

**THE FACTORY YOUTH ZONE  
(MANCHESTER) LIMITED**  
**(A company limited by guarantee)**  
**Trustees' Report and Financial  
Statements**  
**For the year ended 31 March 2013**

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED  
TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**OFFICERS, PROFESSIONAL ADVISERS AND ADMINISTRATIVE INFORMATION**

**CHARITY NAME**

The Factory Youth Zone (Manchester) Limited

**CHARITY REGISTRATION NUMBER**

1134580

**COMPANY REGISTRATION NUMBER**

07025561

**REGISTERED OFFICE**

The Factory Youth Zone  
931 Rochdale Road  
Manchester  
M9 8AE

**BANKERS**

Co-operative Bank  
PO Box 250  
Delf House  
Skelmersdale  
WN8 6WT

**AUDITOR**

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
2 Hardman Street  
Manchester  
M3 3HF

**DIRECTORS & TRUSTEES**

John Bentley	
Peter Chambers	(resigned 2 April 2013)
Mark Hovell	
James Smith	
Alan Sturrock	(resigned 5 August 2013)
Katharine Vokes	
Thomas Russell	(appointed 30 July 2013)

**CHIEF EXECUTIVE**

Paul Bird

# **THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**

## **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

### **TRUSTEES' REPORT**

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their annual report and the audited financial statements for the year ended 31 March 2013

In addition to the requirements of the Companies Act 2006, the financial statements comply with the Charities Act 2011, the memorandum and articles of association and the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities

### **OBJECTIVES AND ACTIVITIES**

#### **Objectives**

The Factory Youth Zone's objectives continue to be helping and educating young people of all abilities, resident in Harpurhey and the surrounding wards of North Manchester, through the provision of sports, arts and recreation activities, mentoring, and employability support designed to provide them with the opportunities to fulfil their physical and spiritual potential and grow to become adults capable of owning and improving their life conditions

#### **Activities**

The charity delivers its objectives through the operation of a £5 million purpose built Youth Zone, situated in Harpurhey, North Manchester, one of Greater Manchester's most socially and economically deprived wards. It offers young people somewhere to go, something to do and someone to talk to in a safe environment providing a huge range of positive activities for a minimal charge per visit

The Factory engages with young people of all abilities aged 8 to 21 by providing first class sports, dance, music, media, arts, and recreation activities which empower them to build greater self confidence and self esteem, develop positive relationships, raise and achieve their aspirations, develop self discipline, resilience and trust and live happier healthier lives

The Factory offers the following facilities and activities

- a multi-use outdoor all weather sports-grass pitch which regularly hosts five-a-side football matches,
- a full size four-court Sports Hall with eight metre high climbing wall for mixed sports including indoor football and cricket, trampolining, basketball, hockey, badminton skateboarding, BMX biking, dodgeball and netball,
- a Dance Studio for Street, Hip-hop and Contemporary Dance, choreography and dance leadership,
- a Boxing Gym and martial arts facility with beginner and advanced sessions. Members also benefit from training equipment including floor to ceiling punch bags,
- a fully equipped state-of-the-art fitness suite with 16 of pieces of cardio vascular equipment, 12 weight resistance machines and a free-weights area,
- a Theatre to deliver drama and theatrical training and productions,
- a Music Studio offering recording, producing, mixing, rapping, MC-ing, singing, karaoke and DJ facilities and instrument coaching for guitar, drums and keyboard,
- a fully equipped radio station for members to record and broadcast their own shows,
- a café offering home cooked food at discounted prices,
- an Enterprise programme where young people can get support looking for jobs and work experience placements and help writing their CVs or enhancing their interview skills, and
- an Arts area offering writing, nail-art, fashion, textile, photography and cooking projects

#### **Volunteers**

In addition to employing full and part time staff The Factory Youth Zone is also reliant on the support of volunteers who attend specific sessions to engage with young people in sports, arts and recreation. We have recruited 200 volunteers since opening and currently have 120 registered volunteers with a desire to increase this to 150

# **THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

## **TRUSTEES' REPORT (continued)**

### **ACHIEVEMENTS AND PERFORMANCE**

The Factory Youth Zone (Manchester) Limited, referred to as The Factory, has made significant progress in the last 12 months, achieving most of the objectives it set for the year. Specifically:

- Memberships has grown to a steady 2,300 members with 54% Senior membership (13 -21 but extended to 25 with disability / learning difficulty) and 46% Junior membership (8 – 12)
- 20 Sports / Performing Arts / and Recreation activities are delivered every evening session
- The Factory has secured the financial support of its Patrons and is actively recruiting additional supporters
- After school clubs now run every weekday during term time (3.30 – 5.30) with average attendance of 35 young people and Holiday Club programmes run every holiday period (9.30 – 4.30) with attendances averaging 60 young people
- The Factory has run 3 residential programmes versus the targeted 4 but is now negotiating a residential programme for 2014 with The Outbound Trust, funded by The Oglesby Trust
- The Factory's Youth Forum is developing well and a Young Leaders Programme has been developed which encourages young people to volunteer at the Youth Zone. There are also 2 girls groups (Seniors and Juniors) who are reviewing what The Factory offers to young women
- To date the Factory has recruited, trained and developed over 200 volunteers but currently has 120 of whom 65 are active every week. A programme is underway to significantly increase parent and community volunteers and to work with the local Housing Association to use volunteering as a vehicle to getting the long term unemployed back to work
- The Factory's Mentoring Programme is well underway with 25 young people now receiving one hour a week of mentoring from a trained volunteer. Each mentoring relationship is designed to last for 12 months
- The Factory now has a fulltime Employability Co-ordinator who runs workclubs 4 times a week. The Factory also works closely with its business supports to provide apprenticeships, jobs and work experience opportunities. In the last 6 months over 30 young people have been placed in full, part time or temporary employment
- The Factory now provides its own employability programme and has secured funding from Accenture to train 75 young people in 2014. The Factory is also now accredited to run the PEARL programme which forms an integral part of the work club programme
- The Factory has yet to develop its own Enterprise project but preparations have begun with young people regularly involved in fundraising activities to raise funds for their own projects e.g. a Paris trip
- The Factory continues to support the fight against obesity and dangerous lifestyles. Its café provides healthier home cooked food options and regularly runs cooking sessions for young people to teach them the basics of cooking and healthy eating. In 2014 The Factory plans to open its café to the community to promote healthier eating
- The Factory has very close links with local schools and the local community playing an active part on the Council's Strategic Regeneration Framework Committee which oversees development in the area. Local groups and schools use The Factory every week and plans are underway to forge a closer link with other youth service providers including faith and uniformed groups

The board comprises directors / trustees and members with a broad range of commercial, finance, marketing, legal and governance skills with representatives from Manchester City Council's Children's Services and Regeneration teams in addition to a local councillor. Plans are underway to add 4 new Board members who will bring HR / Employment / Finance and Legal and Governance skills to the Board.

During the year The Factory added a Theatre to its repertoire by converting its garage with funding secured from the local council cash grant scheme. Plans are now underway to develop a Youth Theatre. In addition funding has been secured from the same source to fund the conversion of The Factory's café into a Community Café offering all members of the community a café service until 3pm every day.

# THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED TRUSTEES' REPORT AND FINANCIAL STATEMENTS

## TRUSTEES' REPORT (continued)

### ACHIEVEMENTS AND PERFORMANCE (continued)

The Board are delighted that The Factory now plays a significant part in the regeneration of North Manchester and is demonstrating its ability to raise the aspirations, confidence and achievements of the young people who live there. The Board is aware however that in the current economic climate attracting new corporate funders and raising funds through events is essential but increasingly challenging and is therefore focussing on fundraising as its top priority. This has already resulted in funding being received from a number of Trusts and Grants including St James Place, Peter Kershaw Trust, Garfield Weston, The Oglesby Charitable Trust, The Big Lottery, Accenture and The Linbury Trust and further applications are currently placed with many other funders including Children in Need and The Henry Smith Foundation. The Factory has also received a donation from The Queens Trust following the visit of The Queen and Duke of Edinburgh to The Factory in November 2013.

### FINANCIAL REVIEW

#### Financial performance

A summary of the Income and Expenditure is as follows

		Unrestricted £	Restricted £	Total £
<b>TOTAL INCOMING RESOURCES</b>		788,156	153,190	941,346
<b>TOTAL RESOURCES EXPENDED</b>		937,295	124,055	1,061,350
<b>NET (OUTGOING)/INCOMING RESOURCES</b>		(149,139)	29,135	(120,004)
Total funds brought forward	15	737,648	35,000	772,648
Total funds carried forward	15	588,509	64,135	652,644

Performance for the year was consistent with the forecast and expectations set at the beginning of the year. Reserves carried forward into 2013/14 are £652,644.

During the period ended 31 March 2013, incoming resources were £941,346, of which £153,190 were restricted funds for specific projects. Unrestricted funds of £788,156 were secured and include a £400,000 contribution from Manchester City Council. The majority of the balance of unrestricted funds were private donations, catering and fees income. Funds raised at events contributed £15,113 to unrestricted incoming resources.

Resources expended were in line with forecast. Regular cost reviews are undertaken to ensure best value is achieved.

The Board has appointed a fulltime corporate fundraiser and the planned implementation of a Community Café and other additional chargeable services lead to an expectation that income levels will rise to match expenditure over the next two financial years resulting in a breakeven position in 2014/15.

#### Reserves policy

The Board of Trustees of The Factory Youth Zone (Manchester) has established a reserves policy, in compliance with which it will annually review both the sum it wishes to hold in reserve in the unrestricted budget, and the basis for that figure. The reserves figure has a lower limit expectation of £300k and a higher limit expectation of £500k. The current financial year has maintained the lower limit with the current position being £396k. The Trustees continually strive to manage the charity's finances so that an adequate level of reserves can be maintained in compliance with the reserves policy.

# **THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

## **TRUSTEES' REPORT (continued)**

### **PLANS FOR THE FUTURE**

The primary objectives of The Factory Youth Zone over the next 12 months are

- To continue to build membership to 2,500 members
- To continue delivering 20 Sports / Performing Arts / and Recreation activities every session
- To seek additional public and private sector funding
- To develop a Young leaders programme with residential programmes which will create 30 Young Leaders
- To increase the number of young women attending and regularly engaged in activity at The Factory
- To increase volunteers to at least 150
- To extend the Mentoring Programme beyond the initial 25 young people
- To develop an Employability programme capable of helping 60 young people a year find meaningful work
- To develop closer links with the local community and promote community action programmes

### **DIRECTORS AND TRUSTEES**

The trustees who served during the year and thereafter are listed on page 1

### **STRUCTURE, GOVERNANCE AND MANAGEMENT**

#### **Governing document**

The Factory Youth Zone (Manchester) Limited is a company limited by guarantee without share capital, and registered under the Companies Act. The company is governed by its Memorandum and Articles of Association, dated 27 August 2009. Management of the company's affairs is vested in the co-trustees.

In the event of a winding up, the present members and those who have ceased to be a member within one year of such an event have guaranteed the liabilities of the company to the sum not exceeding one pound each.

#### **Recruitment and appointment of trustees**

New trustees are recruited according to the needs of the charity and the suitability of possible candidates. A unanimous approval of the existing Board of Trustees would lead to their appointment.

The Memorandum and Articles of Association states that the number of trustees shall have no maximum and shall not be less than three.

Full details of the rules are contained in the company's Memorandum and Articles of Association, which may be inspected at the registered office.

#### **Induction of trustees**

Newly appointed trustees are provided with a comprehensive induction to The Factory through the provision of in-house training.

#### **Organisational structure**

The Factory is governed by its Board of Trustees, which is responsible for setting the strategic direction of the organisation, and the policy of the charity. The trustees carry the ultimate responsibility for the conduct of The Factory, and for ensuring that the charity satisfies its legal and contractual obligations. The trustees meet on a bi-monthly basis.

# **THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**

## **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

### **TRUSTEES' REPORT (continued)**

#### **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

##### **Organisational structure (continued)**

The day to day management of the Factory is delegated to the Chief Executive, Mr Paul Bird, who is required to report to the Trustees on performance against agreed objectives in the following areas

- financial performance,
- fundraising,
- membership levels,
- operational performance,
- staff training and development,
- marketing and communications,
- administration and IT issues,
- health and safety, and
- risk analysis (including safeguarding and child protection issues)

##### **Wider network**

Whilst The Factory is an independent charity it is closely affiliated with the charity Onside Youth Zones (previously called Onside North West Limited), Charity Commission registration number 1125893) Onside Youth Zones was set up to raise public and private funding to develop independent Youth Zones based on the model pioneered by Bolton Lads and Girls Club

The Factory facility was built by Onside Youth Zones with £5m of funding from the Government's My Place programme managed by The Big Lottery Whilst The Factory operates independently on a day to day basis, it has a close relationship with Onside's other Youth Zones This close relationship ensures the sharing of expertise, policies, procedures and best practice

The Factory also has informal working relationships with other providers of youth services in North Manchester and works closely with the Manchester City Council Teams in Regeneration, Children's Services Complex Families and Health

##### **Risk management**

The Trustees have considered the principal risks to which the charity is exposed and consider these to be

- Failure to secure budgeted income from corporate funders and fundraising activities
- The possibility of Manchester City Council reducing its £400k year contribution to The Factory when the current agreement expires in March 2014

In response to these identified risks The Board have taken the following actions

- strengthened the Board through the recruitment of a new Board member with extensive financial expertise,
- established a Fundraising sub committee to supervise all fundraising activity,
- introduced close monitoring of the charity's cash flow and reserves,
- begun negotiations with Manchester City Council to secure their continued financial support,
- begun negotiations with The Factory's current Patrons to secure their continued financial support, which are progressing positively,
- initiated a full cost review at The Factory to identify potential savings,
- implemented a plan to deliver a Community Café which will generate additional revenues for The Factory in early 2014, and
- improved The Factory's day time revenue generation by securing bookings from local schools, Manchester College and Manchester City

The Board remain confident that this support will continue although potentially at a slightly lower level



# **THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**

## **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

### **TRUSTEES' REPORT (continued)**

#### **PUBLIC BENEFIT**

The activities of the charity are undertaken to further its charitable purposes for public benefit. The provision of a high quality facility for young people responds to a clear, ongoing demand from young people, parents and the wider community for more and better places for young people to go. The facility focuses on attendance and affordable access to all the facilities that are provided. This will lead to improved achievement and enhanced aspirations amongst young members of the local community. Those attending The Factory Youth Zone will be happier, healthier and make more constructive use of their leisure time. This will, it is hoped, lead to greater motivation for each to succeed, and help reduce nuisance and anti-social behaviour. Longer term public benefits will include improved health, reduced crime, enhanced learning and employability, and greater community cohesion.

The trustees have complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charity Commission.

#### **EQUAL OPPORTUNITIES**

The Factory Youth Zone is an equal opportunities employer and aims to create an environment in which all people are fully valued.

#### **DISABILITIES**

The Factory Youth Zone welcomes young people of all abilities and encourages their open participation free from discrimination. The Factory Youth Zone also employs an Inclusion Co-ordinator to work with young people who require additional support.

#### **GOING CONCERN**

After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the statement of accounting policies in the financial statements.

#### **AUDITOR**

Each of the persons who are Trustees of the charitable company at the date of approval of this report confirms that

- so far as the Trustee is aware there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustee has taken all the steps that he or she ought to have taken as a Trustee in order to make himself or herself aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

This conformation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Trustees  
and signed on behalf of the Board



Katharine Jane Vokes  
Chair to the Board of Trustees  
17 December 2013

# **THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**

## **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

### **STATEMENT OF TRUSTEES' RESPONSIBILITIES**

The trustees (who are also directors of Factory Youth Zone (Manchester) Limited for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements the trustees are required to

- select suitable accounting policies and then apply them consistently,
- observe the methods and principles in the Charities SORP,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**

We have audited the financial statements of Factory Youth Zone (Manchester) Limited for the year ended 31 March 2013 which comprise the Statement of Financial Activities, Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities on page 8, 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.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the trustees, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended,
- 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,

### **Opinion on other matter prescribed by the Companies Act 2006**

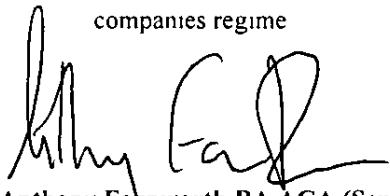
In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED (CONTINUED)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us,
- the financial statements are not in agreement with the accounting records and returns,
- certain disclosures of trustees' remuneration specified by law are not made,
- we have not received all the information and explanations we require for the audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime



**Anthony Farnworth BA ACA (Senior Statutory Auditor)**

**for and on behalf of Deloitte LLP**

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

**19 DECEMBER 2013**

**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL ACTIVITIES**

**For the year ended 31 March 2013**

				18 month period ended
		Unrestricted funds	Restricted funds	2013 Total funds
	Note	£	£	31 March 2012 Total funds £
<b>INCOMING RESOURCES</b>				
Incoming resources from generated funds				
Voluntary income	2	662,832	15,500	678,332
Activities for generating funds	3	43,828	-	43,828
Investment income	4	1,294	-	1,294
		<u>707,954</u>	<u>15,500</u>	<u>723,454</u>
Incoming resources from charitable activities	5	80,202	137,690	217,892
		<u>80,202</u>	<u>137,690</u>	<u>18,599</u>
<b>TOTAL INCOMING RESOURCES</b>		<u>788,156</u>	<u>153,190</u>	<u>941,346</u>
<b>RESOURCES EXPENDED</b>				
Cost of generating funds				
Costs of generating voluntary income	6	12,414	-	12,414
Investment management costs	7	-	-	-
Costs of charitable activities	8	891,808	124,055	1,015,863
Governance costs	9	33,073	-	33,073
		<u>937,295</u>	<u>124,055</u>	<u>1,061,350</u>
<b>TOTAL RESOURCES EXPENDED</b>		<u>937,295</u>	<u>124,055</u>	<u>1,061,350</u>
<b>NET (OUTGOING)/INCOMING RESOURCES</b>		(149,139)	29,135	(120,004)
<b>Total funds brought forward</b>	15	<u>737,648</u>	<u>35,000</u>	<u>772,648</u>
<b>Total funds carried forward</b>	15	<u>588,509</u>	<u>64,135</u>	<u>652,644</u>

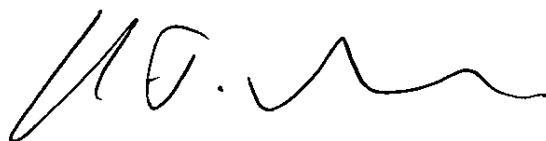
The above results are derived from continuing operations (2012 same) All gains and losses recognised in the year and preceding year are included above

**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**BALANCE SHEET**  
**As at 31 March 2013**

	Note	Unrestricted funds £	Restricted funds £	31 March 2013 Total £	31 March 2012 Total £
<b>FIXED ASSETS</b>					
Tangible assets	11	4,371	975	5,346	-
<b>TOTAL FIXED ASSETS</b>		<u>4,371</u>	<u>975</u>	<u>5,346</u>	<u>-</u>
<b>CURRENT ASSETS</b>					
Debtors	12	79,625	-	79,625	413,194
Cash at bank and in hand		553,856	63,160	617,016	370,657
Stocks	13	1,470	-	1,470	-
<b>TOTAL CURRENT ASSETS</b>		<u>634,951</u>	<u>63,160</u>	<u>698,111</u>	<u>783,851</u>
<b>CREDITORS: amounts falling due within one year</b>	14	(50,813)	-	(50,813)	(11,203)
<b>NET CURRENT ASSETS</b>		<u>584,138</u>	<u>63,160</u>	<u>647,298</u>	<u>772,648</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES / NET FUNDS</b>		<u>588,509</u>	<u>64,135</u>	<u>652,644</u>	<u>772,648</u>
<b>FUNDS OF THE CHARITY</b>					
Unrestricted funds	15	588,509	-	588,509	737,648
Restricted income funds	15	-	64,135	64,135	35,000
<b>TOTAL FUNDS</b>	15	<u>588,509</u>	<u>64,135</u>	<u>652,644</u>	<u>772,648</u>

The financial statements of The Factory Youth Zone (Manchester) Limited, charity number 1134580 and company number 07025561, were approved by the Board of Trustees on 17 December 2013, and signed on its behalf by



Katharine Jane Vokes  
Chair to the Board of Trustees

# THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED

## TRUSTEES' REPORT AND FINANCIAL STATEMENTS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2013

#### 1. ACCOUNTING POLICIES

##### **Basis of accounting**

The financial statements are prepared under the historical cost convention in accordance with the methods and principles set out in the Statement of Recommended Practice "Accounting by Charities" (SORP 2005) issued in March 2005 and applicable United Kingdom accounting standards and the Companies Act 2006

The particular accounting policies adopted by the trustees are described below

##### **Going concern**

The charity's activities, together with the factors likely to affect its future development, performance and position are set out in the Trustees Report which also describes the financial position of the charity including its cash, investments and reserves policy. The charity forecasts and projections, taking account of reasonably possible changes in donations, legacies, fundraising activities and other income, show that the charity should be able to operate with the current level of reserves it has. After making enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual report and financial statements.

##### **Cash flow statement**

The charity has taken advantage of the exemption granted to small companies under Financial Reporting Standard No 1 and in line with the Charities SORP not to prepare a cash flow statement.

##### **Change of categories of income and expenditure**

In the current year, income and expenditure that was previously presented as relating to generated funds has been categorised as charitable to better reflect the nature of the underlying transactions.

##### **Incoming resources**

All income is recognised in the statement of financial activities when the conditions for receipt have been met and there is reasonable assurance of receipt. The following accounting policies are applied to income.

##### *Voluntary income*

Voluntary income is received by way of donations and gifts and is included in full in the Statement of Financial Activities when receivable.

##### *Activities for generating funds*

Income from fundraising events and surplus room hire is recognised when receivable.

##### *Incoming resources from charitable activities*

Charitable income is income received by way of annual membership fees and secondary spend and is included in the income and expenditure account on receipt. Grants acquired for specific services are included within charitable activities when receivable.

##### *Investment interest*

Investment interest is included in the income and expenditure account on receipt.

##### **Resources expended and allocation of costs**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

The charity's operating costs include staff costs, premises costs and other related costs. Such costs are allocated between cost of generating funds and charitable expenditure. Staff costs are allocated according to the costs of staff working directly in the relevant activity and property costs are allocated according to the space used by each activity.

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2013**

**1. ACCOUNTING POLICIES (continued)**

**Resources expended and allocation of costs (continued)**

Where costs are not directly attributable to any activity, they have been apportioned using an appropriate basis

*Cost of generating funds*

The costs associated with fundraising activities and expenditure incurred during fundraising events

*Charitable expenditure*

Costs of activities in furtherance of the charity's objects include all expenditure directly related to the objects of the charity

*Governance costs*

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements

**Fund accounting**

The charity maintains various types of funds as follows

*Unrestricted funds*

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity

*Designated funds*

Designated funds are allocated out of unrestricted funds by the trustees for specific purposes. The use of such funds is at the trustees' discretion

*Restricted funds*

Restricted funds are funds which have been given for a particular purpose and projects

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation which is provided in equal annual instalments over the estimated useful lives of the assets. No depreciation is charged on freehold land or assets in the course of construction. The useful economic lives are as follows

Freehold land and buildings	50 years
Fixtures, fittings and equipment	3 years

**Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items

**Pensions**

The charity funds money purchase schemes for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the statement of financial activities



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2013**

**2. VOLUNTARY INCOME**

	Unrestricted £	Restricted £	31 March 2013 £	18 month period ended 31 March 2012 £
Donations	72,832	-	72,832	33,964
Trusts and grants	545,000	15,500	560,500	912,000
Legacies	45,000	-	45,000	75,000
	<u>662,832</u>	<u>15,500</u>	<u>678,332</u>	<u>1,020,964</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted £	Restricted £	31 March 2013 £	18 month period ended 31 March 2012 £
Fundraising events	15,113	-	15,113	-
Room hire	28,715	-	28,715	-
	<u>43,828</u>	<u>-</u>	<u>43,828</u>	<u>-</u>

**4. INVESTMENT INCOME**

	Unrestricted £	Restricted £	31 March 2013 £	18 month period ended 31 March 2012 £
Bank interest	<u>1,294</u>	<u>-</u>	<u>1,294</u>	<u>316</u>

**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2013**

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted £	Restricted £	31 March 2013 £	18 month period ended 31 March 2012 £
Membership fees	10,590	-	10,590	5,782
Session fees	30,049	-	30,049	4,535
Grants	-	137,690	137,690	-
Catering income	39,563	-	39,563	8,282
	<u>80,202</u>	<u>137,690</u>	<u>217,892</u>	<u>18,599</u>

**6. COSTS OF GENERATING VOLUNTARY INCOME**

	Unrestricted £	Restricted £	31 March 2013 £	18 month period ended 31 March 2012 £
Expense incurred on fundraising	<u>12,414</u>	<u>-</u>	<u>12,414</u>	<u>1,464</u>

**7. COSTS OF MANAGING INVESTMENTS**

	Unrestricted £	Restricted £	31 March 2013 £	18 month period ended 31 March 2012 £
Bank charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2013**

**8. COSTS OF CHARITABLE ACTIVITIES**

			<b>31 March</b>	<b>18 month period ended</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>2013</b>	<b>31 March</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>2012</b>
Advertising	6,133	500	6,633	2,174
PR	-	-	-	281
Recruitment	6,154	-	6,154	13,098
Sundries	9,233	-	9,233	1,811
Wages	687,435	82,855	770,290	220,783
Training	4,974	397	5,371	1,880
Postage, printing and stationery	8,551	-	8,551	4,548
Insurance	10,064	-	10,064	2,192
Travel & subsistence	5,417	-	5,417	2,490
Telephone	6,570	-	6,570	2,246
Catering	25,854	25,000	50,854	10,313
IT, website & software	6,112	-	6,112	7,108
Youth projects delivery expenses	54,453	13,753	68,206	-
Volunteer expenses	193	1,550	1,743	82
Premises costs	58,866	-	58,866	15,987
Depreciation	1,799	-	1,799	-
	<u>891,808</u>	<u>124,055</u>	<u>1,015,863</u>	<u>284,993</u>

**9. GOVERNANCE COSTS**

			<b>31 March</b>	<b>18 month period ended</b>
	<b>Unrestricted</b>	<b>Restricted</b>	<b>2013</b>	<b>31 March</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>2012</b>
Fees payable to the company's auditor for the audit of the company's annual financial statements	120	-	120	100
Legal fees	30,628	-	30,628	275
Licences	2,325	-	2,325	302
	<u>33,073</u>	<u>-</u>	<u>33,073</u>	<u>677</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2013**

**10. INFORMATION REGARDING EMPLOYEES AND TRUSTEES**

	<b>31 March 2013 £</b>	<b>18 month period ended 31 March 2012 £</b>
<b>Staff costs</b>		
Wages and salaries	732,081	203,213
Social security costs	38,209	17,570
	<u>770,290</u>	<u>220,783</u>

No pension costs were incurred during the year (2012 same)

	<b>2013 No.</b>	<b>2012 No.</b>
<b>Average number of full-time equivalent employees in the year (excluding trustees)</b>		
<b>Parts of the charity in which the employees work</b>		
Fundraising	2	1
Charitable activities	64	49
Governance	1	1
	<u>67</u>	<u>51</u>

No emoluments have been received by the trustees of the charity (2012 £nil)

No expenses were incurred by the trustees (2012 £nil)

No employee earned in excess of £60,000 in the year (2012 same)

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**For the year ended 31 March 2013**

**11. TANGIBLE FIXED ASSETS**

	Freehold land and buildings £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 April 2012	5,000	13	5,013
Additions	-	7,145	7,145
<b>At 31 March 2013</b>	<u>5,000</u>	<u>7,158</u>	<u>12,158</u>
<b>Accumulated depreciation</b>			
At 1 April 2012	5,000	13	5,013
Depreciation charge	-	1,799	1,799
<b>At 31 March 2013</b>	<u>5,000</u>	<u>1,812</u>	<u>6,812</u>
<b>Net book value</b>			
At 31 March 2012	-	-	-
<b>At 31 March 2013</b>	<u>-</u>	<u>5,346</u>	<u>5,346</u>

**12. DEBTORS**

	31 March 2013 £	31 March 2012 £
Trade debtors	79,625	13,194
Other debtors	-	400,000
	<u>79,625</u>	<u>413,194</u>

All balances shown above are due within one year

**13. STOCKS**

	31 March 2013 £	31 March 2012 £
Finished goods for resale	<u>1,470</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**For the year ended 31 March 2013**

**14. CREDITORS**

	<b>31 March 2013 £</b>	<b>31 March 2012 £</b>
Trade creditors	34,876	11,203
Other taxation and social security	15,937	-
	<u>50,813</u>	<u>11,203</u>

**15. MOVEMENT IN FUNDS**

	<b>At 1 April 2012 £</b>	<b>Incoming resources £</b>	<b>Outgoing resources £</b>	<b>At 31 March 2013 £</b>
Total unrestricted funds	737,648	788,156	(937,295)	588,509
Total restricted funds	35,000	153,190	(124,055)	64,135
	<u>772,648</u>	<u>941,346</u>	<u>(1,061,350)</u>	<u>652,644</u>

Restricted funds consist of donations and grants received for the purpose of specific youth projects and services that The Factory provides

**16. TAXATION**

The charity's activities are potentially exempt from taxation under Part 11 of the Corporation Tax Act 2010  
No tax charge has arisen in the year

**17. RELATED PARTY TRANSACTIONS**

During the period the charity entered into no material transactions with related parties