

FINE CELL WORK
(LIMITED BY GUARANTEE)

TRUSTEES' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

FINE CELL WORK

(LIMITED BY GUARANTEE)

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons	Dame Judi Dench CH Kaffe Fassett Libby Purves OBE The Right Honourable Lady Justice Anne Rafferty DBE Gen the Lord Ramsbotham GCB CBE Gavin Turk
Trustees	Sophie Kingsley (Chair) Tabitha Elwes Chris Grafham Edward Henry (Vice Chair) Kit Kemp MBE Miranda Kendall Fiona Lees-Millais Cath Kidston MBE Andrew Murray (Treasurer) Cathy Robinson Emma Soames Nicola Wright
Executive Director	Victoria Gillies
Founding Director	Dr Katy Emck OBE
Charity number	1049095
Company number	03095356
Registered office & Principal address	14 Buckingham Palace Road London SW1W 0QP
Auditors	TC Group The Courtyard Shoreham Road Upper Beeding Steyning West Sussex BN44 3TN
Bankers	Unity Trust Bank Nine Brindleyplace 4 Oozells Square Birmingham B1 2HB

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TRUSTEES' REPORT

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The Trustees present their report and accounts for the 12-month period ended 31 December 2018. The accounts have been prepared in accordance with Fine Cell Work's Memorandum and Articles of Association and with the accounting policies set out in note 1 to the accounts and comply with the charity's governing document, applicable law and the requirements of the Charities SORP (FRS 102).

Governance, Structure and Management

Governing Document

The organisation is a charitable company limited by guarantee, incorporated on 25 August 1995 and registered as a charity on 9 September 1995. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In the event of the company being wound up, members guarantee to contribute an amount not exceeding £10.

Recruitment and Appointment of Trustees

The Directors of the company are also charity Trustees for the purposes of charity law. The number of Trustees shall not be more than twelve or less than three, and the charity may by ordinary resolution appoint a person who is willing to be a Trustee and may also determine the rotation in which any additional Trustees are to retire. Meetings take place four times a year, with an Annual General Meeting held in the summer.

None of the Trustees has any beneficial interest in the company and there are no related parties to the charity.

The range of Trustees are intended to reflect Fine Cell Work's own blend of needs incorporating: experience of prisons and understanding of rehabilitation issues, working with volunteers, fundraising, marketing and merchandising, product design, textile production and knowledge of interior design and its commercial aspects, relevant to establishing an effective business profile for the charity.

The Trustees, who are also the Directors for the purpose of company law, and who served during the year were:

Sophie Kingsley (Chair)
Tabitha Elwes
Edward Henry (Vice Chair)
Miranda Kendall
Cath Kidston MBE
Chris Grafham
Kit Kemp MBE
Fiona Lees-Millais (Appointed 27th March 2018)
Andrew Murray (Treasurer)
Cathy Robinson
Emma Soames
Caroline Wilkinson (Resigned 27th March 2018)
Nicola Wright (Appointed 19th June 2018)

Structure, staffing and volunteers

In 2018 Fine Cell Work's twenty-one years' experience working in prison, strong management structure and innovative approach, alongside an active, multi-talented Board, enabled the charity to continue to grow its in-prison programmes despite the on-going challenges of working within the prison estate. During the year, the charity was also able to embed and expand its new initiative, Open the Gates supporting ex-prisoners into employment in a dedicated training workshop in the community. Whilst still maintaining its wide national reach working in prison, the charity continued to work across two sites; a head office in Victoria and a production and training workshop, The Clothworkers' Studio, in Battersea.

Fine Cell Work was run by the Executive Director supported by the Founding Director. The senior management team were supported by permanent, full-time staff of eight and six part-time staff members working between two and four days a week giving the charity the full-time equivalent of 13 employees. The duties of Fine Cell Work's staff were divided between skills and paid work provision for prisoners, supporting volunteers delivering the in-prison programmes, the provision of more varied work whilst encouraging a broader customer base for the products, marketing the products the prisoners stitch and financial management. To support Open the Gate the duties include providing work experience, employment training, mentoring and employment opportunities for the

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ex-prisoners.

In 2018, there were up to 432 inmates in Fine Cell Work classes at any one time, an increase from 330 the previous year. In the year, the charity worked in 29 prisons with a total of 615 inmates (compared to 547 in 2017). Of those, 562 were 'hand-stitchers' (an increase of 14% from 2017) and 67 worked in one of our two prison workshops (an increase of 24% from 2017). In the Clothworkers' Studio, we provided employment training for 25 ex-prisoners (who we refer to as apprentices). This is an increase of over 350% on the previous year although it was the first full year that The Clothworkers Studio was fully functioning. Of the 25 apprentices, 20 were new recruits, an almost three-fold increase on 2017. Of these, 50% apprentices were in their twenties and thirties.

Having worked with only men in our Open the Gate programme thus far, in 2018, 30% of the new recruits to The Clothworkers Studio were women. The passion for textiles of the new female apprentices exerted a positive influence on the workshop.

In our in-cell programme, the small ratio of staff to prisoners is underpinned by the extensive, essential activities of the Fine Cell Work Volunteer Team teaching in prisons, teaching in the Clothworkers Studio, supporting production and commissions, helping with administration and design, hosting sales' events, supporting fundraising and profile-raising events and setting up and manning both the pop-up shop and sales' events across the country.

Working in prison is further supported by 57 prisoners who volunteered by mentoring fellow prisoners, teaching new recruits and helping with administration. In 2018, the number of volunteers teaching in prison grew again by 12.5% meaning 91 volunteers visited prisons to train inmates in embroidery, canvas work, quilting and other sewing skills. Seven volunteers joined The Clothworkers Studio to support training of the apprentices, another four volunteered as mentors. In course of the year, 10 highly skilled stitching volunteers assisted with commission expertise. In addition, 11 talented designers volunteered their services to support the development of new designs and products, a further 10 volunteers assisted with production and office administration, 69 volunteers served on event committees and 26 volunteers helped run the Fine Cell Work's pop-up shop. This brings the total of volunteers supporting the charity this year to 278.

Remuneration policy for senior management

The Directors' salaries are determined by the Trustees with reference to market rates and the financial resources of the charity and reviewed annually.

Building Resilience for the Future

Open the Gates not only gives the charity the opportunity to support prisoners upon their release but allows the opportunity to build production capacity. To support Fine Cell Work, it is imperative that the social enterprise grows to make the charity more profitable and sustainable. To this end, our work with the marketing consultant continued, specifically tasked this year with:

- Increasing the volume of work for our stitchers in cell, in our prison workshops and in The Clothworkers Studio by increasing the number of products that we sell - developing new product categories and designs
- Improving our financial sustainability by increasing sales and margin
- Reviewing our current sales channels and investigating other possible opportunities to enable us to identify the channels where growth in trading was most likely.

In February, the Advisory Council was established with members having broad and relevant criminal justice sector experience. This helped us to broaden our ex-prisoner employment networks and contacts, to focus on good governance of our Open The Gates programme, to support recruitment, managing risk and the monitoring and delivery of outcomes. Chaired by Cathy Robinson, a Deputy Director Custody with Her Majesty's Prison and Probation Service and a Trustee of Fine Cell Work, the Council includes the Director of The Prison Reform Trust and past Governor of HMP Highdown and HMP Downview, the Head of Personality Disorder Strategy Implementation with the Probation Service, an ex-service user, as well as two other Trustees, the Directors and the Head of Programmes at Fine Cell Work.

The monitoring and evaluation of our core work with our in-prison programmes and the Open the Gate project continues to be overseen by an external evaluator to evidence how successful and effective our interventions are. This feeds into both the annual review of our programmes and informs any adjustments or adaptations made to ensure we are maximising the opportunities we provide for prisoners.

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In the second half of the year, a formal review of safeguarding and our policies and procedures to support the increased responsibilities and work necessitated by Open the Gates, was carried out by two external consultants funded by the Cranfield Trust. This review was ongoing in 2019.

We also worked with a consultancy sponsored by The Lloyds Foundation to develop a fundraising strategy to diversify funding streams. To strengthen our ability to fundraise, a Trustee with fundraising expertise and experience was appointed onto the Board mid-year and the new role of Finance Director was created in March 2019 to both oversee the delivery of the Financial Strategy and to monitor performance.

Principle Risks and Uncertainties

The Trustees have assessed both the major risks to which the charity is exposed and systems established to manage those risks. Risk assessments of various areas of the business are made on an ongoing basis and examine potential risks, their possible impact and the mitigation of any such impact. Key areas that undergo risk assessment are IT infrastructure, threats to revenue, working with ex-prisoners in the community and staff-related risks. IT infrastructure risk assessment covers key databases, such as our supporter database and information on the server and includes back-up protocols to recover and restore lost data, should any loss occur. The risk of a drop in external funding is mitigated by a strategic and business plan to increase Fine Cell Work's sustainability through product sales and new funding sources. Internal control risks are minimised by procedures for the authorisation of transactions and projects.

In light of the expansion of the charity's activities necessitated by Open the Gates, the Trustees of Fine Cell Work felt it prudent to increase the reserves. To realise this, the Trustees of the Lady Anne Tree Fund kindly allowed the charity to close The Lady Anne Tree Fund to use the resource to strength the charity's reserves and sustainability.

Risk with the establishment of Open the Gates is mitigated by first building relationships with Probation and other organisations working with ex-prisoners to support recruitment, risk and resettlement and secondly by the wide-ranging knowledge and experience of the Advisory Council to review and support the programme as well as providing expertise and advice to the Board and the staff on working with ex-prisoners and managing risk.

Staff risks relate to the retention of key members of staff and staff policies, such as salary changes and working with ex-prisoners in the office, are adapted as best as practicable and affordable to address situations that may arise. Fine Cell Work's Employer's Liability, stock and office contents insurance policy further minimise financial risks to the charity, while the charity has appropriate health and safety and safeguarding policies in place.

Mission, Objectives and Activities

Fine Cell Work's mission is to train prisoners in creative, commercial, craftwork so they re-enter society with the self-belief and independence to lead fulfilling, crime-free lives.

In furtherance of its mission, the charity teaches prisoners and apprentices craft through needlework and textile production in order to deliver employment and social re-integration on release. Prisoners are paid to make high quality products designed in collaboration with volunteers and Britain's best designers.

To ensure the activity remains purposeful, the charity continues to build expertise and awareness on the demand and potential opportunities in the market place for our products. This ensures Fine Cell Work products appeals to our growing customer base so the work remains relevant. To engage with as many prisoners as possible in the production process, all Fine Cell Work production, with the exception of design, screen printing and laser cutting, is carried out in prisons in the United Kingdom or at The Clothworkers Studio.

In our prison programmes, the aim is to enable prisoners to finish their sentences with work skills, accredited training units completed, money earned and saved and the self-belief to stop offending. The prisoners are motivated and inspired by the volunteers who teach and support them. For the apprentices engaged in Open the Gates, the aim is to support them into a socially connected, stable, independent lifestyle, through employment training, mentoring and work experience.

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The strategies and activities employed to meet our objectives are:

- Recruit and train volunteers to teach prisoners textile skills in cells and to support staff teaching employment 'readiness' skills to apprentices in The Clothworkers Studio
- Develop materials and incentives to train and motivate prisoners and provide a variety of work to broaden their skill base and Fine Cell Work's product range
- Develop beautiful, stitched, unique products which are in demand in the market place
- Recruit ex-prisoners to train as apprentices and gain work experience
- Help apprentices into employment and open up support networks beyond Fine Cell Work.
- Continue to build the charity's reputation and customer base by working with talented designers, product developers and commissioning artists as well as building partnerships with high-end retailers
- Develop reliable, sustainable routes to market for the prisoners' products to build the social enterprise

We are building Fine Cell Work as a sustainable social business and charity with the prisoners as stakeholders in the enterprise. We are now even more embedded in the prison system as we support prisoners towards work and accredited training in prison and support prisoners into employment on release.

Realising this vision involves:

- Broadening and incentivising our stitchers' acquisition of skills including provision of OCN accredited courses with modules for both in-cell and workshop training
- Developing a wider production base in our prison workshops so Fine Cell Workers can gain more commercial work experience and textile skills to encourage them to join the Open the Gates on their release
- An awareness of the demand and potential opportunities in the market place for our products to ensure Fine Cell Work production remains purposeful and saleable
- Developing new design and products, production techniques and efficiencies to support the growth of the social enterprise
- Facilitating feedback to prisoners from customers and supporters to encourage increased self-worth and reconnection with the world outside prison
- Building links with potential providers of further support, housing, work and training for our apprentices returning to the community
- Provide individual mentors to support apprentices into employment, self-employment or further specialist training
- Building service user engagement
- Providing external evidence that our hypothesis of change makes a difference and gives our apprentices the skills and self-belief to live independent, fulfilling, crime-free lives.

Achievements and Performance

Overview

This year, our first full year working across two sites with Open the Gate, was successful. We worked with more beneficiaries than ever before: 12% more prisoners supported by 12.5% more volunteers teaching in prison; the number of apprentices we engaged with increased over three-fold. Alongside this, the social enterprise grew with 33% more stock products being produced and revenue from trading increasing by 18%.

Volunteers and working in prison

Fine Cell Work's continued commitment to increase the impact of the work we do with prisoners was demonstrated by the steady increase annually in the number of prisoners the charity engaged with at any one time. In 2018, we engaged with an average of up to 432 prisoners at any one time compared with 330 in 2017 and 295 in 2016. Throughout the year, we worked with 615 prisoners, an increase of 12.5% on the previous year and once again our highest number to date.

As ever, the charity is entirely reliant on highly skilled, dedicated volunteers who teach in prison. In 2018, 91 volunteers taught in-cell work classes and in Fine Cell Work prison workshops, an increase of 12.5% on the previous year. An increase in the number of volunteers teaching in each group was needed to facilitate accredited training and increase teaching capacity.

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Volunteers supporting apprentice training in the Studio provided invaluable back up teaching and facilitated increased individual tuition to apprentices. Seven volunteers regularly volunteered in the Clothworkers Studio in 2018 and a further four mentors worked with apprentices in one-to-one sessions.

Throughout the year the charity worked in 29 prisons around the country with 29 cell groups in 20 prisons, two prison workshops and 15 commission-level lone stitchers. No groups were closed and no new groups were opened. Prisoners' in-cell productivity continued to grow with 6,441 items stitched in cell, up 14% from 5,635 items in 2017. By the end of the year almost all growth in production came from 'non-cushion' items. In value terms, non-cushion products now account for 47% of sales, compared to 38% the previous year. The continuing shift allows a product mix to include a wide range of giftware, cushions and Christmas decorations to give prisoners a greater variety of work in-cell. The development of new ranges, notably tableware, resulted in a broader range of products created solely in our prison workshops. Production of products made solely in these workshops grew by 162%.

Our most experienced stitchers benefited from the opportunity to work on 59 commissions involving 163 individual pieces stitched in prison, 323 individual items made in The Clothworkers Studio and a further 30 made in a prison workshop.

Overall, prisoner pay increased by a credible 16% on prisoner pay in 2017, with prisoners being paid a total of £86,324. Payments to prisoners accounted for 30% of the trading income of £281,472 for the year. In 2017 prisoner pay was 33% of the revenue from trading, this slight drop reflects the growth in products made in prison workshops.

Prisoners were awarded 116 certificates in the year and £5,144 in cash prizes for outstanding progress, skill development and peer mentoring. Six awards were made for outstanding contributions to Fine Cell Work to reward and recognise stitchers who had either completed complex work to an exceptional standard, stitched with us to a consistently high standard over many years or had championed Fine Cell Work in their prison.

From Cell Work to Work Training

Strong importance has been put on giving our stitchers and workshop workers accredited training to increase their employability. Two years ago, the charity registered with OCN (London) to deliver our accredited training courses. To support training in prison workshops and our post release employment training, an accredited Level 2 training course of two units, 'Machine Stitched and Hand-Finished Soft Furnishings' was taught in the prison workshops in HMP Littlehey, HMP Gartree and in the Clothworkers Studio resulting in 25 certificates being awarded this year for the successful completion of these units of study. This total was down on last year when 36 were awarded due to the increasing challenges delivering employment training in prison workshop particularly with increasing restrictions imposed on workshop workers carrying kits to and from their cells from workshops. This meant course work could only be done within the time restraints of workshop hours.

In-cell accredited training, entitled 'Hand stitching for Interiors,' consists of four units, three of which, Embroidery, Canvas Work and Quilt-making are delivered at Level Two. The fourth unit, Peer Mentoring will be delivered at Level One making it more accessible to a wider range of prisoners and rewarding contributions other than skill.

Despite a systematic roll out of training for our in-prison volunteers, the more demanding course work requirements have meant the take-up in groups has been slower than anticipated. Only one course was completed in the year. The courses take longer to complete than anticipated as the production team juggle the need for products with the needs of stitchers completing the course. One of the learning outcomes in the canvas work unit can take up to six months to complete. To address the issues, we are providing refreshment training to our prison volunteers and have seen a significant increase in take up of the course since January 2019.

In order to comply with OCN's rigorous quality assurance, a second qualified assessor has now been appointed to carry out our Internal Verification process prior to external examination.'

In prison workshops

Production in prison workshops continued to grow, with 34% more items stitched in-cell being made up in our two prison workshops. Workshop-made items went from up significantly from 1,269 the previous year to 3,314 in 2018.

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Workshop production was again carried out predominantly in HMP Littlehey. Supervisors in that workshop with textile skills meant that both training and production in the workshop remained consistently high. Fortnightly visits from Fine Cell Work workshop and production managers significantly improved communication and planning between the workshop and the office. The workshop workforce was given greater responsibility for sampling and the creation of new products. Again, this year almost all stock items were made up in this workshop.

Having opened a workshop in HMP Gartree towards the end of 2017, it has been more challenging to get production running reliability and to a consistent, high quality. The workshop produced table wear but were unable to undertake the complex machine embroidery required on the products so this had to be done in HMP Littlehey. Despite the Workshop and Training Manager visiting the workshop twice a month, continued upheaval in the prison meant that the prisoners had difficulty accessing the workshop for sufficient sessions to allow for a reliable production stream.

It is important that we continue our efforts to build skill and a work ethic shared by the whole workforce in this workshop so the charity is not reliant on almost all production to be carried out in one prison workshop as it currently is.

Rehabilitation Pathway and post-release support: Open the Gates

By the final quarter of the year, The Clothworkers Studio had become a thriving, productive positive workplace with an ethos which is inclusive, co-operative and welcoming. In the year, we worked with 25 apprentices, 20 of whom were new recruits. Fine Cell Work's Victoria office and pop-up shop provided additional opportunities for individual support to apprentices to build a wider range of skills for employment training.

All the apprentices, apart from one, worked for one to three days weekly in The Clothworkers Studio. Tasks include hand and machine stitching of FCW products (samples, commissions and general stock); stock management (labelling, stock counts and quality checking); and sales administration (processing orders, dispatch, dealing with customers and sales at the charity's pop-up shop). Each apprentice is tasked according to their capabilities and interest. In the last quarter of the year, as the numbers engaged at the Studio rose and there was a good balance between experienced and new apprentices, a tremendous team atmosphere developed, with old hands supporting newcomers very effectively to learn machining skills and to do their academic coursework.

Difficulties in recruitment the previous year meant that more staff time was given to building the flow of recruits to the Studio. As a result of our efforts in the first half of the year, the number of referrals and recruitment increased significantly in the second half of this year, from 32 referrals in July to 93 referrals by year end. Sixty-three percent of referrals were from men and women doing Fine Cell Work on the inside, with the rest coming from other sources. The rate of successful referrals onto the programme doubled in the last four months of the year, from five new recruits every four months to 10 in the last four months of the year. Fifty percentage of the apprentices engaged in the programme last year came from Fine Cell Work in-prison work and a quarter of the apprentices were women.

In September we also began a series of training workshop in basic upholstery, delivered by a senior member of the Worshipful company of Upholders once every two months. The aim of the workshops was first to build confidence and manual skills, secondly to offer apprentices a broader experience of soft furnishings and textiles, in case any are interested in employment or further training in this area, and thirdly to develop a new product line of upholstered stools which can be made in the workshop. The launch of the first product developed in the Studio was also a success with all eight footstools selling out by Christmas.

Eight apprentices were mentored in 2018, three by Fine Cell Work staff members and the other five by mentors trained and supported by our Head of Programmes, herself an accredited Mentoring and Befriending Foundation trainer.

Of the apprentices engaged with us in 2018, four found work with outside employers and another gained work experience whilst completing upholstery training with an employer in the expectation it will lead to permanent employment. In addition, four more apprentices are currently employed at the Fine Works Hub, two as sewing machinists, one as stock manager and the fourth as a sales assistant.

In 2018 we have made great strides in engaging our service users at almost every level of the organisation, enabling them to contribute to the wide range of activities. One service user joined the Advisory Council. A quarterly service users forum was instigated to enable apprentices to feedback on Open the Gates giving ideas and suggestions on how to shape and develop the service. We have also established a rota of monthly lunches for apprentices, staff and volunteers, cooked by either staff or volunteers.

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Of the 25 ex-prisoners we engaged with in the year, one reoffended which means that the non-reoffending rate of the Open the Gates programme since it was launched officially in January 2016 is 96%.

The expertise and support of the Advisory Council in the year, empowered us to be more confident in managing risk and allowed us to support ex-prisoners who, because of the nature of their offence or their complex needs, some other organisations may not be able to work with.

Sales, Communications and Commissions

In 2018, earned revenue was £296,042 of which income from trading was £281,472 up 18% on the previous year. Earned revenue also includes income from prisons and this was down 27% to £14,570 as it becomes increasingly difficult to secure funds from prisons with ever tightening budgets for education and external activities.

Sales

As the income raised from cushion sales and from commissions has remained relatively consistent over the past three years, the growth from trading needed to support the charity in 2018 and beyond must come from the development of giftware, tableware and Christmas products. This was confirmed when these new products contributed over £40,000 of net income to our trading total this year, with the biggest successes being our pineapple linen tableware range and handmade animal Christmas decorations.

We continued to expand our Christmas range, with a selection of Christmas card designs and decorations, leading to £22,000 in sales, a 57% increase from 2017.

Developing our signature motifs and designs, such as the pineapple and geometrics, into full ranges with new lower-priced products proved to be an excellent model which we will build on. It both encourages repeat purchases as well as appealing to new audiences across a range of price points.

The decision was made to put increased energy and resources into the route to market we had the most control over, web sales. We took on an Ecommerce and Sales manager mid-year to support this. The plan paid off with web sales growing by 55%, returning online customers growing from 434 in 2017 to 902 in 2018, the gain of 700 new subscribers net and web sessions growing by 30%.

To support our ecommerce plan, we adhered to a strict marketing schedule for the year, coordinating fortnightly email newsletters to over 8,000 newsletter subscribers with promotion through social media and events. Almost £40,000 of net income was generated directly through our newsletter.

Exciting new collaborations with Cath Kidston, Margo Selby, Cressida Bell, Kit Kemp, Robert Stephenson and Vanessa Macdonald from Melissa Wyndham Ltd allowed us to develop new cushion designs and raised our profile in the press.

Sales arising from events were 11% up on 2017, with our most successful month being November when we raised £26,000 through events such as Layer Marney Tower in Essex and our annual Christmas sale this year hosted at Holy Trinity Sloane Square.

The charity has maintained our presence on the Pimlico Road, Belgravia, thanks to the continued generosity of Grosvenor Estates. This was refurbished in August to work as an effective showcase for our newest and most popular ranges. Following initial set up by staff and ex-prisoners, it was staffed by enthusiastic volunteers and apprentices and introduced Fine Cell Work to new customers, supporters, volunteers, giving us an invaluable chance to provide retail experience as well as increase Fine Cell Work's visibility and profile. Despite the well-publicised downturn of retailing in the high street, sales through our pop-up grew by 4% this year.

Based on the success of ecommerce this year, we are confident that continued focus on building web sales is key to growing the social enterprise to provide more work for prisoners in the future. To support this and increase future sales opportunities, we will expand into our giftware, tableware and Christmas ranges while continue working on new cushions designs to maintain the high levels of cushion sales attained over the last three years.

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Communications

In Spring 2018 we sent out a tailored survey to over 300 stitchers asking for their feedback on our work, which could then be used for communications, marketing materials and funding applications. We received responses from almost 50% of our stitchers who provided us with quotes, anecdotes and insight into what Fine Cell Work means to them and the therapeutic aspects of our work. We have begun to integrate some of this feedback on to the product pages of our website to effectively communicate the wider purpose of our work and to show customers and donors how their purchase and support is helping our charity mission. Quotes from this were used on our social networks.

Website improvements have continued. On the front end, images have been updated to ensure photos site-wide convey the beauty and craftsmanship of our collections as well as being accurately coloured, clear and enhanced for web. 'New In' and 'Best Sellers' categories have been added and, based on analysis of site, a number of improvements made including the visitors' menu categories rearranged to optimise the customer experience and bring the site up to expected ecommerce standards. To support donations, the 'Donate' link was made more prominent to both the homepage and menu.

A marketing plan agreed with design and production enabled us to coordinate fortnightly email promotion through MailChimp, now integrated with Google Analytics for accurate, detailed reporting. Email promotion has also been tied in with social media posts, website content and layout updates and shop window displays. Designers Guild and William Yeoward were also very generous in promoting us through their email newsletters.

Cumulatively, this work has contributed to 2018's record-breaking sales of over £281,000 - £11,000 in August, £13,000 in October, £15,000 in November and £19,000 in December. Compared to 2017, online sales have increased by almost 20% with a 26% increase in conversion rate, 27% increase in average order value and a 35% increase in both sessions and returning customers.

In the year, our social networks grew steadily. Most impressively, Instagram followers saw a 40% increase to nearly 5,000 followers and a 150% engagement increase.

Trustee Chris Grafhams advised on potential press contacts to email with press releases. As a result, our press coverage included The Guardian featuring the Cressida Bell orange Granadilla needlepoint cushion in October and English Home magazine adding our pineapple napkins to their November gift guide. In December, Cressida's Granadilla cushions featured in both The Telegraph and Stella magazine, Harper's Bazaar pictured a selection of Fine Cell Work products including the pineapple range, The Sunday Times featured the pink pineapple cushion and Margo Selby cushions and finally, Mariella Frostrup promoted our Heart & Birds cushion in the Daily Mail. A wide variety of cushions were selected for two episodes of George Clarke's Old House New Home on Channel 4, adding the colourful finishing touches to his restoration projects. Culture Whisper and TimeOut London both featured our Pimlico Road shop in online articles on London's best pop-ups.

To coincide with International Women's Day acknowledging the centenary of the suffragette movement, prestigious department store Liberty launched a campaign entitled "Women of Liberty". Dr Katy Emck OBE was chosen as one of eight 'Women of Liberty' who featured in this campaign which focused on those whose contributions to culture, fashion and commerce bring us closer to a diverse and equal society. Having been photographed by Mary McCartney, her portrait appeared in the window of Liberty throughout March and she was interviewed "In Conversation With..." event by former Elle Deco Editor, Michelle Ogundehin.

To further support the story of the therapeutic work that we do, we worked with a freelance TV Producer to create a short promotional film to demonstrate our impact to donors at fundraising events. The film focuses on three Fine Cell Work "graduates" who worked with the charity both in-prison and post-release.

Commissions

Income from commissions accounted for 22% of revenue from trading and was down 7% on income from this source the previous year. Prisoners and apprentices worked on 59 different commissions involving 516 separate pieces. Having an external workshop gave us the flexibility to undertake commissions with more component parts, including 112 seat covers for the historic meeting room of the Art Workers Guild.

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Notable commissions include a needlepoint ottoman for Studio Ashby inspired by Peter Pan as the client lived in the house where J M Barrie wrote the play. To celebrate the Old Vic's 200-year celebration, we collaborated with the theatre to produce cushions with the slogan *Dare, Always Dare*. A fashion show hosted by the Broderers Livery Company in the Crypt of St Paul's, where borderers historically worked in the Cathedral, gave us the opportunity to stitch six embroidered waistcoats. On the night of the show, these were modeled by senior members of the Livery and auctioned to support the charitable work of the Company.

A large wall-hanging incorporating creative blocks stitched by 10 prisoners on the theme of rituals was completed and featured in the sell-out exhibition *Spellbound* at the Ashmolean Museum, Oxford which opened in August.

Fundraising and Selling through Events

Sales' events in 2018 collectively raised £155,008 in donations (including gift aid), up slightly from the year before. These events continue to be one of our most effective forms of grass roots marketing, extending our volunteer networks around the country and promoting knowledge and understanding about our work.

In October, a new regular giving initiative was launched entitled Champions of Fine Cell Work to encourage sustained giving from a broader base of individuals. Before year end, six new Champions had signed up donating a total of £385 per month.

In 2018, we raised approximately 60% of our donation's income (excluding gift aid) through events fundraising, split over three key events. The first of these was an evening reception in June at Leathersellers Hall, supported by a small committee of Livery Company representatives. Having originally been proposed as an event with a sales focus, the evening was more successful as a fundraiser largely due to an emotive response to a talk by a Fine Cell Work apprentice. He spoke of the very positive influence Fine Cell Work had had on his rebuilding his life both in-prison and post release. The talk also led to the opportunity of support from a corporation, resulting in a very generous further donation of £5,000 from BPL Global.

The second event, a film screening in October, gave the opportunity to engage with a different demographic as well as offering something new to loyal supporters who attend our events regularly. The theatre setting gave us the opportunity to screen our own six-minute fundraising film for the first time. This resulted in four guests signing up to our regular giving programme and nine people sponsoring a prisoner – a very positive response.

Our final fundraiser was an evening reception and auction at the Covent Garden Hotel. The focus on the evening was a very well received talk by Kit Kemp on art collecting. The size of the venue meant this was a smaller, more intimate fundraising evening.

There were four very successful sales this year, three were country house sales where we re-engaged with our supporters in Gloucestershire and Colchester. Our fourth sale, our annual Christmas Fair in London, was hosted in a new venue in Sloane Square giving a new dynamic to the event. The four events each generated impressive sales of over £11,000 and provided fantastic opportunities for building our networks.

In the summer Fine Cell Work became the subject of a West End theatre production, entitled *Stitchers*. The play was written by renowned author and long-standing supporter Esther Freud and tells the story of the charity's founder, Lady Anne Tree, and her quest to get Fine Cell Work up and running. The play was performed in a West End Theatre for a month and starred award-winning actress Sinead Cusack as Lady Anne. It ran for almost a month in a sell-out theatre at every performance and did a great deal to raise awareness of the charity.

Principal Funding Source

In 2018 Fine Cell Work raised £516,419 from grants from Trusts and Foundations. This was down by 13% on the exception levels of grants awarded in 2017 raised to support the capital expenditure needed to facilitate the Open the Gates Programme. New grants included a major, multi-year grants from the Rayne Foundation and a major grant from the Dulverton Trust, as well as a two-year grant from the Haberdashers Livery Company. We received further, ongoing multi-year grants from the Garfield Weston Foundation, The National Lottery, the Lloyds Foundation, the City Bridge Trust, the Charles Hayward Foundation, the Henry Smith Charity, the Leathersellers Company, the Philip King Trust, the ASK Trust. The Rothschild Foundation and the Westminster Foundation also provided continued multi-year grant funding. The Valentine and Alice Cooper Dean Trusts and the Broderers Livery Company supported us for the eleventh year running and the Aldo Trust, the Sommer Family Trust, the Sara d'Avigdor Goldsmith Trust and the Michael Varah Memorial Fund also gave continued annual grant funding.

FINE CELL WORK

(LIMITED BY GUARANTEE)

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

Financial Review

In 2018, Fine Cell Work's total incoming resources were £970,329, down 5% on the previous year. This was due to the reduction in grants referred to above and was partly offset by improved trading which grew by 18%. The reduction in incoming reserves was anticipated.

Reserves Policy

The Trustees have established a policy whereby the unrestricted funds not committed in tangible or invested assets held by the charity should be maintained at a level of three months of expenditure, equal to £225,000 in general funds. At this level, the Trustees feel they would be able to continue the current activities of the charity in the event of a significant drop in funding. It is therefore a core aim to build and maintain Fine Cell Work's unrestricted reserves at this level.

Following the expansion of the charity's activities in 2017 necessitated by Open the Gates, the Trustees of Fine Cell Work felt it prudent to increase the charity's reserves. To realise this, the Trustees of the Lady Anne Tree Fund kindly allowed the charity to close The Lady Anne Tree Fund to use the resource, amounting to £221,888, to strength the charity's reserves.

Free reserves at year end were £549,836 (2017-£231,923).

On behalf of the Board of Trustees



Sophie Kingsley (Chair)

Dated: 18/06/2019

FINE CELL WORK
(LIMITED BY GUARANTEE)
REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF FINE CELL WORK

We have audited the financial statements of Fine Cell Work for the year ended 31 December 2018 set out on pages 14 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and the charity's surplus or deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the governors' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

FINE CELL WORK

(LIMITED BY GUARANTEE)

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF FINE CELL WORK (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report (incorporating the directors' report) have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report (incorporating the directors' report).

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

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the trustees

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

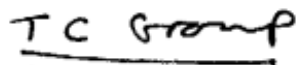
FINE CELL WORK
(LIMITED BY GUARANTEE)

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF FINE CELL WORK (CONTINUED)

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Mark Cummins FCCA (Senior Statutory Auditor)
for and on behalf of

A handwritten signature in black ink that reads "TC Group". The signature is written in a cursive, slightly stylized font. Below the signature, there is a horizontal line.

TC Group

Statutory Auditors

The Courtyard
Shoreham Road
Upper Beeding
Steyping
West Sussex
BN44 3TN

Dated: 11 July 2019
.....

FINE CELL WORK
(LIMITED BY GUARANTEE)

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Total 2018	Total 2017
		£	£	£	£	£
<u>Income from:</u>						
Donations and grants	3	230,126	441,299	-	671,425	762,893
Charitable activities	4	296,042	-	-	296,042	258,892
Investment income		-	-	2,862	2,862	2,410
Total income		526,168	441,299	2,862	970,329	1,024,195
<u>Expenditure on:</u>						
Costs of generating donations and grants	5	159,647	-	-	159,647	193,670
Charitable activities						
Prisoner Training & Support	5	286,306	555,157	46	841,509	721,718
Total expenditure	5	445,953	555,157	46	1,001,156	915,388
Net gains/(losses) on investments	10	-	-	(1,197)	(1,197)	14,281
Net income/(expenditure)		80,215	(113,858)	1,619	(32,024)	123,088
Transfer between funds	14	223,507	-	(223,507)	-	-
Net movement in funds		303,722	(113,858)	(221,888)	(32,024)	123,088
Fund balances at 1 January 2018		275,950	180,680	221,888	678,518	555,430
Fund balances at 31 December 2018		579,672	66,822	-	646,494	678,518

All activities of the charity are classified as continuing. There are no other recognised gains or losses other than those reported on the Statement of Financial Activities.

FINE CELL WORK
(LIMITED BY GUARANTEE)

SUMMARY INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 £	2017 £
Gross income	970,329	1,024,195
Total expenditure from income funds	(1,001,156)	(915,388)
Net gains/(losses) on investments	(1,197)	14,281
	<hr/>	<hr/>
Net income for the year	(32,024)	123,088
	<hr/> <hr/>	<hr/> <hr/>

The summary income and expenditure account is derived from the statement of financial activities on page 13 which, together with the notes on pages 18 to 30, provides full information on the movements during the year on all funds of the charity.

FINE CELL WORK
(LIMITED BY GUARANTEE)

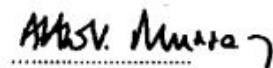
BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Tangible assets	9		29,836		44,027
Investments – Lady Anne Tree Fund	10		-		221,888
			<u>29,836</u>		<u>265,915</u>
Current assets					
Stocks		98,980		112,865	
Debtors	11	145,752		135,761	
Cash at bank and in hand		497,694		392,452	
		<u>742,426</u>		<u>641,078</u>	
Creditors: amounts falling due within one year	12	(125,768)		(228,475)	
Net current assets			<u>616,658</u>		<u>412,603</u>
Total assets less current liabilities			<u><u>646,494</u></u>		<u><u>678,518</u></u>
Capital funds					
Endowment funds	14		-		221,888
Income funds					
Restricted funds	15		66,822		180,680
Unrestricted funds	16		579,672		275,950
			<u>646,494</u>		<u>678,518</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to the members of the charity. The notes on pages 18 to 30 form part of these accounts.

The accounts were approved by the Board on 18/06/2019



Andrew Murray (Treasurer)

Trustee

Company Registration No. 03095356

FOR THE YEAR ENDED 31 DECEMBER 2018

17

FINE CELL WORK

(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Statutory information

Fine Cell Work is a charitable company, limited by guarantee, registered in England and Wales. The charitable company's registered number and registered office address can be found on the Legal and Administrative Information page.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2015) – (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

Fine Cell Work meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s). There are no material uncertainties about Fine Cell Work's ability to continue as a going concern.

2.2 Income

Donations, grants and other forms of voluntary income are recognised as income when receivable, except insofar as they are incapable of financial measurement.

Charitable Activities – represents income from sales of goods and is recognised when receivable, excluding Value Added Tax.

Investment income is accounted for on a receivable basis.

Income received in respect of the Lady Anne Tree Fund has been classified as endowment fund income and is treated as income restricted by appeal.

2.3 Expenditure

Expenditure is included in the Statement of Financial Activities on an accruals basis, inclusive of any VAT which cannot be recovered.

Costs of generating donations and grants comprises those costs incurred in order to raise funds from external sources. Fundraising trading: Cost of goods sold are costs incurred in relation to raw materials, staff time and equipment used for prisoners to generate funds.

Charitable activity expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them. It also includes costs associated with meeting the constitutional and statutory requirements of the charity.

All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on a staff time basis.

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Accounting Policies

(continued)

2.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	4 years straight line basis
Fixtures, fittings & equipment	3 to 10 years straight line basis

2.5 Leasing and hire purchase commitments

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

2.6 Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discounts.

2.7 Cash at bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments. The Trustees seek to use short and medium term deposits where possible to maximise the return on monies held at the bank and to manage cash flow.

2.8 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.

2.9 Investments

Fixed asset investments are stated at fair value.

Realised and unrealised gains and losses are dealt with in the Statement of Financial Activities.

2.10 Stock and work in progress

Stock is valued at the lower of cost and net realisable value.

2.11 Pensions

The charity operates a defined contributions pension scheme. Contributions are charged in the accounts as they become payable in accordance with the rules of the scheme.

2.12 Fund accounting

The charity has various funds for which it is responsible:

Unrestricted funds – these are for use on the general charitable objectives of the charity.

Restricted funds – the funds are for use as directed by the donor. A description of the projects can be found in the notes to the accounts.

Endowment funds are subject to specific conditions by donors. The charity has an expendable endowment which means both the capital and income can be expended.

2.13 Taxation

The company is a registered charity (number: 1049095). All of the charity's income falls within the exemptions set out in part 11 of the Corporation Tax Act 2010.

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Income from donations and grants

	Unrestricted funds	Restricted funds	Endowment funds	Total 2018	Total 2017
	£	£	£	£	£
Donations and grants	230,126	441,299	-	671,425	762,893
Donations and grants					
Unrestricted funds:					
Bircham Dyson Bell				-	15,000
BC Partners				5,000	-
BPL Global				5,000	-
Taurus Trust				5,000	-
Leathersellers Livery Company				20,000	20,000
ASK Trust				20,000	-
Upholders Livery Company				5,000	-
Hiscox Foundation				5,000	-
Tennant				5,000	-
Other grants and donations (<£5,000)				160,126	147,258
				230,126	182,258

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

3 Income from donations and grants

(continued)

	Total	Total
	2018	2017
	£	£
Restricted funds:		
Thomas Reuters	-	10,026
Taurus Trust	-	5,000
Adrian Swire Trust	10,000	5,000
Lottery Fund	123,163	140,109
Dulverton Trust	30,000	-
City Bridge Trust	46,000	36,000
Bernard Sunley Foundation	-	10,000
Romeera Foundation	-	5,000
Haberdashers Livery Company	8,150	-
James Knott Fund	5,000	-
Rothschild Foundation	10,740	10,740
Lady Anne Tree Fund	6,000	-
Monday Charitable Trust	-	15,000
Westminster Foundation	34,000	27,297
Paul Hamlyn Trust	-	38,660
Philip King Trust	-	15,000
Valentine Trust	5,000	5,000
Henry Smith Foundation	-	30,000
Charles Haywood Foundation	20,000	20,000
Sarah D'Avigdor Goldsmid Trust	5,000	5,000
Salesforce Foundation	-	5,400
Garfield Weston Foundation	80,000	60,000
CHK Charities	-	50,000
The Clothworks Foundation	-	50,000
Aldo Trust	5,000	-
Lloyds TSB	20,388	-
Worshipful Company of Broderers	8,812	-
Tanner Trust	5,000	5,000
Other donations & grants (<£5,000)	19,046	32,403
	441,299	580,635

FINE CELL WORK

(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

4 Income from charitable activities

	2018 £	2017 £
Sale of prisoners' work	281,472	238,743
Income from cell work	14,570	20,150
	<u>296,042</u>	<u>258,892</u>

5 Expenditure

	Staff costs £	Depreciation £	Other Costs £	Total 2018 £	Total 2017 £
Expenditure on:					
Costs of generating donations and grants	119,905	-	39,742	159,647	193,670
Charitable activities					
<u>Prisoner Training & Support</u>					
Activities undertaken directly	316,224	17,144	352,588	685,956	635,284
Support costs	-	-	155,553	155,553	86,434
	<u>436,129</u>	<u>17,144</u>	<u>547,883</u>	<u>1,001,156</u>	<u>915,388</u>

Analysis of support costs (including governance costs)

	2018 £	2017 £
Rent	121,060	48,639
Governance costs	28,092	30,853
Insurance	6,401	6,942
	<u>155,553</u>	<u>86,434</u>

Included within support costs is £7,500 (2017: £6,750) in relation to audit fees.

FINE CELL WORK

(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Statement of financial activities - Comparative funds – year ended 31 December 2017

	Unrestricted funds	Restricted funds	Endowment funds	Total 2017
	£	£	£	£
<u>Income from:</u>				
Donations and grants	182,258	580,635	-	762,893
Charitable activities	258,892	-	-	258,892
Investment income	-	-	2,410	2,410
	<hr/>	<hr/>	<hr/>	<hr/>
Total income	441,150	580,635	2,410	1,024,195
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenditure on:</u>				
Costs of generating donations and grants	193,670	-	-	193,670
Charitable activities				
Prisoner Training & Support	200,763	513,955	7,000	721,718
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditure	394,433	513,955	7,000	915,388
	<hr/>	<hr/>	<hr/>	<hr/>
Net gains/(losses) on investments	-	-	14,281	14,281
	<hr/>	<hr/>	<hr/>	<hr/>
Net income/(expenditure)	46,717	66,680	9,691	123,088
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at 1 January 2017	229,233	114,000	212,197	555,430
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances at 31 December 2017	275,950	180,680	221,888	678,518
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FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

7 Trustees and related party transactions

None of the trustees received any remuneration or reimbursed expenses during the year.

8 Employees

Number of employees

	2018	2017
	Number	Number
The average monthly number of employees during the year was	17	15

Employment costs

	2018	2017
	£	£
Wages and salaries	388,606	363,888
Social security costs	34,320	30,933
Other pension costs	13,203	9,766
	436,129	404,587

There were no employees whose annual remuneration was £60,000 or more. Pension costs relate entirely to a defined contribution pension scheme and for which £1,208 was outstanding at the year-end (2017: £Nil).

The key management personnel of the charity comprises the founding director and the executive director. The total employee benefits of key management personnel of the charity were £104,834 (2017: £101,665).

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2018	9,679	56,533	66,212
Additions	-	2,953	2,953
At 31 December 2018	9,679	59,486	69,165
Depreciation			
At 1 January 2018	4,378	17,807	22,185
Charge for the year	1,528	15,616	17,144
At 31 December 2018	5,906	33,423	39,329
Net book value			
At 31 December 2018	3,773	26,063	29,836
At 31 December 2017	5,301	38,726	44,027

10 Fixed asset investments

	Lady Anne Tree Fund
	£
Fair value at 1 January 2018	221,888
Acquisitions at cost	6,129
Disposals at fair value	(226,820)
Gain/(loss) on investment	(1,197)
Fair value at 31 December 2018	-
Historical cost:	
At 31 December 2018	-
At 31 December 2017	147,466

Included within investments is cash of £Nil (2017 - £25,300).

The total investment loss of £1,197 (2017: £14,281 gain) shown in the Statement of Financial Activities is represented by an unrealised loss of £818 (2017: £14,368 gain) and a realised loss of £379 (2017: £87 loss).

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

11 Debtors	2018	2017
	£	£
Trade debtors	15,519	9,684
Other debtors	90,153	96,465
Prepayments and accrued income	40,080	29,612
	145,752	135,761

12 Creditors: amounts falling due within one year	2018	2017
	£	£
Trade creditors	15,423	49,374
Deposits for commissions	-	1,044
Taxes and social security costs	25,078	9,806
Other creditors	1,799	2,955
Accruals and deferred income	83,468	165,296
	125,768	228,475

13 Pension and other post-retirement benefit commitments

Defined contribution

There was £1,208 contributions (2017: £Nil) outstanding at the year end.

	2018	2017
	£	£
Contributions payable by the charity for the year	13,203	9,766

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

14 Endowment funds

The income funds of the charity include restricted endowment funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2018	Income	Expenditure	Movement in funds Gain / (Loss) on investments	Transfers	Balance at 31 December 2018
	£	£	£	£		£
Expendable endowments						
Lady Anne Tree fund	221,888	2,862	(46)	(1,197)	(223,507)	-
	<u>221,888</u>	<u>2,862</u>	<u>(46)</u>	<u>(1,197)</u>	<u>(223,507)</u>	<u>-</u>

The Lady Anne Tree Fund had been established as a memorial to Fine Cell Work's founder to be invested for the purpose of giving awards to prisoners for accredited training and supporting the charity's development work.

During the year permission was granted to transfer the fund to unrestricted funds and subsequent to this, the investments were sold.

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Balance at 1 January 2018	Incoming resources	Movement in funds Resources expended	Transfers between funds	Balance at 31 December 2018
	£	£	£	£	£
Apprentice support officer	-	6,000	6,000	-	-
Development work	30,000	-	30,000	-	-
Open the gates	-	270,051	230,051	-	40,000
Prisoner pay	-	5,000	5,000	-	-
Prisoner training and awards	-	11,059	10,305	-	754
Northeast volunteer expenses	-	5,000	-	-	5,000
Quilting group	-	3,217	-	-	3,217
Accreditation and development	59,330	16,952	67,811	-	8,481
Volunteer Manager's salary	5,000	20,000	21,000	-	4,000
Rent and core costs	30,000	34,000	64,000	-	-
Volunteers expenses	-	9,500	9,500	-	-
Cell group support	6,350	40,740	41,720	-	5,370
Hub set up costs	50,000	-	50,000	-	-
Support a prisoner	-	5,000	5,000	-	-
Production co-ordinator salary	-	10,000	10,000	-	-
Prisoner newsletter	-	4,770	4,770	-	-
	180,680	441,299	555,157	-	66,822

Apprentice support officer

This post was supported by the Adrian Swire Trust

Hub set up costs and development work

The Garfield Weston Foundation gave a grant towards post-release and sustainability development work.

Open the Gates – Developing post-release employment and training support for ex-prisoners

The National Lottery and City Bridge Foundation funded the development and delivery of post-release support for ex-prisoners.

Prisoner pay

The Aldo Trust gave a grant towards materials for learner prisoners.

Prisoner training and awards

The Tanner Trust, The Michael Varah Memorial Fund and the Worshipful Company of Needle makers funded prisoner training and awards.

FINE CELL WORK

(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

15 Restricted funds

(continued)

Developing post-release employment and training support for ex-prisoners

The National Lottery and City Bridge Trust Foundation funded the development and delivery of post-release support for ex-prisoners.

Quilting group

Lord Branabys Trust funded expenses for the set up on a specific quilting group in prison.

Accreditation and development

The Worshipful Company of Broiderers and The Worshipful Company of Haberdashers contributed to the development of accredited training.

Volunteer and programmes manager

The Charles Hayward Foundation provided funds towards the Head of Volunteer and Programmes position.

Rent and core costs

The Westminster Foundation contributed towards rental costs.

The Henry Smith Charity and the Sara d'Avigdor Trust contributed towards core costs and the Stitchwise apprenticeship.

Volunteers expenses

The Rathbone Trust, The James Roll Foundation the Sommers Trust and the Valentine Trust all Contributed to volunteer expenses.

Cell group support

The Dulverton Trust contributed towards the core costs of the in prison programmes.

In-prison and post-release training for prisoners in the Bucks and North Eastern regions

The Rothschild Foundation and the James Knott Trust funded training volunteer expenses in their regions.

Developing post-release employment and training support for ex-prisoners

The National Lottery and City Bridge Foundation funded the development and delivery of post-release support for ex-prisoners.

Production co-ordinator salary

The Aldo Trust gave a grant towards the salary of the production co-ordinator

Prisoner newsletter

The Seymour Strang Trust and the Alice Cooper Dean Trust funded Fine Cell Work's prisoner newsletter.

Other projects

Various other funders have given specific donations which have been applied to the charitable purposes as requested.

FINE CELL WORK
(LIMITED BY GUARANTEE)

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

16 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Endowment funds	Total 2018
	£	£	£	£
Fund balances at 31 December 2018 are represented by:				
Tangible fixed assets	29,836	-	-	29,836
Current assets	675,604	66,822	-	742,426
Creditors: amounts falling due within one year	(125,768)	-	-	(125,768)
	<u>579,672</u>	<u>66,822</u>	<u>-</u>	<u>646,494</u>

	Unrestricted funds	Restricted funds	Endowment funds	Total 2017
	£	£	£	£
Fund balances at 31 December 2017 are represented by:				
Tangible fixed assets	44,027	-	-	44,027
Investments	-	-	221,888	221,888
Current assets	460,398	180,680	-	641,078
Creditors: amounts falling due within one year	(228,475)	-	-	(228,475)
	<u>275,950</u>	<u>180,680</u>	<u>221,888</u>	<u>678,518</u>

17 Commitments under operating leases

At 31 December 2018 the company had total commitments under non-cancellable operating leases payable as follows:

	Land and buildings		Other	
	2018	2017	2018	2017
	£	£	£	£
Within one year	118,448	118,448	1,608	1,608
Between two and five years	193,448	311,896	1,370	2,978
	<u>311,896</u>	<u>430,344</u>	<u>2,978</u>	<u>4,586</u>

18 Control

The charity is a company limited by guarantee and is under the control of the trustees.