

THE CRAFT CENTRE & DESIGN GALLERY LIMITED

FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2023

Company Registration Number: 1685289

Charity Registration Number: 513457

THE CRAFT CENTRE & DESIGN GALLERY LIMITED
(Company Limited by Guarantee with Charitable Status)

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COMPANY INFORMATION

The board of management is pleased to present their 39th Annual Report together with the Financial Statements for the year ended 31 March 2023.

The financial statements comply with current statutory requirements, the memorandum and articles of association and the Charities SORP (Statement of Recommended Practice) FRS 102 "Accounting and Reporting by Charities" effective January 2015.

Reference and Administrative Information

Charity name:	The Craft Centre and Design Gallery Limited
Charity registration number:	513457
Company registration number:	1685289
Registered office and Operational address:	The Craft Centre and Design Gallery City Art Gallery The Headrow Leeds LS1 3AB

Board of Management

The charitable company ("the charity") had a board of 2 management members as at 31 March 2023. There were 4 trustees serving during the year:

Councillor Judith Elliot resigned May 2022
Honorary Alderman Bernard P Atha, CBE sadly passed away October 2022
Honorary Alderwoman Lucinda Yeadon (Chairperson)
Councillor Kayleigh Brooks (Deputy Chair)

Ex-Officio Member of the Board of Management

Vacant

Honorary Treasurer

Victoria Bradshaw, Chief Officer - Financial Services, Leeds City Council

Secretary

Corporate Governance Services, Leeds City Council

Artistic Director

Miss F Hoy, The Craft Centre & Design Gallery Limited.

Independent Examiners

Leeds City Council

Bankers

Virgin Money. 94-96 Briggate, Leeds, LS1 6NP

Shares

The charitable company has no share capital

BOARD OF MANAGEMENT REPORT

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

The Craft Centre and Design Gallery is a company limited by guarantee and a registered charity governed by Charity Law and the Charity Commission and its Memorandum and Articles of association dated 15 October 1982. It was established by the Leeds Arts Collection Fund with the support of the Council, the Memorandum of Association being signed by Councillor E Nash and Robert Rowe, Director of Art Galleries. The object of the charity is “to support the public educational purposes of the Leeds City Council Art Galleries by the understanding, appreciation and commission of good design”. In the event of the winding up of the charity each member of the Board of Management has guaranteed to contribute £1.

Appointment of the Board of Management

The directors of the company are also charity trustees for the purposes of charity law and under the company’s Articles are known as members of the Board of Management. The Members appoint the Board of Management, the chair of the board and other officers.

None of the trustees receives remuneration or other benefit from their work with the charity.

Trustee Induction and Training

New trustees are sent information regarding the charity, including a copy of the statement of accounts and a copy of the Charity Commission’s guide on “How to be an effective Trustee”. They meet the chairperson who introduces them to the charity.

In addition, new trustees will be encouraged to visit the Craft Centre & Design Gallery to see how its charitable objectives are achieved.

Risk Management

The main risk the charity faces would be a sudden and sustained decline in income from agency commission sales. The reserves policy takes account of this risk.

Organisational Structure & Day to Day Operations

The Board of Management of the charity is responsible for the strategic direction and policy of the charity.

The Artistic Director has the responsibility for the day to day operational management of the charity, individual supervision of the staff and also ensuring that the staff continue to develop their skills and methods of working in line with good practice. These areas of operations are also covered by the Manager.

Other staff have the responsibility for maximising the number of visitors to the Craft Centre by ensuring that the Craft Centre’s website is up to date and also by promoting the exhibitions through social media and several websites.

BOARD OF MANAGEMENT REPORT

OUR AIMS AND OBJECTIVES

Objects of the Charity

The objects of the charity are to stimulate the appreciation of, demand for and production of well-designed objects by commissioning, exhibiting and making available for sale such art and craft objects.

These aims and objectives are achieved by:

- exhibiting a broad range of high quality art and craft objects for the enjoyment, education and inspiration of our city
- providing much needed facilities for craft artists and designers to display and develop their creative powers
- encouraging a diverse range of audience attendance at our exhibitions
- enabling the ownership of original and high quality art and craft objects

The vision that shapes our aims and objectives remains clear: to add to the quality of life of the citizens of our city by expanding their horizons through the provision of exciting, challenging and accessible art and craft works.

Public Benefit

The Craft Centre and Design Gallery provides a unique artistic resource within the Leeds metropolitan area and our critically acclaimed exhibitions have earned a national reputation for exhibiting some of the most interesting and diverse examples of contemporary craft art and design.

Over the years, the gallery has exhibited and promoted the works of hundreds of designers, from the well renowned, to graduates just starting out. Their work has ranged from the traditional in technique, to items that are extremely innovative and even daring.

Our well attended exhibitions and showcases are free to all, with works of art available for purchase in all price ranges. To further support exhibiting artists and to encourage wider ownership of quality art, we also offer interest free loans for purchases under the 'Own Art' scheme run by the Arts Council England.

We have knowledgeable and highly skilled staff who are always available to discuss the art works and their production techniques, and who also offer help and useful advice to craft and design artists.

We have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the trustees consider how planned activities will contribute to the aims and objectives of the charity.

BOARD OF MANAGEMENT REPORT

FINANCIAL REVIEW

Results for the year

The operation of the charity for the year ended 31 March 2023 has resulted in a deficit of £52,521. This included IAS 19 Pensions costs of £27,000 which have been included within Charitable Activities. Excluding IAS 19 Pensions, the position is a deficit of £25,521 (2022: a total deficit of £57,812; £19,812 excluding IAS19 Pensions costs). The operating reserves, after adding the deficit for the year, are a deficit of £4,234 (2022: reserves of £23,264). Adjusting the accounts for the pension fund asset of £9,000 results in a positive balance of £4,766 (2022: negative balance of £284,736, after a £308,000 pension fund adjustment).

Pension Fund

The International Accounting Standard (IAS) 19 net asset as at 31 March 2023 of £9,000 represents the difference between the value of the Company's pension fund assets at 31 March 2023 and the estimated present value of the future pension payments to which it was committed at 31 March 2023. These pension assets will be paid out over a period of many years during which time the assets will continue to generate returns towards funding them. Any significant changes in global equity markets after 1 April 2023 would also have an impact on the capital value of the pension fund assets.

Disclosure on Going Concern status

The Board has reviewed the charitable company's financial position and its future outlook, and has concluded that it can no longer be satisfied that the company is a going concern. The financial position is such that, unless there is a significant change in circumstances, the Board is likely to have no realistic alternative but to cease the company's activities. The accounts have therefore not been prepared on a going concern basis. The Board is currently exploring all options before taking a decision on the future of the charitable company. As no firm decision has yet been taken, the carrying value of assets and liabilities remains in line with the company's previous accounting policies, which have not been amended.

The company was significantly affected by the impact of the Coronavirus pandemic and, despite being able to access government support, its financial position significantly deteriorated. The 2022/23 financial year has seen no improvement from the 2021/22 financial year. In the new post-pandemic environment, the directors recognise that the company's financial position is extremely challenging, and that significant action would be needed to modernise and adapt its operating model if it were to continue operating in the future. It is not clear whether the company has the capacity to make such significant changes as would be needed to secure its future.

The company's level of operational reserves after discounting the impact of pension assets (please see the explanation below) were in deficit at a negative £4,234.

The funds' surplus of £4,766 is after the addition of a net pension fund asset of £9,000 which represents the extent to which asset held by the West Yorkshire Pension Fund and attributable to the company outweigh the estimated value of its pension liabilities. This net asset is not realisable by the company for any other purpose other than to meet future pension costs. Under the terms of the Guarantee Agreement between Leeds City Council and the administering authority of the West Yorkshire Pension Fund dated 22 March 2001, Leeds City Council acts as Guarantor to the company in respect of its pension position. If the company ceased to operate, the pension asset of £9,000 would revert to Leeds City Council.

Investment policy

Under the memorandum and articles of association, the charity has the power to make any investment which the board of management sees fit.

BOARD OF MANAGEMENT REPORT

Events since the end of the year

With the sad passing of a trustee and the retirement of another trustee, the number of current trustees and members of the board has fallen below the minimum recommended levels. The remaining board, with the support of external consultants and the Council, are considering how to replenish the board and assessing how best to achieve the objectives of the charity and benefit the city of Leeds. In 2023/24 Councillor Jessica Lennox has been appointed to the board of management. The board of management are exploring all options before taking a decision on the future of the charity / company.

Reserves Policy

The Board recognise that the company requires appropriate levels of cash reserves and it is the policy of the company to maintain sufficient, unrestricted funds which are the free reserves of the charity, to cover short term running costs and/or to respond to emergencies for a period of approximately 3 months.

The reserves of the company of £4,766 is after the addition of a pension fund asset of £9,000. However, as the pension fund deficit would revert to Leeds City Council if the company ceased to operate, this in effect means the company has a negative reserve of £4,234.

The Board considers that the negative reserve of £4,234 is insufficient to meet its policy objectives and is exploring all options as noted above.

POLITICAL AND CHARITABLE DONATIONS

No political or charitable donations were made during the year.

THANKS

The Board wishes to thank the Artistic Director Florence, its staff, all the artists, crafters, designers and makers who had been showcased at the Gallery and note the artistic and charitable achievements over the years.

BOARD OF MANAGEMENT REPORT

INDEPENDENT EXAMINATION OF THE ACCOUNTS

For the year ending 31 March 2023 the trustees are satisfied that the charitable company is entitled to exemption from the provisions of the Companies Act 2006 (the Act) relating to the audit of the financial statements for the year by virtue of section 477, and that no member or members have requested an audit pursuant to section 476 of the Act.

The trustees acknowledge their responsibilities for:

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

Board of Management Responsibility in Relation to Financial Statements

Company and charity law requires the board of management to prepare financial statements that give a true and fair view of the state of affairs of the charity at the end of the financial year and of its surplus or deficit for the financial year. In doing so the board of management are required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- follow applicable accounting standards and
- prepare the financial statements on a going concern basis (see note above).

The board of management are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enables them to ensure that the financial statements comply with the Companies Act 2006. The board of management 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.

By order of the board of management:



(Councillor Jessica Lennox)


21/12/2023

Date

Registered Office:

The Craft Centre & Design Gallery Limited
City Art Gallery
The Headrow
LEEDS LS1 3AB

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF
THE CRAFT CENTRE & DESIGN GALLERY LIMITED

Report to the trustees/ members of	Craft Centre & Design Gallery Limited		
On accounts for the year ended	31 st March 2023	Charity no	513457
Set out on pages	10-21		
Respective responsibilities of trustees and examiner	<p>The trustees (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the accounts. The trustees consider that an audit is not required for this year under section 144(2) of the Charities Act 2011 (the 2011 Act) and that an independent examination is needed.</p> <p>Having satisfied myself that the charity is not subject to audit under company law and is eligible for independent examination, it is my responsibility to:</p> <ul style="list-style-type: none">• examine the accounts under section 145 of the 2011 Act,• to follow the procedures laid down in the general Directions given by the Charity Commission (under section 145(5)(b) of the 2011 Act, and• to state whether particular matters have come to my attention.		
Basis of independent examiner's statement	<p>My examination was carried out in accordance with general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair' view and the report is limited to those matters set out in the statement below.</p>		
Independent examiner's statement	<p>In connection with my examination,</p> <ol style="list-style-type: none">1. No matter has come to my attention which gives me reasonable cause to believe that in, any material respect, the requirements:<ul style="list-style-type: none">• to keep accounting records in accordance with section 386 of the Companies Act 2006; and• to prepare accounts which accord with the accounting records, comply with the accounting requirements of section 396 of the Companies Act 2006 and with the methods and principles of the Statement of Recommended Practice: Accounting and Reporting by Charities; have not been met ; or2. However, in order to enable a proper understanding of the accounts to be reached, attention should be drawn to the fact that the Board has concluded that the accounts should not be prepared on a going concern basis..		
Signed:		Date:	21/12/2023
Name:	Suleman Asghar - CPFA		
Relevant professional qualification(s) or body:	CIPFA - Chartered Institute of Public Finance and Accountancy		
Address:	Civic Hall, Leeds, LS1 1UR		

THE CRAFT CENTRE & DESIGN GALLERY LIMITED
(Company Limited by Guarantee with Charitable Status)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2023

Description	Note	Unrestricted Funds	Total Funds	Total Funds
		2023	2023	2022
		£	£	£
INCOME				
Income and Endowments from:				
Investments	3	758	758	26
Income from charitable activities	4	141,875	141,875	138,968
Other	5	640	640	23,583
	Total	143,273	143,273	162,577
EXPENDITURE				
Expenditure on:				
Charitable activities	6	(193,312)	(193,312)	(218,312)
Other	7	(2,482)	(2,482)	(2,077)
	Total	(195,794)	(195,794)	(220,389)
Net Income / (Expenditure)	14	(52,521)	(52,521)	(57,812)
OTHER RECOGNISED GAINS/(LOSSES)				
Actuarial gains/(losses)on Defined Benefit Pension Scheme	17	348,500	348,500	14,200
	Net movement in funds	295,979	295,979	(43,612)
RECONCILIATION OF FUNDS				
Total funds brought forward		(291,213)	(291,213)	(247,601)
	Total funds carried forward	4,766	4,766	(291,213)

The statement of financial activities includes all gains and losses recognised in the year.

All income expenditure are derived from continuing activities.

THE CRAFT CENTRE & DESIGN GALLERY LIMITED

(Company Limited by Guarantee with Charitable Status)

COMPANY REGISTRATION NUMBER 1685289

BALANCE SHEET AS AT 31 MARCH 2023

Description	Note	2023 £	2022 £
FIXED ASSETS			
Tangible Assets	9	1,625	2,173
CURRENT ASSETS			
Stocks - Goods for Resale	10	405	465
Debtors	11	396	0
Cash at Bank and in Hand	12	85,608	78,104
		86,409	78,569
LIABILITIES			
Creditors: Amounts Falling Due Within One Year	13	(92,268)	(57,478)
		(5,859)	21,091
Net assets or liabilities excluding pension asset or (liability)			
		(4,234)	23,264
Defined benefit scheme asset / (liability)	17	9,000	(308,000)
Net assets or liabilities including pension asset or (liability)			
		4,766	(284,736)
THE FUNDS OF THE CHARITY			
Unrestricted funds		4,766	(284,736)
		4,766	(284,736)

For the year ending 31st March 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

SIGNED ON BEHALF OF THE BOARD OF MANAGEMENT



(Councillor Jessica Lennox)

21/12/2023

Date

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom and International accounting standards, the Charities SORP (Statement of Recommended Practice) FRS 102 "Accounting and Reporting by Charities" effective January 2015 and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are as follows:

- (i) Income from charitable activities represents sales of goods, exclusive of value added tax. The Company's claim for exemption from taxes under Section 505 (1) Income and Corporation Taxes Act 1988 has been confirmed by the Inland Revenue.
- (ii) Depreciation is provided for in equal instalments calculated to write off the cost of fixed assets over their anticipated useful lives. Useful lives are:

Fixtures and Fittings	5 -10 years
Computer Equipment	5 years
- (iii) Stocks are stated at cost net of value added tax.
- (iv) Grant income is recognised in the accounts when the charity becomes unconditionally entitled to the grant, i.e. where entitlement is not conditional on the delivery of a specific performance by the charity.
- (v) The administrative and accounting policies and procedures of the charity are so closely linked to those of the City Council that it has been decided to make no charge for certain administrative expenses incurred by the Council during the year ended 31 March 2023. The decision follows upon that of the Council to maintain the amenity for the benefit of the city of Leeds.
- (vi) The charitable company contributes, in regard to a number of its employees, to the West Yorkshire Superannuation Fund, a funded defined benefit statutory scheme administered by the City of Bradford Metropolitan Council in accordance with the Local Government Superannuation Regulations 1988. The benefits provided to the employees concerned are based on final pensionable pay. Contributions are charged to the Statement of Financial Activities each year so as to spread the cost of pensions over employees' working lives with the charitable company.
- (vii) The company applies the provisions of FRS 102 in full to account for its financial instruments.
- (viii) The trustees have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the charitable company is small.
- (ix) The accounts have not been prepared on a going concern basis. However in practice this has not affected the carrying value of any of the assets or liabilities shown in the balance sheet.

(b) Fund accounting

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity. All funds of the charity are considered to be unrestricted.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

(c) Income

All income received are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- (i) Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is not conditional on the delivery of a specific performance by the charity, are recognised when the charity becomes unconditionally entitled to the grant.
- (ii) Investment income is included when receivable.
- (iii) Income from charitable trading activity are accounted for when earned.

(d) Expenditure

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

- (i) Costs of generating funds comprise the costs associated with trading for fundraising purposes.
- (ii) Charitable 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.
- (iii) Governance costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and costs linked to the strategic management of the charity.
- (iv) All costs are allocated to the Statement of Financial Activities on a basis designed to reflect the use of the resources. Costs relating to a particular activity are allocated directly, other support costs are apportioned to a particular activity as a percentage based on estimated staff time involved, as set out in note 6.

2. BOARD OF MANAGEMENT

No emoluments or reimbursement of expenses were paid by the charity to the board of management during the year.

3. INVESTMENTS

	Unrestricted Funds	Total Funds	Total Funds
	2023	2023	2022
	£	£	£
Special Interest Bearing Account (SIBA)-Interest in year	758	758	26
Total	758	758	26

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Agency Sales - Craft items	141,875	141,875	138,968
Total	141,875	141,875	138,968

5. OTHER

	Unrestricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Gift Vouchers expired	640	640	100
Arts Council grant and Furlough income	0	0	23,383
Total	640	640	23,483

**6. CHARITABLE
ACTIVITIES**

	Direct Pay £	Payments to Craft Artists £	Direct Costs £	Support costs £	Total 2023 £	Total 2022 £
Agency Commissions						
Operational Costs	(53,230)	0	(6,475)	(3,943)	(63,648)	(77,425)
IAS 19 Pensions Costs	0	0	(27,000)	0	(27,000)	(38,000)
Payments to Artists	0	(66,804)	0	0	(66,804)	(65,435)
	(53,230)	(66,804)	(33,475)	(3,943)	(157,451)	(180,860)
Exhibitions						
Operational Costs	(22,179)	0	(265)	(2,508)	(24,952)	(26,908)
Educational/Advisory Service						
Operational Costs	(9,404)	0	0	(1,505)	(10,909)	(10,544)
Total	(84,813)	(66,804)	(33,740)	(7,956)	(193,312)	(218,312)

7. OTHER

	Unrestricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Independent Examiner's and Audit fees	(1,667)	(1,667)	(1,667)
IAS 19 pension fund valuation fees	(815)	(815)	(410)
Total	(2,482)	(2,482)	(2,077)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

8. STAFFING

	2023	2023	2022
	£	£	£
(i) Staff Costs:			
Salaries and Wages	(78,538)	(78,538)	(78,772)
Social Security Costs	0	0	3
Pension Costs (see note 17)	(10,178)	(10,178)	(12,025)
Total	(88,716)	(88,716)	(90,794)

No employee earned more than £60,000 per annum.

(ii) The average number of people employed by the Charity during the year was:

	2023	2022
Manager	1	1
Assistants	6	6
Total	7	7

9. FIXED ASSETS

	Fixtures & Fittings	Computer	Total
ASSET COST	£	£	£
Balance brought forward	52,131	4,995	57,126
Additions	0	0	0
Disposals	0	0	0
Balance carried forward	52,131	4,995	57,126

ACCUMULATED DEPRECIATION

Balance brought forward	51,709	3,244	54,953
Charge for the year	106	442	548
Disposals during the year	0	0	0
Balance carried forward	51,815	3,686	55,501

NET BOOK VALUE

At 31 March 2023	316	1,309	1,625
At 31 March 2022	422	1,751	2,173

10. STOCK

	Breakages	Bags and Postcards	Total
	£	£	£
Balance brought forward	240	225	465
Additions	135	131	266
Stock sold/used /written off	(65)	(261)	(326)
Balance carried forward	310	95	405

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

11. DEBTORS

	2023	2022
	£	£
Trade debtors	396	0
Total	396	0

12. CASH AT BANK AND IN HAND

	2023	2022
	£	£
Bank Account	85,415	34,976
Credit Cards Holding Account	43	0
Petty Cash Float	150	150
Special Interest Bearing Account (SIBA)	0	42,978
Total	85,608	78,104

13. CREDITORS

	2023	2022
	£	£
Trade creditors	(10,902)	(21,716)
Leeds City Council	(78,782)	(33,673)
VAT	(2,584)	(2,089)
Total	(92,268)	(57,478)

14. OTHER NOTABLE ITEMS

The net incoming resources before other recognised gains and losses is arrived at after charging:

	2023	2022
	£	£
Independent Examiner and Audit Fees	(1,667)	(1,667)
IAS19 pension fund valuation	(815)	(410)
Depreciation	(547)	(547)

15. TRUSTEE REMUNERATION AND RELATED PARTY TRANSACTIONS

No members of the management committee received any remuneration during the year. No trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year (2023 – Nil).

Leeds City Council supports the board of management. The charity occupies premises within the City Art Gallery under licence from Leeds City Council, no charge for rent appears in these accounts. In addition the Council provides support services at no cost. At the year end the charity owed Leeds City Council £78,782 in respect of payments made on its behalf (2022 – £33,672). The charity previously deposited surplus cash balances with Leeds City Council at a commercial rate of interest. The balance of this deposit on 31 March 2023 was £0 (£42,979 at 31 March 2022).

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

16. CAPITAL COMMITMENTS

The charity had no capital commitments in the years ending 31 March 2023 and 2022.

17. PENSIONS

IAS 19 Accounting Results Schedule 31 March 2023

Employer:	The Craft Centre and Design Gallery Ltd
Fund:	West Yorkshire Pension Fund
Fund Administering Authority:	City of Bradford Metropolitan District Council
Prepared by:	Aon
Prepared for:	City of Bradford Metropolitan District Council

1 Results under IAS 19 (LGPS funded benefits)

The figures below relate to the funded liabilities within the fund which is part of the Local Government Pension Scheme. There are additional disclosures under IAS 19 and these have been set out in Section 5 of the Covering Report.

Date of the last full actuarial valuation of the employer's LGPS funded benefits	31 March 2022
Expected employer contributions next year (£M)	0.010
Duration of liabilities	26.4 years

Key assumptions	31 March 2023 % p.a.	31 March 2022 % p.a.	31 March 2021 % p.a.
Discount rate	2.70%	2.70%	2.10%
CPI Inflation	2.80%	2.80%	2.60%
Pension increases	2.80%	2.80%	2.60%
Pension accounts revaluation rate	2.80%	2.80%	2.60%
Salary increases	4.05%	4.05%	3.85%

Mortality assumption

The mortality assumptions are based on the recent actual mortality experience of members within the Fund based on analysis carried out as part of the 2019 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below.

	31 March 2023	31 March 2022
Males		
Member aged 65 at accounting date	21.6	21.8
Member aged 45 at accounting date	22.9	22.5
Females		
Member aged 65 at accounting date	24.6	24.6
Member aged 45 at accounting date	25.7	25.7

Asset allocation	Value at 31 March 2023			Value at 31 March 2022
	Quoted	Unquoted	Total	
Equities	66.1%	14.7%	80.8%	79.8%
Property	1.1%	2.2%	3.3%	4.0%
Government bonds	6.9%	0.0%	6.9%	7.4%
Corporate bonds	4.6%	0.0%	4.6%	4.8%
Cash	0.0%	2.3%	2.3%	2.9%
Other	0.0%	2.1%	2.1%	1.1%
Total	78.7%	21.3%	100.0%	100.0%

THE CRAFT CENTRE & DESIGN GALLERY LIMITED
(Company Limited by Guarantee with Charitable Status)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

Reconciliation of funded status to balance sheet	Value at 31 March 2023 (£M)	Value at 31 March 2022 (£M)
Fair value of assets	0.492	0.477
Present value of funded defined benefit obligation	0.483	0.785
Funded status	0.009	(0.308)
Unrecognised asset	0.000	0.000
Asset/(liability) recognised on the balance sheet	0.009	(0.308)

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	38%
Deferred Pensioners	48%
Pensioners	14%

Amounts recognised in profit and loss and other comprehensive income	Period ending 31 March 2023 (£M)	Period ending 31 March 2022 (£M)
Operating cost		
Current service cost	0.029	0.042
Past service cost (inc. curtailments)	0.000	0.000
Settlement cost	0.000	0.000
Financing cost		
Interest on net defined benefit liability / (asset)	0.008	0.008
Pension expense recognised in profit and loss	0.037	0.050

Remeasurements in other comprehensive income	Period ending 31 March 2023 (£M)	Period ending 31 March 2022 (£M)
Return on plan assets (in excess of) / below that recognised in net interest	0.009	(0.041)
Actual (gains)/losses due to changes in financial assumptions	(0.408)	(0.101)
Actual (gains)/losses due to changes in demographic assumptions	(0.002)	(0.008)
Actual (gains)/losses due to liability experience	0.057	0.008
Total amount recognised in other comprehensive income	(0.344)	(0.142)

Total amount recognised in profit and loss and other comprehensive income	(0.307)	(0.092)
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Allowance for administration expenses included in Current Service Cost (£M)	0.000	0.000
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Changes to the present value of the defined benefit obligation	Period ending 31 March 2023 (£M)	Period ending 31 March 2022 (£M)
Opening defined benefit obligation	0.785	0.825
Current service cost	0.029	0.042
Interest expense on defined benefit obligation	0.021	0.017
Contributions by participants	0.004	0.005
Actual (gains)/losses due to changes in financial assumptions	(0.408)	(0.101)
Actual (gains)/losses due to changes in demographic assumptions	(0.002)	(0.008)
Actual (gains)/losses due to liability experience	0.057	0.008
Net benefits paid out	(0.003)	(0.003)
Past service cost (inc. curtailments)	0.000	0.000
Net increase in liabilities from disposals/acquisitions	0.000	0.000
Settlements	0.000	0.000
Closing defined benefit obligation	0.483	0.785

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

Changes to the fair value of assets	Period ending 31 March 2023 (£M)	Period ending 31 March 2022 (£M)
Opening fair value of assets	0.477	0.413
Interest income on assets	0.013	0.009
Remeasurement (gains)/losses on assets	(0.009)	0.041
Contributions by the employer	0.010	0.012
Contributions by participants	0.004	0.005
Net benefits paid out	(0.003)	(0.003)
Net increase in assets from disposals/acquisitions	0.000	0.000
Settlements	0.000	0.000
Closing fair value of assets	0.492	0.477

Actual return on assets	Period ending 31 March 2023 (£M)	Period ending 31 March 2022 (£M)
Interest income on assets	0.013	0.009
Remeasurement gain/(loss) on assets	(0.009)	0.041
Actual return on assets	0.004	0.050

2 Estimated pension expense in future periods

We provide an estimate of the charges to the profit and loss account in future periods, based on the assumptions as at 31 March 2023 set out in Section 1. Comments on these approximate figures are set out in the Covering Report.

Funded Benefits

Analysis of amount charged to profit and loss	Period ending 31 March 2024 (£M)
Current service cost	0.011
Net interest on net defined benefit liability	(0.001)
Total estimated pension expense	0.010
Allowance for administration expenses included in Current Service Cost (£M)	0.000
Estimated pensionable payroll over the period (£M)	0.072

3 Sensitivity Analysis

The approximate impact of changing the key assumptions on the present value of the funded defined benefit obligation as at 31 March 2023 and the projected service cost for the period ending 31 March 2023 is set out below.

In each case only the assumption mentioned is altered; all other assumptions remain the same and are summarised in Section 1. We have not included sensitivity of unfunded benefits (where applicable) on materiality grounds.

Funded LGPS benefits

Discount rate assumption	+0.1% p.a.	Base figure	-0.1% p.a.
Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	0.470	0.483	0.496
% change in present value of total obligation	-2.6%		2.7%
Projected service cost (£M)	0.010	0.011	0.012
Approximate % change in projected service cost	-5.7%		5.9%

Rate of general increase in salaries	+0.1% p.a.	Base figure	-0.1% p.a.
Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	0.484	0.483	0.482
% change in present value of total obligation	0.2%		-0.2%
Projected service cost (£M)	0.011	0.011	0.011
Approximate % change in projected service cost	0.0%		0.0%

THE CRAFT CENTRE & DESIGN GALLERY LIMITED
(Company Limited by Guarantee with Charitable Status)

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption			
Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	0.495	0.483	0.471
% change in present value of total obligation	2.5%		-2.4%
Projected service cost (£M)	0.012	0.011	0.010
Approximate % change in projected service cost	5.9%		-5.7%

Post retirement mortality assumption			
Adjustment to mortality age rating assumption *	-1 year	Base figure	+1 year
Present value of total obligation (£M)	0.496	0.483	0.470
% change in present value of total obligation	2.6%		-2.6%
Projected service cost (£M)	0.011	0.011	0.011
Approximate % change in projected service cost	3.6%		-3.6%

* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them

4 Data summary

Funded benefits

The following data was provided by the Fund Administering Authority and / or the Employer and has been used to produce the results in this report. Details of the split of assets between the various asset classes were also provided by the Fund Administering Authority and are shown in Section 1. We have also shown some of the intermediate calculations used in evaluating the figures in this report.

Active members as at 31 March 2022

	Number	Total Pay (£M)
Total	10	0.087

Pensioner & deferred pensioner members as at 31 March 2022

Type	Number	Total pension (£M)
Deferred members	3	0.012
Pensioners and dependants	1	0.003

Funded cash-flow data provided

	Months Provided	Amount Provided (£M)	Amount Used (£M)
Employer – Normal contributions	11	0.009	
Employer – Additional capital contributions	11		
Employer – Early retirement strain on fund payments	11		
Total contributions by the Employer			0.010

Employee - Normal contributions	11	0.004	
Employee - Added years contributions	11		
Total contributions by participants			0.004

Transfers in	12		
Other income	12		
Transfers out	12		
Retirement lump sums	12		
Other outgo	12		
Death in service lump sums *	12		
Benefits paid (i.e. pension paid)	12	0.003	
Net benefits paid out **			0.003

* We have calculated the expected death in service lump sums over the year to be (£M)

0.000

** The 'Net benefits paid out' figure includes an allowance for expenses of (£M)

0.000

Any other approximations applied in deriving the "Amount Used" are set out in the Covering Report.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023 continued

National cashflows between employers in the Fund

		Amount Provided (£M) *	Amount Used (£M) *
Notional Transfers in	12		
Notional Transfers out	12		
Net notional transfers of assets			0.000

Prior year adjustments

	Amount (£M) *
Allowance for additional data in relation to the cashflows provided for the prior year	0.000

Annualised pensionable payroll over the accounting period

	(£M) *
Period ending 31 March 2023	0.069
Period ending 31 March 2022	0.084

* The annualised pensionable payroll has been derived from the contributions paid over the relevant accounting period

Calculation of assets at the balance sheet date

	(£M) *
Asset Value at 31 March 2023	0.491
Unit Price at 31 March 2023	1.7275
Unit Price at 31 March 2022	1.7219
Total known to 31 March 2023	0.3%
Total return since the valuation as at 31 March 2022*	0.3%

*This return has been used to roll forward the assets notionally allocated to the Employer at the 2022 Valuation.

Information relating to the 2022 triennial valuation of the LGPS scheme

	(£M) *
Notional assets (£M)	0.480
Notional assets as a proportion of the whole Fund assets at 31 March 2022 (%)	0.00%