



CRAFTS COUNCIL
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Charity No: 280956

CRAFTS COUNCIL
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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CRAFTS COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 MARCH 2017

Charity registration number: 280956

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

Members of the Council ("Trustees")

Name	Role and Committees	Changes
Professor Geoffrey Crossick	Chair of Trustees and Nominations Committee Finance & Business Committee Remuneration Committee	
Maria Amidu		Appointed July 2017
Jo Bloxham		
Professor Bruce Brown	Chair of Finance & Business Committee and Remuneration Committee	
Andrea Nixon	Chair of Finance & Business Committee and Remuneration Committee Nominations Committee	Resigned April 2017
Matt Durrant	Audit Committee	
Peter Ting	Finance & Business Committee Remuneration Committee	Resigned April 2017
Dr Zoe Laughlin	Finance & Business Committee Remuneration Committee Nominations Committee	
Andrew Marshall	Finance and Business Committee	
Brigid Rentoul	Chair of Audit Committee	
Beverley Rider	Nominations Committee	
Clare Twomey	Acquisition Panel	

Senior Management Team

Rosy Greenlees	Executive Director	
Chris Franklin	Finance & Commercial Director	Resigned July 2017
Henry Wrigley	Finance & Commercial Director	Appointed October 2017
Annie Warburton	Creative Director	
Andy McGlynn	Development Director	

CRAFTS COUNCIL

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 MARCH 2017

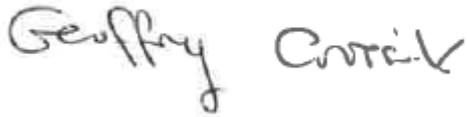
Auditor	Haysmacintyre 26 Red Lion Square London WC1R 4AG
Bank	Royal Bank of Scotland 40 Islington High Street London N1 8XB
Solicitor	Eversheds 1 Wood Street London EC2V 7WS

CRAFTS COUNCIL

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

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 2017. 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.

A handwritten signature in black ink that reads "Geoffrey Crossick". The signature is written in a cursive style with a large initial 'G' and a checkmark-like flourish at the end.

Professor Geoffrey Crossick

Chair

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

OUR PURPOSE AND VISION

Our Royal Charter states our mission as being “to advance and encourage the creation of works of fine craftsmanship and to foster, promote and increase the interest of the public in the works of craftspeople and the accessibility of those works to the public.”

Our vision is that everyone has a chance to discover their creative talents and practical abilities, to enjoy craft as a producer and consumer, and to improve their lives through craft; this vision rests upon a generous, democratic definition of craft, and a belief in craft’s transformational power.

The planning of our work

2016/17 was the second year of our 2015-18 Business Plan. Whilst this Plan was written at a time of great opportunity and energy within the craft and creative sectors, it recognises the fact that our sector operates in a challenging economic environment.

We have identified the following key areas of need for the sector:

- The craft sector continues to be fragmented, with uneven regional distribution of activity;
- Makers, craft organisations and professionals struggle to achieve the profile and support they need;
- The sector still has a low economic profile with limited support for micro-enterprises to access business finance, new markets and professional opportunities;
- The steady but inexorable decline in the provision and participation in craft education will have a damaging impact on the long-run sustainability of the craft sector.

To meet these challenges, we employ a range of strategies:

- Present accessible exhibitions of contemporary craft to the public which raise awareness and understanding of the value of making, creativity and craftsmanship;
- Mount public events which showcase makers and craft galleries providing opportunities to buy craft;
- Build and maintain a permanent public collection of contemporary UK craft objects which we lend to regional public museums and galleries;
- Create and present participation projects which engage the public in the making of craft;
- Support makers in their professional development through networking programmes and awards schemes;
- Support and provide resources to students and craft teachers through our education schemes;
- Encourage everyone to support or participate in craft activities;
- Share information about craft activities with the public through our website and our magazine, *Crafts*;
- Work with regional partners to help deliver much of our work;
- Maintain a digital library of craft objects for public viewing on our website.

What we set out to achieve in 2016/17

Each of the three years of our 2015-18 Business Plan has its own set of objectives, with each year building upon the last. Our principal aims in 2016/17 were as follows:

- Through our major schools programme, “Make Your Future”, to deliver craft education in Leeds, Birmingham and London;
- At “Make:Shift”, our biennial conference, to bring together experts from different industries to discuss how craft can contribute to innovation in the UK;
- To present our newest exhibition, “A Curious Turn: Moving Mechanical Sculpture”, which will explore the amazing history of automata;

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

- As part of our “A Future Made” programme, to continue showcasing exceptional UK talent at major international fairs, as well as supporting makers and inspiring the next generation in the UK;
- To partner with Hull City Council in an exhibition as part its “UK City of Culture 2017” programme;
- To advance to the next stage our planning for transforming our space at 44a Pentonville Road into a new public home for craft and the fundraising for that work;
- To showcase a selection of UK makers at overseas exhibitions, including Design Miami/Basel;
- To present our own contemporary craft fair, “Collect”, in February 2017 at Saatchi Gallery in London; and
- To showcase UK makers and craft within “London Design Week” in September 2017

How we measure and evaluate outcomes

All our activities are monitored on a quarterly basis by trustees and management through detailed reporting on a range of key performance indicators which are contained in the 2015-18 Business Plan. These are principally in the following areas:

- Audience and stakeholder satisfaction with our work
- People and professionals participating in our programmes
- Sales levels and economic activity arising from our work
- The use of our craft collections
- The diversity of participants, volunteers, staff, trustees and contractors
- Digital activity and audience take-up and reach
- The extent and effectiveness of our regional and international work
- Monitoring and minimising environmental impact
- The impact of our research and advocacy
- Our income generation performance.

We undertake a range of surveys from partners, visitors and beneficiaries which collectively inform the planning of our programmes and activities. We report to our funders on the use of their grants, including our principal funder, Arts Council England.

We established specific key performance indicators for 2016/17, including:

- Build our total audience to at least 2.9 million people;
- Increase our digital audience by 3% year on year to 824,000 people;
- Meet high satisfaction levels with 82% of our partners;
- Work with 3,500 makers, and support 400 other craft professionals;
- Achieve 9% black and minority ethnic makers on our CPD programmes
- Achieve 10,000 participants in our various education activities;
- Improve the economic prospects of 75% of makers participating in our work;
- Ensure 11% of our craft collections are on loan in 2016/17;
- Have our research cited in 15 sector publications;
- Base at least 68% of our work in the regions at 48 partner venues; and
- Bring an additional £1.8million to the craft economy through our work.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

OVERVIEW OF 2016/17 OPERATING ACTIVITIES

Artistic Programme UK

30 works of contemporary craft were added to the Crafts Council Collection, including:

- 2 tapestries from Grayson Perry's "A House for Essex", the first works from the project to enter a public collection
- 8 objects produced by Assemble's Granby Workshop
- John Grayson's commissioned *Discombobulated Brexiteer*, with 8 complementary pieces documenting its making entering the Handling Collection
- A bio-resin necklace by Sarah King
- 2 works from David Poston, including welded tin bracelet, 2003

Our UK exhibitions and loans reached an estimated audience of 1.8m and nine partner venues. Our loans programme loaned 167 objects to 34 venues and reached an estimated audience of 1m.

We originated four exhibitions and five continued to tour. The four new exhibitions were as follows:

- "Julie Cope's Grand Tour" showcased the latest additions to our Collection; two tapestries from Grayson Perry's "A House for Essex";
- "A Curious Turn" featured a new commission from John Grayson and automata from 30 leading makers, and toured to Habitat Platform Gallery, Gallery Oldham, Derby Museum and Art Gallery, Inverness Museum and Art Gallery and Thelma Hulbert Gallery;
- "Twelve Tall Tales", the first in a series of partnerships with the Hospital Club, London, explored storytelling through objects and making;
- "Showtime: Posters and objects from the Crafts Council Collection" launched at Collect17

Our Craft film festival, "Real to Reel", debuted during London Craft Week 2016. 36 films, selected from 335 submissions, were shown across two evenings to an audience of 200. A film by Jared Schiller documenting the performances and installations from our exhibition "Acts of Making" was completed and shared through the Crafts Council website.

We commissioned 26 films and published 176 pieces of editorial content and more than 430 website pages. There were more than 120,000 views of our films.

International artistic and market development programme

The Crafts Council represented UK craft internationally in the following ways:

- Our programme "A Future Made" showcased the best of British Craft at Design Miami Basel and during Miami Design Week to critical acclaim, reaching an audience of over 140,000 and generating a press reach of 25 million;
- "Nature Lab", our Basel presentation, also showed at Craft Trends Korea, reaching an audience of 51,327;
- We presented 12 makers at the "Design Days Dubai 2017" fair and ran five workshops as part of our public programme;
- We delivered business development programmes in Sharjah;
- We secured a partnership with the Foreign and Commonwealth Office to supply Collection objects to support their embassy renovation projects;
- We presented our "Innovation in Craft" report at two British Council and La Triennale events in Milan;
- We participated in a talk on craft on the international stage as part of London Craft Week.
- International loans from the Crafts Council supported exhibitions at MAK Vienna and the Bahaus, Dessau;
- At our own Collect 17 art fair, 18 galleries and 3 makers were internationally based.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

Our Executive Director, Rosy Greenlees OBE, was appointed President of the World Crafts Council in addition to her representing the UK Crafts Council at WCC general meetings.

Learning and Talent Development

In our programmes, we aim to support the best new talents.

1,609 makers directly participated or were indirectly represented in one of our exhibitions, fairs or in our *Crafts* magazine, this total being 306% over target.

3,215 makers participated in one of "continuing professional development" or business development activities, this being 7% over target.

Our British Craft Pavilion at the London Design Festival showcased 20 makers and our Directory, which continues to create opportunities for 602 maker members.

Our Hothouse programme saw a record number of applicants – 226 compared to 183 in 15/16. 39 makers took part in 2016/17.

We also launched a new workshop programme, reaching 493 makers. 196 makers took part in internationally focussed professional development.

We delivered the next in our series of Innovation Salons with The Culture Capital Exchange. 27 experts attended.

Angela Maddock completed a Parallel Practices project at King's Cultural Institute.

We hosted two work placements and successfully completed our first apprenticeship.

We delivered 2,760 learning and participation opportunities. An increase of 130% on 15/16. We reached 14,770 participants, 48% over target.

Two key platform programmes supported the sector and widened our reach:

- Hey Clay! the national celebration of clay saw more than 100 venues deliver 200 free sessions to people of all ages and abilities. There were 34,000 views of the Hey Clay! website.
- Make:Shift:Do, our national programme of innovation workshops saw 29 venues introduce more than 3,000 visitors new technologies and ways of making.

93,000 people engaged with Craft Club through online content, and Craft Club tutorials linked to our creative programme

Youth Voice engaged a diverse group of 14 local young people to help shape our future youth programming.

Arts Award forms a part of our "emerging youth voice" activity, and has been shaped by our work with partners Creative Dimension, a charity delivering skills based craft workshops for 14-18 year olds. Make:Shift:Do featured on two online Arts Award websites – their blog and Arts Award Voice, a magazine for young people. We have also joined our local Islington Cultural Education Partnership group. This will provide opportunity to develop stronger links to the neighbourhood we are based whilst understanding how we can better support CEPs nationally.

Our "Inspiring the Future – Meet the Maker" event in Birmingham in October 2016 saw 100 students from secondary schools engage with makers in speed-mentoring sessions. The event also saw the launch of our new schools programme, "Make Your Future". Working in regional clusters in London, Yorkshire and the West Midlands, it delivers teacher professional development, and connects pupils to craft in the classroom. We reached 18 schools, 32 teachers and 1,458 young people at Key Stage 3.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

For "A Curious Turn", we delivered a family drop-in automata-making event with Fire the Inventor with approx. 65 attendees. We facilitated two formal education visits: a school visit for a group of 28 Year 5 students and 21 trainee teachers from the Goldsmiths PGCE course.

Innovation Programme

The second edition of our "Make:Shift" conference was successfully delivered in Manchester, and attended by 284 people, with 848 following the event online. The conference aimed to bring together an audience across cultural commissioning, artistic practice, higher education, to debate issues on the topic of craft and innovation in the UK. As part of the "Make:Shift" conference, we also commissioned a performance of "Mr Babbage is Coming to Dinner" by the Manchester Camerata.

Leadership, Research & Policy

As well as at our public events, we also work to make the case for craft at the highest levels of government and to lead the way on new initiatives, both in the UK and overseas.

Our monthly policy briefings are read by over 6,000 people, including influential policymakers and advisors.

We conducted in 2016/17 a partner/craft sector survey, key results being:

- 70% thought their working relationship with the Crafts Council very favourable
- 100% would recommend working with us to another organisation

38% of our partners in 2016/17 were new partners to the Crafts Council.

To inform our future strategy we surveyed our audience. More than 1,600 took part. 16 key stakeholders participated face-to-face.

We also surveyed the sector on Brexit and received 1,200 responses, with the results being shared with DCMS, British Council, Creative Industries Council, Creative Industries Federation.

We published two pieces of major research. 'Innovation through Craft' highlighting the potential for cross sector collaboration and 'Studying Craft 16', the third iteration in our longitudinal study of craft education.

We commissioned external evaluation for two projects: Make Your Future and Injection. Findings for Injection will inform future talent development programme.

In developing our plans for a new "Home for Craft" at our London location, we held consultations with 11 regional stakeholders.

Our regional engagement and sector support saw us deliver two Craftnet events and continue to work regionally through dedicated Crafts Council relationship managers for each English region. We held two roundtable events: in London, with galleries to discuss building new markets; and in Cumbria, with makers to discuss issues for craft practitioners.

We have supported external craft organisations and events during the year, promoting more than 300 events, activities and opportunities from across the country.

Audiences

Our programmes reached an audience of 7m. This was 24% above our target. 92% of our audience who were surveyed said that they were "very satisfied" or "satisfied" with their experience of our work.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

Our website and social media audience was estimated at 1.02m, being 24% above target. We also reached 4.6m through Woman's Hour Craft Prize. We have more than 464,200 social media followers.

To build our understanding of our audiences we:

- Undertook audience research projects to develop our new vision and inform future strategy and to shape the design for the proposed new "Home for Craft" (planned to open in 2018). Over 1,600 individuals participated.
- Published and shared the report of the Craft Cluster research undertaken with 14 partner organisations
- Surveyed audiences at Collect, Make:Shift:Do and Hey Clay!

96% of the visitors surveyed rated their experience of our art fair, Collect 2017, at Saatchi Gallery in London as "excellent" or "very good". 62% of the visitors to Collect 17 had never visited before.

We delivered activity in all the UK's regions, as defined by Arts Council England. 69% of our expenditure took place outside of London and reached every English region.

Certain projects significantly extended our reach:

- The Woman's Hour Craft Prize, a joint initiative between the Crafts Council, Radio 4's Woman's Hour and the V&A, resulted in a weekly feature on craft on Woman's Hour and included extensive coverage of Collect, all of which reached an audience of 4.6m.
- "Hey Clay!", our free national pottery education public programme, was one the exemplar projects over the BBC "Get Creative" weekend. Participating venues increased by more than 30% from 2016/17, and there were 34,000 visits to our Hey Clay! website
- We delivered three drop-in storytelling sessions at "Twelve Tall Tales";
- We extended the reach of Craft Club, creating new digital tutorials that we promoted on our website. Over 93,000 engaged.
- The Craft Club "Automata" newsletter provided the first collaboration with a Crafts Council exhibition and was Craft Council's first STEAM-focused resource, set up in partnership with "Exploratorium" in San Francisco, and engaging more than 9,000 people.
- Through our First Decade digital archive project, we delivered a family friendly handling Collection at Mima.
- Our "Craft of Carnival" film celebrated the heritage of craft and making at Notting Hill Carnival where 60% of the audience were new to us.

Our Make:Shift:Do programme, our nationwide series of craft and innovation workshops, aims to work with non-traditional venues to establish relationships with new communities, or deprived areas, often working with volunteers from a range of backgrounds, including the unemployed. 69% of activities took place outside of London. Over 3,000 participated. A mini Make:Shift:Do was delivered at the Primary Careers Conference organised by the Kings Cross Knowledge Quarter and reached 250 young people.

We extended the range of opportunities for new audiences to engage with craft and our work:

- All exhibitions were accompanied by integrated learning resources or a web application, and "Julie Cope's Grand Tour" featured an audio recording of Grayson Perry reading the "Ballad of Julie Cope".
- Our annual Fielding Talk was presented by Ann Sutton and attended by an audience of 80.
- Crafts Magazine published a series of 'Collect papers' exploring the materials and personalities of our Collect 17 art fair.
- We launched a new salon series for craft collectors, delivering three salons in the lead-up to Collect 17.
- *Crafts* Magazine published six editions for public sale with a readership estimated at nearly 50,000. It also launched a fully searchable digital archive, making its entire 43-year archive available to subscribers.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

- *Crafts* Magazine's book-club continued, delivering 3 events to an audience of over 300
- As part of "A Future Made" in Miami and Basel we delivered events in partnership with Aesop, the British Consulate and a Facebook live tour, and our commissioned film was exclusively premiered by Wallpaper*.

Diversity

Our programme is a platform for showcasing diverse talent. 13% of makers on one of our professional development programmes comes from a BAME background, being 4% over our KPI target.

We embed diversity into all our creative programmes. Crafts Council Trustees, staff and contractors actively address diversity, equality and inclusion from perspectives of content and audience in the planning and delivery of our programmes. We show leadership across two protected characteristics: ethnic background and disability.

Examples of our work in this area are as follows:

- Our Make:Shift innovation conference included panels on crafting prosthetic devices, creating tactile experiences for blind and partially sighted people, and co-designing techniques for approaching mental health issues, with 50 speakers from diverse backgrounds;
- In our presentation at the Design Days Dubai fair in March 2017, 30% of the exhibiting makers came from a BAME background;
- During the London Design Festival at Designjunction 2016, *Crafts* magazine chaired a discussion on design and dyslexia;
- At our art fair, Collect17, we featured work from a wide background of UK and international makers, including for the first time the UAE makers, and our Talks programme was assembled to ensure a gender balance, with speakers from British Asian and Black British heritages;
- We partnered with StageText to ensure that our "Reel to Real" film festival was accessible to deaf audiences.
- We commissioned a film "The Craft of Carnival" to show the diverse range of craft skills in the UK, focusing on the journey of a group of creative BAME makers the film. The film was viewed 61,126 times.
- For "Julie Cope's Grand Tour" we produced a new accessible guide for visually impaired and blind people. The interpretation texts were reproduced in Braille.
- We refreshed the language and images used in advertising opportunities to improve representation and accessibility, which as an example resulted in 50% increase in BAME representation in our Hothouse 2017 programme, and a doubling in our workshops.
- We have recruited a group of local young people as advisors to lead on shaping wider consultation, research activities and future youth programming, where 29% are from a BAME background. The gender ratio is 50:50.
- "Make Your Future" schools are selected for our programme based on a higher-than-average eligibility for the Pupil Premium as a national indicator of disadvantage. We have recruited two special schools (one Deaf school) to the programme.
- We have widened the advertisement of internal vacancies to build a more representative staff and trustees.

Public benefit

Our charitable activities benefit the public, makers, craft professionals and students.

In planning and delivering our activities in 2016/17, the trustees considered the Charity Commission's guidance on public benefit, including the guidance on fee-charging. Where possible we generate income from fees and charges to help cover the costs of our activities. In setting the level of fees, charges and concessions, the Board of Trustees gives consideration to the level of accessibility of our public activities for those on low incomes, whilst ensuring that the activities themselves remain sustainable.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

Pricing policy

Our policy on public charges is as follows:

- For public exhibitions of contemporary craft, there is no charge.
- For public participation events, there is ordinarily no charge.
- For professional development events and online services, these are supplied at a subsidised cost.
- For public events where craft objects are sold, ticket charges are set at the lowest level whereby the viability of the event can be maintained. Where we charge exhibition stand fees to participating galleries and craftspeople, these are set at an appropriate market rate; exceptionally, if a stand fee is not charged, we may take an agreed commission from sales of craft objects made by makers.
- For all ticketed events, concessionary tickets are offered to senior citizens, disabled people, young people, students and the unemployed.
- For sales of *Crafts* magazine, and for membership of the Crafts Council Directory, the pricing policy is set at a level to ensure the financial viability of the activities.

Environmental impact

We are committed to lowering our carbon footprint and to supporting a sustainable environment. We track and benchmark our co2 emissions for primarily our offices, business travel and touring exhibitions. Each year we review and update our Environmental Policy and Action Plan as we seek to reduce our carbon footprint further.

In 2016/17, we achieved a reduction in our overall carbon footprint from 62.4 tonnes co2 to 48.2 tonnes co2 (a c. 22% reduction). Our 16/17 reduction was achieved by a combination of changed practices and improvements in the facilities within the building as well as more mindful energy usage out of hours.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

PLANS FOR FUTURE ACTIVITIES

2017/18 is the final year of our 2015-18 Business Plan. Building on the previous two years work our principal activities in 2017/18 will be:

- To continue the development of our education and learning programmes with our major schools programme Make Your Future entering it's second year and the further development of our informal participation programmes: Make:Shift:Do; Hey Clay and Craft Club;
- We will curate major exhibitions to the UK public with *A Curious Turn:Moving Mechanical Sculpture* and *Julie Cope's Grand Tour*, two major tapestries by Grayson Perry both touring the country;
- Crafts Council curated exhibition *States of Play* opening in Hull as part of Hull UK City of Culture and with support from the British Council;
- The second and final year of our international showcasing programme *A Future Made* will present selected exceptional UK talent during major international fairs Tresor, Basel and Design Miami;
- Curation of the UK Pavilion at Cheongju Biennale, Korea and exhibition *Form + Motion* open in September 2017;
- Presentation of Make:Shift:Ireland as part of our innovation programmes;
- Contributing to the government consultations on the industrial strategy and develop a number of research partnerships with Higher Education Institutions;
- Holding our own contemporary craft fair, "Collect", in February 2018 at the Saatchi Gallery in London;
- Presentation of *Flourish*, our first business development conference to be held in May 2017 and the refreshment of our talent development programmes; and
- The continued fundraising and planning of "A Home for Craft" capital project at 44a Pentonville Road.

We have established specific key performance indicators for 2017/18, including:

- Build our total audience to at least 3 million people;
- Increase our digital audience by 3% year on year to 850,000 people;
- Meet high satisfaction levels with 85% of our partners;
- Work directly with 4,500 makers, and support 500 other craft professionals;
- Achieve diversity of makers in our professional development and other activities
- Achieve 10,000 participants in our various education activities for young people;
- Improve the economic prospects of 80% of makers participating in our work;
- Ensure 12% increase in our craft collections on loan;
- Have our research cited in 20 sector publications;
- Base at least 70% of our work in the regions at 50 partner venues;
- Present UK contemporary craft in two international showcases; and
- Bring an at least an additional £1.8million to the craft economy through our work.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

FINANCE, FUNDRAISING AND MANAGEMENT

Financial Review

The results of the Crafts Council for the year ended 31 March 2017 are set out in the Financial Statements on pages 20-22.

In setting the budget for 2016/17, the trustees and management agreed to a plan that would enable the best use of our resources to maximise the reach and impact of our work. The net deficit for the year was £56,000 (2015/16: net surplus £132,000) as a result of our not meeting quarter four earned income targets.

Total Funds as at 31 March 2017, including general amounts held as fixed assets, stand at £1,235,000 (2015/16: £1,291,000), which comprise negative Free Reserves of £43,000 (2016: positive £121,000), a negative Pension Reserve of £66,000 (2016: negative £90,000), fixed asset Designated Funds of £1,174,000 (2016: £1,111,000), and Restricted Reserves of £170,000 (2016: £149,000).

We achieved total income including the value of donated assets of £4,279,000 (2015/16: £4,039,000) which represents a 5.9% annual increase, and 84% of our overall income target. The Crafts Council is categorised as a National Portfolio Organisation within the Arts Council England's investment scheme, and our principal source of funding in 2016/17 was National Portfolio Organisation funding from Arts Council England, at £2,504,000 (2015/16: £2,504,000) and £2,504,000 in 2017/18. As of July 2017, the Crafts Council successfully secured National Portfolio Organisation status for the period 2018-2022, subject to certain conditions being met and representing continued funding of £2,504,000 per annum for 2018/19 and 2019/20 and further years following.

We generated income of £1,775,000 (2015/16: £1,535,000) from sources other than Arts Council England National Portfolio funding, and thereby have increased the proportion of income from non-Arts Council England National Portfolio funds to 41.5% (2015/16: 38%).

These results are the rewards of the key investments we have made to increase our income.

Fundraised Income

In 2015/16, the Board of Trustees agreed that a significant level of additional resources should be allocated toward the organisation's fundraising capacity. We reviewed and reorganised our fundraising activities, with a new director and an expanded team. The investment in this activity has resulted in significantly increased capacity and is supporting us toward our goal of long-term sustainability.

Excluding NPO funding, raised income for 2016/17 was £491,000 (2015/16: £274,000); this comprised funding from statutory/ public sources totalling £161,000 (2015/16: £196,000), and Trusts and Foundations and private donations totalling £330,000 (2015/16: £78,000).

We continue to attract significant sums indirectly into the craft sector; these funds benefit individual makers and other crafts professionals without directly contributing to Crafts Council income. We estimate that in 2016/17 we leveraged at least £1.8 million into the craft sector.

Earned Income

Earned income for 2016/17 was £1,284,000 (2015/16: £1,261,000). 29.9% of this income was generated from *Crafts* magazine sales and advertising (2015/16: 32.2%) with a further 48.1% (2015/16: 47.8%) as fees from exhibitors and attendees to our events, and from exhibition and object loan hire.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

We launched our new maker "Directory", with over 602 makers signed up or in the process of signing up. The "Directory" generates income and profile for the Crafts Council, has capacity to expand, and will build stronger direct relationships with makers.

Drawing on free reserves, the work we have done in recent times to improve our digital and physical infrastructure has been rewarded with benefits to CC: increased traffic through our website, which in turn continues to result in increased income for our programmes and a reduced administration burden; our success with income generation has received a significant boost from the restructuring of our property usage, and subletting at 44a Pentonville Road, whereby we expect to save at least £200k per annum for the remainder of our lease until 2025.

Work is being undertaken by management and trustees to identify new and significant sources of income.

Reserves Policy

In 2016/17, the Crafts Council implemented a new Reserves Policy. In determining this revised policy, the Crafts Council has taken a risk-based approach, and thereby has taken into account the following matters:

- The forecast levels of income for current and future years as contained in our 2015/18 Business Plan, assessing the reliability of each source of income;
- The forecasts for expenditure for the current and future years on the basis of planned activity contained in the 2015/18 Business Plan;
- An analysis of any future needs, opportunities, commitments or risks where future income alone is unlikely to meet anticipated costs;
- An assessment of the likelihood of each of these needs arising which would justify having reserves, and the potential consequences for the charity not being able to meet these needs;
- The Council's firm commitment to the principle of fulfilling its mission with the greatest impact, and allowing investment in its future where such opportunities may arise.

The purpose of the Reserves Policy, therefore, is to provide a basis upon which the Council can adopt a dynamic approach in pursuance of its activities whilst building its long-term sustainability in the face of identified risks.

One of the major risks to the future financial stability of the Crafts Council is loss of income. The Council has a major funder, Arts Council England, and is a National Portfolio Organisation. In assessing the risks to income, the Council has presumed that funding from Arts Council England could be reduced at any time due to factors beyond the control of the Council, and that, if such a funding reduction should occur, it would in all likelihood have an adverse impact upon Crafts Council activities.

In consideration of all the above, the Council has determined that its Reserves Policy should provide funds to sustain the organisation through such an occurrence whilst allowing time to adjust to altered circumstances, and it has been further determined that a target (but not mandatory) level of Free Reserves should be set at £600,000.

This Reserves Policy will be reviewed by the Council from time to time in the light of changing circumstances, and not less than annually.

As at 31 March 2017, following a period of prudent and necessary capital expenditure aimed at significantly reducing long-term occupancy costs and risks, Free Reserves are stated to be a deficit £43,000 (March 2016: £121,000).

The Board of Trustees have mandated that Free Reserves should increase to a positive position in

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

2017/18; accordingly, for the year ended March 2018, a budget has been set that is targeted to begin restoring reserves over the course of the next three year business plan.

For the remaining period of the 2015-2018 Business Plan, and continuing into the 2018-2022 Business Plan, annual operating surpluses are forecast to accrue whereby the organisation will move towards its target level of £600,000.

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

Grant making policy

In 2016/17, Crafts Council did not operate any formal grant or award schemes. Certain one-off grants awarded in 2016/17 are listed in Note 6 to the Financial Statements.

Investment powers of the Council

Under the Royal Charter the Council's investment powers are determined by the Trustee Act 2000. The Crafts Council does not have sufficient funds to invest on a long-term basis or to consider investment in stock related instruments, and accordingly it invests its resources on short-term deposit with its bankers where there are surplus funds available.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and composition of the Council, and trustee induction

The Crafts Council is incorporated by Royal Charter and is registered as a Charity in England and Wales under charity number 280956. The Council consists of a Chair and not more than 14 trustees. The Chair is appointed for a period of not more than four years and may be reappointed for one further term. New trustees are appointed by the Council and serve for a period of four years. After this term they may put themselves forward for reappointment for one further period of four years. No trustee may serve for more than two consecutive terms of office.

The Council, comprising all trustees, is also described as the Board of Trustees. It meets at least quarterly to agree the strategy of the Crafts Council, to review performance, and to advise upon areas of programme activity, including matters of risk management and reserves policy.

The Crafts Council has four Committees: Audit Committee, Finance and Business Committee, Remuneration Committee and Nominations Committee. The Audit Committee meets at least twice a year to monitor the annual independent audit and issues of risk management arising from the audit. The Finance and Business Committee meets at least four times a year and monitors financial performance, business activities and risk management. The Remuneration Committee monitors staff compensation and pay policy. The Nominations Committee monitors the skills and composition of the Board of Trustees, and proposes new trustee appointments. In addition, one Trustee sits on the Heritage Assets Acquisition Panel.

The induction process for a newly appointed trustee includes an initial meeting with the Chair and Executive Director, followed by meetings with the Senior Management Team. All new trustees are supplied with an induction pack containing all key governance information about the Crafts Council.

In 2016/17 there were two trustee retirements at the end of their term of office.

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 three other directors.

Principal risks and uncertainties

The Trustees are responsible for identifying the major risks to which the Crafts Council is exposed, and for monitoring those risks, and ensuring that systems and procedures are in place to manage them. The Crafts Council maintains a formal Risk Register which is updated and reviewed by the Board of Trustees on a quarterly basis. In addition, the Finance and Business and Audit Committees are updated on the Risk Register at every meeting.

The Senior Management Team presently considers the main organisational risks and uncertainties to be as follows:

- The Crafts Council's ambition toward diversifying sources of income and increasing free reserves, and thereby reducing the proportion of funding received from Arts Council England;
- The risks associated with managing effectively and efficiently a wide-ranging portfolio of business and programme activities in a situation of reduced reserves;
- Our annual Collect event held at Saatchi Gallery, which carries both reputational and commercial risks; and
- Our participation in the Arts Council Retirement Plan (1994), being a multi-employer defined-benefit pension scheme.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

In mitigation of the above, we are working as follows:

- To support the diversification of income streams, the trustees have formed an Enterprise Working Group to assist in the creation and evaluation of new income-generating proposals;
- Internal monitoring procedures have been reviewed and strengthened to ensure financial and scheduling variances are highlighted and understood at an early stage, followed by any appropriate corrective actions;
- The Finance and Business Committee closely monitors the progress of the annual Collect event and brings updates to the Board of Trustees;
- Based on the most recent actuarial valuation in 2013, the pension scheme is in deficit by £25.5million. The pension scheme trustees have put in place a 10 year plan for recovery, to which the Crafts Council contributes, and for which a separate sinking provision has been made in these Financial Statements, presently standing at £66,000 (2016: £90,000). Notes 11, 16 and 17 to the Financial Statements provide further details.

Pay policy for senior staff

The pay of the Senior Management Team is reviewed annually by our Remuneration Committee which comprises five trustees. There is no salary scale for the Senior Management Team. Pay is normally increased in accordance with inflation and comparable pay scales elsewhere in the sector for similar roles. Each member of Senior Management Team is formally appraised twice yearly by the Executive Director, and similarly the Chair reviews the performance of the Executive Director. A report on Directors' performance is submitted to the Remuneration Committee. The Remuneration Committee gives due consideration to individual performance and any significant changes of role in reviewing the pay of the Senior Management Team. Further details on pay are provided in Note 9 to the Financial Statements.

All trustees give of their time freely and no trustee received remuneration in the year in exchange for their work, save for those transactions disclosed in Note 10 to the Financial Statements.

Related parties

Related party transactions are disclosed in Note 10 to the Financial Statements.

CRAFTS COUNCIL

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2017

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 on 26th October 2017 and signed on their behalf by



Professor Geoffrey Crossick
Chair

Date: 26/10/17

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE CRAFTS COUNCIL

We have audited the financial statements of Crafts Council for the year ended 31 March 2017 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with Section 154 of the Charities Act 2011. 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 and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Trustees' Responsibilities Statement on page 14, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditors under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate

Opinion on the financial statements

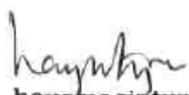
In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2017 and of its incoming resources and application of resources in the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities Act 2011.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the 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.


haymacintyre
Statutory Auditor

26 October 2017

26 Red Lion Square
London
WC1R 4AG

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

CRAFTS COUNCIL

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Unrestricted Funds £'000	Restricted Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
INCOME					
Grants and donations	2	2,513	482	2,995	2,778
Income from charitable activities	3				
Artistic Programme: UK		472	4	476	469
Artistic Programme: Overseas		30	-	30	4
Learning & Talent Development		23	34	57	59
Innovation Programme		25	-	25	26
Leadership, Research & Policy		10	-	10	32
Audience Development		403	-	403	419
		963	38	1,001	1,009
Other trading activities					
Rental income	4	281	-	281	252
Product Sales	4	2	-	2	-
Investment income		0	-	0	0
Total Income		3,759	520	4,279	4,039
EXPENDITURE					
Raising funds					
Fundraising activities		425	1	426	348
Other trading activity: property surplus to requirements		77	-	77	70
Charitable activities					
Artistic Programme: UK		1,440	43	1,483	1,391
Artistic Programme: Overseas		147	238	385	174
Learning & Talent Development		407	98	505	457
Innovation Programme		201	5	206	161
Leadership, Research & Influencing Policy		164	-	164	205
Audience Development		1,089	-	1,089	1,101
Total expenditure		3,950	385	4,335	3,907
Net Income /(Expenditure)		(191)	135	(56)	132
Transfers between reserves		114	(114)	-	-
Net movement in funds		(77)	21	(56)	132
Total funds brought forward		1,142	149	1,291	1,159
Total funds at 31 March		1,065	170	1,235	1,291

The notes on pages 23 to 38 form an integral part of these financial statements.

CRAFTS COUNCIL

BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	£'000	2017 £'000	2016 £'000
FIXED ASSETS				
Heritage assets	12	852		742
Other tangible fixed assets	12	322		369
			<u>1,174</u>	<u>1,111</u>
CURRENT ASSETS				
Stocks	13	17		8
Debtors	14	466		366
Cash at bank and in hand		216		434
			<u>699</u>	<u>808</u>
CREDITORS: amounts falling due within one year	15	(580)		(551)
			<u>1,293</u>	<u>1,368</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
Creditors due after 1 year	16		(58)	(77)
			<u>1,235</u>	<u>1,291</u>
NET ASSETS				
Represented by:				
Unrestricted funds				
General Fund			(43)	121
Pension Reserve			(66)	(90)
Designated Funds			<u>1,174</u>	<u>1,111</u>
Total unrestricted funds			<u>1,065</u>	<u>1,142</u>
Restricted funds			<u>170</u>	<u>149</u>
TOTAL FUNDS	17		<u>1,235</u>	<u>1,291</u>

The notes on pages 23 to 38 form an integral part of these financial statements

Approved and authorised for issue by the Council on 26th October 2017 and signed on its behalf by:



Professor Geoffrey Crossick
Chair

CRAFTS COUNCIL

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £'000	2016 £'000
Cash used in operating activities (note 1)	19	(66)	(67)
Cash flows from investing activities			
Investment income received	4	0	0
Payments to acquire heritage assets	12	(105)	(19)
Payments to acquire other tangible fixed assets	12	<u>(47)</u>	<u>(102)</u>
Net cash (used in)/provided by investing activities		(152)	(121)
Change in cash and cash equivalents	19	(218)	(188)
Cash and cash equivalents brought forward		<u>434</u>	<u>622</u>
Cash and cash equivalents carried forward	19	<u>216</u>	<u>434</u>

The notes on pages 23 to 38 form an integral part of these financial statements.

1. ACCOUNTING POLICIES

1.1a Basis of preparation of the Financial Statements

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

The 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.

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

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

The Charity reported a cash outflow of £218,879 for the year. The trustees are of the view that the Crafts Council's status as an Arts Council England National Portfolio Organisation for the current funding period ending 2018/19, and also the offer of funding at £2.5m per annum for a further four years, confirms that the Crafts Council can continue as a going concern.

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.

1.4 Donated goods and services

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

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

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 the cost of all projects undertaken to further the purposes of the charity, and their 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.

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 Grant-making activities

Grant-making activities comprise grants payable and associated staff costs and support costs.

Grants payable are payments made to third parties to further the purposes of the charity. In the case of an unconditional grant offer, this is accrued once the recipient has been notified of the grant award. The notification gives the recipient a reasonable expectation that they will receive the grant. Grants that are subject to the recipient fulfilling performance conditions are only accrued when the recipient has been notified of the grant and any remaining unfulfilled condition attaching to that grant is outside the control of the charity.

1.5d 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.

1.6 Operating leases

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

1.7 Foreign currency

Foreign currency transactions relate to income from subscriptions for *Crafts* magazine and sales at some overseas craft events and expenditure incurred by activities carried out abroad. Such income and expenditure is translated into sterling at the exchange ruling at the date of the transaction. Monetary assets or liabilities existing at the year end are translated at the rate ruling at the balance sheet date. All exchange rate differences are recognised through the Statement of Financial Activities.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

1.8 Taxation

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

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

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

1.9 Tangible fixed assets and depreciation

Heritage assets

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

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

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

Other Fixed Assets

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

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

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

1.10 Stocks

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

1.11 Debtors

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

1.12 Creditors and provisions

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

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

1.13 Financial instruments

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

2 INCOME FROM GRANTS AND DONATIONS

	Unrestricted Funds	Restricted Funds	2017 Total Funds	2016 Total funds
	£'000	£'000	£'000	£'000
Arts Council England	2,504	80	2,584	2,627
The Art Fund	-	60	60	-
UK Trade & Investment	-	28	28	30
Garfield Weston Foundation	-	50	50	-
Heritage Lottery Fund	-	1	1	35
John Lyons Charity	-	30	30	-
Clothworkers Foundation	-	30	30	-
British Council	-	30	30	-
Hull17	-	40	40	-
Glenlivet	-	18	18	-
The Ashley Family Foundation	-	-	-	16
British Council UAE	-	8	8	8
Arts Council Wales	-	14	14	-
Ernest Cook Trust	-	10	10	-
Comino Foundation	-	10	10	-
ISA Charity	-	3	3	3
A New Direction	-	4	4	1
The Helen Hamlyn Trust	-	-	-	5
The Granada Foundation	-	-	-	5
D'Oyly Carte Charitable Trust	-	3	3	-
John S Cohen Foundation	-	2	2	-
Individual Giving: Patrons & Donations	9	61	70	48
Total	2,513	482	2,995	2,778

Donations of cash from trustees in 2017 included above were £4,700 (2016: £8,700). Included in Individual Giving: Patrons and Donations includes £4,500 (2016 £22,000) representing the value of donated heritage assets.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

3 INCOME FROM CHARITABLE ACTIVITIES 2017	Unrestricted Funds £'000	Restricted Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
Artistic Programme UK:				
Exhibitions, Loans & Collection	38	-	38	78
COLLECT	434	4	438	391
Artistic Programme Overseas: Showcasing	30	-	30	4
Learning & Talent Development:				
Learning programme	0	-	0	1
Talent development programme	23	34	57	58
Innovation:	25	-	25	26
Leadership, Research & Influencing Policy:	10	-	10	32
Audience Development:				
CRAFTS Magazine & other publishing	384	-	384	406
Other	19	-	19	13
	963	38	1,001	1,009
4 INCOME FROM OTHER TRADING ACTIVITIES	Unrestricted Funds £'000	Restricted Funds £'000	2017 Total Funds £'000	2016 Total Funds £'000
Rental income and related charges on surplus property	281	-	281	251
Sale of Craft Items	2	-	2	-

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

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

5a Allocation of Expenditure 2017

	Direct Activities £'000	Direct Staff £'000	Grant- making activities incl staff time (i) £'000	Support Costs £'000	Support Staff £'000	Governance costs (6b) £'000	Governance staff £'000	2017 Total £'000	2016 Total £'000
<u>Expenditure on raising funds</u>									
Fundraising activities	60	243	-	96	19	5	3	426	348
Other trading activities	67	4	-	1	5	0	0	77	70
<u>Charitable Activities</u>									
Artistic Programme UK:									
Exhibitions, Loans & Collection	263	269	-	157	34	8	4	735	956
COLLECT	631	51	-	16	43	1	6	748	435
Artistic Programme Overseas:									
Showcasing	249	83	-	27	21	2	3	385	174
Learning & Talent Development:									
Learning programme	36	99	-	53	9	3	1	201	169
Talent development programme	84	126	-	75	13	4	2	304	288
Innovation	85	56	20	31	10	3	1	206	161
Leadership, Research & Influencing Policy	58	68	-	28	8	1	1	164	205
Audience Development & Communications:									
CRAFTS Magazine & other publishing	324	132	-	85	29	4	4	578	674
Other	129	212	-	138	22	7	3	511	427
Total resources expended	1,986	1,343	20	707	213	38	28	4,335	3,907

(i) Grant-making activities include an allocation of £6,777 from staff costs, bringing the total staff costs to £1,592,033. Further analysis of staff costs is given in Note 8.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

5b Nature of Support and Governance Costs 2017

	Support Costs £000	Governance Costs £000	2017 Total £000	2016 Total £000
Facilities costs	544	14	558	609
Finance & HR costs	105	2	107	115
IT costs	58	1	59	44
Audit fees	-	20	20	19
Trustee expenses	-	1	1	2
Support & governance sub-totals	707	38	745	789

6 GRANTS PAYABLE

From time to time, in order to deliver its charitable activities, Crafts Council enters into partnership relationships which result in grant funding to other organisations or individuals. Crafts Council does not set out to be a grant giving organisation.

Project	Purpose of grant	Grant £000	Support costs £000	2017 £'000	2016 £'000
Victoria & Albert Museum Partnership Exhibition	To co-curate "What Is Luxury?" exhibition	-	-	-	119
Parallel Practices bursaries	To participate in residencies for the partnership programme at Kings College London	7	11	18	33
Assemble Studio	To fund a work used within the "Build Your Own" exhibition	-	-	-	2
		7	11	18	154

7 AUDITORS REMUNERATION

The auditor's remuneration constituted an audit fee of £18,000 (2016: £17,600) and additional tax advisory services of £1,750 (2016: £1,500).

8 STAFF COSTS

a) Staff costs consist of:

	2017 £'000	2016 £'000
Wages and salaries	1,418	1,271
Employer's national insurance contributions	122	115
Employer's contribution to defined contribution pension schemes and defined benefit pension schemes treated as defined contribution schemes	37	56
Operating costs of defined benefit pension schemes	11	6
Agency staff	3	16
Total staff costs	1,591	1,464

There were no termination payments in 2017 (2016: £4k).

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

b) Employee benefits received by higher paid employees

During the period, 3 employees (2016: 3) received employee benefits (excluding employer pension costs) of more than £60,000. Of these, 2 employees received benefits between £60,000 and £70,000 (2016: 2), and 1 employee received benefits between £80,000 and £90,000 (2016: 1).

c) Remuneration and benefits received by key management personnel

The key management personnel of Crafts Council comprise the Board of Trustees, the Executive Director, the Finance & Commercial Director, the Creative Director and the Development Director. The total employee benefits of the key management personnel (including employer pension costs) were £312,632 (2016: £292,102)

9 STAFF COSTS (continued)

d) Average number of employees

The average monthly head count was 50 staff (2016: 45.5 staff) and the average monthly number of full-time equivalent employees during the year (excluding short-term temporary workers) was 42 (2016: 40), analysed as follows, rounded to the nearest whole number:

	2017 No.	2016 No.
<u>Raising Funds</u>		
Fundraising activities	6	5
Other trading activities	-	-
<u>Charitable Activities</u>		
Artistic Programme UK:		
Exhibitions, Loans & Collection	9	10
COLLECT	1	1
Artistic Programme Overseas: Showcasing	2	1
Learning & Talent Development:		
Learning programme	3	3
Talent development programme	4	3
Innovation:	2	2
Leadership, Research & Influencing Policy:	2	2
Audience Development:		
CRAFTS Magazine & other publishing	5	6
Other	8	7
	<hr/> 42	<hr/> 40

The average monthly FTE head count initially allocated to Governance was 1 (2016: 1). This has been reallocated across the other analysis headers above.

10 TRUSTEES' REMUNERATION AND BENEFITS AND RELATED PARTY TRANSACTIONS

Trustees claimed travel and subsistence expenses totalling £1,385 (2016: 6 Trustees: £2,480) in discharging their duties as Trustees. Trustees were either reimbursed on provision of receipts or the supplier was paid directly by the Crafts Council.

No Trustee received remuneration for any service during the year to 31 March 2017. There were no transactions with the Trustees during the year except for those detailed above.

11 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 currently one present staff member accruing benefits in the Scheme. The assets of the Scheme are held in a separate fund administered by the Trustees of the Scheme.

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

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

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

Main actuarial assumptions:

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

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

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

Crafts Council has one current member of the Scheme. The contribution rate payable by Crafts Council from 1 April 2014 to 31 March 2017 was as follows:

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

- for the accrual of new benefits for members, 19.4% of pensionable salary plus £510 per month in relation to plan expenses (2014: 16.4%)
 - an annual contribution of £13,100 towards eliminating the Scheme's deficit
- Therefore, the total cost of this Scheme included within Expenditure for the year was:

	2017	2016
	£	£
Accrual of new benefits for members	16,469	16,265
Annual contribution towards deficit	13,100	13,100
Less pension deficit provision released to SoFA during year	(9,626)	(9,212)
Plan expenses	6,120	6,120
	<hr/>	<hr/>
Total staff costs	26,063	26,273

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".

After the latest valuation as at 31 March 2016 the contribution rate has been reviewed and from 1 April 2017 the contribution rate payable by Crafts Council will be as follows:

- for the accrual of new benefits for members, 23.6% of pensionable salary plus £550 per month in relation to plan expenses (2016: 19.4% and £510 per month)
- an annual contribution of £8,100 towards eliminating the Scheme's deficit (2016 £13,100)

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%. Amounts paid to the Group Personal Pension Plan in the year to 31 March 2017 were £37,156 (2016: £36,144).

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

12 TANGIBLE FIXED ASSETS

(a)	Leasehold improvements	Fixtures, fittings & equipment	Heritage assets	Digital assets	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 Apr 2016	496	124	743	201	1,564
Additions	26	14	110	7	157
Disposals	-	-	-	-	-
At 31 March 2017	522	138	853	208	1,721
Depreciation					
At 1 Apr 2016	203	102	1	147	453
Charge for the year and impairments	35	13	-	46	94
Disposals	-	-	-	-	-
At 31 March 2017	238	115	1	193	547
Net Book Value					
At 31 March 2017	284	23	852	15	1,173
At 1 Apr 2016	293	22	742	54	1,111

(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.

(i) Five year summary of purchases	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Total cost of assets purchased in year	109	19	4	51	24

In 2017 we gratefully received a piece from John Grayson, "The Discombobulated Brexiteer" as part of our "A Curious Turn" exhibition. We paid £2,000 for the piece which was valued at £6,500, the difference of £4,500 has been shown as a donation in these Financial Statements.

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

The Collection numbers circa 1,700 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. The acquired work has to be ambitious, innovative, and show new approaches to making in keeping with the Crafts Council's overall focus.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

12 TANGIBLE FIXED ASSETS (continued)

The primary objectives for the Collection are to:

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

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

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

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

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

13 STOCK

	2017 £'000	2016 £'000
Paper for Crafts magazine	6	8
Stock of items for resale	7	
Magazine WIP	4	
Total Stock	<u>17</u>	<u>8</u>

14 DEBTORS

	2017 £'000	2016 £'000
Amounts receivable within one year:		
Trade debtors	65	54
Other debtors	20	16
VAT receivable	48	11
Prepayments	128	121
Accrued income	<u>205</u>	<u>164</u>
	<u>466</u>	<u>366</u>

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

15 CREDITORS

	2017	2016
	£'000	£'000
(a) Amounts falling due within one year:		
Trade creditors	209	189
Other creditors including payroll taxation	45	33
Accruals	72	129
Deferred income: subscriptions received in advance 15 (b)	92	92
Deferred income: other 15 (c)	154	95
Pension contribution due within one year	8	13
	<u>580</u>	<u>551</u>
	2017	2016
	£'000	£'000
(b) Movements in subscriptions received in advance		
Balance as at 1 April	92	88
Year end balance invoiced during the year	92	92
Opening balance released during the year	<u>(92)</u>	<u>(88)</u>
Balance as at 31 March	<u>92</u>	<u>92</u>
	2017	2016
	£'000	£'000
(c) Movements in other deferred income		
Balance as at 1 April	95	342
Year end balance invoiced during the year	154	95
Opening balance released during the year	<u>(95)</u>	<u>(342)</u>
Balance as at 31 March	<u>154</u>	<u>95</u>

16 CREDITOR DUE AFTER 1 YEAR

Movements in provision for pension deficit

	2017	2016
	£'000	£'000
Balance as at 1 April	77	86
Net amount released during the year	(9)	(9)
Recalculation of reserve following triennial revaluation	<u>(10)</u>	<u>-</u>
Balance as at 31 March	<u>58</u>	<u>77</u>

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

Under the previous valuation as at 1 April 2014 Crafts Council was required to pay £13,100 per year for the ten years which commenced 1 April 2014. The annual contribution is payable at the start of the financial year. This provision was discounted back to its present value at the reporting date and shown above.

The latest formal triennial actuarial valuation took place on 31 March 2016 and we were advised of the results in April 2017. The contribution rate has been reviewed and from 1 April 2017 the Crafts Council's annual contribution to the scheme deficit was revised to £8,100. This was an annual amount payable at the commencement of each year up to March 2029 (12 years). The revised 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.

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

17 FUNDS	At 1 April 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2017 £'000
(a) Unrestricted undesignated funds					
General	121	3,759	(3,959)	36	(43)
Unrestricted designated funds					
Collection (heritage assets)	742	-	-	110	851
Digital assets	54	-	-	(39)	15
Other tangible fixed assets	315	-	-	(8)	308
Pension Reserve	(90)	-	9	15	(66)
	<u>1,021</u>	<u>-</u>	<u>9</u>	<u>78</u>	<u>1,108</u>
Total unrestricted funds	1,142	3,759	(3,950)	114	1,065
Total restricted funds 17 (c)	149	520	(385)	(114)	170
Total funds	<u>1,291</u>	<u>4,279</u>	<u>(4,335)</u>	<u>-</u>	<u>1,235</u>

Transfers between designated funds and undesignated funds represent acquisitions less depreciation of fixed assets, and pension deficit cash expenditure less the portion of the pension deficit provision which was released during the period.

Transfers between restricted funds and unrestricted funds represent either:

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

(b) Purpose of Designated Fund

Designation	Purpose of designated fund
Collection (heritage assets)	Equivalent to the net book value of the Collection
Digital assets	Equivalent to the net book value of digital fixed assets
Other tangible fixed assets	Equivalent to the net book value of all other fixed assets
Pension Reserve	The Pension Reserve deficit represents the net present value of Crafts Council's total expected contribution towards the Arts Council Retirement Plan Scheme deficit. It is the equivalent to the Balance Sheet provision at the year end.

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

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

(c) Restricted Funds Analysis

		At 1 April 2016	Income	Expenditure	Transfers	At 31 March 2017
Funder / Name of Fund	Purpose of restricted fund	£'000	£'000	£'000	£'000	£'000
Arts Council England	International Showcasing	90	80	(170)	-	-
The Art Fund	Exhibitions and collections	-	60	-	(60)	-
Various	44a redevelopment support	1	89	-	(28)	62
Various	Collect Arts Fair	-	4	(4)	-	-
Various	Exhibitions and collections	8	85	(44)	(26)	23
Various	Learning and talent	51	124	(99)	-	75
Various	International Showcasing	-	78	(68)	-	10
		149	520	(385)	(114)	170

d) ANALYSIS OF NET ASSETS BETWEEN FUNDS	Unrestricted General Funds £'000	Unrestricted Designated Funds £'000	Restricted Funds £'000	Total Funds £'000
Fund balances represented by:				
Tangible fixed assets		1,174	-	1,174
Current assets	529	-	170	699
Current liabilities	(580)	-	-	(580)
Long Term Liabilities	(58)	-	-	(58)
Total net assets AS AT 31 MARCH 2017	(109)	1,174	170	1,235

18 COMMITMENTS UNDER OPERATING LEASES

As at 31 March, Crafts Council had the following Total commitments under operating leases:

Leases expiring after five years: land and buildings	2,421	2,755
Leases expiring in one to two years: equipment	0	0
Leases expiring in two to five years: equipment	2	8

CRAFTS COUNCIL

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 MARCH 2017

19 NOTES TO THE CASH FLOW STATEMENT	2017	2016
	£'000	£'000
(a) Reconciliation of net income (expenditure) to net cash used in operating activities		
Net income / (expenditure) for the year	(56)	132
Less Value of Donated Heritage Assets	(5)	(22)
Net gains on investments		
Investment income receivable	0	0
Depreciation	94	113
Decrease in stocks	(9)	3
Decrease in debtors	(100)	64
(Decrease)/increase in creditors	10	(357)
	<hr/>	<hr/>
Net cash flow (outflow)/inflow from operating activities	(66)	(67)