

Registered number: 07025561  
Charity number: 1134580

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

(A company limited by guarantee)

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

**FOR THE YEAR ENDED 31 MARCH 2014**

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**Trustees**

John Bentley  
Mark Hovell (resigned 29 April 2014)  
Peter Chambers (resigned 2 April 2013)  
James Smith  
Alan Sturrock (resigned 5 August 2013)  
Katharine Vokes  
Thomas Russell (appointed 30 July 2013)  
Christopher Morris (appointed 24 June 2014)  
Heather Crosby (appointed 11 March 2014)  
Carolyn Sidebotham (appointed 17 December 2013, resigned 17 March 2014)  
Michael O'Connor (appointed 17 December 2013)  
Peter Henry (appointed 17 December 2013)

**Company registered number**

07025561

**Charity registered number**

1134580

**Registered office**

The Factory Youth Zone (Manchester) Limited, 931 Rochdale Road, Manchester, M9 8AE

**Chief executive officer**

Paul Bird (resigned 26 August 2014)  
Richard Marsh (appointed 1 September 2014)

**Independent auditor**

Crowe Clark Whitehill LLP, 3rd floor, The Lexicon, Mount Street, Manchester, M2 5NT

**Bankers**

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

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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The Trustees (who are also directors of the charity for the purposes of the Companies Act) present their annual report together with the audited financial statements of The Factory Youth Zone (Manchester) Limited (the charity) for the year ended 31 March 2014. The Trustees confirm that the Annual report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

**Structure, governance and management**

**CONSTITUTION**

The charity is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association on 27 August 2009.

The charity is constituted under a Memorandum of Association dated 27 August 2009 and is a registered charity number 1134580. 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.

**METHOD OF APPOINTMENT OR ELECTION OF TRUSTEES**

The management of the charity is the responsibility of the Trustees who are elected and co-opted under the terms of the Articles of Association.

**POLICIES ADOPTED FOR THE INDUCTION AND TRAINING 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.

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

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**ORGANISATIONAL STRUCTURE AND DECISION MAKING**

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 day to day management of the Factory is delegated to the Chief Executive, Mr Richard Marsh, 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**

The Factory is an independent charity, part of the Onside Network of Onside Youth Zones (previously called Onside North West Limited), Charity Commission registered number 1125893. Onside Youth Zones was set up to raise public and private fundings to develop independent Youth Zones based on the model pioneered by Bolton Lads and Girls Club.

The Factory facility was built by Onside Youth Zone 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 formal working relationships with other providers of youth services in North Manchester, as set out in a senior level agreement, 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 yearly contribution to The Factory when the current agreement expires in March 2014.
- In response to the 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 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 cost savings;
- implemented a plan to deliver a Community Cafe which will generate additional revenue for The Factory in early 2015; and

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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- improved The Factory's day time revenue generation by securing bookings from local schools, Manchester College and Manchester City.

The Board remains confident that this support will continue although potentially at a lower level.

### **Objectives and Activities**

### **POLICIES AND 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 contributing to their communities, taking control of their own lives.

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 wide 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-size 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 punching bags;
- a fully equipped, state-of-the-art fitness suite with 16 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 guitars, drums and keyboard;
- a fully equipped radio station for members to record and broadcast their own shows;
- a cafe offering home cooked food at discount 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 103 registered volunteers with a desire to increase this to 150.

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**Achievements and performance**

**GOING CONCERN**

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

**Financial review**

**RESERVES POLICY**

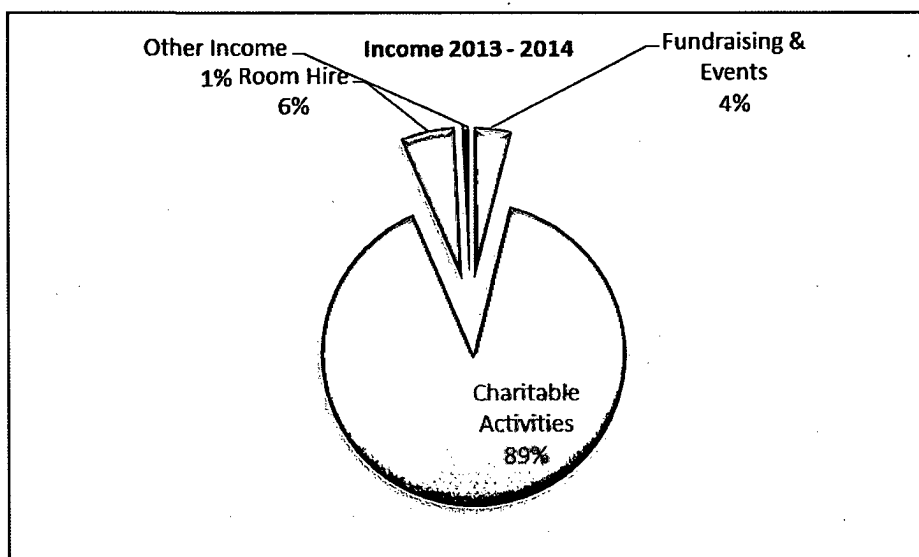
The Board of Trustees of The Factory Youth Zone (Manchester) has established a reserves policy in compliance with which it will annually review both the sum it wishes to hold in reserve in the unrestricted budget, and the basis for that figure. The reserves figure has a lower limit expectation of three months operating cash and an upper limit of six months (at the end of the financial year). The Board of Trustees aims to maintain this position throughout the financial year.

**PRINCIPAL FUNDING**

During the financial year 2013 to 2014 income was £1,065,646.

Of the total charitable activities income of £955,603, Manchester City Council contributed £400,000.

The main sources were as follows:



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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**Plans for the future**

**FUTURE DEVELOPMENTS**

The Factory Youth Zone intends to extend its reach in North Manchester to have a greater impact on the lives of young people. We have a passion which no young person touched by The Factory Youth Zone should become NEET.

To do this we will extend a number of our present provisions such as Mentoring and Employability, we will ensure that the curriculum offer to young people is relevant to the world of work which our young people will enter.

Over the next 12 months The Factory Youth Zone will play a significant role in extending the North Manchester Youth Offer encouraging quality youth provision that is relevant and accessible for young people. To do this The Factory Youth Zone will be working alongside other voluntary Sector youth providers as well as with statutory sector providers.

**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 participation free from discrimination. The Factory Youth Zone also employs an Inclusion-Co-ordinator to work with young people who require additional support.

**PUBLIC BENEFIT**

The activities of the charity are undertaken to further its charitable purposes for the 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 issued by the Charity Commission.

**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of The Factory Youth Zone (Manchester) Limited for the purposes 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).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law



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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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 safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

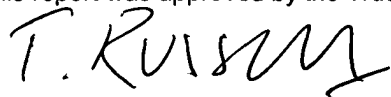
**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

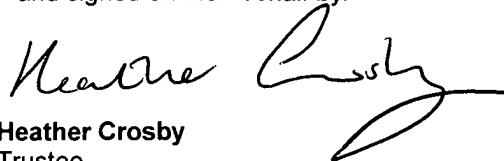
- so far as that Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any relevant audit information and to establish that the charitable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

In preparing this report, the Trustees have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Trustees on 17/12/14 and signed on their behalf by:



**Thomas Russell**  
Trustee



**Heather Crosby**  
Trustee

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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

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We have audited the financial statements of The Factory Youth Zone (Manchester) Limited for the year ended 31 March 2014 set out on pages 10 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the charity'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 charity'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 charity and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR**

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the directors of the charity 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 charity'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 Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 charity's affairs as at 31 March 2014 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 applicable to Smaller Entities; 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' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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

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**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; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' 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 to take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Trustees' report.

  
Vicky Szulist (Senior statutory auditor)

for and on behalf of

**Crowe Clark Whitehill LLP**

Statutory Auditor

3rd floor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: *24th December 2014*

**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES**  
(Incorporating Income and Expenditure Account)  
FOR THE YEAR ENDED 31 MARCH 2014

	Note	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
<b>INCOMING RESOURCES</b>					
Incoming resources from generated funds:					
Voluntary income	2	609,585	-	609,585	678,332
Activities for generating funds	3	75,876	-	75,876	43,828
Investment income	4	1,254	-	1,254	1,294
Incoming resources from charitable activities	5	115,169	263,580	378,749	217,892
<b>TOTAL INCOMING RESOURCES</b>		<b>801,884</b>	<b>263,580</b>	<b>1,065,464</b>	<b>941,346</b>
<b>RESOURCES EXPENDED</b>					
Costs of generating funds:					
Costs of generating funds	6	74,313	-	74,313	12,414
Charitable activities	10	943,026	177,126	1,120,152	1,015,863
Governance costs	7	7,532	-	7,532	33,073
<b>TOTAL RESOURCES EXPENDED</b>		<b>1,024,871</b>	<b>177,126</b>	<b>1,201,997</b>	<b>1,061,350</b>
<b>NET INCOMING / (OUTGOING) RESOURCES BEFORE TRANSFERS</b>		<b>(222,987)</b>	<b>86,454</b>	<b>(136,533)</b>	<b>(120,004)</b>
Transfers between Funds	17	18,524	(18,524)	-	-
<b>NET MOVEMENT IN FUNDS FOR THE YEAR</b>		<b>(204,463)</b>	<b>67,930</b>	<b>(136,533)</b>	<b>(120,004)</b>
<i>Total funds at 1 April 2013</i>		<i>588,509</i>	<i>64,135</i>	<i>652,644</i>	<i>772,648</i>
<b>TOTAL FUNDS AT 31 MARCH 2014</b>		<b>384,046</b>	<b>132,065</b>	<b>516,111</b>	<b>652,644</b>

The notes on pages 12 to 21 form part of these financial statements.

**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)  
REGISTERED NUMBER: 07025561

**BALANCE SHEET**  
**AS AT 31 MARCH 2014**

	Note	£	2014 £	£	2013 £
<b>FIXED ASSETS</b>					
Tangible assets	14		15,363		5,346
<b>CURRENT ASSETS</b>					
Stocks		1,494		1,470	
Debtors	15	109,736		79,625	
Cash at bank and in hand		461,762		617,016	
		<u>572,992</u>		<u>698,111</u>	
<b>CREDITORS:</b> amounts falling due within one year	16	(72,244)		(50,813)	
<b>NET CURRENT ASSETS</b>			<u>500,748</u>		<u>647,298</u>
<b>NET ASSETS</b>			<u>516,111</u>		<u>652,644</u>
<b>CHARITY FUNDS</b>					
Restricted funds	17		132,065		64,135
Unrestricted funds	17		384,046		588,509
<b>TOTAL FUNDS</b>			<u>516,111</u>		<u>652,644</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Trustees on 17/12/2014 and signed on their behalf, by:

  
Thomas Russell, Trustee

  
Heather Crosby, Trustee

The notes on pages 12 to 21 form part of these financial statements.

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), 'Accounting and Reporting by Charities' published in March 2005, applicable accounting standards and the Companies Act 2006.

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

**1.2 Company status**

The charity is a company limited by guarantee. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member. This applies to members of the charity at the date of dissolution or those who were members within twelve months of the dissolution.

**1.3 Fund accounting**

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

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

Investment income, gains and losses are allocated to the appropriate fund.

**1.4 Incoming resources**

All incoming resources are included in the Statement of financial activities when the charity has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Donated services or facilities, which comprise donated services, are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised where there is no financial cost borne by a third party.

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

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

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**1. ACCOUNTING POLICIES (continued)**

**1.5 Resources expended**

Expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Support costs are those costs incurred directly in support of expenditure on the objects of the charity and include project management carried out at Headquarters. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

**1.6 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, investment 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.

**1.7 Tangible fixed assets and depreciation**

All assets costing more than £50 are capitalised.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	- 50 years straight line
Fixtures & fittings	- 3 years straight line

**1.8 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.9 Pensions**

The charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**2. VOLUNTARY INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Donations	197,085	-	197,085	72,832
Legacies	-	-	-	45,000
Grants	412,500	-	412,500	560,500
	<u>609,585</u>	<u>-</u>	<u>609,585</u>	<u>678,332</u>

**3. ACTIVITIES FOR GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Fundraising Events	15,100	-	15,100	15,113
Room Hire	60,776	-	60,776	28,715
	<u>75,876</u>	<u>-</u>	<u>75,876</u>	<u>43,828</u>

**4. INVESTMENT INCOME**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Bank interest	1,254	-	1,254	1,294
	<u>1,254</u>	<u>-</u>	<u>1,254</u>	<u>1,294</u>

**5. INCOMING RESOURCES FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Membership Fees	11,421	-	11,421	10,590
Session Fees	41,267	-	41,267	30,049
Grants	-	263,580	263,580	137,690
Catering Income	55,876	-	55,876	39,563
Other Income	6,605	-	6,605	-
	<u>115,169</u>	<u>263,580</u>	<u>378,749</u>	<u>217,892</u>



**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**6. COSTS OF GENERATING FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Fundraising Costs	31,012	-	31,012	12,414
Professional Fees	15,930	-	15,930	-
Wages and salaries	27,371	-	27,371	-
	<u>74,313</u>	<u>-</u>	<u>74,313</u>	<u>12,414</u>

**7. GOVERNANCE COSTS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Auditors' remuneration	5,350	-	5,350	120
Auditors' non audit costs	500	-	500	-
Legal Fees	-	-	-	30,628
Licences	1,682	-	1,682	2,325
	<u>7,532</u>	<u>-</u>	<u>7,532</u>	<u>33,073</u>

**8. DIRECT COSTS**

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Advertising	10,371	47	10,418	6,633
Recruitment	6,543	-	6,543	6,551
Sundries	15,541	4,027	19,568	9,233
Training	1,264	-	1,264	4,974
Catering	55,517	2,642	58,159	50,854
Youth Project Delivery Expenses	-	54,218	54,218	69,756
Volunteer Expenses	1,619	-	1,619	193
Garage Conversion	9,265	-	9,265	-
Wages and salaries	739,620	114,020	853,640	770,290
	<u>839,740</u>	<u>174,954</u>	<u>1,014,694</u>	<u>918,484</u>

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**9. SUPPORT COSTS**

	Unrestricted funds £	Restricted funds £	Total 2014 £	Total 2013 £
Postage, Printing and Stationery	7,958	549	8,507	15,121
Insurance	4,355	-	4,355	10,064
Travel and Subsistence	1,776	-	1,776	5,417
IT, Website, and Software	10,173	-	10,173	6,112
Premises Costs	73,215	648	73,863	58,866
Depreciation	5,809	975	6,784	1,799
	<u>103,286</u>	<u>2,172</u>	<u>105,458</u>	<u>97,379</u>

**10. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES**

	Activities undertaken directly 2014 £	Support costs 2014 £	Total 2014 £	Total 2013 £
Operation of Factory Youth Zone	<u>1,014,694</u>	<u>105,458</u>	<u>1,120,152</u>	<u>1,015,863</u>

**11. NET INCOMING / (OUTGOING) RESOURCES**

This is stated after charging:

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the charity	6,784	1,799
Auditor's remuneration	5,350	120
Pension costs	<u>493</u>	<u>-</u>

During the year, no Trustees received any remuneration, benefits in kind or reimbursement of expenditure (2013 - £NIL).

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**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

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**12. STAFF COSTS**

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	835,536	732,081
Social security costs	44,982	38,209
Other pension costs	493	-
	<u>881,011</u>	<u>770,290</u>

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

	2014 No.	2013 No.
Fundraising	1	2
Charitable Services	70	64
Governance	-	1
	<u>71</u>	<u>67</u>

No employee received remuneration amounting to more than £60,000 in either year.

**13. 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. TANGIBLE FIXED ASSETS**

	Freehold property £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 April 2013	5,000	7,158	12,158
Additions	-	16,801	16,801
Disposals	(5,000)	-	(5,000)
At 31 March 2014	-	23,959	23,959
<b>Depreciation</b>			
At 1 April 2013	5,000	1,812	6,812
Charge for the year	-	6,784	6,784
On disposals	(5,000)	-	(5,000)
At 31 March 2014	-	8,596	8,596
<b>Net book value</b>			
At 31 March 2014	-	15,363	15,363
At 31 March 2013	-	5,346	5,346

**15. DEBTORS**

	2014 £	2013 £
Trade debtors	100,007	79,625
Other debtors	971	-
Prepayments and accrued income	8,758	-
	<u>109,736</u>	<u>79,625</u>

**16. CREDITORS:  
Amounts falling due within one year**

	2014 £	2013 £
Trade creditors	56,089	34,876
Other taxation and social security	9,982	15,937
Other creditors	244	-
Accruals and deferred income	5,929	-
	<u>72,244</u>	<u>50,813</u>

**THE FACTORY YOUTH ZONE (MANCHESTER) LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**17. STATEMENT OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
<b>Unrestricted funds</b>					
General Funds - all funds	588,509	801,884	(1,024,871)	18,524	384,046
<b>Restricted funds</b>					
Inclusion Project - Redrow	2,083	-	(2,083)	-	-
Sport Project - Citc	35,910	-	(35,384)	-	526
Cycling Project - ANSA	7,752	-	(5,980)	(1,772)	-
Roller Skates Project - ANS	3,000	-	(2,373)	-	627
Basketball Project - Clear	2,500	-	(2,200)	-	300
Dance Project - Elevate	11,915	15,000	(11,915)	-	15,000
Summer Holiday Club	-	7,500	(7,500)	-	-
Independence - Part time worker & sessional workers	-	19,000	(19,000)	-	-
Mentoring Project	-	44,240	(7,050)	-	37,190
Young Leaders Project	-	10,000	(10,000)	-	-
Healthy Eating	-	25,000	(4,167)	-	20,833
A Level Playing Field	-	8,757	(8,757)	-	-
Accenture	-	8,984	(8,984)	-	-
After School, Holiday Club and Family Sundays	-	30,000	(30,000)	-	-
Other Restricted Funds	-	30,829	(20,110)	-	10,719
Garage Conversion	-	9,904	(648)	(9,256)	-
British Amateur Gymnastics Free G	-	11,776	-	(1,776)	10,000
Music Equipment	-	3,230	-	(3,230)	-
Work Club	-	8,059	-	(2,490)	5,569
Capital Café Grant	-	31,301	-	-	31,301
Other Fixed Asset Funds	975	-	(975)	-	-
	64,135	263,580	(177,126)	(18,524)	132,065
Total of funds	652,644	1,065,464	(1,201,997)	-	516,111

**SUMMARY OF FUNDS**

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/out £	Carried Forward £
General funds	588,509	801,884	(1,024,871)	18,524	384,046
Restricted funds	64,135	263,580	(177,126)	(18,524)	132,065
	652,644	1,065,464	(1,201,997)	-	516,111

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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

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**17. STATEMENT OF FUNDS (continued)**

Independence Project: aims to ensure all young people with disabilities ranging from mild to complex can participate in and benefit from the same activities alongside their peers.

Sport Project: using sport as a tool to develop skills, self-confidence and raise aspirations throughout our full membership.

Cycling Project: funding received enabled The Factory to develop a cycling club, purchasing equipment and enabling young people to engage in cycling.

Roller skate Project: funds received were to purchase roller skates and safety equipment to be used by young people extending the existing activity offer.

Basketball Project: develop a Basketball team and compete in competitions.

Elevate Dance Project: street dance project incorporating creative art.

Summer Holiday Club: run a summer activity club for young people aged 8 to 13 years old.

Mentoring Project: providing 1:1 mentoring programme, we are supporting young people with significant barriers to progression. Providing tailored targets and positive role models young people can achieve change.

Young Leaders Project: structured training programme in personal and leadership development for young people to enable them to work with 8-12 year olds.

Healthy Eating Project: to educate young people how to cook basic good quality food and to use catering as a vehicle for employability and enterprise projects.

A Level Playing Field Project: provides opportunity to young disabled people to try, to train and to develop team working alongside their non-disabled peers, creating new friendships and nurturing respect.

Accenture Project: to give NEET young people confidence/ self-esteem and support to enable them to progress to work, education or training.

After school Club/Family Sundays: provides support for young people and families outside of our targeted sessions, ensuring continuity throughout the week.

Garage Conversion: conversion of garage space to a black box theatre to be used by our members and the wider youth community.

BG – Free G: this is British Gymnastics funding to purchase capital equipment to develop 'Free Gymnastics' sessions improving and increasing our gymnastics activities.

Music Equipment: Cash for Kids provided funding to purchase music equipment enabling us to deliver music sessions and tuition to young people.

Work Club: work club aims to provide training and support to young people who are still in education, gaining skills and practical experiences, aiming towards ensuring they enter employment or further education.

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**NOTES TO THE FINANCIAL STATEMENTS  
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**17. STATEMENT OF FUNDS (continued)**

**TRANSFERS**

Transfers are made from restricted funds to unrestricted funds when the underlying fixed asset is acquired in fulfilment of the restrictions on the funding.

**18. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

	Unrestricted funds 2014 £	Restricted funds 2014 £	Total funds 2014 £	Total funds 2013 £
Tangible fixed assets	15,363	-	15,363	5,346
Current assets	440,927	132,065	572,992	698,111
Creditors due within one year	(72,244)	-	(72,244)	(50,813)
	<u>384,046</u>	<u>132,065</u>	<u>516,111</u>	<u>652,644</u>

**19. PENSION COMMITMENTS**

The charity operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the charity in an independently administered fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £493 (2013 - £nil). There were no outstanding or prepaid contributions at the year end.

**20. RELATED PARTY TRANSACTIONS**

No trustee received any remuneration during the year

During the year the charity received donations which in total amounted to £1,400 from Clear Marketing Communications Ltd. James Smith is a Trustee of the Charity and also a Director of the company. Supplies made by the company to the charity during the year amounted to £7,854.

During the year the company Bruntwood provided services to the charity amounting to £36,280. Bruntwood is considered to be a related party of the charity as Katherine Vokes holds a Directorship of the company and is also a Trustee of the charity.

The charity also received donations from ANSA Ltd of £4,136, John Bentley is a Director of this company in addition to being a Charity Trustee.

There are no other material related party transactions that require disclosure in the financial statements.