

Report of the Trustees and
Unaudited Financial Statements for the Year Ended 30 September 2021
for
Contemporary Applied Arts
(A Company Limited by Guarantee)

Millards, Chartered Accountants
Worth Corner
Turners Hill Road
Crawley
West Sussex
RH10 7SL

Contents of the Financial Statements
for the Year Ended 30 September 2021

	Page
Chairman's Report	1 to 2
Report of the Trustees	3 to 10
Statement of Trustees' Responsibilities	11
Independent Examiner's Report	12 to 13
Statement of Financial Activities	14
Balance Sheet	15 to 16
Notes to the Financial Statements	17 to 27

Chairman's Report
for the Year Ended 30 September 2021

These were extraordinary and unpredictable months for CAA as for so many charities and arts organisations; all of us bore the brunt of the continuing catastrophic global and national financial implications of COVID-19.

We ended the year on 30 September 2021 with £80,236 in the bank. Sales of work for the period were £156,000. 54% gross margin on sales was achieved. We received approximately 212 membership payments and £100k in donations. We received £58,300 from the Arts Council for which we're extremely grateful. We also received £14,841 from CJRS and an unrestricted grant from Westminster Council of £19,286. Staff and rent were our largest costs.

This represents a much better financial position than that at the same point in the previous year but the Board is acutely aware that there is still much to be done to build a sustainable financial future for CAA. The positive aspect is that, despite the frightening headwinds which threatened to blow us away, CAA survived and that in the process we were forced to review every aspect of CAA's operating model which has led to significant improvements.

The period under review spans two national lockdowns between early November - early December 2020 and January - March 2021 and also included having to close the gallery in late December when London was put into Tier 4. This was particularly hard given that December is traditionally our busiest month and we had anticipated a robust level of seasonal sales to go some way to recoup our losses.

At the beginning of 2021, therefore, we were once again in a fragile financial position. We had navigated our way through the extremely difficult months of 2020 with the support of two grants from the Arts Council and a Bounce Back Loan as well as reimbursement of rates from Westminster Council. Additionally we were supported by the Government furlough scheme; and were able to renegotiate the bullet repayment date for our SITR loan. This 'patchwork quilt' of measures enabled us to avoid bankruptcy.

However, the third national lockdown between January - March 2021 meant the enforced closure of our gallery once again and a serious loss of sales. This catastrophic falling off of our income did at least expose how dependant we had been on our physical gallery space and that we needed significantly to improve our e-commerce function.

We had no gallery sales for many weeks, and additionally heard in late March that we had not been successful in our application to the Arts Council Cultural Recovery Fund 2. We were once again at a fork in the road and the Board debated our options. In a last ditch effort to reduce our costs, we made the difficult decision to make our gallery team redundant.

The gallery re-opened in April 2021 for 3 days a week staffed entirely by volunteers - makers, Board members and others. One of our trustees Marya Hudson generously offered to be our acting COO on a pro bono basis working with Marlene McKibbin, a maker trustee.

What was transformative was the extraordinary generosity of two of our supporters who not only gave us individual donations but additionally a pledge to provide further matched funding if we could raise £20,000. We thus raised £100,000 in a short period of time in late Spring 2021; this volume of funding rescued us from potential insolvency. We could not be more grateful.

We had strong sales from late April 2021 accompanied by wonderfully encouraging messages of support from loyal CAA clients and others across the craft landscape. We took a Stand at Artefact in Chelsea Design Centre in June 2021 and accepted the offer of a 'pop up' in the same location in September which introduced CAA to the interior design sector.

Chairman's Report
for the Year Ended 30 September 2021

We held an EGM in late August to update makers on all the latest developments. We were delighted by the turnout and engagement from makers. It was a constructive session, full of ideas, demonstrating the strengths of our maker membership structure.

Since then, the Board has spent a significant amount of time reviewing all aspects of our operating model and as a consequence has put in train a number of initiatives. These include a review of our Board skills set, a more strategic outreach and education programme, an upgraded website and online stock inventory system and a fundraising strategy. We also reignited - and are strengthening - our connections with other crafts organisations, curators and long-standing supporters. Our ambition is to restore and expand CAA's distinctive reputation and locus in the crafts landscape.

We owe a debt of gratitude to all our makers who volunteered in the gallery and continue to give so generously of their time. We would not have been able to operate the gallery without them. I would also particularly like to thank two of the trustees Marya Hudson and Georgina Stewart who gave their unstinting support throughout the very challenging months. My heartfelt thanks to them. Thanks are due too to Marlene McKibbin, one of our maker trustees, for her extraordinary commitment.

I would finally like to acknowledge the patience and understanding extended to us by Sandfords with regard to rental issues and the invaluable advice provided to me by Martin Webster with regard to Governance issues.

Judith Unwin
Chair CAA

Report of the Trustees
for the Year Ended 30 September 2021

The Trustees present their annual report together with the financial statements of the Company for the period 1 October 2020 to 30 September 2021. The Annual Report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trustees confirm that the annual report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) 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 2019).

Since the Company qualifies as small under section 382 of the Companies Act 2006, the strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

OBJECTIVES AND ACTIVITIES

Objectives and aims

a. Policies and objectives

Contemporary Applied Arts ("CAA") is London's original multi-disciplinary applied arts gallery which champions and promotes only the very best of British craft. CAA is a membership organisation, comprising around 230 leading British-based makers, professionals who create one-off pieces in ceramics, glass, jewellery, metal, paper, textiles, wood and furniture. This is a unique model in the applied arts world. Our makers' work demonstrates a perfect harmony of technical skill and artistic vision. CAA's gallery is a respected place for learning about, appreciating and purchasing contemporary craft. Our mission is to show high-quality applied arts in an accessible and engaging way, through our gallery displays and exhibitions, educational events, outreach and publications.

The objects and purposes of CAA are wholly charitable and are to preserve, promote and advocate for the applied arts in the United Kingdom.

In particular, we aim to:

- Further the study and understanding of the crafts in the UK by encouraging people to learn from CAA's activities, exhibitions and displays. We support our maker membership by displaying, publicising, promoting and selling their work in the company's gallery, in other venues and online.
- Act as a champion for the crafts, working to ensure that excellence in the applied arts in Britain is recognized, valued, experienced and enjoyed by the widest possible audiences.

In these ways, CAA supports the marketplace for craft in the UK and supports our nationally-distributed maker members by offering the public access to their work via a commercial gallery, which exposes them to diverse audiences and often offers them opportunities to extend their practice and participate in creative projects.

OBJECTIVES AND ACTIVITIES

Significant activities

EXHIBITIONS

CAA is respected by makers and artists, collectors and applied arts enthusiasts for the scope and range of the temporary exhibitions mounted. These are in addition to the display of work by its makers, shown on a frequently rotating basis in the gallery.

The number of maker exhibitions for October 2020 to September 2021 was adversely impacted by COVID and lockdown and we therefore had a much reduced external programme in contrast to preceding years. As described in the Chairman's Statement, the gallery was not only forced to close for significant periods in the year but the continuing and considerable uncertainty meant that we decided to significantly scale back our plans for a gallery exhibition programme. We mounted an exhibition by Ali Holloway in the gallery during this time and we also held an exhibition with Julie Arkell and Robert Cooper on World Environment Day and another during London Craft Week. However, we were delighted to be able to show our makers' work by participating in external exhibitions, specifically Artefact (June 2021) and a pop up in September 2021, both in the Chelsea Design Centre.

Our gallery exhibition programme is important in several ways to the organisation: special exhibitions engage and spotlight maker members, draw new audiences to the gallery and keep CAA in the public eye. The Trustees felt it important to keep as much as possible to the spirit of this even though it was not possible to mount as many exhibitions in the gallery as usual.

GALLERY LOCATION

We have now been in Paddington Street in Marylebone since June 2019. As detailed in our preceding Accounts, relocating from Southwark Street was a key strategic decision. Our new home benefits from the attractions of Marylebone High Street and excellent transport links although we have necessarily sacrificed space. However, our plans to maximise the considerable benefits of moving have been severely impacted by the pandemic - we have had extended periods of enforced gallery closure both in the preceding financial year and in the period under review. This has been disappointing and challenging; and has inter alia prevented us operating the gallery in 'normal' trading conditions over a full annual sales cycle. This meant that we have not been able to 'map' a full 12 month sales trajectory. Even when the gallery was able to open, the reduced international footfall was palpable.

WEBSITE

Our website was a vital communication and ecommerce channel for us throughout the period and especially when the gallery was closed. Despite the lack of resource, we were able to add new stock to the site and made some valuable sales. However, it became increasingly clear to the Trustees that more was needed to ensure that CAA's website could be an effective shop window and, in tandem with the move to a new online inventory management system, we began to make plans for a new website.

OBJECTIVES AND ACTIVITIES

MEMBERSHIP

As a membership organisation for craft artists across disciplines, CAA is unique in the UK. We currently represent around 230 designer makers, spanning the entire spectrum of the applied arts. Members range from well-established artist makers to graduates from leading applied art courses.

Our members are craft professionals and are selected by a panel of their peers. Only professional makers working in the applied arts may apply for membership of CAA. This allows artists to exhibit and sell their work through the gallery. Membership is open to makers living and working in the United Kingdom for at least six months of the year.

The panel is currently made up of five professional artist makers, all respected leaders in their fields. Panel members represent their own specialist discipline but are also responsible for contributing to the selection of makers from each field. The current panel was formed in November 2014 and the serving members are:

Michael Carberry (jewellery)
Anna Gravelle (textiles)
Robert Cooper (ceramics)
Helen Yardley (textiles)
Marlene McKibbin (jewellery)

FRIENDS OF CAA

By supporting CAA, our Friends also support the arts and crafts of Britain. Membership privileges include preview information, invitations to private views, lectures and events. Friends are regularly notified about gallery events and also receive a discount on purchases.

FUNDRAISING

CAA continued with its ambitions to seek to diversify its sources of non-sales income, with an ongoing focus on raising funds from individuals, trusts, foundations, corporates and other sources but a recognition that we need to be far more proactive. This will be a key area of future activity.

OUTREACH & EDUCATION

The Trustees are conscious that we were unfortunately not in a position to do more than minimal outreach or education activities during the period under review given the exceptional circumstances, we had no alternative but to focus on the priorities of cutting costs and staffing the gallery ourselves.

Report of the Trustees
for the Year Ended 30 September 2021

FINANCIAL REVIEW

Financial position

a. Going concern

The financial statements have been prepared on a going concern basis. The Trustees have reviewed the Company's forecasts and projections covering a period of 12 months from the date of signing these financial statements. As a combination of a number of factors including the legacy of the Coronavirus pandemic, there remains uncertainty over whether the future cashflows will be sufficient to cover the Company's liabilities that fall due. The Trustees have cut expenditure to the greatest extent possible but future revenues may still be insufficient to maintain a viable organisation.

In particular, CAA was the beneficiary of an interest free SITR loan in 2019. During the pandemic, the maturity of this loan was extended to December 2022. The Trustees have begun the process of discussing a further amendment to its maturity. Subject to the successful conclusion of this negotiation, the Trustees believe that CAA will have sufficient resources to meet its obligations. However there remains material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Reserves policy

b. Reserves policy

A review of the reserves policy to determine what level of reserves CAA should prudently maintain took into account:

- CAA's cashflow sensitivity, based on the uncertain nature of CAA's sales and donations,
- revenues compared with its fixed costs,
- the amounts needed to pay CAA's creditors in the event of an unplanned winding-up,
- the need for an additional contingency, including allowance for any on-going losses

It was agreed that reserves would ideally be at least £60,000, equivalent to some four months of unrestricted expenditure. This target was not achieved in recent years but it remains a principle that a substantial reserve should be built up.

c. Principal funding

CAA runs on earned income, the majority of which is made through sales of the maker members' work. In addition to this, maker members pay an annual fee, the total income from which represents about 10% of CAA's core running costs. We also seek donations and support (for exhibitions, education and outreach, publications and other activities) from grant making trusts, foundations and individuals. We welcome 'support in kind' where appropriate.

Report of the Trustees
for the Year Ended 30 September 2021

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure, governance and management

a. Constitution

CAA is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 1 March 1967 as last amended on 9 August 1994. It was founded as the Crafts Centre of Great Britain in 1948 and changed its name to Contemporary Applied Arts (CAA) in 1987.

b. Governance of the Board of Trustees

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

The management of Contemporary Applied Arts ("CAA") is the responsibility of the Board of Trustees who are elected and co-opted under the terms of the Articles of Association.

The Articles of Association stipulate that the Board of Trustees consist of up to twelve members and that three of the Board members must be maker members. Trustees are eligible to serve for two three-year-terms with re-election at the end of the first. The Chair holds office for two terms and there is a provision for extension if appropriate. The current Chair Judith Unwin has strictly exceeded her stipulated tenure but having sought legal advice from a Governance lawyer it was agreed that the severe disruptions caused by the pandemic meant that a change in Chair would not be in the best interests of the organisation. It was agreed by the Board that a Chair successor search should be instigated in the next financial year.

New Trustees are identified and recruited through recommendations, particularly by members of CAA, Friends and fellow arts organisations. Trustees are chosen on the basis of their professional skills, which might be of value to CAA as a business and/or arts charity, and also for their personal interests and activities, which often include engagement within the applied arts.

c. Organisational structure and decision-making

The Board of Trustees, who are the Trustees of the charity registered with the Charity Commission, are responsible for the executive decisions.

d. Management of conflicts and related parties

The Board of Trustees has adopted a policy which requires its members to declare any conflicts of interest and the agenda for each Board of Trustees meeting includes an item inviting such disclosure.

A Declaration of Conflicts of Interest Form highlights the conflict which might exist where work of a trustee who is also a maker is sold or exhibited by CAA on preferential terms not available to other makers. During the year all sales were on an arm's length basis and no work of a Trustee was sold or exhibited on a preferential basis. During the year, the work of maker members who are currently serving as Trustees sold by CAA totalled £3,448 (2020: £4,286).

e. Risk management

CAA has identified risks faced by the organisation, completed a risk register and adopted a risk management policy in 2012. The Charities Commission guide for charities on how to approach risk management and Arts Council England's Introduction to Boards of Arts organisations were used as the basis for this. In each case, the risk map spells out the potential impact on the risk, steps taken by CAA to mitigate it and who is responsible for managing the risk. A traffic system then assesses the likelihood and potential impact of each risk before and after control measures are applied. The Board has a policy of reviewing the risk register and policy at least once a year.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Recruitment and appointment of new trustees

Board of Trustees (as at the date the accounts were approved)

Judith Unwin OBE, Chair

Long term member of the Board; Judith Unwin has served as chair since Autumn 2013. Keenly interested in contemporary craft, she bought her first piece of ceramics from CAA over 25 years ago. She graduated from Oxford in 1976. Now retired, Judith Unwin spent her career in international banking, predominantly in the field of arranging financing for a wide variety of transactions in the emerging markets.

Marlene McKibbin Jeweller; Maker Trustee

Marlene McKibbin is a leading contemporary jeweller. Born in Newry, Co Down, she holds a BA from Ulster College of Art and an M.Des from the Royal College of Art. She has been making and exhibiting jewellery for over four decades and has shown in the UK and internationally. Her work is held in many major collections including the Victoria & Albert Museum London, Aberdeen Art Gallery, National Museum of Scotland, British Council Collection, MIMA Middlesbrough, The Alice and Louis Koch Collection Switzerland, and Fuller Craft Museum Brockton, MA, USA. She is a long-standing CAA maker member and, since 2001, Associate Lecturer at Central Saint Martins.

Simone ten Hompel Metalsmith; Maker Trustee

After training as a blacksmith and undertaking a degree in jewellery and silversmithing at the University of Applied Sciences, Duesseldorf, German-born Simone ten Hompel came to the UK in 1987 to study for a Master's Degree at the Royal College of Art, London. She has been working as a metalsmith in London since 1989. Her work has been exhibited in the UK and internationally, including solo exhibitions at the Scottish Gallery in Edinburgh, Gallery Maarzee in the Netherlands, and other major galleries. Simone was awarded the Jerwood Applied Arts Prize for Metal in 2005. She has been teaching at CASS School of Art, London Metropolitan University as Reader in Metal, Studio Leader of Assorted Jewels, MA by Project and PhD supervisor for a number of years.

Georgina Louise Stewart

Georgina is a senior marketing professional with over 30 years' experience working with professional services firms, both in-house and as a consultant. She joined Sacker & Partners LLP as Director of Business Development in 2013, where she has worked since, and is responsible for developing and implementing the firm's business development strategy. She has been a magistrate since 2006 and a trustee of the Freshfields Pension Plan since 2017.

Thomas Bevan

Tom has extensive experience of fundraising within the arts sector, spanning the visual arts, theatre, and music education. He began his career as a Fundraising Fellow on the inaugural Arts Fundraising and Philanthropy programme, a year-long scheme during which he worked at the Royal Northern College of Music, Manchester, and attended the National Arts Fundraising School. Subsequent roles include corporate fundraising at The Lowry, Salford, and leading the fundraising team at Chetham's School of Music - the largest music school in the UK - and Chetham's Library - the oldest public library in the UK. Most recently, Tom has held roles across programme and project management at Tate Gallery and the Science Museum. From 2015-2018, he was also a member of the board of Manchester Craft and Design Centre, a space for craft, making, and the community.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Rt. Hon. Dame Janet Paraskeva

Janet has extensive experience of regulation and of leading Boards gained during a highly successful career in a range of high-profile national organisations. She was the first Chief Executive of the National Youth Agency and created the European Confederation of Youth Club organisations. She went on to establish and manage the England operation of the National Lottery Charities Board and was Chief Executive of the Law Society from 2000 to 2006. Janet was First Civil Service Commissioner from January 2006 and is currently Chair of the Appointments Commission for the states of Jersey. She is also Chair of the Board of the Council of Licensed Conveyancers, Chair of Primary Eye Care Services, Vice Chair of the Video Standards Council and a trustee of Contemporary Applied Arts. Janet was appointed Dame Commander of the Order of the British Empire in 2010. She is a member of the Privy Council.

Helen Yardley Textiles; Maker Trustee

Helen Yardley was born in Plymouth, Devon. She studied printed and woven textiles at Manchester where she obtained a first class degree before obtaining her masters at the Royal College of Art. She has served as a Trustee of the Crafts Council from 2003 to 2007 and is an Honorary Fellow of Design Nation. She has received notable commissions for British Ambassadors Residences, Moscow and Vienna, London Stock Exchange, Abu Dhabi Stock Exchange, Coutts Bank The Strand, Fidelity Investments Tokyo and London HQ. Her work is held in the V&A, House of Commons Collection, Crafts Council Collection, Southampton Art Gallery. In addition to the UK she has exhibited in USA, Japan, Germany, France, Italy.

David Eton

David Eton is a Chartered Accountant with more than 30 years experience in the financial services industry predominantly working with smaller entrepreneurial businesses. He accepted the position of Treasurer in November 2021.

Ofir Halfon

Ofir is a proven business leader with a track record in the social industry, combining strategy and creative to drive tangible business results. He is the Global VP of Social for Brainlabs, an independent agency powered by technology with a fast-growing international presence in many parts of the world. Over the past ten years, Ofir has worked with some of the world's most exciting brands, including Spotify, Dyson, ASOS, Facebook and TikTok. In 2018, Ofir completed his master studies at Imperial College London, where he researched the impact of Emerging Technologies on the digital marketing industry.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00899449 (England and Wales)

Registered Charity number

235914

Report of the Trustees
for the Year Ended 30 September 2021

Registered office

6 Paddington Street
Marylebone
London
W1U 5QG

Trustees

JR Unwin (Chair)
T Bevan (appointed 18.10.21)
D Eton (appointed 25.11.21)
AM Galloway (resigned 31.08.21)
O Halfon (appointed 13.02.22)
MH Hoffman (resigned 30.09.21)
MP McKibbin
Rt Hon Dame JH Paraskeva (appointed 18.10.21)
GL Stewart
S Ten Hompel
HC Yardley (appointed 18.10.21)

Independent Examiner

Millards, Chartered Accountants
Worth Corner
Turners Hill Road
Crawley
West Sussex
RH10 7SL

Approved by order of the board of trustees on 30 June 2022 and signed on its behalf by:

J R Unwin - Trustee

Contemporary Applied Arts

Statement of Trustees' Responsibilities for the Year Ended 30 September 2021

The trustees (who are also the directors of Contemporary Applied Arts for the purposes of company law) are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Independent examiner's report to the trustees of Contemporary Applied Arts ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 30 September 2021.

Responsibilities and basis of report

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

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

Independent examiner's statement - matters of concern identified

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of ICAEW which is one of the listed bodies.

I have completed my examination.

Material uncertainty related to going concern: I draw attention to note 1 in the financial statements on going concern, which indicates that as a combination of a number of factors including the legacy of the Coronavirus pandemic, there is uncertainty over whether future cashflows will be sufficient to cover the Company's liabilities as they fall due. The Company is also in the process of renegotiating the maturity terms of a £100,000 loan that is due for repayment on 31 December 2022. Negotiations are ongoing and subject to the successful conclusion of this negotiation a material uncertainty exists. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the financial statements to be reached.

I confirm that no other matters have come to my attention in connection with the examination giving me reasonable cause to believe that in any material respect:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; and
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.

Michael A Millard FCA, Independent Examiner
ICAEW
Millards, Chartered Accountants
Worth Corner
Turners Hill Road
Crawley
West Sussex
RH10 7SL

30 June 2022

Contemporary Applied Arts

Statement of Financial Activities (Incorporating an Income and Expenditure Account) for the Year Ended 30 September 2021

			Year Ended 30.9.21	Period 1.4.19 to 30.9.20
	Notes	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM				
Donations and legacies		116,466	-	116,466
Charitable activities				
Membership subscriptions		24,809	-	24,809
Sales		156,963	-	156,963
Grants received		34,961	58,500	93,461
Investment income	3	-	-	-
Total		<u>333,199</u>	<u>58,500</u>	<u>391,699</u>
EXPENDITURE ON				
Charitable activities				
Charitable activities		285,570	-	285,570
Governance		22,145	-	22,145
Other		1,245	-	1,245
Total		<u>308,960</u>	<u>-</u>	<u>308,960</u>
NET INCOME/(EXPENDITURE)		<u>24,239</u>	<u>58,500</u>	<u>82,739</u>
Transfers between funds	13	<u>65,600</u>	<u>(65,600)</u>	<u>-</u>
Net movement in funds		<u>89,839</u>	<u>(7,100)</u>	<u>(70,495)</u>
RECONCILIATION OF FUNDS				
Total funds brought forward		(184,022)	7,100	(176,922)
TOTAL FUNDS CARRIED FORWARD		<u>(94,183)</u>	<u>-</u>	<u>(94,183)</u>

The notes form part of these financial statements

Balance Sheet
30 September 2021

	Notes	Unrestricted fund £	Restricted funds £	30.9.21 Total funds £	30.9.20 Total funds £
FIXED ASSETS					
Tangible assets	8	36,128	-	36,128	51,398
CURRENT ASSETS					
Debtors	9	58,761	-	58,761	45,074
Cash at bank		<u>78,649</u>	<u>-</u>	<u>78,649</u>	<u>45,122</u>
		137,410	-	137,410	90,196
CREDITORS					
Amounts falling due within one year	10	(207,750)	-	(207,750)	(151,644)
NET CURRENT ASSETS/(LIABILITIES)		<u>(70,340)</u>	<u>-</u>	<u>(70,340)</u>	<u>(61,448)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(34,212)	-	(34,212)	(10,050)
CREDITORS					
Amounts falling due after more than one year	11	(59,971)	-	(59,971)	(166,872)
NET ASSETS/(LIABILITIES)		<u>(94,183)</u>	<u>-</u>	<u>(94,183)</u>	<u>(176,922)</u>
FUNDS	13				
Unrestricted funds:					
General fund				(94,183)	(184,022)
Restricted funds:					
Better Bankside				-	3,750
Arts Council Cultural Recovery Fund				-	<u>3,350</u>
				<u>-</u>	<u>7,100</u>
TOTAL FUNDS				<u>(94,183)</u>	<u>(176,922)</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 September 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 30 September 2021 in accordance with Section 476 of the Companies Act 2006.

Balance Sheet - continued
30 September 2021

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 30 June 2022 and were signed on its behalf by:

J R Unwin - Trustee

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

Contemporary Applied Arts is a Company registered by guarantee in England. The nature of the charity's operations and principal activities are to preserve, promote and advocate for the craftsmanship in the United Kingdom.

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - 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 (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Contemporary Applied Arts Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are presented in sterling which is the functional currency of the charity and rounded to the nearest £. The financial statements prepared are for the year ended 30 September 2021, and the comparative figures are for the 18-month period from 1 April 2019 to 30 September 2020. The figures therefore are not entirely comparable.

The members of the company are the Trustees named on page 10. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

Income

All income is recognised once the Company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the company is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the company has been notified of the executor's intention to make a distribution. Where legacies have been notified to the company, or the company is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Donated services or facilities are recognised when the company has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the company of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised and refer to the Trustee's report for information about their contribution.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the company which is the amount it would have been willing to pay to obtain services or facilities of economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

1. ACCOUNTING POLICIES - continued

Income

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefit will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management carried out at Headquarters.

Charitable activities and Governance costs are costs incurred on the company's charitable operations, including support costs and costs relating to the governance of the company apportioned to charitable activities

Tangible fixed assets

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is provided on the following bases:

Gallery improvements	- over the remaining term of the lease
Gallery equipment	- over 3 years
Website	- over 5 years
Plant and machinery	- 20% on cost
Office equipment	- 33% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

1. ACCOUNTING POLICIES - continued

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Company and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Company for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Pension costs and other post-retirement benefits

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents the contributions payable by the Company to the fund.

Going concern

The financial statements have been prepared on a going concern basis. The Trustees have reviewed the Company's forecasts and projections covering a period of 12 months from the date of signing these financial statements. As a combination of a number of factors including the legacy of the Coronavirus pandemic, there remains uncertainty over whether the future cashflows will be sufficient to cover the Company's liabilities that fall due. The Trustees have cut expenditure to the greatest extent possible but future revenues may still be insufficient to maintain a viable organisation.

In particular, CAA was the beneficiary of an interest free SITR loan in 2019. During the pandemic, the maturity of this loan was extended to December 2022. The Trustees have begun the process of discussing a further amendment to its maturity. Subject to the successful conclusion of this negotiation, the Trustees believe that CAA will have sufficient resources to meet its obligations. However there remains material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

Interest received

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Company; this is normally upon notification of the interest paid or payable by the institution with whom funds are deposited.

Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the statement of financial activities.

1. ACCOUNTING POLICIES - continued

Stocks

The Company holds consignment stock on behalf of individual sellers, however the risks and rewards of ownership remain with the sellers up to the point of sale. Accordingly, consignment stock is not recognised on the balance sheet.

Debtors

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

Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amount required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the statement of financial activities as a finance cost.

Financial Instruments

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are the estimated useful lives of fixed assets.

3. INVESTMENT INCOME

	Year Ended 30.9.21 £	Period 1.4.19 to 30.9.20 £
Interest received	<u>-</u>	<u>165</u>

4. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	Year Ended 30.9.21 £	Period 1.4.19 to 30.9.20 £
Depreciation - owned assets	<u>15,775</u>	<u>23,622</u>

5. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 30 September 2021 nor for the period ended 30 September 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 30 September 2021 nor for the period ended 30 September 2020.

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

6. STAFF COSTS

The average monthly number of employees during the year was as follows:

	Year Ended 30.9.21	Period 1.4.19 to 30.9.20
Employees	<u>3</u>	<u>6</u>

No employees received emoluments in excess of £60,000.

7. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	47,827	-	47,827
Charitable activities			
Membership subscriptions	39,713	-	39,713
Sales	327,780	-	327,780
Grants received	75,693	27,000	102,693
Investment income	<u>165</u>	<u>-</u>	<u>165</u>
Total	<u>491,178</u>	<u>27,000</u>	<u>518,178</u>
EXPENDITURE ON			
Charitable activities			
Charitable activities	552,143	30,250	582,393
Governance	6,280	-	6,280
Total	<u>558,423</u>	<u>30,250</u>	<u>588,673</u>
NET INCOME/(EXPENDITURE)	<u>(67,245)</u>	<u>(3,250)</u>	<u>(70,495)</u>
Transfers between funds	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
Net movement in funds	<u>(57,245)</u>	<u>(13,250)</u>	<u>(70,495)</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	(126,777)	20,350	(106,427)

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

7. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
TOTAL FUNDS CARRIED FORWARD	<u>(184,022)</u>	<u>7,100</u>	<u>(176,922)</u>

8. TANGIBLE FIXED ASSETS

	Gallery improvements £	Plant & machinery £	Office equipment £	Website £	Totals £
COST					
At 1 October 2020	252,054	53,128	69,097	32,600	406,879
Additions	-	-	505	-	505
Disposals	(201,054)	(51,703)	(68,547)	(7,200)	(328,504)
At 30 September 2021	<u>51,000</u>	<u>1,425</u>	<u>1,055</u>	<u>25,400</u>	<u>78,880</u>
DEPRECIATION					
At 1 October 2020	216,354	52,985	68,822	17,320	355,481
Charge for year	10,200	143	352	5,080	15,775
Eliminated on disposal	(201,054)	(51,703)	(68,547)	(7,200)	(328,504)
At 30 September 2021	<u>25,500</u>	<u>1,425</u>	<u>627</u>	<u>15,200</u>	<u>42,752</u>
NET BOOK VALUE					
At 30 September 2021	<u>25,500</u>	<u>-</u>	<u>428</u>	<u>10,200</u>	<u>36,128</u>
At 30 September 2020	<u>35,700</u>	<u>143</u>	<u>275</u>	<u>15,280</u>	<u>51,398</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.21 £	30.9.20 £
Trade debtors	13,683	20
Other debtors	24,000	24,000
Prepayments and accrued income	<u>21,078</u>	<u>21,054</u>
	<u>58,761</u>	<u>45,074</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.21	30.9.20
	£	£
Other loans (see note 12)	108,367	3,128
Trade creditors	49,656	68,072
Social security and other taxes	18,119	25,932
Other creditors	12,893	37,472
Accruals and deferred income	18,715	17,040
	<u>207,750</u>	<u>151,644</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	30.9.21	30.9.20
	£	£
Other loans (see note 12)	<u>59,971</u>	<u>166,872</u>

12. LOANS

An analysis of the maturity of loans is given below:

	30.9.21	30.9.20
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>108,367</u>	<u>3,128</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>5,157</u>	<u>144,824</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>31,266</u>	<u>-</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans more 5yrs instal	23,548	22,048

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

13. MOVEMENT IN FUNDS

	At 1.10.20 £	Net movement in funds £	Transfers between funds £	At 30.9.21 £
Unrestricted funds				
General fund	(184,022)	24,239	65,600	(94,183)
Restricted funds				
Better Bankside	3,750	-	(3,750)	-
Arts Council Cultural Recovery Fund	3,350	-	(3,350)	-
Arts Council Emergency Grant	-	58,500	(58,500)	-
	<u>7,100</u>	<u>58,500</u>	<u>(65,600)</u>	<u>-</u>
TOTAL FUNDS	<u>(176,922)</u>	<u>82,739</u>	<u>-</u>	<u>(94,183)</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	333,199	(308,960)	24,239
Restricted funds			
Arts Council Emergency Grant	58,500	-	58,500
TOTAL FUNDS	<u>391,699</u>	<u>(308,960)</u>	<u>82,739</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

13. MOVEMENT IN FUNDS - continued

Comparatives for movement in funds

	At 1.4.19 £	Net movement in funds £	Transfers between funds £	At 30.9.20 £
Unrestricted funds				
General fund	(126,777)	(67,245)	10,000	(184,022)
Restricted funds				
Better Bankside	8,750	(5,000)	-	3,750
Arts Council Cultural Recovery Fund	-	3,350	-	3,350
Arts Council	1,400	(1,400)	-	-
Craft Potters Charitable Trust	200	(200)	-	-
Anonymous	10,000	-	(10,000)	-
	<u>20,350</u>	<u>(3,250)</u>	<u>(10,000)</u>	<u>7,100</u>
TOTAL FUNDS	<u>(106,427)</u>	<u>(70,495)</u>	<u>-</u>	<u>(176,922)</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	491,178	(558,423)	(67,245)
Restricted funds			
Better Bankside	-	(5,000)	(5,000)
Arts Council Cultural Recovery Fund	27,000	(23,650)	3,350
Arts Council	-	(1,400)	(1,400)
Craft Potters Charitable Trust	-	(200)	(200)
	<u>27,000</u>	<u>(30,250)</u>	<u>(3,250)</u>
TOTAL FUNDS	<u>518,178</u>	<u>(588,673)</u>	<u>(70,495)</u>

Notes to the Financial Statements - continued
for the Year Ended 30 September 2021

14. RELATED PARTY DISCLOSURES

The following craft items made by the Board of Trustees were sold through CAA's gallery during the year / period:

		YE 30 September 2021	PE 30 September 2020
	£	£	
Carina Piscato		-	410
Simone ten Hompel		990	2,000
Marlene McKibbin		2,458	1,876
		-----	-----
		3,448	4,286
		-----	-----

During the year / period the Charity received loans from certain Trustees totalling £nil (2020 - £20,000). The loans are unsecured and interest free. The £5,000 loan was repaid on 30 December 2021. The £15,000 loan is repayable on 24th November 2025. There are no conditions attached to the loans and the Trustees anticipate repayments to be made when the loans mature, unless future cashflows allow for earlier repayments.

During the year / period the Charity received £3,500 (2020 - £3,535) in donations from its Trustees, before gift aid. The donors did not attach any conditions to their gifts which require the Charity to alter the nature of any of the existing activities.

During the year / period the Charity received £6,055 (2020 - £17,395) sales income and £225 (2020 - £390) membership income from its Trustees.

15. FUNDS

£3,750 Better Bankside grants were received for expenditure relating to outreach workshops.

£3,350 Arts Council Cultural Recovery Fund was received from the Arts Council to provide financial assistance and help the Charity during the COVID -19 pandemic.

£58,500 Arts Council Emergency Grant was received from the Arts Council to provide further assistance and help the Charity during the COVID-19 pandemic.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.