

The Board of Trustees of the Crafts Council
(Year ended 31 March 2021)



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The Case for Craft

The urge to make is human. Making is constructive, positive and fulfilling.

It enables us to think, learn and create. It encourages us to appreciate beauty, ideas and to care about how things are made.

Craft skills help everyone discover their practical abilities and develop their creative talents. Craft connects us to the physical world in a digital age and supports sustainability in a time of waste and declining resources. It celebrates diversity and builds bridges within and between communities.

From master goldsmiths to makers who build film sets and props, from the small batch production of designer makers to one-off museum quality craft objects, from Cumbrian swill baskets to the costumes of Notting Hill Carnival and from the grass roots makers of everyday craft to cutting-edge digital making, craft skills promote wellbeing and community, open the doors to an incredible range of careers; and inspire the innovations that shape the future.

In an ever-changing world, we need craft more than ever.

Executive Director Introduction

Welcome to our 2020/21 annual report. We are incredibly proud of the positive impact we were able to create during what was an extraordinarily challenging year for the craft sector.

Image: Rosy Greenlees OBE, chair and executive director of the Crafts Council



The measures to control the pandemic had a devastating impact on makers and craft businesses and the ability of people of all backgrounds to participate in practical craft activities.

Almost overnight, galleries and craft fairs shut their doors. Makers and craft businesses lost their customers and income. Children were cut off from the creative support and materials available in schools – often the only source of resources for many young people living in poverty.

As the national charity for craft, we acted quickly to offer support where we could: adapting our programmes for digital delivery and support, offering hardship funds for makers and craft

businesses, advocating for the sector with government and policy makers and delivering vital creative materials to children with the greatest need.

Our activities were focussed in three major areas: supporting the sector, championing craft; and ensuring the resilience of the Crafts Council so that we could continue to offer support where it was most needed. This report outlines our activities in each area and the impact we achieved.

During what was also a challenging year for the Crafts Council, we couldn't have achieved this without the dedicated support of our funders, partners, staff and Trustees. Together they have demonstrated a passionate commitment to the importance of craft and its ability to make a positive impact on our society.

Our thanks go to all those who have worked with and supported us during the year.

This has allowed us to consider new opportunities, build new partnerships and, in adapting our programmes for the post-lockdown world, shape our plans to build a more sustainable future for craft.

We are passionate about craft and the positive role it can play in the lives of everyone.

However, there is much work to do to ensure that the sector recovers from the pandemic and that

craft addresses the pressing issues of social justice and environmental responsibility.

As we celebrate our 50th anniversary in 2021, our focus will be on addressing these issues through our strategic goals of championing craft and its positive impact on society, increasing levels of craft education at all ages and growing the market for craft.

We look forward to working collaboratively with partners from across the craft sector, and beyond, to build on the positive achievements of the last year and ensure a bright future for craft.

Rosy Greenlees OBE
executive director, Crafts Council

1

Supporting the Sector



The pandemic had a swift and widespread effect on the craft sector. We responded quickly, talking to as many people as possible to understand their challenges and develop practical ways to give support where it was most needed.

Understanding the scale of the crisis

We consulted with as many of the communities we work with as possible to understand how the pandemic had impacted on them.

We surveyed makers, craft educators, galleries, and fairs. We held regular face to face meetings and roundtables with Craft UK members, teachers, with participants in our Young Craft Citizens group and with our funding partners.

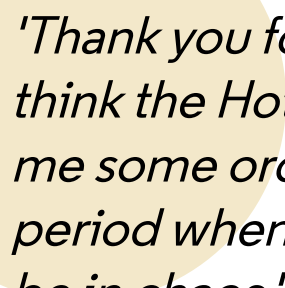
From this research we were able to act where it was most needed.

Delivering Support

For craft businesses, we:

- Delivered group or 1-1 sessions to over 500 craft businesses through our Craft Business Skills programme
- Offered free digital subscriptions to our Directory members, with an additional 100 craft businesses and 10 graduates using the platform to showcase their products

-
- Provided regular updates on government guidance and measures to support small businesses
 - Created a new programme of fortnightly lunchtime Maker Meet Ups to give information and training in key topics such as crowdfunding, social media, legal advice and templates, e-commerce, and website optimisation
 - Purchased works from makers listed on the #artistsupportpledge to add to our national Collection of craft
 - Revised our Hothouse 2020 programme, delivering all activities digitally and supporting 26 craft businesses
 - Created guidelines for social distancing with a consortium of craft fairs



'Thank you for everything this year. I think the Hothouse Zoom sessions gave me some order through the lockdown period when everything else seemed to be in chaos.'

Hothouse participant

To support young and emerging makers, we:

- Worked with CHEAD (Council for Higher Education in Art and Design) to survey Higher Education Institution craft course leaders to understand how they were supporting students and what role the Crafts Council could play in ensuring craft education continued through the pandemic
- Delivered a webinar, 'Rethinking the Grad show' in partnership with Brighton University
- Promoted online graduate showcases through our website and social media
- Worked with New Designers, Art Thread, and the Goldsmiths Centre to identify how to join-up graduate support
- Set up a network, through our Young Craft Citizens group, connecting cultural organisations, young people's programmers and young people which matched opportunities with participants
- Delivered four online tutorials for young people
- Produced a resource on Live Streaming Craft Workshops, encouraging Craft Clubs and Makers to connect with their audiences
- Created the Summer Craft Challenge, sharing one challenge a week for 6 weeks

Alongside these packages of support, we delivered a number of key initiatives to support the sector and champion craft as widely as possible.

'You have all gone above and beyond and I have to count my lucky stars I applied this year as I do feel the arms of the Crafts Council around me.'

Maker

Image: Hothouse induction day



Hardship Funds

From our regular covid surveys of makers and craft businesses it was clear that an immediate issue was the sudden loss of income and the significant number who were falling through the gaps in government support schemes, especially those in the early stages in their career; or who had portfolio careers and generated limited profits through their craft businesses.

Responding to this urgent need, our first hardship fund ran in June 2020, with support from the Radcliffe Trust. Funds were targeted at those who had lost 75% or more of their income and were unable to access other forms of support.

Our second fund ran in November 2020 and was supported by Creative Scotland. Funds were targeted at freelancers working in the Scottish craft sector. Grants of up to £2,000 were available.


Impact

The Radcliffe Trust supported Hardship Fund awarded 154 makers and craft businesses a grant of £500.

The Creative Scotland supported Hardship Fund supported 162 craft professionals and distributed £296,500 in grants.

These funds provided a much need lifeline for makers and craft professionals during an incredibly difficult time. 37% of those receiving a grant paid bills they would otherwise have been unable to

afford and 28% said the grant offset a loss of earnings.



'This funding was helpful in helping with day to day living expenses after 4 months of no income. I am extremely grateful for the support.'

Grant recipient

Artist Support Pledge

Founded in March 2020 by artist Matthew Burrows, #artistsupportpledge was an artist-led movement on Instagram that supported artists of all types, including makers, during Covid-19.

The #artistsupportpledge asked artists to post works for sale up to the value of £200 on Instagram. For every £1,000 of sales, an artist pledged to buy £200 of work from other artist. This spirit of mutual support and generosity enabled artists to maintain a vital income stream at a time when most sales channels had disappeared overnight.

From May 2020, we worked with Matthew and his team to broaden the reach of the pledge to the craft community, to engage more makers in the initiative, and provide support and expertise. We also helped establish a press office for the campaign and provided essential administrative support.

Throughout the year, we promoted makers and craft businesses taking part in the pledge through our website and social media.

Impact

Since its launch, the pledge has seen over 130,000 posts by participating artists on Instagram worldwide and driven millions of pounds worth of sales across the globe from the UK to Europe, North and South America, Russia, Taiwan, Japan and many more.

'The feedback from artists and buyers taking part has been profound. It's been really humbling, hearing how Artist Support Pledge has literally transformed the lives of so many at such a difficult time, and has helped sustain livelihoods. The spill out (or spin offs) from this is amazing too: posting work on the hashtag has for some led to bigger and more expensive artwork sales and even offers of international gallery representation. I'm delighted to have the expertise of the Crafts Council to encourage even greater participation by makers across the UK.'

Matthew Burrows, artist and director of Artist Support Pledge

Image: Precious Disposables, Adi Toch and Nicola Tree, 2020. Limited edition print acquired by the Crafts Council permanent collection as part of #artistsupportpledge



Future Edit

Future Edit was a showcase of the best craft and design graduate talent from 2020.

With all physical graduate degree shows cancelled the exhibition gave graduates the chance to launch their work to industry, media and the public as they would normally do via their physical degree shows.

Makers were selected for their creative flair, thoughtful design, and skilled execution.

The exhibition was a selling showcase, displayed in the Crafts Council Gallery. Although physical visits were restricted, all works were available to buy via the Future Edit online store.

Impact

- 134 craft graduates applied to be part of the exhibition.
- 44 were selected to take part by a panel including Shai Akram (founder and design director, Studio Alt Shift), Janice Blackburn OBE (Sotheby's, Chatsworth House, Liberty, Daniel Olatunji (founder and maker, Monad London) and Ayesha Patel (jewellery designer, artist and one of Crafts Council's Young Craft Citizens)
- 220 works were shown
- 5,149 people visited the online exhibition



'A really fantastic experience as it helped to give me confidence in my work and realise that there are people out there who like it and would want to own it.'

Future Edit participant

Image: Foreground — Fenomenal jewellery collection, Olivia Barthe, recycled silver and gold plate. Background — Silk kimono and felt beret, Hisae Abe. Photo by Eva Herzog



Collect

Collect is the leading international art fair for contemporary craft and design.

After a successful ten-year residency at the Saatchi Gallery, Collect debuted at Somerset House in February 2020.

In 2021, plans for an expanded second year in its new home were disrupted by the pandemic but determined to deliver this vital showcase for the sector during such a difficult time, Collect took place as digital only fair between 26 February and 2 March 2021.

The digital Collect was hosted by Artsy.net, with a rich programme of talks and events for VIPs and public audiences taking place on the Crafts Council's channels.

Each exhibiting gallery created an online booth on Artsy.net, through which collectors were able to purchase works. These booths remained open until the 26 March to extend the opportunities to buy.

Impact

- 32 international galleries showed the work of almost 400 artists
- Almost 65,000 people attended Collect 2021. Of these, 22,170 visited the digital fair on Artsy.net

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- 128 works were sold. \$600,000 of these sales came through Artsy.net
 - 14,123 people from 53 countries attended the talks and events programme, through which 57 separate events were delivered

‘In terms of pageviews and unique visitors per exhibitor, Collect was the best-performing fair hosted on Artsy to date’

Artsy.net

Thank you

Associate Supporter – Loewe Foundation

Award Partner – Brookfield Property

VIP Programme Sponsor – Loewe

VIP Programme Supporter – Cox London



Craft UK

Craft UK is a network for organisations from across the craft sector. Facilitated by the Crafts Council, it is free to join.

The network is a UK wide community that promotes opportunities, encourages partnerships, and provides regular insight on the craft sector and market to its members.

Alongside holding bi-annual networking events and opportunities, Craft UK has regular digital catch ups ensuring that issues are discussed as they arise. Craft UK also facilitates focus groups to encourage learning and experience sharing within the network on specific topics of interest to the network.

During the pandemic, Craft UK grew significantly – demonstrating the power of collaboration and mutual support.

Following the events of 2020, two Craft UK working groups were established. The first to create a diversity charter - ensuring a sector wide commitment to making craft more diverse and inclusive. The second identified strategic challenges the sector faced and ways to tackle these. Through action individual members are made stronger and in turn the wider sector can become more resilient.

Craft UK currently has 93 members.

Ireland

- Craft NI

London

- Association for Contemporary Jewellery
- Contemporary Applied Arts
- Contemporary British Silversmiths
- Craft Potters Association & Ceramic Review
- Cockpit Arts
- Excelsior
- Future Icons
- Goldsmiths' Company
- Handmade in Britain
- Just Got Made
- The Kiln Rooms
- London Metropolitan University
- Intoart
- Radcliffe Trust
- Richmond Art School
- Shape Arts
- The Design Trust
- The Exchange
- The Goldsmiths' Centre
- The Institute of Conservation
- The New Craftsmen
- The Queen Elizabeth Scholarship Trust
- Vessel Gallery

Midlands

- Banks Mill Studios
- Birmingham Institute of Jewellery, Fashion and Textiles
- British Ceramics Biennial
- Crafty Fox Market & Shopping With Soul
- Craftspace
- Creative Lancashire
- Design Nation
- Earth & Fire Ceramic Fair Guild of Glass Engravers
- Craft Town England, Farnham
- Farnham Maltings
- Fitzwilliam Museum

- Huguenot Museum
- New Ashgate Gallery
- Norfolk County Council
- Suffolk Craft Society
- Tutton & Young
- The Guild of Glass Engravers
- University for the Creative Arts, Farnham
- Watts Gallery
- West Dean
- Wedgewood V&A

Southwest

- Arnolfini
- Aspex
- Bristol Creatives
- Craft Festival
- Craft Net
- Devon Guild
- Heritage Crafts Association
- Leach Pottery
- University of the West of England
- Whitegold

Wales

- Maokwo Arts
- National Centre for Craft and Design
- Stitches and Hos

North England

- Bluecoat Display Centre
- Bolton University
- Folksy
- Great Northern Events
- Harewood House
- Lakeland Arts
- Leeds Museums and Galleries
- Manchester Art Gallery
- Manchester Craft and Design Centre
- Manchester Metropolitan University
- Museums Sheffield
- Nottingham Museums and Galleries
- Sheffield Institute of Arts
- Sheffield Halam University

- NW Craft Network
- The Bowes Museum
- The Hepworth Wakefield
- Tees Valley Arts & North Ormesby Big Local CCC
- Towneley Hall Museum
- UCEN Manchester
- University of Bolton
- Walker Art Gallery
- Williamson Art Gallery
- Yorkshire Artspace

Scotland

- Applied Art Scotland
- Creative Lives
- Craft Scotland

Southeast

- Ballroom Arts
- Craft in Focus

'As a member of Craft UK, Applied Arts Scotland gains a broader perspective of activity, opportunity, best practice and leadership in the craft sector and making community across UK.'

Helen Voce, Advisor at Applied Arts Scotland

Image: Darren Appiagyei in his Cockpit studio. Photo by Gareth Hacker



Let's Craft

Covid-19 and the subsequent lockdown significantly impacted thousands of families, who struggled to access learning and creative resources with schools shut.

Let's Craft was developed to address this need.

Each Let's Craft pack cost £10 to create. The packs were filled with creative materials and gifted to families and children who couldn't afford to buy art and craft supplies during lockdown. The packs were distributed through a nationwide network of schools, community centres, foodbanks, and volunteers.

These materials and the activity sheets included with them played a huge part in ensuring the growing number of children living in poverty could access the learning and wellbeing benefits that come with getting creative.

The appeal for funds to make Let's Craft possible inspired our audiences. More than a thousand people donated £10 or more to the cause, spread the word through social media or gave creative materials for distribution.

Impact

Between June 2020 and May 2021, 11,700 children and young people across England received a Let's Craft pack.

Image: Students from Bygrove Primary School holding Let's Craft packs. Photo by Kingsley Koranteng




University of Dundee research during 2021 showed that art boxes given to families during lockdown:

- Provided creative opportunities that families didn't otherwise have access to
- Created new and positive playful interactions between parents and their children
- Helped parents feel more confident starting creative activities with their children
- Improved the wellbeing of parents and children doing creative activities together

'This has helped my grandson with his mental health issues, and he has learnt to express himself more effectively using art.'

Recipient, Humberside





'My kids loved the activity packs, and we all had a brilliant time as a family making some plasticine models and exploring art in ways, we would never have otherwise had the opportunity. Thank you for bringing a piece of joy to us!'

Mother of two children, who received Let's Craft packs through their primary school in Yorkshire

Thank you

The Let's Craft appeal was supported by hundreds of individual donors as well as companies and foundations including:

- Hobbycraft
- Cox London
- Yodomo
- TOAST
- Immediate Media
- MADE MAKERS
- The Works
- Forest + Found.
- The Britford Bridge Trust
- Comino Foundation

2

Championing Craft



During a pandemic that touched every aspect of life in the UK, we were determined that the benefits of craft and the needs of the sector were as widely championed as possible.

Our advocacy, campaigning and policy activities underpinned our work to support the sector and reach those for whom craft was a vital source of positivity during the long months of lockdown.

From the first days of the measures to control the pandemic, we shared our insight into the impact on the craft sector with government, funders, and wider creative industry partners. We raised the challenges faced by craft businesses in accessing government support and lobbied for policy changes to help recovery of the sector.

To support the effectiveness of our communications, and as preparation ahead of our 50th anniversary in 2021, we launched a new website and brand in June 2020.

Our audience reach through the year was significant.

More than 478,000 people visited our website over the year and more than 450,000 followed us through social media.

These audiences enjoyed hundreds of articles, emails and social media stories promoting

exceptional makers, highlighting opportunities, to take part in craft activities in their local area and celebrating the benefits of craft to wellbeing and mental health.

Highlights include:

- Sharing 20 learning activities to support teachers and home learning
- Delivering Hey Clay! 2020 as a virtual event with 20 partner organisations
- Working with fashion brand Toast, to create a new, virtual residency programme supporting artist Kate Owens to reach new audiences with her work
- Producing three video tutorials, with makers Ronaldo Wiltshire, Black Girl Knit Club and Sarah Drew

Diversity and Inclusion

The pandemic has also brought into sharp focus the gap between rich and poor and in the summer of 2020, the Black Lives Matter movement highlighted the racism and inequality that exists in our society – and within the craft sector.

As the national charity for craft, we were challenged to address these issues.

In response we held a series of events, in partnership with Inc Arts, and published a revised set of diversity and inclusion commitments.

The feedback we received has had a profound effect on our activities.

We have established a Global Majority Branch of the Crafts Council. This network for makers and craft professionals will provide a much-needed safe space for the community and a critical friend to the Crafts Council helping shape and inform our future programmes.

This commitment to change was reflected in our programming, with Dr Christine Checinska was invited to make a curatorial intervention in the Maker's Eye, the exhibition which would have opened our new Gallery programme in March 2020, but which was delayed until July 2021.

Since 2019, we have partnered Dr Karen Patel of Birmingham City University in her research into exploring and addressing inequalities in UK craft and in 2020/21 supported the delivery of a series of workshops to inform this work. The outcome of this research is informing our own work with the report being launched in 2021.

Through 2020, we also hosted deaf textile artist Omeima Mudawi Rowlings as our resident Clore Fellow. Omeima has made recommendations for improving access to our maker Directory and these will be implemented in 2021.

We made a step change in our efforts to increase the diversity of our Trustees and staff. We introduced a number of measures including guaranteed interviews, extending our recruitment advertising and ensuring that selection panels are representative.

We publish six-monthly progress reports against our diversity and inclusion commitments on our website and promote sector-wide anti-racist and equality work on through the hashtag #socialjustice on our website.

Visit: www.craftscouncil.org.uk/topics/socialjustice

Market for Craft


Published in June 2020, The Market for Craft was the first report in over a decade to identify and gauge the appetite for British craft.

Commissioned prior to the pandemic, the report was layered with further findings from surveys with craft businesses during lockdown.

The report revealed that the British passion for craft has never been greater - 73% of UK adults had bought craft in 2019 – snapping up almost 25 million handcrafted objects. In a significant shift, almost a third (32%) of today’s buyers are aged under 35 – making this demographic the biggest buyer of craft today.

As makers look to secure their futures and to rebuild and strengthen their practice, the evidence within the report gives direction to the whole sector – from individual makers to the galleries, fairs, markets, and businesses that support them – helping us to understand in much greater depth who our consumers are and what drives their appreciation of craft.

Regularly cited in other research papers and press reports including a Financial Times feature, the Market for Craft report has established itself as a unique resource for the sector.



'The report provides valuable evidence to understand more about how best to stimulate, support and grow the craft market.'

Rosy Greenlees, executive director, Crafts Council

The report was implemented by the Crafts Council and eight partners:

- Arts Council of Wales
- Contemporary Visual Arts Network
- Craft NI
- Craft Scotland
- Creative Scotland
- Creative United
- The Goldsmiths Company
- Great Northern Contemporary Craft Fair

Download the full report on our website:

www.craftscouncil.org.uk/about/research-and-policy/market-for-craft

Crafts Magazine

Crafts magazine is the leading international authority on contemporary craft.

For nearly 50 years it has championed the finest makers, artists, and designers in the UK and across the world.

After a hiatus due to the pandemic, *Crafts* was re-launched in September 2020 with a fresh new design and an editorial approach exploring how making can enhance all aspects of our lives.

Crafts draws inspiration from a diverse range of contributors to present a rich mix of stories exploring craft and making from a range of perspectives.

Through 2020 and 2021, *Crafts* has run themed issues including 'mind and body' and 'place'.

Impact

The magazine has a circulation of 11,000 and an overall readership of 38,000.

During lockdown we made the full digital archive of *Crafts* free to access, resulting in more than 17,000 users accessing nearly 50 year's' worth of issues.

SEPT | OCT 20

Crafts

ISSUE NO 284



'Over the past few months, the world has undergone a seismic shift. It therefore feels right for Crafts to be more responsive to the complexities of the world around it, delving deeper into the context in which work is created, shedding light on a broader range of narratives and forms of making, and working with a wider range of contributors within the cultural sector, all while continuing to celebrate skill and the joys of making.'

Malaika Byng, Crafts editor

'I love the inclusivity, diversity and contemporary feel.'

Reader survey response, June 2021

3

Crafts Council Resilience



The impact of the pandemic on our finances was significant and sudden but with the support of our dedicated staff and Trustees we acted quickly to ensure our own stability and create a steady platform from which we could support the sector.

We cancelled or delayed a range of our programmes – pushing our Gallery opening from March 2020 to July 2021, pausing our touring exhibitions and programmes bringing craft direct to schools. Reacting to the drop in advertising income caused by lockdown, we paused publication of Crafts magazine — re-launching with a new design in September 2020. Other activities shifted to digital where possible.

Our offices were closed and those staff working on paused programmes were furloughed whilst others reverted to work full time from home.

Our stability during the year was underpinned by the generosity of our funders and supporters, especially those providing recovery funding that both compensated from the loss of income from our cancelled activities and enabled us to support the wider sector.

This support, and the pause in many of our activities, created the capacity to evolve our business model. We developed a new framework that delivers a set of core activities alongside project funded additional activities which increase our impact.

To deliver this new model, we re-structured our exhibitions and collections and learning and skills teams – to help us deliver integrated programmes and ensuring we can draw on an increased diversity of skills and background across those we work with.

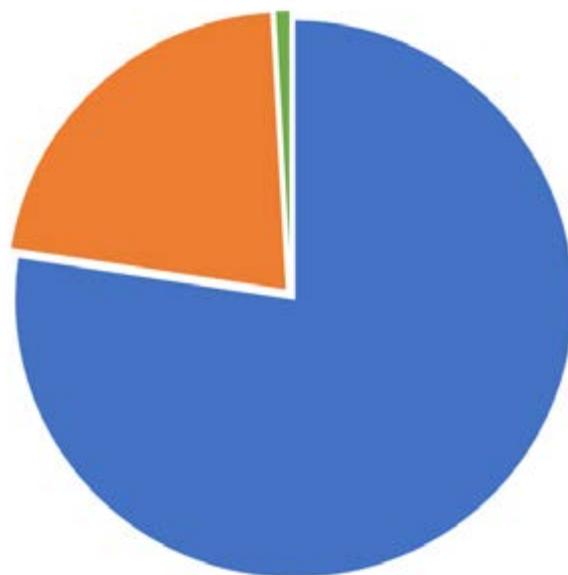
We recruited a number of new Trustees advertising for a range of skills and made four new appointments. With our Chair Professor Geoffrey Crossick retiring at the end of his second term in July 2021 we undertook the search for a successor. Andrew Morlet, Chief Executive of the Ellen MacArthur Foundation was appointed by the Trustees with effect from July 2021.

These changes will ensure we emerge from this period as a more resilient, agile, and diverse organisation, delivering significant impact in 2022/23 and beyond.

Our performance

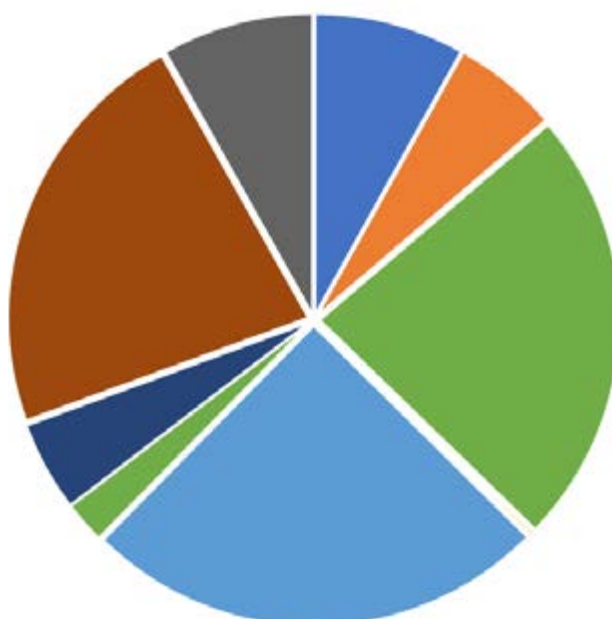
Income

- Grants and donations = £3,232,000 / 77%
- Income from charitable activities = £907,000 / 22%
- Trading activities = £37,000 / 1%



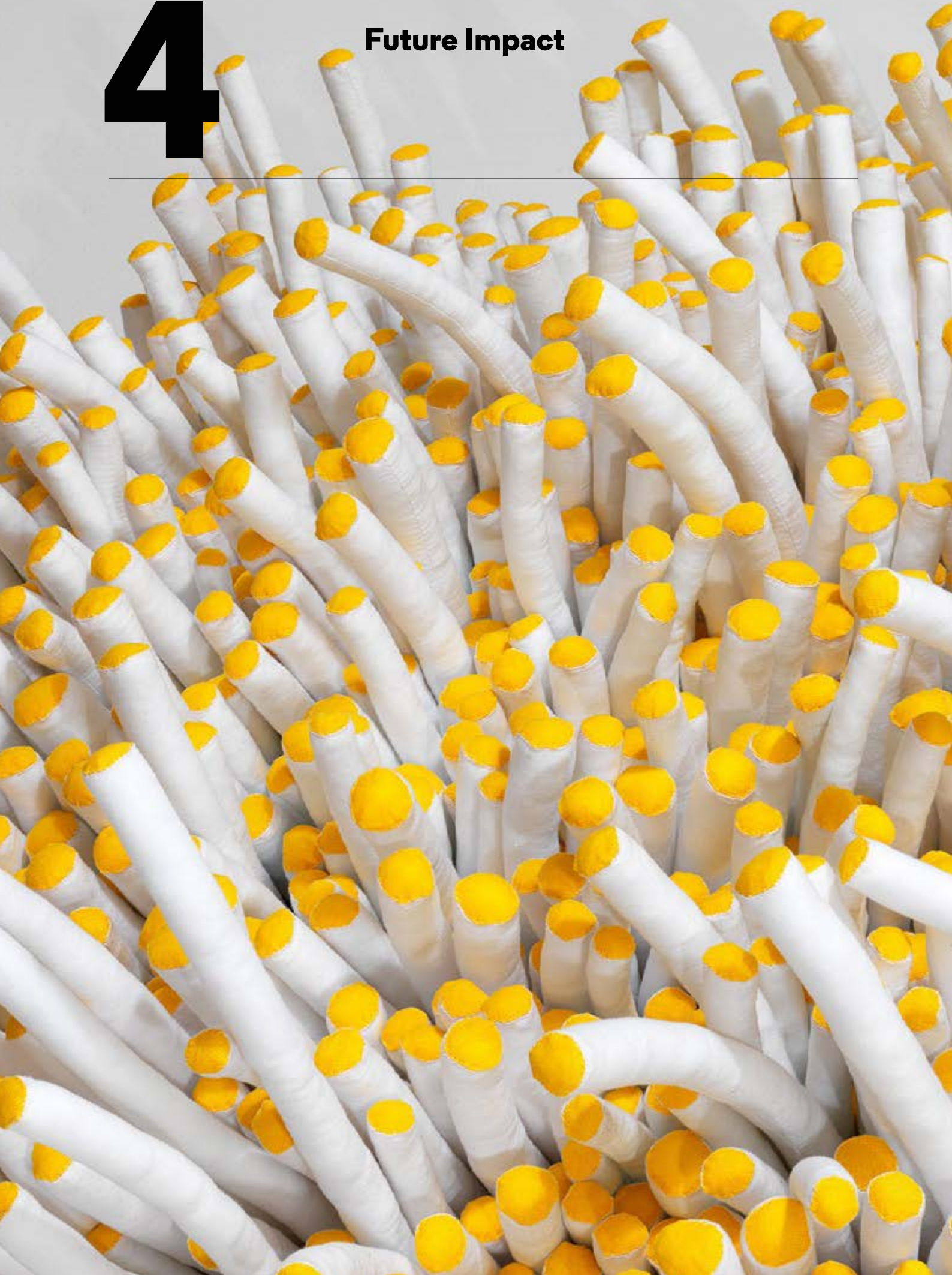
Expenditure

- Fundraising = £305,000 / 8%
- Trading activities = £214,000 / 6%
- Artistic Programme UK = £884,000 / 24%
- Artistic Programme Overseas = £6,000 / 0%
- Learning and Talent Development = £940,000
- Innovation Programme = £84,000 / 2%
- Leadership, Research and Policy = £182,000 / 5%
- Audience Development = £844,000 / 22%
- Gallery = £306,000 / 8%



4

Future Impact



Our immediate focus in 2021/22 will be continuing support for the craft sector as it recovers from effects of the pandemic and Brexit.

2021 marks our 50th anniversary and this landmark, alongside the opening of our new Gallery, will create a platform to elevate the profile of craft across the country.

Our targets for 2021/22

Championing Craft

We will:

- Open the new Crafts Council Gallery presenting 3 new exhibitions by April 2021 and attracting an audience of at least 5,000
- Deliver a programme of activities that marks our 50th anniversary by showcasing the diversity and depth of contemporary craft in the UK
- Expand the activities of our Young Craft Citizens
- Publish 6 editions of Crafts magazine, including at least two themed editions tackling key topical issues
- Produce Hey Craft! As part of the Get Creative Festival
- Increase the display of our Collection through exhibitions and curated digital displays

Increasing levels of craft education for all ages

We will:

- Launch a nationwide school craft challenge reaching at least 75 schools
- Support 265 craft educators through our events programme
- Increase membership of our craft educators Facebook group to more than 900
- Increase the reach of our craft education resources
- Publish and share four research papers
- Pilot the franchise model of our Make your Future schools programme with two partners

Growing the market for craft

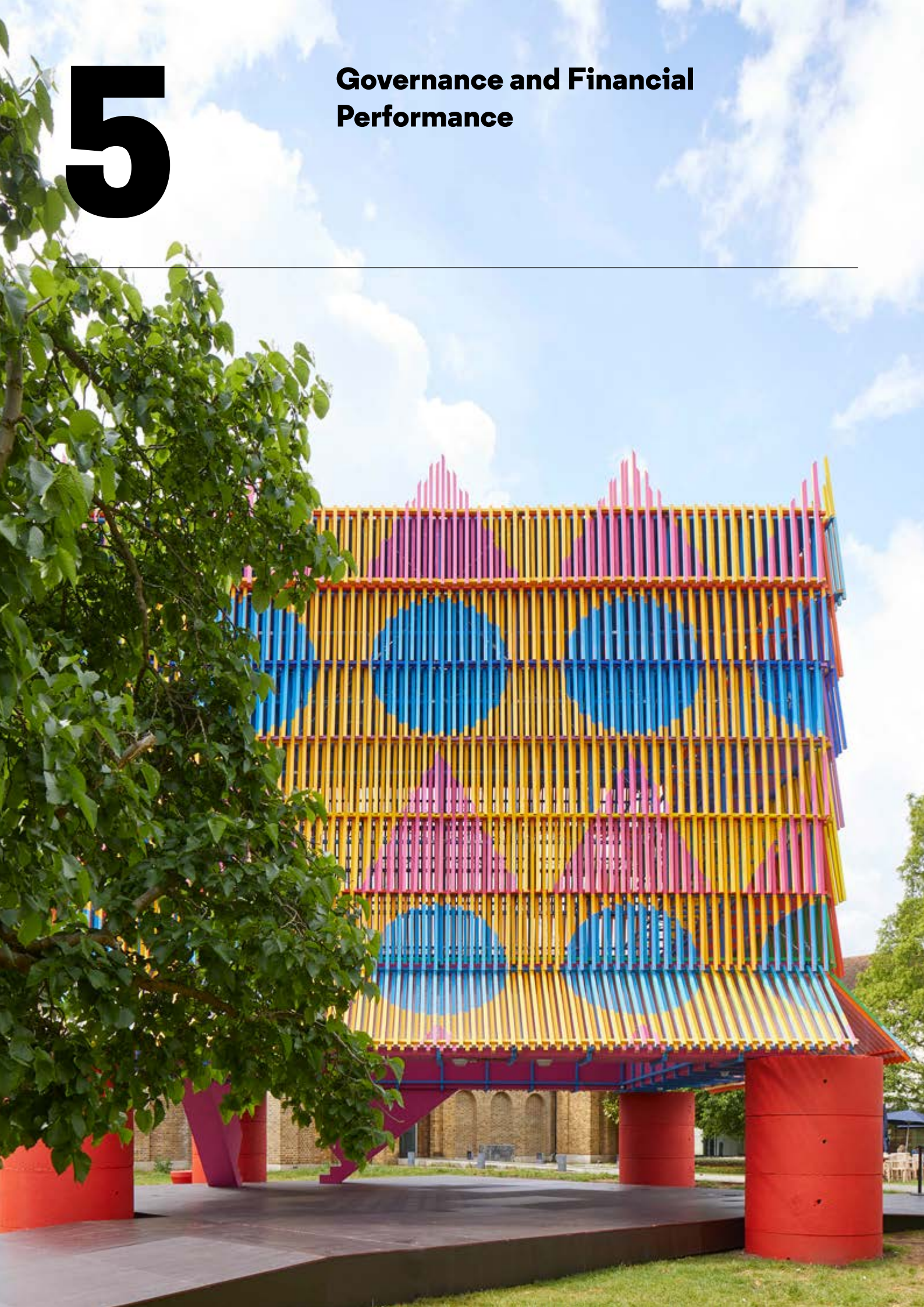
We will:

- Increase membership of the Crafts Council Directory by 125 (20%)
- Support 43 craft businesses through our Crafting Europe projects
- Deliver 90 1-1 advice sessions
- Deliver Collect 2022 as a physical fair at Somerset House
- Secure five commercial partnerships to create new opportunities for craft businesses

-
- Grow the Craft UK network, attracting 15 new members
 - Through Craft UK launch the Toolkit for Change, outlining sector wide commitments to diversity and inclusion

5

Governance and Financial Performance



Legal and Administrative Information

CHARITY REGISTRATION NUMBER: 280956
PRINCIPAL OFFICE: 44a Pentonville Road, London, N1 9BY

MEMBERS OF THE COUNCIL ('TRUSTEES')

Name	Role and committees	Changes
Professor Geoffrey Crossick	Chair of Trustees and Nominations Committee Finance & Business Committee Remuneration Committee	Resigned July 2021
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		Resigned December 2020
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		
Yinka Ilori		Appointed September 2020
Majeda Clarke		Appointed February 2021
Ed Mathews Gentle		Appointed February 2021
Lady Kitt		Appointed February 2021
Philip Mathews		Appointed March 2021
Andrew Morlet	Chair of Trustees and Nominations	Appointed July 2021

SENIOR MANAGEMENT TEAM

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

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 2021. The Financial Statements comply with the Charities Act 2011, the Royal Charter of the Crafts Council, and the Statement of Recommended Practice 'Accounting and Reporting by Charities' which is applicable to Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), effective 1 January 2015.



Andrew Morlet
Chair

Date: 22/11/2021

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.

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: ensuring major projects and regular programmes were delivered on time and within budget; and creating the desired impact.

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

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 on 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.

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.
- Three 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 has been to reinvest surplus in building an organisation able to create greater impact long term. In the later years of the business plan, we have grown our reserves to mitigate lower longer term revenue visibility.

Note 17 to the Financial Statements provides more detail on specific reserves.

Financial Review 2020/21

Performance

Our financial year began in April 2020, two weeks after the government mandated lockdown. We reviewed our 2020/21 budget immediately in order to assess the potential impact on Crafts Council.

From this we created a stripped back Covid Budget that was not dependent on income for which there was lower visibility of receiving. Against this revised income base, we managed our activities and costs accordingly.

All year we progressed largely in line with our Covid Budget. However:

- We secured Arts Council England ('ACE') Culture Recovery Funds amounting to £353k. This allowed us more activity and covered our operating deficit.
- Raised income was the highest ever, in response to the Covid crisis. This included £388k for Hardship grants, £132k for our Gallery, and £50k from Lets Craft packs sent to schools and young people.
- Furlough income was £258k for the year, allowing us to retain public facing staff.
- Two magazine issues were cancelled due to poor advertising revenue.
- Our art fair, Collect was not physical, so revenue and costs were lower.
- Further cost savings accrued as continued restrictions limited physical activity levels. Our Gallery and office remained shut all year.

Due to this careful management in an uncertain period, we ended the year with a significant surplus and high free reserves. These resources have been carried into the 2021/22 financial year to fund activity as the situation improves. However, we are also very proud of the high impact and engagement we achieved during the 2020/21 financial year, despite an ever-changing macro-situation.

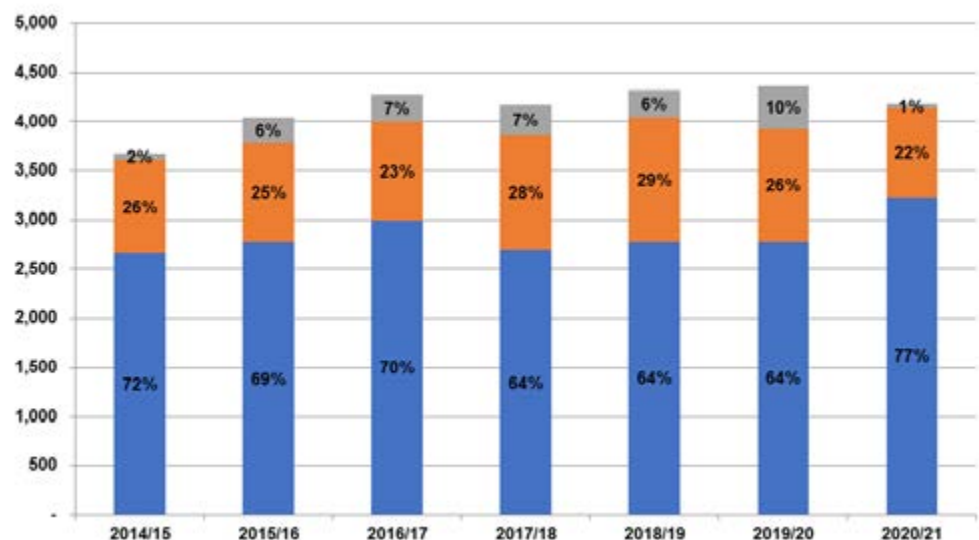
Revenue

ACE remains our largest funder. This year we completed the third year of a four-year funding agreement with them. This funding was extended for a further year during 2020. Each year until 2022/23, we will receive £2.5m of unsecured income from ACE. This is a great foundation for our work.

The pandemic meant that trading income - principally from Crafts magazine, Collect and property sub-letting - was extremely challenging in 2020/21. However, we were successful in raising emergency funds to support the sector. This left our revenue broadly comparable with previous years.

Graph: Year-on-year revenue, 2014-2021

- Trading activities
- Charitable activities
- Grants and donations



The Financial Impact of Covid

The disruption of the pandemic drove us to realise new ways of working to support the craft sector. We come out of 2020/21 financially stable. Furthermore, we have created impact in a resource efficient manner for a sector that needed our support more than ever. We remain keen to work with new funders and partners to build and grow this impact.

Reserves

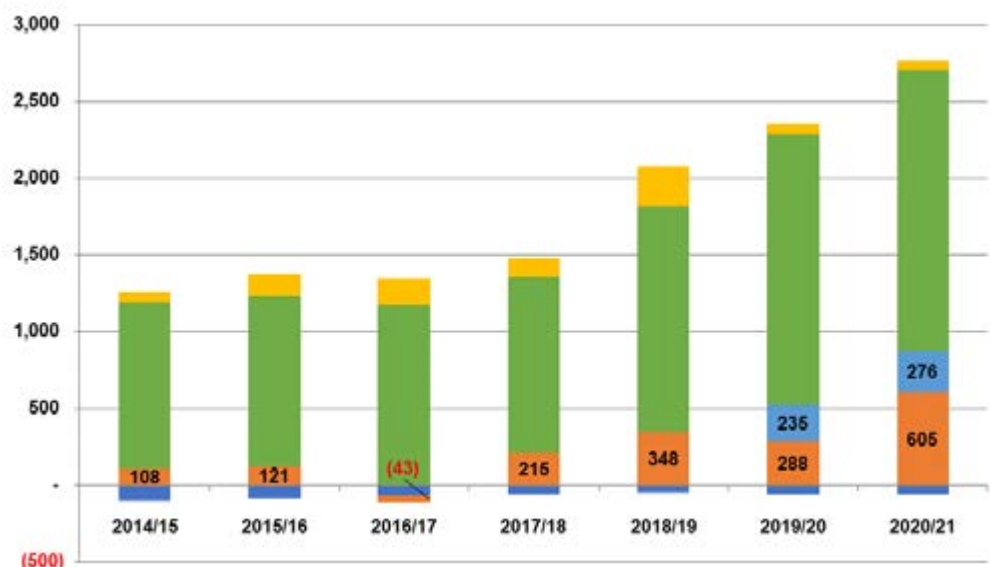
We carefully manage our free reserves to balance maximising spend on activities and impact, against having surplus to manage risk.

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.

Graph: Year end reserves, 2014-2021

- Restricted reserves
- Designated funds
- Programme designated funds
- Free reserves
- Pension reserves



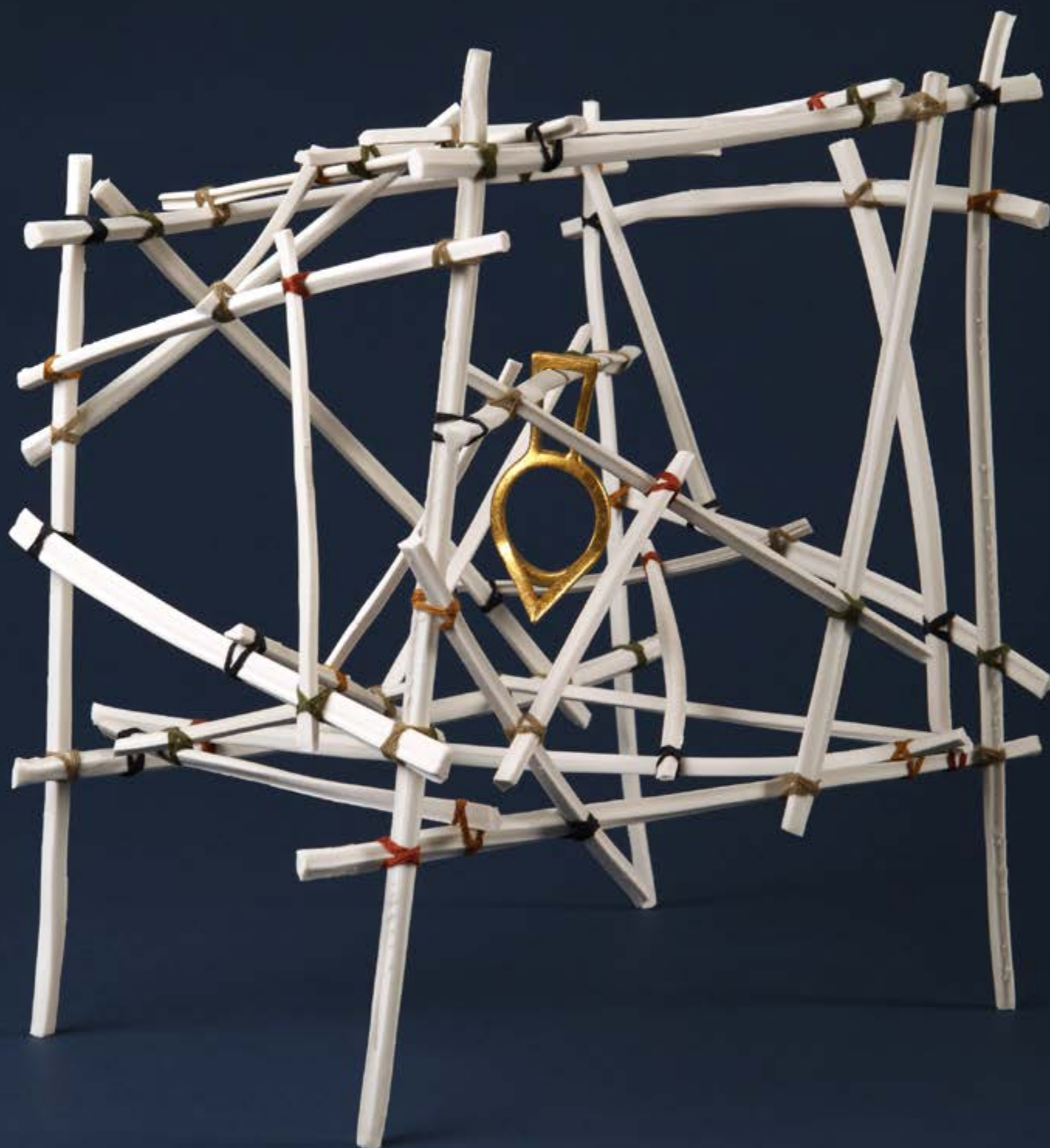
We have grown our free reserves annually since 2016/17. We ended 2020/21 with a high level of free reserves. We are using these to support the 2021/22 operating plan and activities carried over year end, and some long term investment in work to improve future impact. These reserves also provide a cushion should our 2021/22 plans change due to Covid.

We completed the redevelopment of our Gallery, brand and website in 2020/21. The value of these new assets are now reflected on our Balance Sheet.

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.

6

Financial Statements



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



Andrew Morlet

Chair

Date: 22/11/21

Independent Auditors Report

Opinion

We have audited the financial statements of the Crafts Council for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow 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 2021 and of the charity's 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.

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 charity'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.

Other information

The Trustees are responsible for the other information. The other information comprises the information included in the Impact Report (which includes the Trustees' Annual 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.

Responsibilities of Trustees for the financial statements

As explained more fully in the Trustees' responsibilities statement set out on page 62, 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 Trustee 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the regulatory framework applicable to registered charities, and we considered the extent to which non-compliance might have

a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Charities Act 2011 and other factors such as taxation.

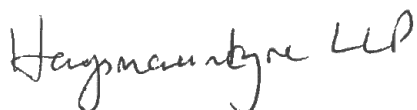
We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities; and
- Identifying and testing journals, in particular any unusual journal entries;
- Challenging assumptions made by management in their critical accounting estimates.

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

Use of our report

This report is made solely to the charity's trustee, 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

06 December 2021

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.

Statement of Financial Activities

For the year ended 31 March 2021

		Unrestricted Funds £'000	Restricted Funds £'000	2021 Total Funds £'000	2020 Total Funds £'000
	Notes				
INCOME					
Grants and donations	2	3,063	169	3,232	2,781
Income from charitable activities	3				
Artistic Programme: UK		150	95	245	682
Artistic Programme: Overseas		-	-	-	5
Learning & Talent Development		33	419	452	34
Innovation Programme		1	-	1	1
Leadership, Research & Policy		7	11	18	27
Audience Development		182	-	182	324
Gallery		-	9	9	-
Total Income from charitable activities		373	534	907	1,073
Other trading activities					
Rental income	4	-	-	-	436
Product Sales	4	-	-	-	2
Investment Income		-	-	-	1
Other Income	4	37	-	37	73
Total Income		3,473	703	4,176	4,367
Expenditure					
Raising funds					
Fundraising activities	5	303	-	303	297
Other trading activity: property surplus to requirements		214	-	214	185
Charitable activities					
Artistic Programme: UK		783	101	884	1,529
Artistic Programme: Overseas		6	-	6	9
Learning & Talent Development		511	428	939	678
Innovation Programme		84	-	84	101
Leadership, Research & Influencing Policy		171	11	182	213
Audience Development		844	-	844	998
Gallery		297	9	306	-
Gallery Development Costs		-	-	-	86
Total expenditure		3,213	549	3,762	4,097
Net Income		260	154	414	270
Transfers between funds		159	(159)	-	-
Net movement in funds		419	(5)	414	270
Total funds brought forward		2,235	64	2,299	1,420
Total funds at 31 March		2,654	59	2,713	1,691

The notes on pages 69-86 form an integral part of these financial statements.

Balance Sheet

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Intangible assets	11	105	59
Heritage assets	12	990	963
Other tangible fixed assets	12	962	893
		<u>2,057</u>	<u>1,916</u>
CURRENT ASSETS			
Stocks	13	-	1
Debtors	14	386	476
Cash at bank and in hand		970	547
		<u>1,356</u>	<u>1,025</u>
CREDITORS: amounts falling due within one year	15	(424)	(445)
Net Current Assets		932	580
TOTAL ASSETS LESS CURRENT LIABILITIES		2,989	2,495
Creditors due after 1 year	16	(276)	(196)
		<u>2,713</u>	<u>2,299</u>
NET ASSETS			
Represented by:			
Unrestricted funds			
General Fund		604	288
Pension Reserve		(55)	(57)
Rent Reserve		(228)	(146)
Designated Funds		2,333	2,150
		<u>2,654</u>	<u>2,235</u>
Total unrestricted funds			
Restricted funds		59	64
		<u>59</u>	<u>64</u>
TOTAL FUNDS	17	<u>2,713</u>	<u>2,299</u>

The notes on pages 69-86 form an integral part of these financial statements

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



Andrew Morlet
Chair

Date: 22/11/21

Cashflow

For the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Cash used in operating activities	19	670	445
Cash flows from investing activities			
Investment income received		-	2
Payments to acquire intangible assets	11	(67)	
Payments to acquire heritage assets	12	(26)	(83)
Payments to acquire other tangible fixed assets	12	(154)	(740)
Net cash used in investing activities		(247)	(821)
Change in cash and cash equivalents	19	423	(376)
Cash and cash equivalents brought forward		547	921
Cash and cash equivalents carried forward	19	970	547

The notes on pages 69-86 form an integral part of these financial statements

Notes to the Financial Statements

For the year ended 31 March 2021

1. ACCOUNTING POLICIES

1.1a Basis of preparation of the Financial Statements

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

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

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

The Charity reported a cash inflow of £422,319 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.

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 rate at the date of the transaction. Monetary assets or liabilities existing at the year-end are translated at the rate at the balance sheet date. All exchange rate differences are recognised through the Statement of Financial Activities.

1.8 Taxation

As a registered charity carrying out charitable activities, Crafts Council is generally exempt from corporation tax except in limited circumstances. Irrecoverable VAT is not separately analysed and is charged to the Statement of Financial Activities when the expenditure to which it relates is incurred. It is initially categorised as a support cost and included within the analysis headers as for other support costs.

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

1.9 Intangible assets and amortisation

During the year the Crafts Council changed its classification of Digital Assets from Tangible to Intangible Assets. The value of Intangible assets represents investments in our new Website and Brand design, launched in 20/21.

Intangible assets are recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. All intangible assets are considered to have a finite useful life. All Intangible assets are amortised over 5 years.

1.10 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 and software:	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.

1.11 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.

1.12 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.

1.13 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.

1.14 Financial instruments

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

2 INCOME FROM GRANTS AND DONATIONS

	Unrestricted Funds £	Restricted Funds £	2021 Total Funds £'000	2020 Total Funds £'000
Arts Council England	2,800	29	2,829	2,570
Government Coronavirus job retention grant	259	-	259	-
Individual giving: Patrons & Donations	4	3	7	39
Various trusts, redevelopment project	-	100	100	40
Various – funding for the Heritage Collection	-	27	27	70
Other funding	-	10	10	62
Total	3,063	169	3,232	2,781

Donations of cash from trustees in 2021 included above were £165 (2020: £1,031).

3 INCOME FROM CHARITABLE ACTIVITIES 2021

	Unrestricted Funds £	Restricted Funds £	2021 Total Funds £'000	2020 Total Funds £'000
Artistic Programme UK:				
Exhibitions, Loans & Collection	17	55	72	46
Collect	132	40	172	636
Artistic Programme Overseas: Showcasing Learning & Talent Development:	-	-	-	5
Learning programme	14	46	60	11
Talent development programme	19	373	393	23
Innovation:	1	-	1	1
Leadership, Research & Influencing Policy:	7	11	17	27
Audience Development:				
Crafts Magazine & other publishing	154	-	154	276
Other	29	-	29	48
Gallery	-	9	9	-
Total	373	534	907	1,073

4 INCOME FROM OTHER TRADING ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	2021 Total Funds £'000	2020 Total Funds £'000
Rental income and related charges on surplus property	-	-	-	436
Exhibition related merchandising	-	-	-	1
Museum & Gallery Exhibitions Tax Relief	37	-	37	73

In 2020, 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 in 2020.

5a Allocation of Expenditure 2021

	Direct Activities £'000	Direct Staff £'000	Grant- making activities incl staff time (i)	Support Costs £'000	Support Staff £'000	Governance costs (6b) £'000	Governance staff £'000	2021 Total £'000	2020 Total £'000
<u>Expenditure on raising funds</u>									
Fundraising activities	62	181	-	32	19	4	5	303	297
Other trading activities	178	14	-	2	16	0	4	214	185
<u>Charitable Activities</u>									
<u>Artistic Programme UK:</u>									
Exhibitions, Loans & Collection	108	290	-	94	31	12	9	544	702
Collect	143	124	-	41	21	5	6	340	827
	0	5	-	1	-	0	0	6	7
<u>Artistic Programme Overseas:</u>									
Showcasing									
Learning & Talent Development:	57	154	-	57	17	7	5	297	376
Learning programme	39	117	389	38	43	5	12	643	302
Talent development programme	9	49	-	19	4	2	1	84	101
Innovation	67	77	-	21	11	3	3	182	213
Leadership, Research & Influencing Policy									
<u>Audience Development & Communications:</u>									
Crafts Magazine & other publishing	291	82	-	22	29	3	8	435	454
Other	80	227	-	63	24	8	7	409	545
Gallery	104	132	-	41	19	5	5	306	-
Redevelopment Costs	0	0	-	-	-	-	-	-	86
Total resources expended	1,138	1,452	389	431	234	54	64	3,762	4,097

(i) Further analysis of staff costs is given in Note 8.

5b Allocation of Expenditure 2020

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

5c Nature of Support and Governance Costs 2021

	Support Costs	Governance Costs	2021 Total	2020 Total
	£000	£000	£000	£000
Facilities costs	312	7	319	450
Finance & HR costs	43	1	44	193
IT costs	76	2	78	77
Audit fees	-	24	24	19
Trustee expenses	-	20	20	1
Support & governance sub-totals	431	54	484	740

5d 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
Support & governance sub-totals	698	42	740	630

6 GRANTS PAYABLE

Crafts Council does not set out to be a grant giving organisation, however, due to the specific circumstances as a result of Covid we were able to administer hardship grants covering England and Scotland. Funding was provided by the Radcliffe Trust for England, and by the Scottish Government for Scotland.

Project	Purpose of grant	Grant £000	Support costs £000	2021 £'000	2020 £'000
Scottish Hardship Fund	This fund was provided by Scottish Government to support freelance craft practitioners working in Scotland who were experiencing immediate financial hardship due to the loss of income as a result of the COVID-19 pandemic. The fund offered a one-off bursary of up to £2,000 to those who were most deeply impacted and disadvantaged as a result of COVID-19.	297	12	309	-
Hardship fund England	Grants of £500 supported makers who, during the Covid-19 lockdown, lost more than 75% of their income and didn't qualify for any form of government support.	77	3	80	-
		374	15	389	-

7 AUDITORS REMUNERATION

The auditor's remuneration constituted an audit fee of £19,000 (2020: £19,000) and additional tax advisory services of £5,875 (2019: £4,500).

8 STAFF COSTS

	2021 £'000	2020 £'000
a) Staff costs consist of:		
Wages and salaries	1,502	1,415
Employer's national insurance contributions	140	132
Employer's contribution to defined contribution pension schemes and defined benefit pension schemes treated as defined contribution schemes	84	76
Operating costs of defined benefit pension schemes	32	41
Agency staff	2	20
Total staff costs	1,760	1,682

There were termination payments of £25k in 2021 (2020: nil).

b) Employee benefits received by higher paid employees

During the period, 5 employees (2020: 5) received employee benefits (excluding employer pension costs) of more than £60,000. Of these, 3 employees received benefits between £60,000 and £70,000 (2020: 3), and 1 employee received benefits between £70,000 and £80,000 (2020: 1) and 1 employee received benefits between £80,000 and £90,000 (2020:1)

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. The total employee benefits of the key management personnel (including employer pension costs and employers national insurance contributions) were £439,029 (2020: £430,444).

8 STAFF COSTS (continued)

d) Average number of employees

The average monthly head count was 47 staff (2020: 45 staff) and the average monthly number of full-time equivalent employees during the year (excluding short-term temporary workers) was 39 (2020: 39), analysed as follows, rounded to the nearest whole number:

	2021 No.	2020 No.
Raising Funds		
Fundraising activities	3	2
Other trading activities	0	0
Charitable Activities		
Artistic Programme UK:		
Exhibitions, Loans & Collection	9	9
Collect	4	4
Artistic Programme Overseas: Showcasing	0	0
Learning & Talent Development:		
Learning programme	5	6
Talent development programme	4	4
Innovation:	2	2
Leadership, Research & Influencing Policy:	2	2
Audience Development:		
Crafts Magazine & other publishing	2	3
Redevelopment Project / Gallery	4	2
Other	6	6
Total	41	40

The average monthly FTE head count initially allocated to Governance was 1 (2020: 1). This has been reallocated across the other analysis headers above.

9 TRUSTEES' REMUNERATION AND BENEFITS AND RELATED PARTY TRANSACTIONS

Trustees claimed travel and subsistence expenses totalling £363 (2020: £881) in discharging their duties as Trustees. Trustees were either reimbursed on provision of receipts or the supplier was paid directly by the Crafts Council. All meetings were held virtually during the year.

No Trustee received remuneration for any service during the year to 31 March 2021. There were no transactions with the Trustees during the year except for those detailed above.

One (2020: 5 trustees) trustee claimed reimbursement for travel expenses supported by receipts, the total claims were £373 (2020 : £881).

10 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% p.a.

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 2020 to 31 March 2021, Crafts Council had one current member of the Scheme.

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

	2021 £	2020 £
Accrual of benefits for members	20,578	20,844
Annual contribution towards deficit	7,600	8,100
Less pension deficit provision released to SoFA during year	(7,418)	(6,706)
Revaluation of reserve following fund review	4,728	12,645
Plan expenses	7,000	6,600
Total staff costs	32,488	41,483

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 2021 were £84,232 (2020: £76,624).

11 INTANGIBLE ASSETS

	Digital assets £'000	Total £'000
Cost		
At 1 Apr 2020	102	102
Additions	67	67
Disposals	-	-
At 31 March 2021	169	169
Amortisation		
At 1 Apr 2020	43	43
Charge for the year and impairments	21	21
Disposals	-	-
At 31 March 2021	64	64
Net Book Value		
At 31 March 2021	105	105
At 1 April 2020	59	59

12 TANGIBLE ASSETS

(a)

	Leasehold improvements £'000	Fixtures, fittings & equipment £'000	Heritage assets £'000	Total £'000
Cost				
At 1 Apr 2020	1,226	114	965	2,305
Additions	154	-	26	180
Disposals	-	-	-	-
At 31 March 2021	1,380	114	991	2,485
Depreciation				
At 1 Apr 2020	342	105	1	448
Charge for the year and impairments	78	7	-	85
Disposals	-	-	-	-
At 31 March 2021	419	112	1	533
Net Book Value				
At 31 March 2021	960	2	990	1,952
At 1 April 2020	885	9	963	1,857

(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.

	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
(i) Five year summary of purchases					
Total cost of assets purchased in year	26	83	5	24	109

(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.

The primary objectives for the Collection are to:

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

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

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

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

Crafts Council's full Acquisition and Disposal Policy is published on its website and will be reviewed every five years. The last review was held by the board in 2019.

13 STOCK		2021 £'000	2020 £'000
	Paper for Crafts magazine	-	-
	Stock of items for resale	-	1
	Total Stock	-	1
14 DEBTORS		2021 £'000	2020 £'000
	Amounts receivable within one year:		
	Trade debtors	40	84
	Other debtors	2	24
	VAT receivable	19	120
	Prepayments	112	118
	Accrued income	213	130
		386	476
15 CREDITORS		2021 £'000	2020 £'000
(a)	Amounts falling due within one year:		
	Trade creditors	146	242
	Other creditors including payroll taxation	45	37
	Accruals	93	67
	Deferred income: subscriptions received in advance 15 (b)	97	77
	Deferred income: other 15 (c)	36	15
	Pension contribution due within one year	7	7
	Balance as at 31 March	424	445
		2021 £'000	2020 £'000
(b)	Movements in subscriptions received in advance		
	Balance as at 1 April	77	82
	Year-end balance invoiced during the year	97	77
	Opening balance released during the year	(77)	(82)
	Balance as at 31 March	97	77
		2021 £'000	2020 £'000
(c)	Movements in other deferred income		
	Balance as at 1 April	15	83
	Year-end balance invoiced during the year	36	15
	Opening balance released during the year	(15)	(83)
	Balance as at 31 March	36	15
16 CREDITORS AFTER 1 YEAR		2021 £'000	2020 £'000
	Amounts falling after one year:		
	Pension provision	48	50
	Rent provision	228	146
	Balance as at 31 March	276	196
(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 10.

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 (8 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. Last 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.

	2021	2020
	£'000	£'000
Movements in rent reserve		
Balance as at 1 April	146	29
Reserve accrued during the year	82	117
Opening balance released during the year	-	-
Balance as at 31 March	228	146

17 FUNDS	At 1 April 2020 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2021 £'000
(a) Unrestricted undesignated funds					
General	288	3,473	(3,213)	56	604
Unrestricted designated funds					
Collection (heritage assets)	963	-	-	27	990
Intangible Assets (Digital assets)	59	-	-	46	105
Other tangible fixed assets	893	-	-	69	962
Gallery development	88	-	-	(88)	-
Website and Brand review	72	-	-	(72)	-
Dilapidations on 44a	75	-	-	(75)	-
21/22 Program spend				276	276
Rent free period reserve	(146)	-	-	(82)	(228)
Pension Reserve	(57)	-	-	2	(55)
	<u>1,947</u>	<u>-</u>	<u>-</u>	<u>103</u>	<u>2,050</u>
Total unrestricted funds	2,235	3,473	(3,213)	159	2,654
Total restricted funds 17 (c)	64	703	(549)	(159)	59
Total funds	2,299	4,176	(3,762)	-	2,713

Prior year fund movements are shown below;

(b)	At 1 April 2019 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2020 £'000
Unrestricted undesignated funds					
General	347	4,105	(4,003)	(161)	288
Unrestricted designated funds					
Collection (heritage assets)	881	-	-	82	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)
	<u>1,417</u>	<u>-</u>	<u>-</u>	<u>531</u>	<u>1,947</u>
Total unrestricted funds	1,764	4,105	(4,003)	369	2,235
Total restricted funds 17 (c)	265	262	(94)	(369)	64
Total funds	2,029	4,367	(4,097)	-	2,299

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 established designated funds at the end of 2019/20 for web and brand development projects, Crafts Council Gallery and dilapidations costs on 44a development. These were fully utilised in the year
- At the end of 2020/21, the trustee created a designated reserve of £276,000 for program spend which is delayed from 2020/21 to 2021/22 due to Covid restrictions

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.

(c) Purpose of Designated Fund

Designation	Purpose of designated fund
Collection (heritage assets)	Equivalent to the net book value of the Collection
Digital assets (Intangible assets)	Equivalent to the net book value of digital intangible 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, funds were all used in 20/21
Gallery	The development of the Crafts Council Gallery at 44a Pentonville Road commenced during August 2019, expected opening was early 2020 but was deferred to July 2021 due to Covid.
21/22 Program spend	Program spend which was initially planned for 20/21 which has been delayed to 21/22 due to covid

(d) Restricted Fund Analysis

	As at 1 Apr 20	Income	Expenditure	Transfers	As at 31 Mar 21
	£'000	£'000	£'000	£'000	£'000
Purpose of restricted fund:					
Home for Craft redevelopment support	-	131	-	(131)	-
Curatorial placement	6	-	(6)	-	6
Exhibitions	-	108	(105)	-	-
Learning and talent	49	440	(438)	(1)	50
Innovation programme	9	-	-	-	9
Purchase of assets for the Collection	-	27	-	(27)	-
Total net assets as at 31 March 2019	64	703	(549)	(159)	59

The restricted fund analysis for 2019/20 is shown below;

	As at 1 Apr 19	Income	Expenditure	Transfers	As at 31 Mar 20
	£'000	£'000	£'000	£'000	£'000
Purpose of restricted fund:					
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)	-
Total net assets as at 31 March 2019	265	262	(93)	(369)	64

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.

(e)	ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted General Funds £'000	Unrestricted Designated Funds £'000	Restricted Funds £'000	Total Funds £'000
	Fund balances represented by:				
	Tangible fixed assets		2,057	-	2,057
	Current assets	1,021	276	59	1,356
	Current liabilities	(417)	(7)	-	(424)
	Long Term Liabilities	-	(276)		(276)
	Total net assets as at 31 March 2020	604	2,050	59	2,713

18	COMMITMENTS UNDER OPERATING LEASES	2021 £'000	2020 £'000
(a)	As at 31 March, Crafts Council had the following Total commitments under operating leases:		
	Leases expiring after five years: land and buildings	2,870	2,988
	Leases expiring in one to two years: equipment	0	0
	Leases expiring in two to five years: equipment	10	10

(b) As at 31 March, Crafts Council had no income receivable under operating leases (2020: 0)

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

19	NOTES TO THE CASH FLOW STATEMENT	2021 £'000	2020 £'000
(a)	Reconciliation of net income to net cash used in operating activities		
	Net income for the year	414	270
	Less Value of Donated Heritage Assets	-	-
	Investment income receivable	-	(2)
	Depreciation	106	78
	Decrease in stock	1	11
	Decrease (Increase) in debtors	90	(90)
	Increase in creditors	59	178
	Net cash flow inflow from operating activities	670	445

