



**HANDCRAFTED
A HOPE + A FUTURE**

Handcrafted Projects

Trustees' annual report and
financial statements for
the period

1 January 2019 to 31 December 2019

Company registration number – 7884740
Charity number – 1146188

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Trustees' annual report

The Trustees, who are also Directors for the purposes of company law, present their report and the unaudited financial statements of the charity for 1 January 2019 to 31 December 2019.

Reference and administrative details

Name of the company	Handcrafted Projects
Company registration number	7884740
Charity number	1146188
Principal office	Unit 7, Skillion Business Park Littleburn Industrial Estate Langley Moor DH7 8HG

The Trustees

The Trustees who served the company during the period 1 January 2019 to 31 December 2019 were:

Paul Morley
Dan Northover
Norman Urwin
Richard Alty
Mark Buttanshaw
Eileen Brady (from 22/02/2019)

Trustees' annual report (continued)

Structure, governance and management

Handcrafted Projects was incorporated on 16 December 2011 with company registration number 7884740. The governing documents are the memorandum and articles of association of the company. The company was registered as a charity on 1 March 2012 with charity number 1146188.

The subscribers to the Company's Memorandum of Association were the first members of the Charity. Membership is open to other individuals or organisations who apply to the charity in the form required by the Directors and who are approved by the Directors.

All Trustees give their time voluntarily and receive no benefit from the charity. No expenses were reclaimed by the Trustees from the charity during the period.

Public benefit

Our main activities and who we help are described throughout in this report, our objectives are laid out below. All our charitable activities are undertaken to further our charitable purposes for the public benefit. The Trustees have had regard to the Charity Commission's guidance on public benefit throughout the period when deciding on the activities of the charity.

Objectives

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

Trustees' annual report (continued)

Engagement & Outcomes

In 2019 we worked with 364 people with an average daily attendance of 33.2.

- In Durham - 136 individuals
- In Gateshead - 95 individuals
- Chester-le-Street Women's Group - 71 individuals
- Chester-le-Street Cookery - 62 individuals

Of which 28 are currently also housed in our supported accommodation.

Referral Reasons

The reasons for referral are as follows, referrals may be for more than one reason:

DRUG/ALCOHOL	23%
EX-OFFENDERS	22%
PHYSICAL HEALTH	17%
MENTAL HEALTH	27%
CARE LEAVERS	11%
UNEMPLOYED	97%

Empowerment Report

We measure concrete outcomes for trainees who engage with Handcrafted, for example:

REFERALL REASONS	OUTCOME	Percentage
EX-OFFENDERS	DID NOT REOFFEND IN YEAR	94%
UNEMPLOYED	EMPLOYMENT OR VOLUNTEERING	45%

We also use a matrix approach to score less tangible empowerment outcomes as people progress up four different levels. Moving to each new level is counted as one step and the average progress for each trainee is shown below. We also record how long each step is sustained and record the percentage showing stable improvement. The steps are:

1. Entering – Accessing the support which Handcrafted has to offer
2. Engaging – Pro-actively participating in practical training and support sessions to overcome personal barriers
3. Applying – Independently applying skills and lessons learned at Handcrafted to make lifestyle changes
4. Extending – Using newfound attributes to actively contribute for the benefit of other individuals and wider society

	STEPS OF PROGRESS ON MATRIX	% SUSTAINED FOR 3 MONTHS +
SAFE & SUITABLE LIVING SPACE	1.61	63%
MEANINGFUL USE OF TIME	1.82	94%
POSITIVE SOCIAL NETWORKS	1.40	69%
SELF CONFIDENCE	1.36	89%
HEALTHY COPING STRATEGIES	1.54	71%

New training

In 2019 we have been able to offer accredited training courses. Keith is one of the first crop of trainees graduating from our in-house training program in February.



Keith's lovingly finished cue case is the envy of his pals at the local snooker club. "This was my biggest project so far." he says.

Five candidates enrolled on the course in entitled 'Giving Back'. They attended weekly training sessions tutored by Rob. The learning fitted comfortably alongside their usual workshop activities as they were able to pursue projects that counted towards their coursework. Everyone completed the course, achieving a Level II Skills in Employment, Training and Personal Development (SETPD).

In association with Academy 3-13, courses were offered on site in Teamwork, Health and Safety Procedures and Basic Carpentry Skills (SETPD Level I). Rob launched the Level I course with a new batch of trainees, many of whom had never imagined they could get a qualification for skills they are already learning and putting into practice by getting stuck in at our workshop.

New referrals

Our Gateshead workshop has increasingly become an array of cultures and languages.



Everyone is welcomed into our workshops. There is no need to meet any requirements before coming to the workshop – we accept everyone as they are. Our trainees are diverse, from different backgrounds and with radically different stories as to how they came to engage with Handcrafted. Each one has their own story about what they have experienced to be here today, and where they want their lives to go.

Since January, 48% of our sessions have been attended by trainees who are not native English.

All of our trainees spend a few days each week at college improving their English which they then practice in the workshop. We have seen amazing progress with the conversation ability with these guys, as they gain confidence in their abilities.

"I really enjoy working in the workshop" – Kaveh

"I really like doing creative jobs, and it gives me relief working in the workshop" – Mahmood

National Recognition



We are thrilled by the national-level coverage of one of our renovations on the “inews” website in 2019. Mim’s article explained more of what we do as an organisation and how we see prison leavers begin to stand on their own feet and gradually turn their lives around.

We are passionate to see those who are homeless or vulnerably housed for a multitude of reasons (including leaving prison) find stability and begin the journey to independent living. Twenty-eight people are currently accommodated in our houses, determined to change their lives for the better.

Fresh Beginnings

Food poverty is a real challenge for many families in the North East. According to the North East Child Poverty Commission, child poverty affects 1 in 4 children in the region; the national average is 1 in 5. The North East also has the highest levels of obesity in the country (30% of adults), and the poverty gap has doubled in the last ten years.



On the 5th August, we launched our training kitchen in Chester-le-Street, where people can learn cooking skills, including how to cook on a budget. We believe that this could really make a difference to how people can be empowered to combat food poverty in their own households.

Handcrafted creates community around shared practical activities: we learn together, we create together, we laugh and share food together.



Ian told us how cooking sessions have meant so much more to him than just food preparation:

Learning life skills and meeting new people who have been through all kinds of stuff – no one judges your past decisions AND you get to take away something delicious you’ve made to share with those close to you. You can feel proud of what you’ve made.

We would like to thank our funders for their generous support in enabling us to set up the training kitchen.

Progression

Our lead Women's worker, Mim, describes her work with Leanne, our new personal trainer:



“Leanne is, without sounding like a trite Instagram post, a complete inspiration. In the three months since she's left prison, she's built a successful business offering personal training, meal plans and nutritional advice as well as being asked to speak at events, and to write on health and fitness for a magazine..

I first met Leanne because I was her teacher on an art course in prison, designing and making greetings cards. In the four years since, I've been able to hear about her journey with the brilliant charity Junction 42 and meet up with her on the other side of the gate.”

Over the last few months, the team at the Handcrafted kitchen in Chester-le-Street have been able to partner with Leanne to provide space for her new business and she became a mentor with us when the new classes started.

As Edmund Fischer, the Nobel winning biochemist, said: “it is the goal of a teacher to be surpassed by their students”.

Building Financial Sustainability for the Future



During 2019 we agreed two loans with the Quaker Housing Trust and the Social Investment Fund.

These loans have enabled us to buy three derelict properties and we have worked with people who are homeless or vulnerably housed to renovate them into high quality homes. These are now valuable long-term assets that will strengthen the ability of Handcrafted to support people for many years to come.

All three have already become a home to people in need and our new residents are empowered to renovate, decorate or make furniture to give them a real sense of ownership.

Financial review

Incoming Resources totalled £432,780 and expenditure was £449,375. The movement in funds arising in this financial period was a net deficit of £16,595 – which left unrestricted funds of £311 at 31st December 2019.

Reserves policy

The trustees aim to keep sufficient working reserves to cover at least two months of Total Expenditure. At 31st December 2019, unrestricted reserves were only £311, which is clearly insufficient to cover this aim.

The trustees recognise that this reflects the stage of growth of the charity and have successfully put in place a detailed action plan to meet this target by June 2020. At 29th September 2020, the date of signing these accounts, unrestricted reserves are £184,599 which is equivalent to 4 months of Total Expenditure.

This five-year plan also includes projections to sustain this level of reserves. This will be achieved by developing revenue streams from property renovation and rental, enterprise projects, woodwork products and delivering accredited qualifications.

Statement of the Trustees' responsibilities

The Trustees, who are also the Directors for the purposes of company law, are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and UK Accounting Standards (UK GAAP).

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material 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 charitable company will continue in operation.

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

Small companies' provisions

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Signed on behalf of the Trustees



Dan Northover
Trustee

29th September 2020

Independent examiner's report to the trustees of Handcrafted Projects

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31st December 2019, which are set out on pages 11 to 17.

Respective responsibilities of trustees and examiner

As the charity's trustees of the Company (who are also the directors of the company for the purposes of company law), you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ("the 2006 Act").

Having satisfied myself that the accounts of the Company are not required to be audited for this year under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ("the 2011 Act"). In carrying out my examination, I have followed the Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act).

Independent examiner's statement

The company's gross income exceeded £250,000 and I am qualified to undertake the examination by being a qualified member of the Institute of Chartered Accountants of England and Wales

I have completed my examination. I confirm that no material matters have come to my attention which gives me cause to believe that:

- accounting records were not kept in accordance with section 386 of the Companies Act 2006; or
- the accounts do not accord with such records; or
- the accounts do not comply with relevant accounting requirements under section 396 of the Companies Act 2006 other than any requirement that the accounts give a 'true and fair' view which is not a matter considered as part of an independent examination; or
- the accounts have not been prepared in accordance with the Charities SORP (FRS102).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.



Sam Clarke ACA
Independent Examiner
Date: 29th September 2020

Statement of financial activities
(incorporating the income and expenditure account)

for the period 1 January 2019 to 31 December 2019

		2019	2019	2019	2018
		Unrestricted	Restricted	Total funds	Total funds
	Note	funds	funds	funds	funds
		£	£	£	£
INCOME FROM:					
Grants and donations	2	152,498	98,990	251,488	155,055
Charitable activities		181,292	-	181,292	188,290
Total		333,790	98,990	432,780	343,345
EXPENDITURE ON:					
Charitable activities	3	(343,933)	(97,647)	(441,580)	(355,480)
Other		(7,795)	-	(7,795)	(420)
Total		(351,728)	(97,647)	(449,375)	(355,900)
Net income/(expenditure)		(17,938)	1,343	(16,595)	(12,555)
Transfers between funds		994	(994)	-	-
Net movement in Funds		(16,944)	349	(16,595)	(12,555)
RECONCILIATION OF FUNDS					
Total funds brought forward		17,255	5,257	22,512	35,067
Total funds carried forward		311	5,606	5,917	22,512

The statement of financial activities includes all gains and losses in the year and therefore a statement of total recognised gains and losses has not been prepared.

All of the above amounts relate to continuing activities.

The notes on pages 13 to 17 form part of these financial statements.

Balance sheet

as at 31 December 2019

	Note	2019 £	£	2018 £	£
Fixed assets					
Tangible fixed assets	5		151,097		5,598
Current assets					
Debtors	6	18,553		22,148	
Cash at bank and in hand		8,904		3,235	
		<u>27,457</u>		<u>25,383</u>	
Creditors: Amounts falling due within one year	7	(31,448)		(8,469)	
Net current assets			<u>(3,991)</u>		<u>16,914</u>
Total assets less current liabilities			147,106		22,512
Creditors: Amounts falling due after one year	8		(141,189)		-
Total net assets or liabilities			<u>5,917</u>		<u>22,512</u>
Funds					
Restricted funds	9		5,606		5,257
Unrestricted funds	10		311		17,255
Total funds			<u>5,917</u>		<u>22,512</u>

The notes on pages 13 to 17 form part of these financial statements.

The trustees are satisfied that the company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The trustees acknowledge their responsibilities for:

- 1) ensuring that the company keeps adequate accounting records which comply with section 386 of the Act; and
- 2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year of its profit or loss for the financial year in accordance with the requirements of section 393, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008). These financial statements were approved by the members of the committee on 10th September 2020 and are signed on their behalf by:



Dan Northover
Trustee

29th September 2020

Notes to the financial statements

1. Account policies

Basis of accounting

These financial statements are prepared on a going concern basis, under the historic cost convention, and in compliance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") Section 1A - Small Entities and applicable standards in the UK. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

As a small entity, the charity has taken advantage of the exemption available to it under FRS 102 Section 1A – Small Entities whereby it is not required to publish its statement of cash flows. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

Incoming resources

Voluntary income comprises donations and grants where no goods or services are expected in return. The income is recognised on a receivable basis in the relevant fund.

Incoming resources from charitable activities comprises grants given to the charity in exchange for particular goods or services. Income is recognised as the charity earns the right to the consideration by its performance of the service. Where income is received in advance of performance its- recognition is deferred and included in creditors. Where entitlement occurs before income is received the income is accrued.

Resources expended

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

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. Designated funds are unrestricted funds earmarked by the trustees for particular purposes. Restricted funds are subjected to restrictions on their expenditure imposed by the donor or through the terms of an appeal.

Fixed assets

Purchased assets with a useful economic life and initial cost exceeding £100 are capitalised. All other purchased assets are expensed. All fixed assets are initially recorded at cost.

Depreciation

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

Equipment	- 10% to 33% straight line per annum
Property	- 2% straight line per annum

Notes to the financial statements (continued)

2. Voluntary income

	2019	2019	2019	2018
	Unrestricted	Restricted	Total	Total
	funds	funds	funds	funds
	£	£	£	£
Donations				
Donations – gift aided	13,216	-	13,216	16,746
Donations – not gift aided	8,950	-	8,950	1,744
Gift aid recovered	3,304	-	3,304	4,754
Grants	127,028	98,990	226,018	131,811
Total voluntary income	152,498	98,990	251,488	124,280

3. Costs of charitable activities

		2019	2019	2019	2018
		Unrestricted	Restricted	Total funds	Total funds
	Note	funds	funds	funds	funds
		£	£	£	£
Wages and salaries	4	82,091	89,597	171,688	153,769
Social security		12,586	-	12,586	5,586
Pension Contributions		4,621	-	4,621	-
Rent & Rates		94,923	4,800	99,723	88,984
Contracted out services		58,339	1,000	59,339	16,590
Equipment		2,463	-	2,463	2,328
Materials		29,171	2,250	31,421	41,999
Protective clothing		263	-	263	355
Insurance		3,779	-	3,779	3,023
Utilities		12,728	-	12,728	8,756
Travel & Subsistence		25,479	-	25,479	19,973
Furnishings		1,583	-	1,583	1,015
Printing & Stationery		589	-	589	350
Training		529	-	529	1,051
Depreciation		11,897	-	11,897	4,740
Sundry expenses		2,892	-	2,892	6,961
Total		343,933	97,647	441,580	355,480

Notes to the financial statements (continued)

4. Staff costs and emoluments

Total staff costs were as follows:

	2019	2018
	£	£
Wages and salaries	171,688	153,769
Social security	12,586	5,586
Pension	4,621	-
Total staff costs and emoluments	188,895	159,355

	2019	2018
	Number	Number
Project workers	8	6
Administrative	1	1
Total average number of staff	9	7

5. Tangible fixed assets

	Equipment	Land & Buildings	Total
	£	£	£
Cost			
At 1 January 2019	31,459	-	31,459
Additions	37,771	119,625	157,396
At 31 December 2019	69,230	119,625	188,855
Depreciation			
At 1 January 2019	25,861	-	25,861
Charge for the year	9,507	2,390	11,897
At 31 December 2019	35,368	2,390	37,758
Net book value			
At 31 December 2019	33,862	117,235	151,097
At 31 December 2018	5,598	-	5,598

6. Debtors

	2019	2018
	£	£
Gift aid recoverable	192	102
Trade debtors	18,361	22,046
Total	18,553	22,148

Notes to the financial statements (continued)

7. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	19,879	2,618
Concessionary Loans	7,436	-
Other taxation & social security	4,133	5,851
Total	31,448	8,469

8. Creditors: Amounts falling due in more than one year

	2019	2018
	£	£
Concessionary Loans due in 1-2 years	38,848	-
Concessionary Loans due in 2-5 years	81,216	-
Concessionary Loans due in over 5 years	21,125	-
Total	141,189	-

9. Restricted funds

	Balance at 1	Incoming	Outgoing	Transfer	Balance at 31
	Jan 2019	resources	resources	£	Dec 2019
	£	£	£	£	£
CDCF Small Grants	994	-	-	(994)	-
Sir James Knott Trust	463	-	(463)	-	-
CDCF DAYCO Grant	3,800	-	(3,800)	-	-
Morrisons Foundation	-	21,600	(19,284)	-	2,316
Jug of Oil Trust	-	2,250	(2,250)	-	-
PCC Safety Fund	-	-	-	-	-
Trusthouse	-	20,000	(20,000)	-	-
Virgin Money Foundation	-	47,640	(44,350)	-	3,290
	-	-	-	-	-
Total restricted funds	5,257	91,490	(90,147)	(994)	5,606

Notes to the financial statements (continued)

10. Unrestricted funds

	Balance at 1 Jan 2019	Incoming resources	Outgoing resources	Transfers	Balance at 31 Dec 2019
	£	£	£	£	£
General funds	17,255	333,790	(351,728)	994	311
Total unrestricted funds	17,255	333,790	(351,728)	994	311

11. Related Party Transactions

From 13th April 2018 the charity has a four-year lease on a two-bed property that is owned by Daniel and Abigail Northover. The property is used to provide supported accommodation to the beneficiaries of the charity. The lease is at a peppercorn rate of £1 per annum to ensure there is no financial benefit derived by Daniel Northover as a trustee of the charity. This is in accordance with the Articles of Association and advice sought from the Charity Commission.

No other trustees received any remuneration in the year or any reimbursement of expenses incurred in carrying out their duties (2018: none).