

Sara Davies' firm Crafter's Companion acknowledges 'challenging year' during pandemic

North East hobby business Crafter's Companion has seen revenues rise during a "challenging year" for its growth plans, as Covid-19 triggered a raft of cost pressures.

Dragons' Den and Strictly Come Dancing star Sara Davies launched the Newton Aycliffe-based business in 2005, while she was still at York University, starting it with a simple envelope maker that went down a storm on TV shopping channels.

Now the firm, which marked its 16th birthday this year, has more than 200 employees in the UK and US and sells its papercraft products in more than 40 countries worldwide through its online business and a network of bricks-and-mortar shops.

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Accounts have just been published for the year ended March 31 in which managing director Simon Davies – Ms Davies' husband – notes a number of challenges, including increased competition and high importing tariffs.

Turnover rose from £34.1m to £38.3m, but operating profit dropped from £1.8m to £485,382 and total income for the year dropped from £1.368m to £118,742 after absorbing extra costs.

Sales for the UK grew from £17.8m to £22.7m – growth of 28% year-on-year – but dipped by 8.5% from £16.2m to £15.6m in the US.

During the year Mr Davies said trading relations between the

US and China hit the US business with high tariffs for importing Chinese products, knocking the bottom line by £700,000.

A steep rise in the cost of air freight of online parcels to the US, as the effects of Covid started to take hold and availability of commercial airfreight dropped, impacted profits by a further £900,000, and in the final quarter the logistics chain was further hit by rising containers costs from China, adding a further hit of £170,000.

Despite the fall in profits, the firm used the accounts to highlight ambitious growth plans for the business.

Mr Davies said: "In the UK the increase was predominantly due to increased activity online and through and an increased presence on Amazon marketplaces. We realised a full year of increased trading activity from our US website and launched our own livestreaming channel to deliver live educational content globally. Both of which have been a resounding success, growing revenue 224% year on year.

"Elsewhere bricks and mortar trading experienced difficult trading due to Government imposed Covid lockdowns. The results for FY21 are understandably impacted by Covid-19, after multiple national lockdowns in the UK and the US impacted on the vast majority of our 'non-essential' wholesalers and own retail stores.

"This has been a challenging year in our growth plan in which we have rationalised the business to stay lean on costs. We have also repurposed our Aycliffe retail store in the UK to become a purpose built TV studio to allow us to stream our content globally from one fixed location. As a result of these operational changes UK staff numbers have reduced from 171 to 169 and US from 38 to 32 taking our global employee base to 201 as at 31 March 2021.

"We have made significant progress in our growth strategy

globally throughout the year and have built the foundations to further continue this growth.”

During the year the firm also acquired US craft storage seller Totally Tiffany.

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