



**HANDCRAFTED
A HOPE + A FUTURE**

Handcrafted Projects

Trustees' annual report and
financial statements for
the period

1 January 2018 to 31 December 2018

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 2018 to 31 December 2018.

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 2018 to 31 December 2018 were:

Paul Morley
Dan Northover
Norman Urwin
Richard Alty
Mark Buttanshaw

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 elsewhere in this report. 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)

Referrals

During 2018, 188 individuals have engaged with Handcrafted in total across our projects. Our target is to work with socially excluded people with multiple, severe disadvantages. In 2018 we recorded the following as reasons for referral for our trainees and tenants:

Referral Reason	%
Drug Addiction	27%
Alcohol Addiction	23%
Physical Health Issues	10%
Mental Health Issues	31%
Offending History	40%
Homeless / Vulnerably Housed	62%
Unemployed	97%

The significant majority of our trainees recorded several reasons:

Count of Referral Reasons	%
1	13%
2	28%
3	29%
4 or more	30%

Engagement

Depending on each individual's situation, the amount of engagement that they require or are able to sustain will vary. Our average daily engagement is 17.6 trainees.

This table shows how regularly each trainee engaged with Handcrafted over the period which they were accessing our services. Approximately one third of our trainees are regular attendees who we expect to see most weeks if not most days; one third have more irregular or spread out patterns of attendance; the remaining third may have only come for a one-off session, did not return after their induction, or only attend for the occasional visit.

Engagement	Monthly Av.	Trainee Count	%
Most Days	10 to 20	15	8%
Regular Pattern	5 to 10	26	14%
Weekly	2.5 to 5	25	13%
Fortnightly	1.25 to 2.5	44	23%
Monthly	0.5 to 1.25	14	7%
Occasional / one-off		64	34%
Total		188	

Outcomes

Note:

During 2018 we have transitioned from using Homeless Outcome Stars to developing our own Empowerment Matrix which we have found to be a more accurate, meaningful and person-centered approach to impact measurement.

New referrals have been recorded from the outset on the new system, we have mapped our current trainees across and we have carried out analysis of the destinations for the 73 people who we are no longer in contact with:

- *25 made positive progression into employment, training or independent living.*
- *10 were noted as negative outcomes as they are now unfortunately deceased, in prison or full-time residential care for physical or mental health conditions.*
- *38 have either decided Handcrafted is "not for them" or have disengaged with no contact details for us to follow up.*

Methodology

We now monitor outcomes in five areas:

- **"Living Space"** - Having a safe place to live that feels like home
- **"Using Time"** - Doing something meaningful with my time each day
- **"Social Life"** - Having people to talk to and a good support network
- **"Self Confidence"** - Feeling that I can trust my abilities and have something to give
- **"Coping Strategies"** - Having healthy/non-destructive ways of dealing with stress

We aim to support increasing stages of empowerment, termed:

1. **Entering**
2. **Engaging**
3. **Applying**
4. **Extending**

Assessment takes place using a triangulated approach, taking account of:

- **Subjective view:** each trainee's personal view of their progress
- **Objective view:** the recorded observations of Handcrafted team members
- **Data:** the recorded evidence and statistics of, for instance, attendance and number of projects completed.

We measure empowerment from two perspectives:

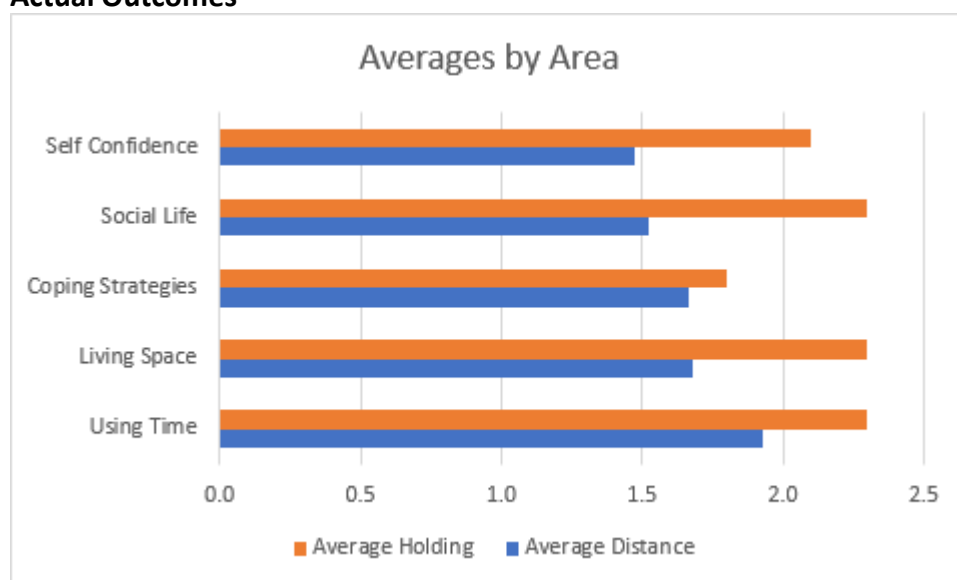
- **Distance travelled** - how has a trainee moved from one stage to another in becoming more empowered and independent. This can be a positive or negative score.
- **Position held** - how long have they maintained a level, since sometimes it is not just about growth but staying stable. We score this against the following headings:
 1. less than a week Good start
 2. 1-4 weeks short
 3. 1-3 months medium
 4. 3-12 months long
 5. 12+ months Sustained

Example

This is a summarised example an extract from an individual trainee’s personal view:

	1. Entering	2. Engaging	3. Applying	4. Extending	Triangulation	Score
Coping Strategies	10/11/2017 - Frequently relapsing alcohol use, long term over several decades	07/1/2018 - seeking rehab placement, attending AA	10/09/2018 -maintaining sobriety, acting as a mentor to others through AA.		15/11/2018 – has had to leave HC twice as under the influence – decrease 1	Distance: 1 Holding: 0
Living Space	10/11/2017 - Sofa surfing	09/03/2018 - Living in temporary Hostel Accommodation	13/07/2018 – Have been in residential rehab	10/09/2018 - own place	10/09/2018 – Supported with move and settling in to new place – agree	Distance: 3 Holding: 2
Social Life	10/11/2017 - estranged from family, difficulty relating to people	07/1/2018 - socialising at the workshop			10/09/2018 – Av monthly attendance up to 8.6 and has referred a friend – increase 1	Distance: 2 Holding: 2

Actual Outcomes



Our best outcome is in the area of empowering people to make meaningful use of time, with trainees progressing an average of 1.9 stages while engaged with handcrafted.

In all areas, trainees travelled an average distance of 1.5 stages. Although the lowest progress was seen in the area of social life, this was also the area where people held their position for the longest amount of time: a score of 2.3 which we would class as medium/long-term holding.

Trustees' annual report (continued)

Case Study: Gary



Joining us on a house renovation is one of the first things Gary has done “for himself” since he arrived in the workshop and got stuck in straight away, making things for friends and family.

Helping doing projects for other people ... It's just the way everything is; I feel very relaxed here. There are some nice people here. We have a laugh.

If I wasn't here, I'd just be stuck in the house wouldn't I? Just stuck in the house, not doing anything, stuck in depression mode.

Instead, Gary hones in on the opportunity he has here to earn qualifications. He is working towards recognised certificates in bike maintenance and woodworking.

It's going to be nice getting a certificate, because I've never had nothing like that. I'm 47 years old and I've never had no certificates or anything. That's just the way it was for us.



He points out how not everyone is good at reading and writing, but he's trying to do something about that and not letting it hold him back any more.

Gary will become our tenant when he moves into the flat that he is helping to renovate at the moment. He's found the renovations especially interesting, and speaking to him about it, you can see that he's grown in confidence and begun to dream about greater possibilities in his life.

I'm learning new things every day. It's going to make a difference to me, knowing that I can do something, like a trade. And it's surprising, you see, because I'd never done it, didn't think I'd ever be able to do it ... I made a lot of different things for people. The first thing I made for myself in the workshop was that wishing well to go in the garden at my new property.

It seems poetic that, three months after starting to come along to the workshop, Gary gets his wish for a place to call home, a whole set of tangible new skills and abilities, and only then does he make the wishing well. We find that supporting people here is not about having unrealistic dreams and hoping for good luck and magic but about hand-crafting your own future.

Trustees' annual report (continued)

Testimonials

Handcrafted has a reputation for meeting real need and providing thorough and lasting help. We are known to support those who have failed to engage with other services but will work with us and start to see a new hope and a future for their lives.

I manage a children's home for Durham County Council. Handcrafted have offered one of the young people we looked after excellent accommodation with support in the Durham area. The accommodation on offer to her, prior to the offer from Handcrafted, was shared and some of the clientele we had major concerns about, given her vulnerability. We found the support worker to be very approachable, professional and enthusiastic in meeting her everyday needs.

She is thriving and is extremely happy and appreciative, given the terrible neglect she suffered growing up we cannot thank you enough.

Maureen

Plans for 2019

This is going to be a turning-point for the charity as we change the structure from a small local organisation to a regional hub structure that can cover more of the North East. We will run training hubs that support trainees from engagement through to application, with holistic support and enterprise and qualification opportunities. There will also be regional teams for management and administration, support work and renovation projects.

We aim to move towards further financial sustainability, decreasing reliance on grant funding and increasing the diversity of income streams. We're already working towards this – reducing this from 64% to 45% from 2015-2018. In the coming year we will be purchasing three properties using interest free loans to help us secure the long-term financial security of the charity. We will explore trading that would utilise spare capacity and our current resources to support our work.

A main aim of our Strategic Action plan is to replicate and develop our work with similar client groups in other geographical areas. In 2019 we will expand upon the Women's Craft Group for ex-offenders at Chester-le-Street, to build and run a full-time training kitchen and support hub for North Durham. This will enable us to reach and impact the lives of more isolated individuals in this area. We will then be exploring opportunities in East Durham, Stockton, Middlesbrough and Sunderland.

Trustees' annual report (continued)

Financial review

Incoming Resources totalled £343,345. After taking account of Resources Expended of £355,900, the movement in funds arising in this financial period was a net expenditure of £12,555 – which left total funds of £22,512 at 31st December 2018.

Reserves policy

The trustees aim to keep sufficient working reserves to cover at least two months of Total Expenditure. At 31st December 2018, unrestricted reserves were only sufficient to cover approximately three weeks of total annual expenditure. The trustees recognise that this reflects the stage of growth of the charity as we continue to invest in building long-term financial stability, and unrestricted income from charitable activities needs to continue to increase in 2019. 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

28th September 2019

Independent examiner's report to the trustees of Handcrafted Projects

I report on the accounts of the company for the year ended 31st December 2018, which are set out on pages 12 to 18.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the general Directions given by the Charity Commission under section 145(5)(b) of the 2011 Act; and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

In connection with my examination, no matter has come to my attention:

(1) which gives me reasonable cause to believe that in any material respect the requirements: to keep accounting records in accordance with section 386 of the Companies Act 2006; and to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities have not been met; or

(2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the accounts to be reached.



Sam Clarke ACA
Independent Examiner
Date: 28th September 2019

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

for the period 1 January 2018 to 31 December 2018

	Note	2018 Unrestricted funds £	2018 Restricted funds £	2018 Total funds £	2017 Total funds £
INCOMING RESOURCES					
Incoming resources from generating funds:					
Voluntary income	2	78,460	76,595	155,055	124,280
Investment Income		-	-	-	1
Incoming resources from charitable activities		<u>188,290</u>	<u>-</u>	<u>188,290</u>	<u>125,165</u>
Total incoming resources		266,750	76,595	343,345	249,446
RESOURCES EXPENDED					
Charitable activities	3	(274,239)	(81,241)	(355,480)	(256,012)
Governance costs		<u>(420)</u>	<u>-</u>	<u>(420)</u>	<u>-</u>
Total resources expended		(274,659)	(81,241)	(355,900)	(256,012)
Net (outgoing) / incoming resources		(7,909)	(4,646)	(12,555)	(6,566)
Transfers between funds		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (expenditure) / income for the year		(7,909)	(4,646)	(12,555)	(6,566)
RECONCILIATION OF FUNDS					
Total funds brought forward		25,164	9,903	35,067	41,633
Total funds carried forward		17,255	5,257	22,512	35,067

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 14 to 18 form part of these financial statements.

Balance sheet

as at 31 December 2018

	Note	2018 £	£	2017 £	£
Fixed assets					
Tangible fixed assets	5		5,598		4,380
Current assets					
Debtors	6	22,148		5,745	
Cash at bank and in hand		3,235		28,687	
		<u>25,383</u>		<u>34,432</u>	
Creditors: Amounts falling due within one year					
	7	(8,469)		(3,745)	
Net current assets			<u>16,914</u>		<u>30,687</u>
Total assets less current liabilities			<u>22,512</u>		<u>35,067</u>
Funds					
Restricted funds	8		5,257		9,903
Unrestricted funds	9		17,255		25,164
Total funds			<u>22,512</u>		<u>35,067</u>

The notes on pages 14 to 18 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 30th April 2019 and are signed on their behalf by:



Dan Northover
Trustee

28th September 2019

Notes to the financial statements

1. Account policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK Accounting Standards, with the Financial Reporting Standard for Smaller Entities (effective April 2008) (the "FRSSE"), the Charities SORP (FRSSE) (the "SORP") and the Companies Act 2006.

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 - 33% straight line per annum

Notes to the financial statements (continued)

2. Voluntary income

	2018 Unrestricted funds £	2018 Restricted funds £	2018 Total funds £	2017 Total funds £
Donations				
Donations from individuals – gift aided	16,746	-	16,746	11,009
Donations from individuals – not gift aided	1,744	-	1,744	458
Gift aid recovered	4,754	-	4,754	2,313
Grants	55,216	76,595	131,811	110,500
Total voluntary income	78,460	76,595	155,055	124,280

3. Costs of charitable activities

	2018 Unrestricted funds £	2018 Restricted funds £	2018 Total funds £	2017 Total funds £
Wages and salaries	93,434	60,335	153,769	108,039
Social security	5,586	-	5,586	5,783
Rent & Rates	88,984	-	88,984	61,453
Contracted out services	15,820	770	16,590	25,674
Equipment	288	2,040	2,328	3,689
Materials	25,683	16,316	41,999	18,165
Protective clothing	355	-	355	969
Insurance	3,023	-	3,023	2,702
Utilities	8,756	-	8,756	4,662
Publicity	-	-	-	86
Travel & Subsistence	19,973	-	19,973	14,162
Furnishings	1,015	-	1,015	475
Printing & Stationery	350	-	350	854
Training	316	735	1,051	1,351
Depreciation	4,740	-	4,740	5,917
Sundry expenses	5,916	1,045	6,961	2,031
Total	274,239	81,241	355,480	256,012

Notes to the financial statements (continued)

4. Staff costs and emoluments

Total staff costs were as follows:

	2018	2017
	£	£
Wages and salaries	153,769	108,039
Social security	5,586	5,783
Total staff costs and emoluments	159,355	113,822
	2018	2017
	Number	Number
Project workers	6	4
Administrative	1	1
Total average number of staff	7	5

5. Tangible fixed assets

	£
Cost	
At 1 January 2018	25,501
Additions	5,958
At 31 December 2018	31,459
Depreciation	
At 1 January 2018	21,121
Charge for the year	4,740
At 31 December 2018	25,861
Net book value	
At 31 December 2018	5,598
At 31 December 2017	4,380

6. Debtors

	2018	2017
	£	£
Gift aid recoverable	102	450
Trade debtors	22,046	5,295
Total	22,148	5,745

Notes to the financial statements (continued)

7. Creditors: Amounts falling due within one year

	2018	2017
	£	£
Trade creditors	2,618	1,675
Other taxation & social security	5,851	2,069
Total	8,469	3,744

8. Restricted funds

	Balance at 1 Jan 2018	Incoming resources	Outgoing resources	Balance at 31 Dec 2018
	£	£	£	£
CDCF DAYCO grant	3,033	4,956	(4,189)	3,800
CDCF Small Grants	3,208	4,304	(6,518)	994
Sylvia Waddilove	3,000	-	(3,000)	-
Barbour Foundation	662	-	(662)	-
Virgin Money Foundation	-	40,210	(40,210)	-
Screwfix Foundation	-	4,500	(4,500)	-
Acts 435	-	145	(145)	-
Sir John Priestman Trust	-	4,980	(4,980)	-
1989 Willan Charitable Trust	-	10,000	(10,000)	-
Sir James Knott Trust	-	7,500	(7,037)	463
Acts 435	-	145	(145)	-
Total restricted funds	9,903	76,740	(81,386)	5,257

Notes to the financial statements (continued)

9. Unrestricted funds

	Balance at 1 Jan 2018	Incoming resource s	Outgoing resources	Transfers	Balance at 31 Dec 2018
	£	£	£	£	£
General funds	25,164	266,750	(274,659)	-	17,255
Total unrestricted funds	25,164	266,750	(274,659)	-	17,255

10. 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 (2017: none).