

Charity Registration No.

1049095

Company Registration No.03095356 (England and Wales)

**FINE CELL WORK
(LIMITED BY GUARANTEE)
TRUSTEES' REPORT AND ACCOUNTS
FOR THE
YEAR ENDED 31 DECEMBER 2020**

LEGAL AND ADMINISTRATIVE INFORMATION

Patrons	Tracy Chevalier Dame Judi Dench CH Kaffe Fassett Esther Freud Libby Purves OBE Gen the Lord Ramsbotham GCB CBE Isabella Tree
Trustees	Sophie Kingsley (Chair) Marion Bedford (appointed 16 March 2021) Julian Diment Tabitha Elwes Edward Henry (Vice Chair) Kit Kemp MBE Miranda Kendall Fiona Lees-Millais (resigned 16 March 2021) Cath Kidston MBE Andrew Murray (Treasurer) Cathy Robinson Emma Soames Nicola Wright
Executive Director	Victoria Gillies
Founding Director	Dr Katy Emck OBE
Financial Director	Mariana Spater
Charity Number	1049095
Company Number	03095356
Registered Office & Principal Address	190-192 Queenstown Road London SW8 3NR
Auditors	James Cowper Kreston 8th Floor Reading Bridge House George Street Reading RG1 8LS
Bankers	Unity Trust Bank 4 Brindley Place Birmingham B1 2HB

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**TRUSTEES' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Trustees present their report and accounts for the 12-month period ended 31 December 2020. 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. 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. There is an ongoing programme of Trustee strategy meetings to discuss and set the charity's effectiveness, goals, aims and purpose. Guidance and training are also given to promote understanding of Charity Governance and specific issues related to the Charity and its work.

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

The range of Trustees is 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, communications, 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)
Julian Diment
Tabitha Elwes
Edward Henry (Vice Chair)
Miranda Kendall
Cath Kidston MBE
Kit Kemp MBE
Fiona Lees-Millais
Andrew Murray (Treasurer)
Cathy Robinson
Emma Soames
Nicola Wright

Structure, staffing and volunteers

In 2020 Fine Cell Work's 23 years' experience working in prison, strong management structure and innovative, flexible approach, alongside an active, multi-talented Board, enabled the charity to build its reserves as planned at the beginning of the year and then to navigate the exceptional circumstances that arose in March from the worldwide Covid-19 pandemic.

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As a result of the pandemic, all prisons locked down from mid-March and remained in lockdown for the rest of the year. This meant visits by external providers, which included those by Fine Cell Work staff and volunteer teachers, were not allowed. To continue delivering our in-cell programme within the new restrictions, the charity worked directly with 29 prison staff in 21 prisons who facilitated the distribution and collection of kits which were returned to the office so that the stitchers could continue being paid by the charity.

Fine Cell Work was run by the Executive Director supported by the senior management team comprising of the Founding Director, Finance Director and the Head of Programme Delivery. The senior management team was supported by a permanent, full-time staff of nine and two 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 key volunteers who continued to help production and work remotely to support in-cell work; regular communications with our stitchers and supporters; the development and provision of skilled and varied work to be stitched; marketing and sales; fundraising and financial management. To support our programme for ex-prisoners, Open the Gates, staff duties included provision of work experience, employment training, mentoring, employment opportunities and, when required during lockdown, remote support including twice weekly telephone calls, advice on well-being and self-care as well as provision of exceptional, emergency financial support. As the charity responded to the pandemic, staff roles were on occasions redeployed to allow the operational flexibility and capability to meet the challenge of delivering our programmes within the restrictions of lockdown.

In response to the changing situation in prison and the wider community, the charity reduced one full time position to part-time and, during the course of the year, two staff positions were on full time furlough for three months with a third on part-time furlough for a month.

The offices and the Clothworkers Studio were closed for three months from mid-March. Thereafter, a working regime for staff was set up to accommodate social distancing and travel limitations. This involved a rota of working in the office and working from home.

At the beginning of the year 67 volunteers were teaching in prison. When our volunteer teachers were no longer able to go into prison to train and support prisoners, they were therefore neither able to recruit new stitchers nor were able to provide a record of prisoners we engaged with. To get statistics for our in-prison engagement during lockdown, we had to rely on numbers of prisoners the office was in contact with during the year, either directly or via prison officers, as well as all those who returned work during the year.

From this, we have surmised that in total we engaged with 406 prisoners in 2020 compared with 602 prisoners in 2019. These include 364 prisoners who are hand-stitchers (who we refer to as stitchers) and 42 prisoners working in our prison workshops. This compared to our working with 533 stitchers and 69 prisoners in workshop in 2019.

Although we worked with 364 stitchers, only 250 stitchers returned work during the year. Before the cell groups closed, 69 learner stitchers had not reached the skill level to work independently on Fine Cell Work kits. During lockdown, where possible, these stitchers were provided with donated materials to work on their own projects. In addition, there were a further 44 stitchers in groups at the beginning of the year who didn't return work in the year.

Our most productive prison workshop was only open for one month in the year and the other Fine Cell Work prison workshop, for only ten weeks. In this short time, we engaged with 42 prisoners across both workshops.

In the Clothworkers' Studio, we provided employment training for 24 ex-prisoners (who we refer to as apprentices) compared to 31 the previous year. Of the 24 apprentices, 13 were new recruits, nearly 40% of apprentices were in their twenties and thirties, 30% were women and 20% had a BAME background.

The small ratio of staff to prisoners and apprentices was supported by Fine Cell Work volunteers. In this exceptional year, with lockdown in prisons and no events or pop-up shop opportunities for most of the year, key volunteers really stepped up to support the work of the charity.

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In 2020, 67 volunteers went into prisons to train inmates in embroidery, canvas work, quilting and other sewing skills in the first quarter of the year. Of these, 17 supported remote teaching in the remaining nine months. Ten people volunteered in The Clothworkers Studio to support training of the apprentices, with another 12 volunteering as mentors to our apprentices. In course of the year, 18 highly skilled stitching volunteers assisted with commission development, predominantly remotely. The services of eight creative studios volunteered their skills to lead in the development of new designs and products. A further fifteen volunteers assisted with production and office administration, nine volunteers served on the sole event committee and 13 volunteers helped run Fine Cell Work's pre-lockdown pop-up shop. This brings the total of volunteers supporting the charity in the year to 155 down from 253 in 2019.

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.

Principle Risks and Uncertainties

Using a comprehensive Risk Register, the Trustees regularly assess the major risks to which the charity is exposed, and systems established to manage and mitigate those risks. Key areas that undergo risk assessment are currently Covid-19, threats to revenue, working in the community, working in prisons, staff-related risks and IT infrastructure risks.

The Covid-19 pandemic has created a unique risk to all strands of the charity's activities. These include being unable to access prisons to work with beneficiaries, hold fundraising events, work collaboratively or have a physical retail presence. This has been mitigated by adapting our programme delivery to meet the on-going challenges, reviewing our policies and procedures to adapt to the current government restrictions and optimising the use of technology to maintain contact with beneficiaries, donors, staff and volunteers.

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 and is further underpinned by the charity doubling its reserves in Q1 of 2020. Internal control risks are minimised by procedures for the authorisation of transactions and projects.

Risk with the Open the Gates post-release programme is mitigated by building relationships with probation and other organisations working with ex-prisoners and secondly by the knowledge and experience of the Advisory Council providing advice to the Board and staff.

The risk of working in prisons is twofold. The risk to volunteers working in prisons is mitigated by ongoing training by Fine Cell Work staff and by working with prisons to ensure a safe environment for our volunteers. The prison system itself is also a challenge with changing policies and frameworks. This is mitigated by working with the Trustees, Advisory Council and other prison charities to ensure an understanding of the overall prison environment.

Staff risks relate to the retention of key members of staff and staff safety. To mitigate these risks staff policies, salary reviews, building staff resilience, encouraging and supporting staff training and strict policies governing working with ex-prisoners in the charity's premises, are in place. When the office reopened in June, strictly enforced social distancing, cleaning and operating regulations were established to create a work environment that was Covid secure.

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.

Fine Cell Work's Employer's Liability, Public Liability, stock, office contents and business interruption insurance policies further minimise the financial risks to the charity. The charity has appropriate health and safety and safeguarding policies in place.

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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.

We are building Fine Cell Work as a sustainable social business and charity with the prisoners as stakeholders in the enterprise. Since the pandemic we have become even more embedded in the prison system, through our support of prisoners towards work and accredited training in prison and our support of prisoners into employment on release.

In furtherance of its mission, the charity teaches prisoners and apprentices transferable skills through needlework and textile production to deliver employment and social re-integration on release. We enable prisoners to work within a successful social enterprise by training them to do highly skilled, commercial needlework and textiles production. The products are bespoke, designed in collaboration with well-respected designers, beautiful and of such high quality that they are sold to interior designers, private customers, museums and heritage organisations.

The work is self-motivating; stitchers work independently in their cells for 24 hours a week on average, with many voluntarily working for as long as 40 hours. The stitchers earn approximately a third of the proceeds from the sale of their products and are encouraged to save for release.

In addition, we run textile workshops in two prisons making up the work stitched in-cells into products – predominantly cushions, giftware and tableware - and an employment training workshop in the Clothworkers Studio in Battersea.

Our work addresses the key issues affecting offending behaviour by developing and reinforcing work skills and building strong relationships and mental resilience. We aim to enable our stitchers and workshop workers to complete their sentences with new skills, money earned and saved, and the self-belief to stop offending. For the apprentices engaged in our post-release programme, Open the Gates, the aim is to support them into a socially connected, stable, independent, crime-free lifestyle, through employment training, mentoring and work experience.

To ensure the activity remains purposeful, the charity continues to build expertise and awareness of the demand and opportunities in the marketplace for our products. It is important that Fine Cell Work products appeal to our growing customer base so the dedicated, skilled work of our stitchers remains meaningful. To engage as many prisoners as possible in the production process, all Fine Cell Work production, with the exception of design, charting, screen printing and laser cutting, is carried out in UK prisons or The Clothworkers' Studio in Battersea.

The Trustees regularly review the Charity's public benefit as set out by the Charity Commission.

Resilience in a challenging year

Quarter 1 – positive, purposeful start to the year

In the first quarter of 2020, the focus was to underpin the security and financial sustainability of the charity. This was to be done:

- first by building reserves through an exceptional profile-raising and fundraising event that had been three years in the planning; an art exhibition and sale at Sotheby's.
- secondly, by diversifying and growing our funding streams. The current business plan was in place until the end of 2020 so a timetable for developing the next five-year plan was set. From a fundraising perspective, this would allow new applications to trusts and foundations for multi-year grants to support both existing and expanded programmes. In addition, increased resources were budgeted for Q2 to broadening our funding networks. Our ongoing plans to diversify our product range would allow more income to the charity through increased sales of our products.

The year began well. A successful Board Away Day in January allowed full discussion and agreement for the strategy of the charity over the next five years. The consensus was to increase the number of beneficiaries of our in-prison programmes by 50% over five years whilst retaining the current level of provision of post-release support providing the individually tailored programme to some of the most marginalised people in the community. More resource was

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planned for evaluating our programmes and it was agreed the charity would take a more outward-facing role in sharing lessons learnt in building social enterprise in prison more widely.

In February, the exhibition and sale at Sotheby's enabled the charity to double its existing reserves. Encouragingly, our most successful pop-up shop ever meant that our sales by the end of February were ahead of the record sales achieved in the first two months of 2019.

Demand from prisoners and from new recruits for cell work was at an all-time high. Recruitment for Open the Gates was increasing steadily with good outcomes for our apprentices graduating from the programme.

Quarter 2 to Quarter 4 – adaptations that made our operations and organisation more resilient in lockdown

Programme Delivery

Following the lockdown imposed in response to the Covid-19 pandemic, Fine Cell Work volunteers were unable to go into prison to teach and encourage our stitchers and to distribute and collect kits. The Clothworkers Studio and Fine Cell Work offices had to close. Whilst the commercial needs of the social enterprise remained a consideration, making sure we continued to provide purposeful, paid work to our stitchers, now locked in their cell for 23 hours a day, was our highest priority. The flexibility and versatility of Fine Cell Work enabled the charity both to continue working with our stitchers in prison for the rest of the year and to support our apprentices remotely during the first lockdown. All prison workshops closed and remained closed in 2020. However, as the first lockdown eased, the Clothworkers Studio opened to continue our support of our prisoners post-release. This workshop took over some of the production previously done in our prison workshops.

Business Planning

In September, an Away Day with the staff team allowed us to agree the outcomes of the business plan developed from the Trustees' Away Day earlier in the year. However, the final writing the plan was delayed until Q1 of 2021 to allow a better understanding of challenges and opportunities to deliver, potentially restructure and build on our programmes post Covid-19. The five-year plan will now run from 2022 with 2021 designated as a year to begin rebuilding our services in prison to 2019 levels before doubling the number of beneficiaries supported by the charity by the end of the next business plan in 2026.

Fundraising

Efforts to cut expenditure helped balance the drop in budgeted income that resulted from fundraising and sales events planned for the year that couldn't take place. We were unable to make new, multi-year applications for funding in 2020 for two reasons connected to the pandemic. First, it was very difficult to do long-term planning, and the writing of the business plan was delayed by this. Secondly, trusts and foundations focused on short-term, emergency funding. Nevertheless, we forged relationships with two completely new foundations, the Porticus Trust and the Bank of America Foundation.

Facilitating online sales

As events and pop-up shops were no longer possible, the only route to market for the charity was online sales. The development of the website and building our presence on social media over the last two years put us in a strong position to facilitate this. Further work was done on the site in the year to improve the customer experience which helped web sales grow by 64%.

The move

Working across two sites over the past three years exposed technical and logistical issues. When the charity was offered the other half of its Battersea site, we decided to take up the opportunity. At the end of Q3 the charity relinquished the offices in Victoria and the sales and fundraising teams moved to the new offices attached to the Clothworkers Studio. The benefits to the staff team based on one site in the final quarter of the year coupled with new, substantial, much-needed storage were notable. Even more important were the significant advantages to the

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Open the Gates programme. The move allowed us to engage with more apprentices and to offer broader employment training opportunities to them.

Staff

The monthly in-person team meetings were replaced by weekly Zoom meetings. Increased whole team and individual staff training opportunities were provided to build on the teamwork and resilience training delivered the previous year. Training by external providers broadened skills, perceptions and communication across the teams which made the staff team more cohesive and supportive. Of notable success was the addition of one-on-one coaching sessions for frontline staff to identify triggers, improve self-awareness and develop coping strategies. This training allowed staff to better support the beneficiaries in our care.

As the charity navigated the necessary changes on how our programmes could be delivered, the staff team remained versatile, flexible and committed. As delivery models changed, events cancelled and sales only possible online, all staff shared the new and various tasks that arose in consequence. Without the production support of our in-prison workshops, to facilitate our ongoing in-cell programme, Fine Cell Work staff had to create the component parts of the kits (cording, beading, scanning, cutting and counting wools) and make up the kits needed by our stitchers. In the year over 2,000 kits were made up for almost 3,500 products to be handstitched.

Having products available to sell was only possible because apprentices, staff and volunteers in the Clothworkers Studios machine stitched items handstitched in-cell into finished products. The capacity to do this was restricted as access to Fine Cell Work's offices and Clothworkers Studio was limited and had to be strictly timetabled to accommodate social distancing.

Volunteers

The small ratio of staff to prisoners is usually underpinned by the extensive and essential activities of the Fine Cell Work Volunteer Team teaching in prisons, teaching in the Clothworkers Studio, mentoring apprentices, supporting production and commissions, helping with administration and design, hosting sales' events, supporting fundraising events and manning pop-up shops and sales' events across the country. With volunteers unable to go into prison, neither events nor pop-up shops possible and social distancing severely restricting the number of volunteers able to support the office and the Clothworkers Studio, it was important to ensure volunteers retained a sense of connection with the charity even if they weren't able to volunteer with us.

This was done through regular monthly updates on how we were adapting our programmes, what we were able to achieve, news from our stitchers and our future plans. We set up and hosted a fortnightly virtual stitch club via Zoom, a highly successful innovation that was attended by up to 50 volunteers throughout the year. Over the summer, when restrictions in the community were loosened, the stitch club became monthly. This initiative allowed volunteers to keep in touch with each other, with Fine Cell Work staff and share their lockdown stitching projects. A new initiative in the last three months of the year for all volunteers involved different Fine Cell Work staff teams running a series of webinars: the first on communications and virtual events, the second on production and new design and the third on strategic planning. These were well attended by a broad spectrum of volunteers.

Volunteers who supported production and commissions were offered the opportunity to undertake production tasks working from home and 16 volunteers stepped up to help with this. When the workshop reopened in June, a total of 11 volunteers returned to the Clothworkers Studio over six months, essentially supporting apprentices in the making up of products stitched in-cell.

Mentoring apprentices became virtual with mentors meeting their mentees either on Zoom if the mentee was able to access a computer or over the phone. This proved very successful for both our apprentices and mentors and will inform how we develop the mentoring programme in the future. Such was the demand for mentors from apprentices, during the year we recruited new mentors who were subsequently trained before each was matched to an apprentice.

Over the course of the year, 11 volunteers who had taught in prison decided to step back. For the charity to rebuild cell groups and begin the process of expansion, we began recruiting volunteers via regional embroidery guilds and volunteer centres in locations where there was need and requirement. The opportunity was also shared in posts on

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our social media platforms. We have kept in contact with the volunteers recruited and will begin delivering the extensive training required when there is more certainty around when restrictions in prisons will be lifted.

Achievements and Performance

Overview

Operationally, successful planning, fundraising and prudent cost management coupled with our good, longstanding relationships with prison staff gave us the security to continue working in prisons through the lockdown in prisons even as the lockdown remained in place into at least Spring 2021.

Responding to Covid-19 produced the impetus to change and will inform how we deliver all our programmes as we move forward post-Covid. We are the only charity that has been able to sustain its rehabilitation service in prison during the pandemic. However, the impact of the pandemic on programme delivery, achievements and performance was significant.

Working in prison

At the beginning of the year, in-cell productivity was at an all-time high with 34% more kits sent into prison in January than in January of the year before. Better organised preparation and distribution of kits ensured that the products being stitched were those in greatest demand by our customers. Of the kits sent in, forty-five were for sampling potential new products to support the progressive increase over the last couple of years of new designs and new products. This initiative not only makes stitching more meaningful and the work more varied, it results in more products being sold and many more letters being written to stitchers from customers. Ongoing feedback from stitchers demonstrates that both the sale the products stitched in-cell and letters to them from customers increase their sense of purpose and their sense of connection with and relevance to, the world outside prison.

Since prisons locked down in mid-March, all organisational energies become focused on supporting our beneficiaries through the lockdown. Prisoners were being locked in their cells for 23 hours a day as the prison system worked to contain the virus. Our biggest adaptation was finding new methods for getting our stitchers' products in and out of prison. In the knowledge that our prison volunteers are unable to visit prison for the foreseeable future, we focussed on ensuring our stitchers had access to a supply of needlework kits. On the eve of lockdown, we pre-ordered large quantities of wools, threads and linen and then assembled and packaged 660 kits that we sent to 20 prisons around the country. We then wrote to our 406 stitchers individually explaining how we would support them during the coronavirus crisis.

With the isolation of 23-hour lockdown, it became increasingly important to deepen our stitchers' motivation, engagement and sense of being valued during this time. We awarded a £50 bonus payment to all those who had stitched with us for a year or more in recognition of their part in the success of the art auction hosted at Sotheby's. A £30 bonus was paid to our workshop workers in our two prison workshops. In addition, we continued to pay enhanced monthly pay to our workshop workers. Throughout the year, each month our stitchers and workshop workers received a personal letter from Fine Cell Work to reinforce how important their work is to the charity and how their work continues to be valued by our customers and supporters.

To further encourage engagement and inclusion, we produced two 'bumper' 40-page newsletters for our stitchers, workshop workers, apprentices and volunteers. These are the longest newsletters we have ever sent out, as it supplemented the regular contact with Fine Cell Workers volunteers and staff which our stitchers were used to.

Despite our efforts, over time it was apparent that for some stitchers, the lack of support from our volunteer teachers led to a lack of motivation and confidence to take on more demanding kits. A number of advanced commission kits were returned to the office untouched. Without the volunteers choosing the right kit to match the stitchers skills, the more ad hoc process of unsupervised kit distribution meant stitchers were given kits they were not sufficiently skilled to do. This led, on occasions, to completed kits returned to the office with mistakes that could not be rectified. Stitchers were always paid for their work even if the product returned was unsaleable.

When experienced stitchers move to a new prison where there isn't a Fine Cell Work group, the production team engages with each stitcher on a one-to-one basis through our lone stitcher programme. This year we engaged with

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a record 28 lone stitchers who proved a reliable source of commission stitchers thanks to the communication links we have set up with them when they became lone stitchers.

We were not able to deliver our services consistently across all the prisons. Our delivery model adapted to the needs of each prison. In some of the prisons where we work, there was a vulnerable population who were shielding. In other prisons, our regular staff contacts were redeployed to other duties and weren't able to distribute and collect kits. In some instances, we were able to contact each stitcher who wanted to continue working but this was not always possible due to the logistical challenges of the new prison regime. In two prisons, a lead stitcher took on the task of distributing and collecting kits for fellow stitchers. In another two prisons where the stitchers didn't have the skill level to work independently, we sent in donated fabrics and threads so the stitchers could practice and work on their own projects. By the end of the year, we were working in all but two of the prisons we normally have groups in. One of these groups will now be closed permanently because the population in the prison has changed.

By the end of Q4 in 2019, there were 2,760 kits in prison. By the end of 2020, as a result of our sending a significant number of kits just ahead of lockdown, there were 5,342 kits still in prison. We anticipate that a significant number of the excess kits are now lost in the prison system. This was inevitable due to the relatively haphazard way kits could be sent into prison and distributed in the early months of lockdown. Once the prisons adjusted to the new regime, we were able to make contact with staff in most prisons which meant the distribution of kits and collection of work to be returned to the office become more reliable.

Despite this, 18% fewer kits were sent into prison in 2020 than in 2019. As productivity dropped, 32% fewer kits were returned to the office than the year before. Completed commission kits were down a more significant 56%. We estimate that by the end of the year, productivity was down by 50% on 2019.

However, during the year, we purposely paid prisoners at higher levels than before. Our focus on supporting prisoners through the year as much as possible meant that, in addition to the one-off bonuses, at yearend, we awarded a second financial reward of between £45 and £85 with accompanying certificates of achievement to the 174 stitchers who had returned two or more kits during lockdown in recognition of their contribution in the year. This resulted in prisoner pay in 2020 of £63,057, only 20% less than £79,146 paid to prisoners the previous year despite the significant drop in productivity.

Kits returned to the office during the year reflected the preference for embroidery we have encouraged over the last few years. Embroidery kits now account for 62% of kits stitched and needlepoint 38%. This compares with 56% of completed kits being embroidery kits in 2019 with 44% needlepoint. Although demand for embroidery products is higher than the demand for needlepoint products, ironically the demand for needlepoint commissions is now so high, there is a waiting list. We anticipate that it may take at least two years to clear the current commissions for needlepoint. When our cell groups reopen, we will now encourage more needlepoint stitchers to redress the balance between needlepoint and embroidery with the ambition that stitchers will be encouraged to undertake both disciplines.

We have used lockdown as an opportunity to get feedback from our beneficiaries. Not only did this provide invaluable feedback for the charity to review its service delivery, it had the added benefit in making prisoners feel heard in a time where there is very little communication. Russell Webster, the evaluator reported back: 'I got a strong sense from reading all the responses that any and all outside communication is very genuinely appreciated at the moment'.

In July-August 2020 this survey was distributed to ascertain whether prisoners have been able to continue stitching in the pandemic; the benefits and costs of being able to continue work or having to stop; and how Fine Cell Work could improve its service. Of the 120 prisoners (48%) who completed this survey only half (48%) had been able to stitch throughout lockdown. For those unable to stitch, many were in prisons where they weren't allowed to receive kits, or where it was difficult to return them. Others had become depressed and demotivated without the encouragement of regular classes.

96% of those unable to continue said they missed stitching because they missed doing something positive with their time. When asked what we could improve, prisoners' top answer (74%) was getting more work to them. Many said the therapeutic benefits of stitching helped them manage long-standing mental health conditions.

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Building awareness of our work and better partnerships with both key prison staff and Governors was a priority over the year. Letters were written individually to key staff supporting our stitchers and the Fine Cell Work office, acknowledging how they have helped us and thanking them for it. We also wrote to the Governors of prisons where we are working, reporting on what was being achieved, acknowledging the support of their staff by name and outlining our plans to rebuild our work in their prison as soon as lockdown in prison ends.

A new initiative, as we gain a better understanding of what is meaningful to prison staff, is the introduction of Fine Cell Work's Prison Awards as a gesture of thanks for the goodwill and support we have received from the prison. Awards will be granted in 2021 in three categories – *The Fine Cell Work Gold Award for Best Practice in Volunteer Support, The Gold Award for Staff Engagement and Support and Outstanding Contribution to Fine Cell Work.*

In-prison workshops

Fine Cell Work has two prison workshops, one in HMP Gartree, the other in HMP Littlehey. The workshops were set up to make the kits stitched in prison cells into the final product, to create the kits themselves, to complete specific handstitched products which lend themselves to a group activity and to create machine stitched cushions, tableware and giftware.

The activities require many skills and are the complete antithesis of the repetitive tasks of many prison textiles workshops. Taking on new and varied tasks requires concentration, motivation and builds confidence to take on new skills; all important attributes to prepare for work post-release. Our work in the workshops is an essential part of the social enterprise and fosters the workers' appreciation of their relevance to the wider organisation and engagement with the world beyond prison. The nature of the work develops their ability to work as part of a team, broadening their employable skills.

Providing our workshop workers with accredited training to increase their employability is an essential part of the programme. The charity is registered with OCN (London) to deliver two level 2 accredited training courses in workshops; 'Machine Stitched and Hand-Finished Soft Furnishings'. A third training course, 'Peer Teaching', was introduced in 2019. All courses were taught in the prison workshops for the short time they were open with the successful completion of 16 these units of study awarded in January.

The workshop in HMP Littlehey was closed in January because of ongoing heating issues. When it finally opened in mid-February, work began in earnest. Fortunately, although the workshop was only open for four weeks, the workshop managed to deliver large quantities of tableware, best-selling cushions and giftware. Production in the workshop in the beginning of the year at HMP Gartree was at a reduced capacity as the prison continued to manage a continued rotation of wing closures.

We engaged with 42 prisoners in the prison workshops before the prison workshops closed in March. The workshops did not open again in the year. During the year, 10 workshop workers in HMP Littlehey were either released or moved to other prisons so when the workshop reopens in Spring/Summer 2021, there will be no more than 12 prisoners with Fine Cell Work production experience returning to the workshop.

Rehabilitation Pathway and post-release support: Open the Gates

Four years ago, the Open the Gates programme was established to support prisoners post-release at the Clothworkers Studio in Battersea. Over 75% of these ex-prisoners (who we refer to as apprentices) have received sentences of four years or more.

The Clothworkers Studio is a thriving, productive workplace with an ethos of inclusion, consultation, co-operation and welcome offering a wide range of roles and responsibilities to match individual skill sets.

Core to the delivery of the programme is providing pastoral support and mentoring alongside the accredited embroidery and textile training courses; our apprentices are supported into employment, settled living and, in some cases, supported into further employment training beyond the Clothworkers Studio.

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The Studio closed for the first lockdown in the community. Two members of staff supported the apprentices remotely for the next three months by making phone calls every second day and coordinating the provision of hardship grants. As well as financial support, materials to encourage personal projects were provided along with support with coping with mental health issues and training on how to maintain wellbeing.

Once the Studio opened again in June, with the prison workshops closed, the staff in the production office with the Clothworkers workshop was the only place where kits could be assembled and where canvases and linens stitched in-cell could be made up into products. Social distancing allowed capacity of about 50% of staff and volunteers and 60% of apprentices compared to pre-lockdown levels.

By year end, two apprentices had graduated and moved into fulltime employment, a third took a full-time employment contract with Fine Cell Work, one apprentice was supported into self-employment and another into further employment training with an external provider. One apprentice was recalled and a second apprentice very sadly died. No apprentices reoffended.

Sales and Commissions

In 2020, earned income across all channels was £460,937. This increase, of nearly 50% on the £308,893 earned income in 2019, was a result of £226,100 earned from the exhibition and auction at Sotheby's.

Discounting this extraordinary income, earned income totalled £234,837. Earned income is broken down into income from sale of the prison-made products and income from prisons paying a nominal fee per place in each cell group. Because Fine Cell Work volunteers were unable to go into prison and teach in the prison financial year, as a gesture of goodwill, we did not charge prisons this fee which customarily raises about £16,000 for the charity. Earned income was therefore £243,237 raised from the sale of the work, less an income deficit of £8,400 due to writing off sums owed by prisons for prior years.

Sales

Trading income at £243,237, showed a decrease of 16% on 2019, primarily because we were unable to host sales events or pop-up shops for most of the year. Gratifyingly to mitigate much of this loss, web sales grew an impressive 64%, from £99,000 in 2019 to £162,000 in 2020.

Before non-essential retail closed in late March, we had one pop-up shop in South Molton Street provided by Grosvenor Estates. This, with a two-week pop-up in Bloomsbury in October thanks to the generosity of Pentreath & Hall, meant sales from this source were £16,000, down 60% from the previous year. The slowdown in the High Street also impacted our developing relationships with high-end retailers as sales to retailers this year were £8,000 down from £13,000 in 2018 and £20,000 in 2019.

At the start of the year, there were high stock levels to match our ambitious sales forecast for the year. In addition, to support the Sotheby's' exhibition, *Human Touch*, the website was redesigned to enable the charity to optimise the promotion of the event. This put the charity in a strong position to support online sales as the website now functioned flawlessly, impressed aesthetically and showed our products handstitched in prison to the greatest advantage. Key website improvements include a dynamic and engaging homepage for both desktop and mobile, with new capacity to highlight products, collections, blog posts and social media as well as to embed video content.

The redesign continued during the year and included the expansion of information on the story and purpose of the charity with a new FAQ page and new content on our commissioning process. Product pages were updated, with larger, more detailed photos. To support the growing trend for buying gifts online during lockdown, we introduced personalised messaging on gift cards. To build on our reputation for reliability and for producing beautifully stitched products, we developed a feature for customer reviews, collected via email and showcased on the homepage. There were over 300 positive reviews featured on the website, the majority being 5 stars to demonstrate the high quality of our designs. Finally, our transactional emails were redesigned to coordinate and tie in visually, and for the first time these are generated sales themselves.

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Building our customer experience online coupled with the sales climate of 2020 resulted in our website visitors up 63% on 2019, online orders up 62%, with our highest average order value ever of £92.03 and a 33.94% returning customer rate, up 22% on 2019.

Fine Cell Work's Google Ads, thoroughly overhauled and newly tailored to gifting, needlepoint cushion kits and *Human Touch*, gave us 927,000 impressions throughout 2020 (almost triple the 319,000 in 2019) and a 6.33% click through rate (against 5.53% in 2019).

In response to lockdown, the demand for creative hobbies grew substantially. By promoting our needlepoint cushion kits online, featuring Fine Cell Work and William De Morgan designs, a record-breaking 270 kits were sold compared to 20 the previous year.

In coordination with social media updates, the fortnightly email newsletter marketing schedule to support our newly revised eCommerce plan meant our newsletter subscribers grew by approximately 2,000 to 11,000.

The importance of partnerships with well-respected interior designers and publications was very apparent when we received strong sales in response to an article on Fine Cell Work in the June issue of *Elle Decoration*. The ongoing promotion of our collaboration with Kit Kemp through her popular blog and social media gave a significant boost both to sales of our Kit Kemp range and new visitors to our website,

Commissions

Although new relationships with designers including Chris Lian and Salvesen Graham were developed over the year, our ability to get new commissions stitched was severely impacted by the lockdown in prison. Without the fortnightly interaction and teaching with the volunteers in cell group classes, some stitchers, even the most experienced, lost the confidence to take on more complex commissions. Commissions are often worked on in a collaboration between stitcher and volunteer planning the execution of the project and identifying any new skills required. To give context to the impact on commissions, in 2019, 133 bespoke kits were completed with 52 stitchers undertaking at least three commission kits. In 2020, 59 commissions were returned with only 9 stitchers undertaking 3 or more commission kits.

By the end of the year, there was a huge backlog, particularly with needlepoint commissions. It is anticipated it will now take over two years to complete the current needlepoint commissions.

On a more positive note, a large, complex commission of nearly four years was completed. The commission was a tablecloth, 300 metres in circumference, with 18 different embroidered animaux characters 80 cm tall inspired by J J Grandville.

Our work with contemporary artists continued with Polly Borland commissioning new needlepoints and new commissions from artists Helen Beard and Annie Morris. Our working relationship with Carolina Mazzolari continued with a constant flow of embroidery pieces.

We undertook and completed two very interesting, personalised embroidery pieces. The first was a bespoke gift to mark a 50th birthday; a stunning, large wallhanging using applique and embroidery to re-create wild swimming at Hampstead Ladies Pond. The second was the hand embroidered embellishment of a family heirloom, a Cypriot lace tablecloth, which was made into a wall hanging. The emblems embroidered onto the cloth were chosen by the whole family.

Fundraising and Selling through Events

Human Touch, our much-anticipated exhibition and sale of eight embroidered artworks at Sotheby's opened at the end of February. The fruit of our collaborations over three years with world-renowned, contemporary artists Ai Weiwei, Idris Khan, Wolfgang Tillmans, Cornelia Parker, Bob and Roberta Smith, Annie Morris, Francis Upritchard and Carolina Mazzolari enabled us to showcase the incredible quality of the work of our stitchers.

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

The one-week event coupled with an extensive social media and PR campaign supported by the artists, allowed us to widen our networks. Furthermore, all proceeds from the auction went directly to the charity, raising significant funds to build our reserves. The exhibition also attracted two unsolicited donations: £20,000 from the Arah Foundation and a donation of £2,500 from a private donor.

Fundraising events are our most effective way of promoting knowledge and understanding about our work and raising money. Hosting only one event in the year, with the primary purpose of securing funding to build reserves, impacted on our ability to attract donations to support our core work. A total of £163,397 was raised during the year, down from £187,386 raised the year before. However, £72,000 of this came from a legacy. Net of this legacy, income from donations was down 52%.

A welcome boost to donations in this prolonged period of uncertainty was a donation of £3,000 from the Oxford Community Foundation. This arose from the Fine Cell Work being one of the three chosen charities of the High Sheriff of Oxford for her year in the role ending in March 2020.

Face-to-face sales opportunities being extremely limited during the year meant the only sales events were market stalls at two events hosted by Fulham Palace, in October and December with collective sales just over £3,000.

Communications

Notable press coverage was secured in the first quarter of 2020 to support the *Human Touch* exhibition. To prepare for the launch of the PR campaign we collated a diverse range of assets including images and testimonials from key stakeholders such as the stitchers, artists and high-profile members of the committee. This content was not only used for PR but also for our website, social media channels and in the beautiful commemorative catalogue.

Supported by an external PR agency and the Sotheby's press team, the campaign around Human Touch featured in *The Financial Times*, *The Observer*, *The Telegraph*, *House & Garden*, *Country Life* and *The Art Newspaper* amongst others. The coverage was recorded as having reached 160,000 circulation and 478,000 estimated coverage views with a total of 2,100 social shares.

Having successfully increased our social media following over the past three years, our focus shifted to diversifying our content to drive growth and increase engagement. Over the Spring/Summer, we adapted our content strategy to acknowledge the rise of home-crafting during the initial lockdown. We introduced regular, user-generated content through our Virtual Stitch Club – a weekly session on Instagram where we shared stitch tutorials, inspiration for projects and examples of crafting. In collaboration with the production team, we produced a free downloadable template depicting the words "This Too Shall Pass" to drive traffic to the website and enable cross-promotion between the content available across our digital platforms.

In October, we wrote to all our prison stitchers inviting them to write to us about what Fine Cell Work means to them and how they have been impacted during the pandemic. We received many inspiring and poignant responses to send to our supporter base to drive donations next year as we rebuild our work in prisons.

Principal Funding Source

In 2020 Fine Cell Work received £496,693 from grants from Trusts and Foundations. New major grants were received from the Porticus Trust and the Drapers Livery Company. We received continuing funding from multi-year grants from the Bromley Trust, the Garfield Weston Foundation, the Goldsmiths Livery Company, the Lloyds Foundation, the John Lewis Foundation, the Philip King Trust, the Rathbone Trust, the Rayne Foundation, the Adrian Swire Trust and the de Laszlo Foundation. The Alice Cooper Dean Trust and the Broderers Livery Company supported us for the twelfth year running and the Aldo Trust, the Needlemakers Livery Company, the Scouloudi Trust, the Tanner Trust, the Taurus Foundation and the Michael Varah Memorial Fund also gave continued annual grant funding.

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

Financial Review

In 2020, Fine Cell Work's total incoming resources were £1,130,199, up 12.5% on the previous year as a result of the success of the auction. Donations and grant income were down 3.8% on 2019 and excluding auction proceeds, the income from the social enterprise was down 16% on last year.

Reserves Policy

The Trustees have established a policy whereby the unrestricted funds not committed in tangible assets held by the charity should be maintained at a level of four to six months of budgeted expenditure, currently equal to £535,000 for six months 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 or other changed circumstances. It remains a core aim to build and maintain Fine Cell Work's unrestricted reserves at this level.

Total reserves at the year end were £678,105 (2019 £598,874) of which £11,810 were restricted (2019 £9,287) and £666,295 unrestricted (2019 £598,874). Free reserves at year end were £636,062 (2019-£583,193).

Responding to Covid-19

The coronavirus (COVID-19) outbreak has caused extensive disruptions to organisations as well as economic activities globally with no exception for the UK.

We have considered the ongoing effects of the 2020/2021 outbreak of COVID-19 on the charity's operations and have concluded that whilst the impact will result in reduction to income, to mitigate against this, the Board approved a revised forecast for financial year, which includes a diversification of fundraising sources and have reviewed the charity's costs base and identified savings which have now been put in place.

The Trustees acknowledge and recognise the potential impact of the COVID-19 pandemic on the future operations of the charity, its members, beneficiaries, partners and stakeholders, and on wider society and note that the crisis has created economic, social and operational uncertainties which cannot be fully quantified or predicted in relation to a period of twelve months from the date of signing the financial statements.

Based on the current plans, assumptions and forecasts, whilst acknowledging there are inherent uncertainties and additional financial risks, the Trustees believe it is appropriate for the charity to continue to prepare the financial statements on the going concern basis.

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF FINE CELL WORK**

Statement of Trustees' Responsibilities

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

The trustees, who are also the directors of Fine Cell Work for the purpose of company law, are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard in the UK and Republic of Ireland'.

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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

On behalf of the Board of Trustees

Sophie Kingsley (Chair) 

^{SK}
Date 15/06/2021

**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 (the 'charitable company') for the year ended 31 December 2020 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. 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 2020 and of its incoming resources and application of resources, including its income and expenditure for the year
- 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 charitable company charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' Report and from the requirement to prepare a Strategic Report.

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.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance.

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

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

The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

The specific procedures for this engagement that we designed and performed to detect material misstatements in respect of irregularities, including fraud, were as follows:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of management and those charged with governance to identify any material instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work to address the risk of irregularities due to management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for evidence of bias.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

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.



Alexander Peal BSc (Hons) FCA DChA (Senior Statutory Auditor)

for and on behalf of

James Cowper Kreston,

8th Floor
Reading Bridge House
George Street
Reading
RG1 8LS

Dated: 15 July 2021

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE
ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Notes	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
<u>Income from:</u>					
Donations and grants	3	256,935	411,465	668,400	694,845
Charitable activities	4	460,937		460,937	308,893
Investment income		862		862	1,154
Total income		718,734	411,465	1,130,199	1,004,892
<u>Expenditure on:</u>					
Cost of Raising Funds	5	229,136		229,136	120,993
Charitable activities					
Prisoner Training & Support	5	422,177	408,942	831,119	922,232
Total expenditure	5	651,313	408,942	1,060,255	1,043,225
Net income/(expenditure)		67,421	2,523	69,944	(38,333)
Fund balances at 1 January 2020		598,874	9,287	608,161	646,494
Fund balances at 31 December 2020		666,295	11,810	678,105	608,161

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)**

**BALANCE SHEET
AS AT 31 DECEMBER 2020**

	Notes	2020		2019	
		£	£	£	£
Fixed assets					
Tangible assets	9		30,233		15,681
			<u>30,233</u>		<u>15,681</u>
Current assets					
Stocks		122,578		115,935	
Debtors	10	96,482		243,784	
Cash at bank and in hand		758,919		632,899	
		<u>977,979</u>		<u>992,618</u>	
Creditors: amounts falling due within one year	11	<u>(255,107)</u>		<u>(225,138)</u>	
Net current assets			722,872		787,480
Creditors: falling due after more than one year	12		<u>(75,000)</u>		<u>(175,000)</u>
Total assets less current liabilities			<u>678,105</u>		<u>608,161</u>
Income funds					
Restricted funds	15		11,810		9,287
Unrestricted funds	16		666,295		598,874
			<u>678,105</u>		<u>608,161</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to Accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Andrew Murray (Treasurer)
Trustee

Company Registration No. 03095356

The notes on pages 20 to 37 form part of these accounts.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

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.

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

Grants are included in the Statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors and deferred income. Where entitlement occurs before income is received, the income is accrued.

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 raising funds comprises those costs incurred in order to raise funds from external sources.

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 2020**

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	3 years straight line basis
Fixtures, fittings and equipment	3 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 Stock and work in progress

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

2.10 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.

2.11 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.

2.12 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.

2.13 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 instrument method.

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

2.14 Critical accounting estimates and areas of judgement

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 significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Critical areas of judgement:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the assets and projected disposal values.

**FINE CELL WORK
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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Income from donations and grants

	Unrestricted funds £	Restricted funds £	Total 2020 £	Total 2019 £
Donations and grants	<u>256,935</u>	<u>411,465</u>	<u>668,400</u>	<u>694,845</u>
Donations and grants				
Unrestricted funds:				
BC Partners			-	10,000
CHK Charities			5,000	-
Taurus Foundation			15,000	5,000
Leathersellers Livery Company			875	-
Dalby Trust			5,000	-
Third House Trust			20,000	-
Hiscox Foundation			-	2,000
Violet and Milo Cripps Trust			17,203	-
AB Trust			-	10,000
Adrian Swire			-	15,000
Bromley Trust			-	10,000
De lazlo Foundation			10,000	10,000
Hedley Foundation			-	7,500
Henry Oldfield Foundation			-	5,000
Permira Foundation			3,000	-
Seymour Strang Trust			1,000	-
Cath Kidston			-	10,000
The Mill Hills Charitable Trust			-	11,666
The Estate of P M Spater			-	41,352
Emerton-Christie Charity			3,000	-
Other grants and donations (<£5,000)			176,857	141,518
	<u>256,935</u>		<u>279,036</u>	

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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

3 Income from donations and grants (continued)

	Total 2020 £	Total 2019 £
Restricted funds:		
Anonymous	5,000	5,000
Bromley Trust	10,000	-
Lottery Fund	109,866	114,950
Evan Cornish Foundation	3,500	-
City Bridge Trust	4,875	55,875
Drapers Livery Company	15,000	20,000
Goldsmiths' Company Charity	30,000	30,000
1772 Trust	2,000	-
Alice Cooper Dean	3,000	-
Peter Stebbings Trust	7,500	-
Haberdashers' Livery Company	-	8,150
Westminster Foundation	19,999	34,270
Philip King Trust	10,000	10,000
John Lewis Foundation	-	16,000
Government Job Retention Scheme	12,447	-
Needleworkers Livery Company	2,000	-
Rathbone Trust	3,000	-
Newby Trust	3,000	-
Michael Varah Memorial Foundation	1,170	-
Garfield Weston Foundation	100,000	25,000
Rayne Foundation	20,000	20,000
Michael Varah Trust		10,123
Aldo Trust	5,000	5,000
Lloyds TSB	32,858	24,531
Worshipful Company of Broderers	5,000	-
Tanner Trust	5,000	5,000
Other donations & grants (<£5,000)	1,250	31,910
	<u>411,465</u>	<u>415,809</u>

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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

4 Income from charitable activities

	2020	2019
	£	£
Sale of prisoners' work	243,237	289,725
Auction proceeds of prisoners' work	226,100	-
Income from cell work	(8,400)	19,168
	<u>460,937</u>	<u>308,893</u>

5 Expenditure

	Staff costs	Depreciation	Other Costs	Total 2020	Total 2019
	£	£	£	£	£
Expenditure on:					
Costs of generating donations and grants	141,146	-	87,990	229,136	120,993
Charitable activities					
<u>Prisoner Training & Support</u>	398,685	14,542	300,156	713,383	759,772
Activities undertaken directly					
Support costs	-	-	117,736	117,736	162,460
	<u>539,831</u>	<u>14,542</u>	<u>505,882</u>	<u>1,060,255</u>	<u>1,043,225</u>

Analysis of support costs (including governance costs)

	2020	2019
	£	£
Rent	96,188	126,858
Governance costs	14,428	26,918
Insurance	7,120	8,684
	<u>117,736</u>	<u>162,460</u>

Included within support costs is £6,499 (2019: £6,055) in relation to audit fees for the current auditors.

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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

6 Statement of financial activities - Comparative funds – year ended 31 December 2019

	Unrestricted funds	Restricted funds	Total 2019
	£	£	£
<u>Income from:</u>			
Donations and grants	279,036	415,809	694,845
Charitable activities	308,893	-	308,893
Investment income	1,154	-	1,154
	<hr/>	<hr/>	<hr/>
Total income	589,083	415,809	1,004,892
	<hr/>	<hr/>	<hr/>
<u>Expenditure on:</u>			
Costs of generating donations and grants	120,993	-	120,993
Charitable activities			
Prisoner Training & Support	448,888	473,344	922,232
	<hr/>	<hr/>	<hr/>
Total expenditure	569,881	473,344	1,043,225
	<hr/>	<hr/>	<hr/>
Net income/(expenditure)	19,202	(57,535)	(38,333)
	<hr/>	<hr/>	<hr/>
Net movement in funds	19,202	(57,535)	(38,333)
	<hr/>	<hr/>	<hr/>
Fund balances at 1 January 2019	579,672	66,822	646,494
	<hr/>	<hr/>	<hr/>
Fund balances at 31 December 2019	598,874	9,287	608,161
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

7 Trustees and related party transactions

None of the trustees received any remuneration or reimbursed expenses during the year (2019: £nil).

8 Employees

Number of employees

	2020	2019
	Number	Number
The average monthly number of employees during the year was	<u>16</u>	<u>18</u>

Employment costs

	2020	2019
	£	£
Wages and salaries	484,400	392,626
Social security costs	42,309	39,542
Other pension costs	13,122	11,277
	<u>539,831</u>	<u>443,445</u>

There were no employees whose emoluments exceeded £60,000 in the year

The key management personnel of the charity comprises the founding director, executive director and finance director. The total employee benefits of key management personnel of the charity were £144,097 (2019: £132,841).

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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

9 Tangible fixed assets	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 January 2020	9,679	62,870	72,549
Additions	-	29,094	29,094
Fixed Assets written off	-	(6,132)	(6,132)
At 31 December 2020	9,679	85,832	95,511
Depreciation			
At 1 January 2020	7,591	49,277	56,868
Charge for the year	1,380	13,163	14,543
Fixed Assets written off		(6,133)	(6,133)
At 31 December 2020	8,971	56,307	65,278
Net book value			
At 31 December 2020	708	29,525	30,233
At 31 December 2019	2,088	13,593	15,681

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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

10 Debtors	2020	2019
	£	£
Trade debtors	14,141	35,353
Other debtors	18,070	94,424
Prepayments and accrued income	64,271	114,007
	<u>96,482</u>	<u>243,784</u>
	<u><u>96,482</u></u>	<u><u>243,784</u></u>
11 Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	4,596	26,114
Taxes and social security costs	20,530	25,914
Other creditors	3,164	1,928
Accruals and deferred income	226,817	171,182
	<u>255,107</u>	<u>225,138</u>
	<u><u>255,107</u></u>	<u><u>225,138</u></u>
12 Creditors: amounts falling due after more than one year	2020	2019
	£	£
Deferred grant income	75,000	175,000
	<u>75,000</u>	<u>175,000</u>
	<u><u>75,000</u></u>	<u><u>175,000</u></u>
13 Deferred Income	2019	2019
	£	£
Brought forward as at 1 st January 2020	275,000	-
Received in year	97,081	300,000
Released in year	<u>(100,000)</u>	<u>(25,000)</u>
Carried forward at 31 st December 2020	<u>272,081</u>	<u>275,000</u>
	<u><u>272,081</u></u>	<u><u>275,000</u></u>
14 Pension and other post-retirement benefit commitments		
Defined contribution		
There were £1,815 contributions (2019: £1,471 repayment due).		
	2020	2019
	£	£
Contributions payable by the charity for the year	<u>13,122</u>	<u>11,277</u>
	<u><u>13,122</u></u>	<u><u>11,277</u></u>

**FINE CELL WORK
(LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

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:

	Movement in funds				Balance at 31 December 2020 £
	Balance at 1 January 2020 £	Incoming resources £	Resources expended £	Transfers between funds £	
Developing post release employment and training support for prisoners	-	180,474	180,474	-	-
Open the Gates apprentice stipends	3,037	1,170	4,207	-	-
Prisoner training and awards	4,750	10,000	8,940	-	5,810
Staff furlough support	-	12,447	12,447	-	-
Volunteers expenses	-	9,000	9,000	-	-
Rent and core costs	-	34,999	34,999	-	-
Cell work core costs	1,500	48,500	44,000	-	6,000
Postage support	-	7,000	7,000	-	-
Staff resilience training	-	4,875	4,875	-	-
Social enterprise support	-	100,000	100,000	-	-
Prisoner newsletter	-	3,000	3,000	-	-
	9,287	411,465	408,942	-	11,810
	9,287	411,465	408,942	-	11,810

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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	Balance at 1 January 2019	Incoming resources	Movement in funds		Balance at 31 December 2019
	£	£	Resources expended	Transfers between funds	£
			£	£	
Developing post release employment and training support for prisoners	40,000	216,481	256,481	-	-
Open the Gates apprentice stipends	-	13,123	10,086	-	3,037
Prisoner Training and awards	754	16,050	12,054	-	4,750
Accreditation and development	8,481	-	8,481	-	-
Volunteer Manager's salary	4,000	-	4,000	-	-
Cell group core costs	5,370	81,750	85,620	-	1,500
Rent and core costs	-	34,270	34,270	-	-
Quilting Group	3,217	-	3,217	-	-
Social enterprise support	-	25,000	25,000	-	-
Prisoner newsletter	-	7,510	7,510	-	-
Staff resilience training	-	4,875	4,875	-	-
Volunteers expenses	-	16,750	16,750	-	-
Northeast volunteer expenses	5,000	-	5,000	-	-
	<u>66,822</u>	<u>415,809</u>	<u>473,344</u>	<u>-</u>	<u>9,287</u>

Prisoner training and awards

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

15 Restricted funds (continued)

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

The National Lottery, the Lloyds and the Rayne Foundations and The Philip King and The Peter Stebbings Trusts funded the development and delivery of post-release support for ex-prisoners.

Staff furlough

The Government Job Retention Scheme funded furlough staff salaries.

Staff resilience training

The City Bridge Trust funded staff resilience training.

Social enterprise support

The Garfield Weston Foundation funded the development of the social enterprise.

Rent and core costs

The Westminster Foundation and The Drapers company contributed towards rental and core costs.

Volunteers expenses

The Hames Roll Charitable, Rathbone Trust and an anonymous donor funded volunteer expenses.

Postage into and out of prison

The 1772 Trust and the Broderers' Company funded postage into and out of prison.

Prisoner awards

The Tanner Trust, Newby Trust and Needleworkers Livery Company contributed towards awards for prisoners.

Prisoner newsletter

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.

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(LIMITED BY GUARANTEE)**

**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

16 Unrestricted funds

	Balance at 1 January 2020	Incoming resources	Movement in funds Resources expended	Transfer between funds	Balance at 31 December 2020
	£	£	£	£	£
Unrestricted funds	<u>598,874</u>	<u>718,734</u>	<u>651,313</u>	<u>-</u>	<u>666,295</u>

	Balance at 1 January 2019	Incoming resources	Movement in funds Resources expended	Transfer between funds	Balance at 31 December 2019
	£	£	£	£	£
Unrestricted funds	<u>579,672</u>	<u>589,083</u>	<u>569,881</u>	<u>-</u>	<u>598,874</u>

**FINE CELL WORK
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**NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

17 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total 2020
	£	£	£
Fund balances at 31 December 2020 are represented by:			
Tangible fixed assets	30,233	-	30,233
Current assets	891,169	86,810	977,979
Creditors: amounts falling due within one year	(255,107)	-	(255,107)
Creditors: amounts falling due after more than one year		(75,000)	(75,000)
	<u>666,295</u>	<u>11,810</u>	<u>678,105</u>

	Unrestricted funds	Restricted funds	Total 2019
	£	£	£
Fund balances at 31 December 2019 are represented by:			
Tangible fixed assets	15,681	-	15,681
Current assets	808,331	184,287	992,618
Creditors: amounts falling due within one year	(225,138)	-	(225,138)
Creditors: amounts falling due after more than one year	-	(175,000)	(175,000)
	<u>598,874</u>	<u>9,287</u>	<u>608,161</u>

18 Commitments under operating leases

At 31 December 2020 the company had total commitments under non-cancellable operating leases payable as follows:

	Land and buildings		Other	
	2020	2019	2020	2019
	£	£	£	£
Within one year	95,000	118,448	-	1,370
Between two and five years	166,250	75,000	-	-
	<u>261,250</u>	<u>193,448</u>	<u>-</u>	<u>1,370</u>

19 Control

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