve concealment, collusion, forgery, misrepresentations, or override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 Report of the Independent Auditors.

USE OF OUR REPORT

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Lesley Stabler BA(Hons) FCCA (Senior Statutory Auditor)
for and on behalf of Ribchesters Group Limited
Registered Auditors
Finchale House
Belmont Business Park
Durham
DH1 1TW

Date: 26.9.23

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Financial Statements 1st January - 31st December 2022

STATEMENT OF FINANCIAL ACTIVITIES

(INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

FOR THE PERIOD 1 JANUARY 2022 TO 31 DECEMBER 2022

		2022	2022	2022	2021
		Unrestricted	Restricted	Total funds	Total funds
	Note	funds	funds		
		£	£	£	£
INCOME FROM:					
Donations and legacies	2	327,873	-	327,873	330,990
Charitable activities	3				489,499
Housing		369,657	83,915	453,572	
Training		174,491	58,726	233,217	
Support		25,507	75,283	100,790	
Opportunities		55,222	30,000	85,222	
Other income		-	-	-	13,549
Total		952,750	247,924	1,200,674	834,038
EXPENDITURE ON:					
Charitable activities	4				(798,958)
Housing		(413,000)	(10,675)	(423,675)	
Training		(228,868)	(63,214)	(292,082)	
Support		(194,440)	(45,078)	(239,518)	
Opportunities		(53,820)	(30,000)	(83,820)	
Total		(890,128)	(148,967)	(1,039,095)	(798,958)
Net income/(expenditure)		62,622	98,957	161,579	35,080
Transfers between funds		85,036	(85,036)	-	-
Net movement in Funds		147,658	13,921	161,579	35,080
RECONCILIATION OF FUNDS					
Total funds brought forward		152,919	21,043	173,962	138,882
Total funds carried forward		300,577	34,964	335,541	173,962

HANDCRAFTED

Financial Statements 1st January - 31st December 2022

BALANCE SHEET

AS AT 31ST DECEMBER 2022

	Note	2022 £	2022 £	2022 £	2021 £
		Unrestricted funds	Restricted funds	Total funds	Total funds
Fixed assets					
Tangible fixed assets	9	403,473	-	403,473	244,914
		403,473	-	403,473	244,914
Current assets					
Debtors	10	56,824	-	56,824	32,224
Cash at bank and in hand		14,896	34,964	49,860	97,158
		71,720	34,964	106,684	129,382
Creditors: Amounts falling due within one year	11	(73,638)	-	(73,638)	(62,855)
Net current assets		(1,918)	34,964	33,046	66,527
Total assets less current liabilities		401,555	34,964	436,519	311,441
Creditors: Amounts falling due after one year	12	(100,978)	-	(100,978)	(137,479)
Net assets		300,577	34,964	335,541	173,962
Funds					
Unrestricted funds				300,577	152,919
Restricted funds	16			34,964	21,043
Total funds				335,541	173,962

Company registration number 07884740

The notes on pages 19 to 29 form part of these financial statements.

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

These financial statements were approved by the members of the committee on 26th September 2023 and are signed on their behalf by:



Paul Morley, Chair of Trustees

Date: 26/9/23

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Financial Statements 1st January - 31st December 2022

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022 £	2021 £
Net income for the reporting period	161,579	35,080
Adjustments for:		
Depreciation charges	41,885	19,044
Loss/(profit) on the sale of fixed assets	-	(13,549)
Interest charge	9,318	12,167
Decrease/(increase) in debtors	(24,600)	(2,027)
Increase/(decrease) in creditors	14,906	11,075
Net cash provided by operating activities	203,088	61,790
Cash flows from investing activities		
Purchase of fixed assets	(200,444)	(115,429)
Proceeds from the sale of fixed assets	-	104,188
Net cash used in investing activities	(200,444)	(11,241)
Cash flows from financing activities		
Interest charge	(9,318)	(12,167)
Repayments of borrowing	(40,624)	(39,963)
Net cash provided by financing activities	(49,942)	(52,130)
Change in cash and cash equivalents in the reporting period	(47,298)	(1,582)
Cash and cash equivalents at the beginning of the reporting period	97,158	98,740
Cash and cash equivalents at the end of the reporting period	49,860	97,158

ANALYSIS OF CHANGES IN NET FUNDS

	2021 £	Cash Flow £	2022 £
Net Cash			
Cash at Bank and in hand	97,158	(47,298)	49,860
Debt			
Debts falling due within 1 year	43,125	(4,123)	39,002
Debts falling due after 1 year	137,479	(36,501)	100,978
	180,604	(40,624)	139,980

NOTES TO THE FINANCIAL STATEMENTS

1.ACCOUNTING POLICIES

BASIS OF PREPARING THE FINANCIAL STATEMENTS

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

INCOME

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants and donations are included in full in the Statement of Financial Activities when the charity becomes entitled. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts. Assets donated are recognised in full as donations and fixed assets.
- Incoming resources from charitable trading activities are accounted for when earned.
- Grants and fees received for current year expenditure and grants for purchase of fixed assets are recognised in full in the Statement of Financial Activities in the period in which they are received, provided that the conditions for receipt have been complied with.
- Income is deferred only where the criteria for recognition as incoming resources in the Statement of Financial Activities does not exist at the balance sheet date.

EXPENDITURE

Expenditure is recognised on an accruals basis as a liability is incurred. Resources expended includes any VAT which cannot be recovered, and is reported as part of the expenditure to which it relates.

- Costs of generating funds comprise the costs associated with attracting voluntary income and the costs of trading for fundraising purposes including the charity's visitor centres and from the commercial trading activities of the company's subsidiary.
- Direct staff costs have been allocated to the activity categories within the Statement of Financial Activities according to the staff time spent. Other direct costs are allocated according to the activity. Support costs have been apportioned based on an average of all staff time spent that cannot be allocated specifically to one activity.
- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

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- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- All costs are allocated between the expenditure categories of the SOFA on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly; others are apportioned on the basis of time spent.

FIXED ASSETS

Purchased assets with a useful economic life and initial cost exceeding £500 are capitalised. All other purchased assets are expensed. All fixed assets are initially recorded at cost.

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Equipment	- 16.67% to 33.33% straight line per annum
Property	- 2% straight line per annum
Leasehold Improvements	- 10% straight line per annum

TAXATION

The charity is exempt from corporation tax on its charitable activities.

FUND ACCOUNTING

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees. Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

HIRE PURCHASE AND LEASING COMMITMENTS

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

PENSION COSTS AND OTHER POST-RETIREMENT BENEFITS

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

FINANCIAL INSTRUMENTS

The company has elected to apply the provisions of section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

BASIC FINANCIAL ASSETS

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CLASSIFICATION OF FINANCIAL LIABILITIES

Financial liabilities and equity instruments are classified according to substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

BASIC FINANCIAL LIABILITIES

Basic financial liabilities, including creditors, bank loans and other loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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2. DONATIONS & LEGACIES

	2022	2022	2022	2021
	Unrestricted	Restricted	Total funds	Total funds
	£	£	£	£
Donations – gift aided	17,638	-	17,638	21,827
Donations – not gift aided	12,473	-	12,473	9,501
Gift aid recovered	4,409	-	4,409	5,457
Grants	293,353	-	293,353	294,205
Total donations and legacies	327,873	-	327,873	330,990

3. INCOME FROM CHARITABLE ACTIVITIES

	Grants	Rental Income	Training	Social
	£	£	Contracts	Enterprise
	£	£	£	£
Housing	10,675	442,897	-	-
Training	102,878	-	130,339	-
Support	100,790	-	-	-
Opportunities	69,579	-	-	15,643
Total	283,922	442,897	130,339	15,643

Total
£
Housing
453,572
Training
233,217
Support
100,790
Opportunities
85,222
Total
872,801

4. COSTS OF CHARITABLE ACTIVITIES - BY ACTIVITY

	Direct Costs	Management/ Administration	Governance	Total Costs
	£	£	£	£
Housing	362,582	58,206	2,887	423,675
Training	249,964	40,128	1,990	292,082
Support	204,980	32,906	1,632	239,518
Opportunities	71,733	11,516	571	83,820
Total cost of charitable activities	889,259	142,756	7,080	1,039,095

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5. COSTS OF CHARITABLE ACTIVITIES - BY NATURE

	2022	2022	2022	2021
	Unrestricted	Restricted	Total funds	Total funds
	funds	funds		
	£	£	£	£
Wages and salaries	339,542	132,402	471,944	377,393
Social security	28,763	-	28,763	22,632
Pension Contributions	12,850	-	12,850	10,708
Rent & Rates	205,804	-	205,804	150,934
Contracted out services	48,776	-	48,776	71,488
Equipment	6,697	-	6,697	1,905
Materials	49,671	16,565	66,236	58,907
Protective Clothing	-	-	-	206
Insurance	19,306	-	19,306	9,464
Utilities	51,301	-	51,301	22,767
Travel & Subsistence	14,131	-	14,131	11,900
Furnishings	10,731	-	10,731	4,465
Printing & Stationery	1,011	-	1,011	1,290
Training	2,651	-	2,651	746
Depreciation	41,885	-	41,885	19,044
Sundry expenses	40,611	-	40,611	22,942
Interest Payable	9,318	-	9,318	12,167
Total	883,048	148,967	1,032,015	798,958

6. AUDITORS REMUNERATION

	2022	2021
	£	£
Fees payable to the charity's auditors for the audit of the charity's financial statements	5,940	-
Accountancy Services	1,140	-
Total	7,080	-

7. TRUSTEES REMUNERATION

There were no trustees' remuneration or other benefits for the year ended 31 December 2022 nor for the year ended 31 December 2021

There were no trustees' expenses paid for the year ended 31 December 2022 nor for the year ended 31 December 2021

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8. STAFF COSTS AND EMOLUMENTS

	2022	2021
	£	£
Wages and salaries	471,944	377,393
Social security	28,763	22,632
Pension	12,850	10,708
Total staff costs and emoluments	513,557	410,733

	2022	2021
	Number	Number
Project workers	21	18
Administrative	3	2
Total average number of staff	24	20

No employees received emoluments in excess of £60,000

Key management personnel remuneration for the period totalled £44,534 (2021: £38,737)

9. TANGIBLE FIXED ASSETS

	Leasehold Improvements	Equipment	Freehold Property	Total
	2022	2022	2022	2022
	£	£	£	£
Cost				
At 1 January 2022	27,854	59,093	199,533	286,480
Additions	174,492	25,952	-	200,444
At 31 December 2022	202,346	85,045	199,533	486,924
Depreciation				
At 1 January 2022	5,198	27,139	9,229	41,566
Charge for the year	20,233	17,657	3,995	41,885
At 31 December 2022	25,431	44,796	13,224	83,451
Net book value				
At 31 December 2022	176,915	40,249	186,309	403,473
At 31 December 2021	22,656	31,954	190,304	244,914

10. DEBTORS

	2022	2021
	£	£
Gift aid recoverable	2,389	1,041
Accrued income	31,296	-
Trade debtors	23,139	31,183
Total	56,824	32,224

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II. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	5,386	15,363
Accruals	9,198	-
Other Creditors	3,749	-
Concessionary Loans	39,002	43,125
Other taxation & social security	16,303	4,367
Total	73,638	62,855

12. LONG TERM CREDITORS

	2022	2021
	£	£
Concessionary Loans due in 1-2 years	2,812	39,002
Concessionary Loans due in 2-5 years	8,896	8,661
Concessionary Loans due in over 5 years	89,270	89,816
Total	100,978	137,479

13. CONCESSIONARY LOANS DETAIL

	Due in 1 year	Due after 1 year
	£	£
Loan 1: 8% interest, repayable over 4.5 years, unsecured	36,261	-
Loan 2: 0% interest, repayable over 20 years, secured by way of a fixed charge against the property to which it relates	1,500	25,125
Loan 3: 6% interest, repayable over 30 years, secured by way of a fixed charge against the property to which it relates	708	42,484
Loan 4: 6% interest, repayable over 30 years, secured by way of a fixed charge against the property to which it relates	533	33,369
Total	39,002	100,978

The total amount of secured liabilities as at 31st December 2022 was £103,720 (2021: 106,394)

14. LEASING ARRANGEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	£
Within one year	146,050
Between one and five years	391,774
More than five years	78,411
Total	616,235

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15. MOVEMENT IN FUNDS

	Incoming resources £	Outgoing resources £	Movement in funds £
Unrestricted Funds			
General Fund	952,750	(890,128)	62,622
	952,750	(890,128)	62,622
Restricted Funds			
NHS Connector Grant	-	(16,565)	(16,565)
TAPS Grant	-	(4,478)	(4,478)
The Earl of Northampton's Charity	73,240	-	73,240
Nationwide Building Society	47,330	(37,549)	9,781
Social Enterprise Support Fund	30,000	(30,000)	-
Mid Durham AAP	19,533	(19,533)	-
NHS Health Improvement Fund	19,500	(13,067)	6,433
Access Reach Fund	10,675	(10,675)	-
PCC Safety Fund	7,100	(7,100)	-
Community Infrastructure Levy	6,500	-	6,500
Dickon Trust Fund	3,000	(3,000)	-
Akzo International Paint Fund	2,000	(2,000)	-
Gateshead Covid Champion	5,000	(5,000)	-
Benefact Trust	3,000	-	3,000
Deckham Local Community Fund	2,296	-	2,296
Gateshead Small Food Grant	5,250	-	5,250
Benefact Trust - Brighter Lives	13,500	-	13,500
	247,924	(148,967)	98,957
		Transfers	
	Balance at 1	Movement	Balance at
	Jan 2022	in funds	31 Dec 2022
	£	£	£
Unrestricted Funds			
General Fund	152,919	62,622	300,577
	152,919	62,622	300,577
Restricted Funds			
NHS Connector Grant	16,565	(16,565)	-
TAPS Grant	4,478	(4,478)	-
The Earl of Northampton's Charity	-	73,240	-
Nationwide Building Society	-	9,781	9,781
NHS Health Improvement Fund	-	6,433	6,433
Community Infrastructure Levy	-	6,500	-
Benefact Trust	-	3,000	-
Deckham Local Community Fund	-	2,296	-
Gateshead Small Food Grant	-	5,250	5,250
Benefact Trust - Brighter Lives	-	13,500	13,500
	21,043	98,957	34,964

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16. RESTRICTED FUNDS

NHS Connector Grant

To run woodwork sessions as gathered therapeutic activity and provide hot meals each day to encourage building community. This has been vital to our trainees' improved mental health as many of them face severe social isolation due to their complex backgrounds.

TAPS Grant

Launching practical activity sessions in East Durham through which we will engage with vulnerable individuals and connect them to our holistic support.

Dickon Trust Fund & Akzo International Paint Fund

Two Support Workers running training sessions throughout the day, and home visits for our residents. On the frontline of the holistic support that we provide, helping people develop practical skills and offering encouragement and support in all areas of life.

Deckham Local Community

To equip a Training Kitchen in our new hub, to provide community activities that instil a sense of belonging, that boost confidence and build healthy coping strategies. The equipment is for unrestricted use so the assets are transferred to the general fund.

Social Enterprise Support

Expanding our Enterprise Hub to launch a new Community Café in Gateshead

Gateshead Covid Champion

Running a Training Kitchen which we will use to provide vulnerable adults with training in cookery. Enabling us to provide activity sessions to up to an additional 60 people per week, in addition to the carpentry workshop and the Women's Group sessions.

Benefact Trust

To convert a pub in Gateshead into our new training hub. Specifically towards the work on converting part of the downstairs area into a community café and space for advocacy services. These assets are for general use so are transferred to the general fund.

Mid Durham AAP

To run 'Creative Communities' sessions from our workshop in Langley Moor, supporting people who have been severely impacted by the pandemic, helping them to stabilise their mental health and wellbeing through creative, therapeutic activities that build confidence.

Community Infrastructure

To convert a pub in Gateshead into our new training hub. Specifically towards the work on converting part of the downstairs area into a training kitchen and workshop. These assets are for general use so are transferred to the general fund.

The Earl of Northampton's Charity

The capital costs of renovating a former pub to become our new Gateshead community hub, to provide training, support services, enterprise opportunities, and housing. This funding specifically is to create four high quality flats for people at risk of homelessness, these flats will be for the unrestricted use of the charity so are transferred to the General Fund.

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16. RESTRICTED FUNDS - CONTINUED

PCC Safety Fund

To deliver cookery sessions and holistic support specifically working with young people who are ex-offenders or at risk of offending across the County, working with 70 people in total over 6 months. It will enable us to focus specifically on working with referrers such as Probation, Young People's Services and Durham Constabulary to grow our work with young people.

Access Reach Fund

Business planning, financial modelling and social impact measurement to support the organisation to become investment ready.

NHS Health Improvement

To provide wrap-around, holistic support to vulnerable adults in the area through our Durham support workers who are crucial to delivering our person-centred intensive support in every element of our work.

Nationwide Building Society

The staff, and the quality equipment and material costs that we need to get the Gateshead community hub established and to really engage with people who need the most support to avoid homelessness.

Gateshead Small Food Grant

To support the running costs of our brand new community cafe in Deckham. Our trainees eat a hot meal every weekday in our hub in The Shakespeare, at no cost to them. As our community cafe opens, we will continue with this community activity which meets the immediate needs of our trainees to eat enough healthy food. These hot meals will be cooked by our trainee volunteers in our on-site training kitchen.

Benefact Trust - Brighter Lives

Our Solution Focussed Support project works with local churches in order to provide therapeutic support and activities driven by Christian values, for individuals facing social exclusion and mental health issues.

17. TRANSFERS BETWEEN FUNDS

All transfers from Restricted Funds and Unrestricted Funds relate to where restricted funds have been used to purchase tangible fixed assets that are for the unrestricted use of the charity, in accordance with the relevant restrictions of the funding.

18. RELATED PARTY TRANSACTIONS

From 13th April 2018 the charity has a lease on a two-bed property that is owned by Daniel and Abigail Northover. The property is used to provide supported accommodation to the beneficiaries of the charity. The lease is at a peppercorn rate of £1 per annum to ensure there is no financial benefit derived by Daniel Northover as a trustee of the charity.

From 11th October 2020 the charity has a four-year lease on a one-bed property that is owned by Janet and Graham Buttanshaw, parents of Mark Buttanshaw. The property is used to provide supported accommodation to the beneficiaries of the charity. The lease is at a below market rate of £2,400 per annum.

This is in accordance with the Articles of Association and advice sought from the Charity Commission.

No other trustees received any remuneration in the year or any reimbursement of expenses incurred in carrying out their duties (2021: none).