

THE FACTORY OF CREATIVITY

England & Wales · Charity number 1183251

Details

Status Registered

Legal form CIO

Registered 2019-05-03

Register [View on the Charity Commission register](#)

Contact

Address Hope Mill Theatre
113 Pollard Street
Manchester
M4 7JA

Phone 01612759141

Email Enquiries@hopemilltheatre.co.uk

Website hopemilltheatre.co.uk

Activities

Objects: A) TO ADVANCE PUBLIC APPRECIATION OF THE PERFORMING AND VISUAL ARTS (INCLUDING, DRAMA, MUSIC, DANCE AND ART) BY THE PRESENTATION OF PERFORMANCES AND EXHIBITIONS.B) TO ADVANCE THE EDUCATION OF THE PUBLIC IN THE KNOWLEDGE, UNDERSTANDING AND APPRECIATION OF THE PERFORMING ARTS (INCLUDING, DRAMA, MUSIC AND DANCE,) IN PARTICULAR, BUT NOT EXCLUSIVELY, BY ENCOURAGING AND FACILITATING THE PRACTICE OF PERFORMING ARTS THROUGH PERFORMANCES AND EXHIBITIONS AND THE PROVISION OF WORKSHOPS AND INSIGHT OPPORTUNITIES.

Activities: The Factory of Creativity is the Charity name for Hope Mill Theatre which is a small independent theatre based in a grade 2 cotton mill in Ancoats, Manchester which is an area of social deprivation. Hope Mill hopes to grow, letting in new voices and expertise, new ways to support staff, and make the theatre more financially sustainable, develop ways to nurture skills in local people, young and old

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information
- **What:** Arts/culture/heritage/science
- **Who:** Children/young People, The General Public/mankind

Geography

- Lancashire
- Manchester City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£2,154,852	£2,036,730	£5,149	7
2024-03-31	£1,659,397	£1,774,923	£-112,973	15
2023-03-31	£1,285,524	£1,455,426	£21,598	19
2022-03-31	£1,426,897	£1,324,123	£191,500	9
2021-03-31	£589,025	£545,280	£80,598	12

Trustees

Name	Role	Appointed
DALE EDWARD BASSETT	Chair	2026-02-20
Darrell John Olsen		2025-07-19
Denis Treacy		2022-07-16
Dr Gillian Mandy		2025-03-22
Emma Meyler		2025-03-22
Ian Tabbron		2025-07-19
Julie McCarthy		2022-07-16
Mario Rene Dubois		2022-11-12
Nicola Brown		2025-03-22
Paul Rowlett		2025-09-25
Peter Robert Wakefield		2026-04-07
Rachel Miller		2022-07-16
Tiffany Chevis		2025-03-22

THE FACTORY OF CREATIVITY

England & Wales - Charity number 1183251

Accounts

Charity registration number: 1183251

The Factory of Creativity
Consolidated Annual Report and Financial Statements
Year ended 31 March 2024

The Factory of Creativity
Reports and Financial Statements
Year ended 31 March 2024

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The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024

The trustees 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). The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing the annual report and financial statements of the charity.

Reference and Administrative Details

Registered Charity number: 1183251

Registered office: Hope Mill Theatre
113 Pollard Street
Manchester
M4 7JA

Trustees:	A Rawlinson	Resigned 06 November 2023
	M R Dubois	
	Dr P Martin OBE	Resigned 11 May 2024
	K O'Neill	Resigned 07 February 2024
	R Miller	
	E Riley	Resigned 10 May 2024
	D Carr	
	J McCarthy	
	D Treacy	
	K M Gillibrand	
D R L Gordon	Resigned 07 October 2023	
T Kent		
C Pinney		

Auditors: Hawsons Chartered Accountants
Statutory Auditors
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Bankers: The Cooperative Business Banking
1 Balloon Street
Manchester
M60 4EP

Executive Director: Will Whelton

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

The Board of Trustees, present their report and the consolidated group financial statements of The Factory of Creativity and its 100% owned subsidiary FOC Trading Limited, for the year ended 31 March 2024.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a charitable incorporated organisation (CIO).

The trustees are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Decision making

As set out in the Constitution, The Factory of Creativity CIO has a minimum of three trustees. Apart from the first charity trustees, every trustee must be appointed for a term of three years by a resolution passed at a properly convened meeting of the charity trustees.

The Board meets six times per year. In addition there are sub-committees with powers delegated from the Board of Trustees and which operate under their own terms of references.

An Executive Director is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Executive Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic performance related activity.

Induction and training of new trustees

New trustees undergo an orientation period to brief them on their legal obligations under charity law, the Charity Commission guidance on public benefit, content of the Constitution, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Related parties

None of our trustees receives remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, FOC Trading Ltd, was established to operate the commercial bar and non-theatrical events. FOC Trading Ltd has a licence from the charity to operate those facilities and gift aids the majority of its profits to the charity.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

Risk management

The Trustees are committed to and have considered the identification and management of the major strategic, business and operational risks which the charity faces.

The principal financial risks revolve around the failure of a production at the Box Office, the risk of audiences not returning in sufficient numbers, and the potentially adverse effect on both profitability and cash flow.

The trustees have a risk management strategy which comprises:

- an in-depth annual review of the risks the charity and its subsidiary FOC Trading Limited may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan;
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital by the subsidiary company.

Objectives And Activities

Objectives and aims

The Factory of Creativity (known as Hope Mill Theatre) exists to entertain, educate and enrich: staging the highest quality productions; engaging audiences & participants in theatre/arts that are accessible for all; and supporting artists and audiences to be ambitious in sharing their stories and lives through live theatre. Our aim is to create a brave, inclusive home for audiences and artists to fulfil their full potential and creativity.

Musical theatre is at the heart of our artistic work. Hope Mill Theatre provides a dedicated home for musical theatre in Manchester, creating award-winning new shows and revivals and challenging people's expectations of small-scale theatre with a standard of work that is second to none. We aim to build on the national acclaim achieved by our productions with further national and international recognition, while creating new opportunities and strong career pathways for Manchester's early-stage theatre performers and makers.

We offer a year-round showcase for exciting new ideas, skills and talents: commissioning new musicals and new writing for musical theatre, giving a platform to emerging composers and staging work that wouldn't otherwise be seen - bridging the gap between Manchester's many small fringe spaces, where actors and writers start their careers, and its prestigious large-scale venues. Today, we are among the most successful and respected independent venues in England, 'a powerhouse home for musicals' (The Stage).

We serve a broad, far-reaching community, from across Greater Manchester and beyond; we are here for all. Our participatory programmes have a particular focus on:

- LGBTQIA+ communities, thriving at Hope Mill as audiences, performers, artists, creators;
- Our neighbouring communities in Miles Platting & Newton Heath, Ancoats & Beswick, areas that have historically been underserved by the arts: here our programmes especially target children and young people and isolated, older adults.

The trustees have referred to the Charity Commission's guidance on public benefit in reviewing the charity's aims and objectives and in planning its future actions.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

Significant activities

Artistically this was an ambitious and successful year for our theatre. A highlight of the year was Hope Mill Theatre's original revival of the hit true crime rock musical *LIZZIE*, Directed and choreographed by William Whelton: the show explores the life of Lizzie Borden, accused of murdering her father and stepmother with an axe in the late summer of 1892 in Fall River, Massachusetts. Featuring an all-female cast and on stage all-female rock band, the production opened at Hope Mill in September to rave reviews, selling out in its final week before embarking on a 16-week tour that spanned The Dukes in Lancaster; Trinity Arts Centre, Gainsborough; Goole's Junction; Southwark Playhouse Elephant; and Peterborough's New Theatre. This was our theatre's first major touring project, designed to take outstanding, original musical theatre production to under-served areas of the country. While there were challenges in replicating the production's stunning visual and technical quality in a range of smaller venues – for Junction Goole, for example, this was the biggest show ever staged – the show lost none of its energy and impact: Lauren Drew went on to win in the 2023 Broadway World UK/West End Awards (Best Leading Performer in a New Production of a Musical), for her portrayal of Lizzie. *LIZZIE The Musical* will return to Hope Mill in Autumn 2024.

The principle of taking the highest quality work out to reach all audiences, and particularly those for whom such opportunities are limited, was and remains important to Hope Mill Theatre. The reality however is that the costs and risks associated with existing touring models are prohibitive; sadly, touring is unlikely to become a regular part of our programme and offer unless funding models change to permit detailed planning and sizeable investment well in advance of touring activity.

Close on the heels of *LIZZIE* came Hope Mill Theatre's world premiere of *To Wong Foo The Musical*, based on the cult 1995 road movie following the adventures of three drag queens stuck in a US small town. Audiences and critics took the glorious production to their hearts ("This dazzling and unapologetically sentimental adaptation of the 1995 film shows how innovative the small Hope Mill Theatre is" *The Telegraph*): certain audience members came to see the show no less than 5 times during its 9-week run! Shortlisted for Best Regional Production in the What's On Stage awards, and nominated for Best Costume Design, this was an ambitious, visually stunning production that brought together a diverse, talented cast of 18, including one actor making his professional debut. We are committed to offering opportunity and progression to as many and as wide a range of artists and performers as possible through our artistic programme – a vital contribution to our sector as financial pressures continue to drive the trend towards smaller casts.

January brought the 5th edition of Turn On Fest, our annual LGBTQIA+ arts festival. Turn On Fest provides an important platform for both emerging and established queer artists to develop and hone their ideas and practice: every year, four LGBTQIA+ artists from the North West are offered time, resources, production support and a stage on which to showcase a piece of work in progress and invite live feedback from audiences, including direct individual feedback via personal QR codes. This year, our four development grant artists were selected from over 80 applicants, more than in any previous year: they went straight on to perform their pieces at major venues such as HOME, Contact, Waterside and The Lowry. The percentage of tickets sold was higher than in previous years, as audiences continue to build: 119 bookers were new to our theatre with many going on to book for future productions. In total the festival provided opportunities for 50 individual artists.

The year ended with the world premiere of *The Gap*, a playful, moving new play by Jim Cartwright starring Denise Welch and Matthew Kelly as old friends reunited after 50 years apart, revisiting their younger lives in 60s Soho. The production delighted audiences, packing out the house night after night with wonderful performances that mixed waspishness and nostalgia, urban poetry and comedy. This is a model we plan to return to, bringing smaller, high-profile casts to attract a broad audience to new work.

More widely throughout the year we welcomed many smaller companies and productions to our stage, an important contribution to Manchester's creative ecology, where in bridging the gap between small fringe houses and large-scale venues we challenge people's expectations of small-scale theatre, offering a space where the standard of work is second to none, and where exciting new ideas, skills and talents are able to shine. Over the year as a whole we presented 247 performances in total and attracted paid attendances of 21,890, an occupancy rate of 70%: this is a strong performance at a time when smaller theatres across the country are struggling to sustain audiences, it speaks to the strength and vibrancy of this programme.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

Significant activities (continued)

Hope Mill Theatre's community programme is thriving, with our Community Choir and Community Orchestra enriching our own programme throughout the year and increasingly performing further afield across Manchester and at local community events. HMT's Theatre School (for ages 2-18), led by industry professionals, continues to welcome children and young people to develop their skills and talents, build confidence and friendships and explore creative career pathways. Thanks to kind support from the Andrew Lloyd Webber Foundation and more recently the Albert Gubay Charitable Foundation, we are able to make 50% of places available free of charge for local children and young people who could not otherwise afford such opportunities. Both HMT's community programme and Theatre School are an integral part of who and what we are: these activities are fully woven into our year-round programme and productions.

Finally, in February 2024, we staged a sensational one-night experience of *Gypsy The Musical*, in concert at Manchester Opera House – directed by Jospeh Houston and William Whelton with a stellar cast including Jodie Prenger, Tom Lister and Grace Mouat, joined by students from Laine Theatre Arts and Stagebox Theatre Academy and featuring a live 24-piece orchestra. This spectacular evening was planned as a fundraiser, inviting support for our Hope for the Future campaign. It was hugely successful in raising funds, filling the 2000-seat space to 80% of capacity. It was also an invaluable experience in taking the Hope Mill Theatre experience out beyond our own walls: long-standing, loyal audience members attending the event marvelled at our ability to fully recreate the unique 'Hope Mill magic' they so love in this much larger, city centre venue. This is an important insight as we explore a new business model around creating large-scale original productions in partnership with major cultural venues, as a way of continuing to build audiences for our original productions.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

Strategic Report

Financial position

The financial transactions of the charity during the year and the position at the end of the year are set out in the attached accounts.

Income during 2023/24 was £1,659,397 compared to £1,266,479 in 2022/23 (restated figures after adjustments made for an accrual of Box Office income). Expenditure was £1,774,923 (£1,455,426 in 2022/23), representing an operating deficit of £115,526. This was a substantial improvement in performance compared to the previous year (restated deficit £188,947), however like many other small-scale theatres, the charity continued to struggle with changes to audience booking habits, with bookers typically leaving it to the last minute to book at a point where special offers and promotions were available. This significantly reduced the contribution from Box Office, with the greatest impact seen for original productions presented by a large cast/creative team, such as *To Wong Foo*, which are very costly to stage. The same pattern was repeated on the nationwide tour of *LIZZIE*, where the time taken for local, word-of-mouth and social media recommendations to build, combined with the short length of runs, meant that average occupancy levels remained lower than hoped for, despite sell-out performances at the end of the run.

This said, income from ticket sales, at £653,188, increased compared to the previous year (£593,071) and trading income from hospitality and theatre hires also performed well (total £305,826 compared to £256,995 in 2022/23). Increased expenditure for the year was largely due to greatly increased pre-production expenses and artist costs (total £1,067,991 compared to £407,863 the previous year), reflecting a year when we invested heavily in high quality new productions (including for 2024/25), that we plan ultimately to tour with commercial partners. Much of this expenditure is eligible for Theatre Tax Relief, which will be paid in the coming year. We plan to bring *LIZZIE* back to Hope Mill in late 2024, to maximise the income-generating potential of a production for which we know substantial additional audiences exist in the region, now that awareness is high: the show wowed the critics and was selling-out by the end of its first Manchester run.

Meanwhile, Hope Mill Theatre's production strategy has changed to reflect the harsh realities of recouping investment in high-quality, original productions within a small-scale venue. The restrictions of auditorium size and bar capacity place a very real limit on the revenue that can be generated from ticket and ancillary sales, and it not sustainable to continue subsidising this important creative output through our wider programme. We will therefore in future create major new musical productions with partners, for larger stages, where sufficient audiences can be accommodated not only to recoup production costs but to generate regular surpluses. This will enable us to maintain our focus on the highest production values, while providing opportunities for emerging talent on stage. The first production to be delivered in this way is *A Christmas Carol*, at The Lowry in late 2024: as a Christmas show this is already benefiting from the advance planning and bookings that characterise audiences over this holiday period.

In Summer 2023, in response to this worsened balance sheet position alongside increasing operating costs and reducing audience spend, we launched Hope for the Future, a major fundraising campaign that culminated with a fundraiser presentation of *Gypsy The Musical* at Manchester Opera House. We were delighted and moved by the unfailing generosity of our audiences, participants and community: over the year, donations mounted to over £80,000, enabling our programmes and output to continue to develop and thrive in ways that would otherwise simply not have been possible. In addition, we are as ever hugely grateful for the generosity of the many grant-makers who support our work: other than an annual grant of £37,822 from Manchester City Council the charity receives no core funding. Support from the likes of the Andrew Lloyd Webber Foundation, Theatres Trust, Partners Foundation and Garrick Charitable Trust are invaluable in ensuring that our local community and children and young people in particular continue to access creative opportunities that would otherwise not be available.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

Reserves policy

The charity ended the year with a negative reserve balance of (£116,130). This inevitably gives rise to material uncertainty as to whether the group can continue as a going concern. The charity is taking strong actions to reduce its regular outgoings, through e.g. reductions in the payroll and vacating the adjacent community hub; the cashflow position, meanwhile, remains stable, with substantial income expected from debtors (including Tax Credits) in the coming year and much of the current debt held in the form of loans, with just under half (c. £175K) falling due within the coming year. The Trustees are confident that an exceptionally strong programme, including A Christmas Carol at The Lowry, will enable a strong recovery and move the charity to a more secure financial position. A Christmas Carol went on sale in December 2023 and is already selling strongly, well before the marketing campaign has started and before the public announcement of an exceptional cast. The aim is ultimately, over the next 4 years, to build reserves to the equivalent of 3 months' core operating costs, including provision for contractual liabilities: the target figure is £300,000).

Future strategy

Hope Mill Theatre is working to 4 priority strategic objectives for the period to March 2026. Over this period we aim to:

- step up in-house PRODUCTION, with commercial and venue partnerships enabling ambitious, large-scale works that go on to tour nationally/internationally, so building income and reinforcing sustainability.
- expand our COMMUNITY programme, so that local people (diverse young people and older, isolated adults in particular) enjoy new opportunities, social connections and improved wellbeing
- grow our EDUCATION offer with local schools and expand Hope Mill Theatre School, creating new progression routes for young people into successful creative careers – including, ultimately, via a locally-delivered, accredited musical theatre degree. The north is currently lacking in high-quality, professional development and progression opportunities in musical theatre.
- increase support for EMERGING TALENT (esp. LGBTQIA+) in new writing, composition and performance, so that distinctive Manchester voices are celebrated and profiled and enjoy a national spotlight

2024 marks the 200th anniversary of our unique and beautiful home, Hope Mill: since 1824 this formidable 7-storey structure has been an integral part of the vastly changing fortunes of a neighbourhood recognised as the birthplace of the industrial revolution and an industrial landscape of international significance. We plan to engage our entire community – audiences, participants, creatives, neighbours, co-tenants and partners – in discovering Hope Mill's stories and histories and celebrating this rich heritage in a host of different ways: performance, storytelling, events, family fun days, displays and more. Initial consultation has revealed a real curiosity and appetite to discover this history and detailed plans are being developed: we are excited by this opportunity to unveil and preserve Hope Mill's history while building new connections and audiences in the process.

Hope Mill's Big Birthday will feature right across our community programmes and events calendar: approximately 200 participants will bring their own ideas, talents and creativity to these celebrations. Our partnership with a local school that will host Theatre School and other elements of community activity from April 2024 brings the possibility of expanding provision in this larger venue. We plan for example, funding permitting, to offer additional Theatre School sessions on Sundays for a new cohort of children and young people, continuing to build this exciting pool of young talent in an area of Manchester where access to such opportunities has previously been limited.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

Future strategy (continued)

In this coming year, we will create a large-scale musical production of A Christmas Carol for presentation at The Lowry over the Christmas 2024 period. This marks an important first step in creating new work for larger, partner venues – essential if the growth in our ambition, output, reach and reputation are to be sustained as our home venue nears capacity. Increased audience numbers will contribute to ongoing financial sustainability, with plans in place to ensure our existing audiences engage with this new programme and indeed enjoy special insights and previews within Hope Mill itself. We are encouraged by extensive audience consultation that shows extraordinary loyalty and commitment among existing audiences, with a clear readiness to increase their attendances and participation if we can provide more of what they love.

Meanwhile early work is under way with commercial partners on the creation of an original new musical, SAVAGE, celebrating the unique blend of talent, wit, compassion and authenticity that was the much-loved Paul O’Grady. The project has been several years in development and 2024/5 will be a pivotal year in realising it in time for a late 2025 premiere.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2024 (continued)

Statement Of Trustees' Responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and reports) regulations 2008 and provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Hawsons Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees on ..08/08/2024..... and signed on the board's behalf by:



.....
R Miller - Chair

The Factory of Creativity

Independent auditors' report to the Trustees of The Factory of Creativity

Opinion

We have audited the financial statements of The Factory of Creativity (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2024 which comprise Consolidated Statement of Financial Activities, Statement of Financial Activities, Consolidated and Charity Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity and group's affairs as at 31 March 2024 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty relating to going concern

We have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the charity's ability to continue as a going concern, the group's liabilities exceeded its total assets by £112,973. This condition along with other matters explained in note 1 to the financial statements, indicates the existence of a material uncertainty which may cast doubt over the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group was unable to continue as a going concern. Our opinion is not modified in this respect.

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

The Factory of Creativity

Independent auditors' report to the Trustees of The Factory of Creativity (continued)

Matters on which we are required to report by exception

Except for the matter described in the basis of qualified opinion sections of our report, in the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The charity is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the charity and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Health and Safety regulations and the Charities Act 2011. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the charity's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

The Factory of Creativity

Independent auditors' report to the Trustees of The Factory of Creativity (continued)

- Discussions with management and those responsible for legal compliance procedures within the charitable company to obtain an understanding of the legal and regulatory framework applicable to the charitable company and how the charitable company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Trustee meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

The logo for Hawsons, featuring the name 'Hawsons' in a stylized, handwritten blue font.

Hawsons Chartered Accountants

Statutory Auditor
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Hawsons Chartered Accountants is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

09/08/2024

The Factory of Creativity

Consolidated Statement of Financial Activities

Year Ended 31 March 2024

		Unrestricted Fund £	Restricted Funds £	2024 Total £	As restated 2023 Total £
Income and Endowments from:	Notes				
Grant, donations and legacies	2	228,177	15,350	243,527	229,737
Charitable activities	3	684,584	-	684,584	623,811
Other trading activities	4	403,054	-	403,054	277,495
Other income	5	328,232	-	328,232	135,436
Total incoming resources		1,659,397	15,350	1,659,397	1,266,479
Resources expended					
Raising funds	6	107,624	-	107,624	231,686
Charitable activities	7	1,625,799	41,500	1,667,299	1,223,740
Total resources expended		1,733,423	41,500	1,774,923	1,455,426
Net (expenditure)/income		(89,376)	(26,150)	(115,526)	(188,947)
Transfers between funds		-	-	-	-
Net movement in funds		(89,376)	(26,150)	(115,526)	(188,947)
Funds brought forward		(59,766)	62,319	2,553	191,500
Funds carried forward		(149,142)	36,169	(112,973)	2,553

The Factory of Creativity

Statement of Financial Activities

Year Ended 31 March 2024

		Unrestricted Fund £	Restricted Funds £	2024 Total £	As restated 2023 Total £
Income and Endowments from:	Notes				
Grant, donations and legacies	2	228,177	15,350	243,527	229,737
Charitable activities	3	131,766	-	131,766	623,811
Other trading activities		684,584	-	684,584	52,371
Other income	5	493,100	-	493,100	135,436
Total incoming resources		1,537,627	15,350	1,552,977	1,041,355
Resources expended					
Raising funds	6	1,808	-	1,808	22,473
Charitable activities	7	1,625,799	41,500	1,667,299	1,223,740
Total resources expended		1,627,607	41,500	1,669,107	1,246,213
Net (expenditure)		(89,980)	(26,150)	(116,130)	(204,858)
Transfers between funds		-	-	-	-
Net movement in funds		(89,980)	(26,150)	(116,130)	(204,858)
Funds brought forward		(78,863)	62,319	(16,544)	188,314
Funds carried forward		(168,843)	36,169	(132,674)	(16,544)

The Factory of Creativity

Balance Sheets

31 March 2024

	Notes	31 March 2024		As restated 31 March 2023	
		Group £	Company £	Group £	Company £
Fixed assets					
Tangible assets	10	61,238	54,234	55,067	52,255
Investments	11	-	1	-	1
		<u>61,238</u>	<u>54,235</u>	<u>55,067</u>	<u>52,256</u>
Current assets					
Stock	12	3,458	-	5,713	-
Debtors	13	394,127	381,894	293,677	293,237
Cash at bank and in hand		32,422	24,700	61,504	23,392
		<u>430,007</u>	<u>406,594</u>	<u>360,894</u>	<u>316,629</u>
Creditors – amounts falling due within one year	14	<u>(427,385)</u>	<u>(423,545)</u>	<u>(228,246)</u>	<u>(200,267)</u>
Net current assets		<u>2,622</u>	<u>(16,951)</u>	<u>132,648</u>	<u>116,362</u>
Total assets less current liabilities		63,860	37,284	187,715	168,618
Creditors – amounts falling due after one year	15	<u>(176,833)</u>	<u>(169,958)</u>	<u>(185,162)</u>	<u>(185,162)</u>
Net assets		<u>(112,973)</u>	<u>(132,674)</u>	<u>2,553</u>	<u>(16,544)</u>
Charity funds					
Restricted funds	18	36,169	36,169	62,319	62,319
Unrestricted funds	19	(149,142)	(168,843)	(59,766)	(78,863)
Total charity funds		<u>(112,973)</u>	<u>(132,674)</u>	<u>2,553</u>	<u>(16,544)</u>

The financial statements were approved by the board of trustees on 8th August 2024 and signed on its behalf by:



R Miller
Trustee

The Factory of Creativity

Consolidated Statement of Cashflows

Year Ended 31 March 2024

	Notes	2024 £	2023 £
Cash flow from operating activities	21	(129,040)	(306,938)
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(21,194)	(16,180)
Interest paid		(13,707)	(7,014)
Interest received		62	-
Net cash flow from investing activities		(34,839)	(23,194)
Cash flow from financing activities			
New loan in the year		150,000	100,000
Repayment of borrowings		(15,203)	(17,971)
Net cash flow from financing activities		134,797	82,029
Net (decrease) in cash and cash equivalents		(29,082)	(248,103)
Cash and cash equivalents at 1 April		61,504	309,607
Cash and cash equivalents at 31 March		32,422	61,504
Cash and cash equivalents consist of:			
Cash at bank and in hand		32,422	61,504
Cash and cash equivalents at 31 March		32,422	61,504

The Factory of Creativity

Notes on Accounts

Year Ended 31 March 2024

1. Accounting policies

Statutory information

The Factory of Creativity is a charity (No. 1183251), domiciled in England and Wales. The registered office is at Hope Mill Theatre, 113 Pollard Street, Manchester, M4 7JA.

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The financial statements are presented in pounds sterling, which is the functional currency and rounded to the nearest £1.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary, FOC Trading Limited on a line by line basis.

Income and debtors

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably.

Grant income is recognised when the charity becomes unconditionally entitled to it.

Debtors are recognised at settlement value.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 33% on cost

Related party exemption

The charity has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

1. Accounting policies

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Going concern

The financial statements have been prepared on a going concern basis. During the year the group generated a deficit of £115,526 and funds were reduced to £(112,973) at the year end. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The Trustees believe that the expected income and expenditure is sufficient with the level of reserves for the group to be able to continue as a going concern however acknowledge that a material uncertainty exists in this regard.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the statement of comprehensive income.

Critical accounting estimates and areas of judgement

There are no significant estimate or judgements made in the process of applying the charity's accounting policies.

Prior period adjustment

In the prior period, revenue had been recognised which related to future periods and has therefore been amended accordingly. The impact on the prior year is as follows:

	2023 £
Revenue	(19,045)
Deferred income	<u>19,045</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

2. Income from grants, donations and legacies

	Unrestricted fund 2024 £	Restricted fund 2024 £	Total funds 2024 £	Total funds 2023 £
Donations	81,415	350	81,765	31,861
Total donations	<u>81,415</u>	<u>350</u>	<u>81,765</u>	<u>31,861</u>
Manchester City Council	37,822	-	37,822	30,000
Arts Council England	88,440	-	88,440	55,203
National Lottery Key fund	-	-	-	35,273
Northern Cultural Regeneration Fund	-	-	-	16,500
Foyle Foundation	-	-	-	15,000
Andrew Lloyd	-	15,000	15,000	15,000
Granada Foundation	-	-	-	2,000
LGBT Foundation	-	-	-	2,000
Noel Coward Foundation	-	-	-	2,400
MCR Active	-	-	-	4,500
Garfield Western	-	-	-	20,000
Manchester Pride	1,000	-	1,000	-
Theatres Trust	5,000	-	5,000	-
Partners Foundation Community Programme	5,000	-	5,000	-
Turn On Fest	2,000	-	2,000	-
Gordon Barton	5,000	-	5,000	-
Garrick Trust	2,500	-	2,500	-
Total grants	<u>146,762</u>	<u>15,000</u>	<u>161,762</u>	<u>197,876</u>
Total	<u>228,177</u>	<u>15,350</u>	<u>243,527</u>	<u>229,737</u>

3. Income from charitable activities

	Unrestricted fund 2024 £	Restricted fund 2024 £	Total funds 2024 £	As restated Total Funds 2023 £
Ticket sales	653,188	-	653,188	593,071
Memberships	13,191	-	13,191	9,410
Theatre school	18,205	-	18,205	21,330
	<u>684,584</u>	<u>-</u>	<u>684,584</u>	<u>623,811</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

4. Income from other trading activities

	Unrestricted fund 2024 £	Restricted fund 2024 £	Total funds 2024 £	Total funds 2023 £
Charitable trading:				
Sales of Product Income	89,305	-	89,305	20,200
Fundraising	7,923	-	7,923	-
Trading income	271,288	-	271,288	225,124
Advertising	-	-	-	300
Theatre Hire	34,538	-	34,538	31,871
	<u>403,054</u>	<u>-</u>	<u>403,054</u>	<u>277,495</u>

5. Other income

	Unrestricted fund 2024 £	Restricted fund 2024 £	Total funds 2024 £	Total funds 2023 £
Theatre Tax Relief	326,901	-	326,901	127,882
Other income	1,331	-	1,331	7,554
	<u>328,232</u>	<u>-</u>	<u>328,232</u>	<u>135,436</u>

6. Expenditure on raising funds

	Unrestricted fund 2024 £	Restricted fund 2024 £	Total funds 2024 £	Total funds 2023 £
Charitable:				
Purchases	847	-	847	2,024
Fundraising costs	961	-	961	20,449
Non-Charitable:				
Trading subsidiary expenditure	105,816	-	105,816	145,663
Trading subsidiary staff costs	-	-	-	63,550
	<u>107,624</u>	<u>-</u>	<u>107,624</u>	<u>231,686</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

7. Expenditure on charitable activities

	Unrestricted fund 2024 £	Restricted fund 2024 £	Total funds 2024 £	Total funds 2023 £
<i>Production costs</i>				
Hire of equipment	-	-	-	16,731
Box office	61,001	-	61,001	335,271
Pre-production expenses	781,678	-	781,678	306,502
Artist Travel	1,694	-	1,694	8,494
Artists	286,313	-	286,313	101,361
Set, costume and prep	1,866	-	1,866	17,764
	<u>1,132,552</u>	<u>-</u>	<u>1,132,552</u>	<u>786,123</u>
<i>Establishment costs</i>				
Rent and rates	76,335	-	76,335	39,576
Insurance	6,554	-	6,554	6,241
Light and heat	-	-	-	13,403
Telephone	3,897	-	3,897	2,009
	<u>86,786</u>	<u>-</u>	<u>86,786</u>	<u>61,229</u>
<i>Support costs</i>				
Computer expenditure	883	-	883	4,993
Repair and maintenance	6,354	-	6,354	21,515
Entertainment	1,369	-	1,369	4,649
Licenses and memberships	11,658	-	11,658	5,214
Cleaning	6,112	-	6,112	5,910
Health and safety	3,031	-	3,031	2,966
Travel	24,174	-	24,174	11,655
Depreciation	13,932	-	13,932	15,981
Printing, postage and stationery	4,411	-	4,411	6,020
Advertising	13,396	322	13,718	9,685
Sundries	1,712	-	1,712	2,916
Bank loan interest	13,645	-	13,645	7,014
VAT expense	(47,483)	-	(47,483)	30,929
	<u>53,194</u>	<u>322</u>	<u>53,516</u>	<u>129,447</u>
<i>Payroll costs</i>				
Staff costs	308,630	41,128	349,758	219,880
Training	1,638	50	1,688	2,321
	<u>310,268</u>	<u>41,178</u>	<u>351,446</u>	<u>222,201</u>
<i>Governance costs</i>				
Auditor's remuneration	13,442	-	13,442	14,626
Legal and professional fees	28,833	-	28,833	9,816
Bank charges	724	-	724	298
	<u>42,999</u>	<u>-</u>	<u>42,999</u>	<u>24,740</u>
Total expenditure on charitable activities	<u>1,625,799</u>	<u>41,500</u>	<u>1,667,299</u>	<u>1,223,740</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

8. Net income for the year

	2024 £	2023 £
This is stated after charging:		
Depreciation	15,023	16,683
Fees payable to the Charity's auditors in respect of:		
The audit of the Charity's annual accounts	7,000	6,000
The audit of the subsidiary's annual accounts	1,250	1,000
All taxation advisory services	3,250	3,000
All non-audit services not included above	<u>2,150</u>	<u>7,126</u>

9. Staff costs and trustee remuneration

	2024		2023	
	Group £	Charity £	Group £	Charity £
Wages and salaries	307,769	307,769	257,091	199,446
Social security costs	28,530	28,530	21,614	16,768
Pension costs	<u>13,459</u>	<u>13,459</u>	<u>4,725</u>	<u>3,666</u>
	<u>349,758</u>	<u>349,758</u>	<u>283,430</u>	<u>219,880</u>

	2024		2023	
	Group	Charity	Group	Charity
Employees	<u>15</u>	<u>15</u>	<u>19</u>	<u>19</u>

The number of employees whose employee benefits (excluding employers pension costs) exceeded £60,000 was:

	Group 2024 No.	Group 2023 No.
In the band £60,001 - £70,000	1	1

During the year, no trustees received any remuneration or other benefits (2023: Nil). No (2023: Nil) trustees had expenses reimbursed during the year (2023: £Nil).

The total amount of employee benefits received by key management personnel is £122,612 (2023: £111,886). The key management personnel of the charity comprise the trustees and the Senior Management Team, which at the year end comprises the staff members listed below.

Executive Director
Artistic Director

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

10. Tangible fixed assets Group

	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 April 2023	85,084	20,792	11,885	117,761
Additions	21,194	-	-	21,194
Disposals	-	-	-	-
At 31 March 2024	<u>106,278</u>	<u>20,792</u>	<u>11,885</u>	<u>138,955</u>
Depreciation				
At 1 April 2023	40,444	11,819	10,431	62,694
Charge for the year	12,647	1,794	582	15,023
Eliminated on disposal	-	-	-	-
At 31 March 2024	<u>53,091</u>	<u>13,613</u>	<u>11,013</u>	<u>77,717</u>
Net book value				
At 31 March 2024	<u>53,187</u>	<u>7,179</u>	<u>872</u>	<u>61,238</u>
At 31 March 2023	<u>44,640</u>	<u>8,973</u>	<u>1,454</u>	<u>55,067</u>
Charity				
	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 April 2023	82,832	18,233	11,076	112,141
Additions	15,911	-	-	15,911
Disposals	-	-	-	-
At 31 March 2024	<u>98,743</u>	<u>18,233</u>	<u>11,076</u>	<u>128,052</u>
Depreciation				
At 1 April 2023	39,345	10,459	10,082	59,886
Charge for the year	11,888	1,554	490	13,932
Eliminated on disposal	-	-	-	-
At 31 March 2024	<u>51,233</u>	<u>12,013</u>	<u>10,572</u>	<u>73,818</u>
Net book value				
At 31 March 2024	<u>47,510</u>	<u>6,220</u>	<u>504</u>	<u>54,234</u>
At 31 March 2023	<u>43,487</u>	<u>7,774</u>	<u>994</u>	<u>52,255</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

11. Fixed asset investments

Charity	Investment in subsidiary companies £
Cost or valuation	

At 1 April 2023 and 31 March 2024 1

Subsidiary Name	Company number	Registered office	Class of share	Holding
FOC Trading Limited	12032999	Hope Mill Theatre 113 Pollard Street Manchester M4 7JA	Ordinary	100%

The financial results of the subsidiary for the year were:

	Income £	Expenditure £	Profit for the year £	Net assets £
FOC Trading Limited	271,288	(254,070)	17,218	19,700

12. Stocks

	Group 2024 £	Group 2023 £
Goods held for resale	<u>3,458</u>	<u>5,713</u>

There is no material difference between the replacement cost of stocks and amounts stated above.

13. Debtors

	2024		2023	
	Group £	Charity £	Group £	Charity £
Trade debtors	14,184	5,809	20,588	20,148
Other debtors	3,858	-	-	-
Prepayments	376,085	376,085	273,089	273,089
	<u>394,127</u>	<u>381,894</u>	<u>293,677</u>	<u>293,237</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

14. Creditors: Amounts falling due within one year

	2024		As restated 2023	
	Group £	Charity £	Group £	Charity £
Other loans	174,984	174,984	24,983	24,983
Trade creditors	45,478	45,478	9,284	5,213
Amounts owed to group undertakings	-	57,409	-	14,594
Social security and other taxes	83,744	83,744	46,147	68,242
Other creditors	2,368	2,368	-	-
Deferred income	100,574	41,824	108,318	54,320
Accruals	20,237	17,738	39,514	32,915
	427,385	423,545	228,246	200,267

15. Creditors: Amounts falling due in more than one year

	2024		2023	
	Group £	Charity £	Group £	Charity £
Other loans	169,958	169,958	185,162	185,162
Deferred income	6,875	-	-	-
	176,833	169,958	185,162	185,162

16. Deferred income

	2024		As restated 2023	
	Group £	Charity £	Group £	Charity £
Balance at 1 April	108,318	54,320	192,867	160,967
Amounts released to income	(108,318)	(54,320)	(192,867)	(160,967)
Amount deferred in the year	107,449	41,824	108,318	54,320
Balance at 31 March	107,449	41,824	108,318	54,320

Deferred income comprises amounts which have been invoiced in advance and relate to future accounting periods.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

17. Other loans

The ageing of the loans is as follows:

	2024		2023	
	Group £	Charity £	Group £	Charity £
Due in one year	174,984	174,984	24,983	24,983
Due between two and five years	69,958	69,958	83,086	83,086
Due in more than five years	100,000	100,000	102,076	102,076
	344,942	344,942	210,145	210,145

18. Restricted funds

Group and Charity - 2024	Balance at 31 March 2023 £	Incoming resources £	Resources expensed £	Transfer £	Balance at 31 March 2024 £
First Curtain	4,189	350	-	-	4,539
Foyle Foundation	10,000	-	(10,000)	-	-
Manchester City Council	20,380	-	-	-	20,380
Andrew Lloyd Webber Foundation	11,250	15,000	(15,000)	-	11,250
Northern Cultural Regeneration Fund	16,500	-	(16,500)	-	-
Total restricted funds	62,319	15,350	(41,500)	-	36,169

Group and Charity - 2023	Balance at 31 March 2022 £	Incoming resources £	Resources expensed £	Transfer £	Balance at 31 March 2023 £
First Curtain	7,794	20,395	(24,000)	-	4,189
Foyle Foundation	-	15,000	(5,000)	-	10,000
Manchester City Council	-	30,000	(9,620)	-	20,380
Andrew Lloyd Webber Foundation	-	15,000	(3,750)	-	11,250
Northern Cultural Regeneration Fund	-	16,500	-	-	16,500
Total restricted funds	7,794	96,895	(42,370)	-	62,319

First Curtain

First Curtain raises funds to buy a ticket for a child from Greater Manchester to attend the theatre for the first time.

Foyle Foundation

This grant provides funding towards a new freelance Assistant Producer role.

Manchester City Council

Funding towards capital development feasibility studies.

Andrew Lloyd Webber Foundation

The grant provides funding towards the Hope Mill Theatre School.

Northern Cultural Regeneration Fund

Funding towards capital development feasibility studies.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

19. Unrestricted funds

	Charity £	Group £
Balance at 31 March 2022	180,520	183,706
Net movement in funds for the year (as restated)	(259,383)	(243,472)
Transfer during the year	-	-
Balance at 31 March 2023 (as restated)	(78,863)	(59,766)
Net movement in funds for the year	(89,980)	(89,376)
Transfer during the year	-	-
Balance at 31 March 2024	(168,843)	(149,142)

20. Analysis of net assets between funds

Group - 2024	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	61,238	-	61,238
Current assets	393,838	36,169	430,007
Creditors due within one year	(427,385)	-	(427,385)
Creditors due in more than one year	(176,833)	-	(176,833)
	(149,142)	36,169	(112,973)
Group – 2023 (As restated)			
	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	55,067	-	55,067
Current assets	298,575	62,319	360,894
Creditors due within one year	(228,246)	-	(228,246)
Creditors due in more than one year	(185,162)	-	(185,162)
	(59,766)	62,319	2,553

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

20. Analysis of net assets between funds (continued)

Charity - 2024	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	54,234	-	54,234
Investments	1	-	1
Current assets	370,425	36,169	406,594
Creditors due within one year	(423,545)	-	(423,545)
Creditors due in more than one year	(169,958)	-	(169,958)
	<u>(168,843)</u>	<u>36,169</u>	<u>(132,674)</u>
Charity – 2023 (As restated)	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	52,255	-	52,255
Investments	1	-	1
Current assets	254,310	62,319	316,629
Creditors due within one year	(200,267)	-	(200,267)
Creditors due in more than one year	(185,162)	-	(185,162)
	<u>(78,863)</u>	<u>62,319</u>	<u>(16,544)</u>

21. Reconciliation of consolidated net incoming resources to net cash flow from operating activities

	2024 Group £	As rested 2023 Group £
Net (outgoing) resources	(115,526)	(188,947)
Interest paid	13,707	7,014
Interest received	(62)	-
Net (outgoing) resources from operations	<u>(101,881)</u>	<u>(181,933)</u>
Depreciation	15,023	16,683
Decrease/(increase) in stock	2,255	(5,713)
(Increase) in debtors	(100,450)	(111,225)
Increase/(decrease) in creditors	56,013	(24,750)
Net cash (outflow)/ inflow from operating activities	<u>(129,040)</u>	<u>(306,938)</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2024

22. Analysis of net debt

	1 April 2023 £	Cash flow £	Non-cash Movements £	31 March 2024 £
Cash at the bank and in hand	61,504	(29,082)	-	32,422
Debts falling due within one year	(24,983)	134,797	(284,798)	(174,984)
Debts falling due after one year	(185,162)	-	15,204	(169,958)
	<u>(148,641)</u>	<u>105,715</u>	<u>(269,594)</u>	<u>(312,520)</u>

23. Financial commitments

	2024		2023	
	Group £	Company £	Group £	Company £
As at 31 March the annual commitments under non-cancellable operating leases were as follows:-				
Due within 1 year	25,000	25,000	25,000	25,000
Due within 1 to 2 years	100,000	100,000	100,000	100,000
Due within 2 to 5 years	35,417	35,417	60,417	60,417
	<u>160,417</u>	<u>160,417</u>	<u>185,417</u>	<u>185,417</u>

As at 31 March 2024 the company and the Group had capital commitments of £nil (2023: £nil).

24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £13,459 (2023: £12,526). There were no outstanding contributions payable to the fund at the reporting date.

25. Related party transactions

Transactions with trustees are disclosed in note 9.

The financial results of FOC Trading Limited as disclosed in note 11 of these financial statements.

During the year, W Whelton loaned the charity £130,000. This balance is unsecured and no interest is charged. At the balance sheet date, £130,000 is outstanding and is included in other loans.

THE FACTORY OF CREATIVITY

England & Wales - Charity number 1183251

Accounts

Charity registration number: 1183251

The Factory of Creativity
Consolidated Annual Report and Financial Statements
Year ended 31 March 2023

The Factory of Creativity

Reports and Financial Statements

Year ended 31 March 2023

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The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023

The trustees 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). The trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102) in preparing the annual report and financial statements of the charity.

Reference and Administrative Details

Registered Charity number: 1183251

Registered office: Hope Mill Theatre
113 Pollard Street
Manchester
M4 7JA

Trustees:	A Rawlinson	
	M R Dubois	Appointed 12 November 2022
	Dr P Martin OBE	Appointed 16 July 2022
	K O'Neill	Appointed 16 July 2022
	R Miller	Appointed 16 July 2022
	E Riley	Appointed 16 July 2022
	D Carr	Appointed 16 July 2022
	J McCarthy	Appointed 16 July 2022
	D Treacy	Appointed 16 July 2022
	K M Gillibrand	Appointed 16 July 2022
	D R L Gordon	
	T Kent	
	C Pinney	
	P A Richards	Resigned 17 September 2022
	R Hall	Resigned 25 October 2022

Auditors: Hawsons Chartered Accountants
Statutory Auditors
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Bankers: The Cooperative Business Banking
1 Balloon Street
Manchester
M60 4EP

Executive Director: Will Whelton

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023 (continued)

The Board of Trustees, present their report and the consolidated group financial statements of The Factory of Creativity and its 100% owned subsidiary FOC Trading Limited, for the year ended 31 March 2023.

Structure, Governance and Management

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a charitable incorporated organisation (CIO).

The trustees are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Decision making

As set out in the Constitution, The Factory of Creativity CIO has a minimum of three trustees. Apart from the first charity trustees, every trustee must be appointed for a term of three years by a resolution passed at a properly convened meeting of the charity trustees.

The Board meets six times per year. In addition there are sub-committees with powers delegated from the Board of Trustees and which operate under their own terms of references.

An Executive Director is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Executive Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic performance related activity.

Induction and training of new trustees

Following a Board skills and diversity audit, the charity undertook an open recruitment process for new trustees in spring 2022. This resulted in nine new members being appointed to the Board, bringing with them a wealth of additional knowledge and expertise.

New trustees undergo an orientation period to brief them on their legal obligations under charity law, the Charity Commission guidance on public benefit, content of the Constitution, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

Related parties

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, FOC Trading Ltd was established to operate the commercial bar, and non-theatrical events. FOC Trading Ltd has a licence from the charity to operate those facilities and gift aids the majority of its profits to the charity.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023 (continued)

Risk management

The Trustees are committed to and have considered the identification and management of the major strategic, business and operational risks which the charity faces.

The principal financial risks revolve around the failure of a production at the Box Office, the risk of audiences not returning in sufficient numbers, and the potentially adverse effect on both profitability and cash flow.

The trustees have a risk management strategy which comprises:

- an in-depth annual review of the risks the charity and its subsidiary FOC Trading Limited may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan;
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital by the subsidiary company.

Objectives And Activities

Objectives and aims

The Factory of Creativity (known as Hope Mill Theatre) exists to entertain, educate and enrich: staging the highest quality productions; engaging audiences & participants in theatre/arts that are accessible for all; and supporting artists and audiences to be ambitious in sharing their stories and lives through live theatre. Our aim is to create a brave, inclusive home for audiences and artists to fulfil their full potential and creativity.

Musical theatre is at the heart of our artistic work. Hope Mill Theatre provides a dedicated home for musical theatre in Manchester, creating award-winning new shows and revivals and challenging people's expectations of small-scale theatre with a standard of work that is second to none. We aim to build on the national acclaim achieved by our productions with further national and international recognition, while creating new opportunities and strong career pathways for Manchester's early-stage theatre performers and makers.

We offer a year-round showcase for exciting new ideas, skills, and talents: commissioning new musicals and new writing for musical theatre, giving a platform to emerging composers and staging work that wouldn't otherwise be seen - bridging the gap between Manchester's many small fringe spaces, where actors and writers start their careers, and its prestigious large-scale venues. Today, we are among the most successful and respected independent venues in England, 'a powerhouse home for musicals' (The Stage).

We serve a broad, far-reaching community, from across Greater Manchester and beyond; we are here for all. Our participatory programmes have a particular focus on:

- LGBTQIA+ communities, thriving at Hope Mill as audiences, performers, artists, creators;
- Our neighbouring communities in Miles Platting & Newton Heath, Ancoats & Beswick, areas that have historically been underserved by the arts: here our programmes especially target children and young people and isolated, older adults.

The trustees have referred to the Charity Commission's guidance on public benefit in reviewing the charity's aims and objectives and in planning its future actions.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023 (continued)

Significant activities

The year ending March 2023 was exciting artistically, as our in-house production ramped up again to deliver highly successful original productions. Maureen Lipman followed her spellbinding online performance of *Rose*, broadcast at Hope Mill in 2021, with a stage performance of this extraordinary solo piece, distilling a generation of Jewish experience down to a single life. *Rose* won huge acclaim and went on to a sell-out run at Park Theatre London before transferring to the West End.

Classic, a hectic romp through classical literature (co-produced with HER Productions), opened at Hope Mill in June 2022 before delighting audiences for 4 weeks at the Edinburgh Fringe; it is scheduled to bring much hilarity to passengers enjoying a Cunard cruise, in October 2023.

A highlight of the year was Hope Mill's *Cinderella*, a European theatrical première for the 2013 Broadway version of Rodgers and Hammerstein's musical, originally written for television. Directed by Joe Houston and choreographed by Will Whelton (co-founders and joint directors of Hope Mill), the show was critically acclaimed for its fabulous performance, sensational singing and visually striking set: "a musical fairytale as sharp as it is sparkling" *The Times*. *Cinderella* was originally planned for 2020, then rescheduled when the pandemic closed our doors; from November 2022, it was the first major show to complete a full run without a single performance lost to Covid-related cancellations.

In March we were delighted to present *ANIMAL*, winner of Hope Mill Theatre's inaugural *Through The Mill* Prize (Hope Mill Theatre supported by Jonathan Harvey). Written by Jon Bradfield, from a story by Jon Bradfield and Josh Hepple, it follows gay central character David (Christopher John-Slater), a wheelchair user living with cerebral palsy, on his determined, mischievous and by turns hilarious and moving quest to lose his virginity using Grindr. Co-produced with London's Park Theatre, *ANIMAL* struggled to attract audiences in the numbers we had hoped for in Manchester, but received enthusiastic reviews from those who did see it with 4/5 star reviews across the board.

Over the year we presented 170 performances in total and attracted paid attendances of 20,679, an occupancy rate of 88% - an exceptional achievement in a year the early part of which continued to be beset by Covid restrictions and cancellations. It has been immensely rewarding to see audiences return so enthusiastically despite the financial pressures faced by so many.

Hope Mill Theatre's community programme continued to grow and thrive. HMT's 40-strong Community Choir met weekly, enriching our programme throughout the year and also performing regularly off-site at wider community events. In September 2022 we formed Hope Mill Community Orchestra, soon to be joined by a fledgling HMT Youth Orchestra. Local people gathered weekly to join in HMT's Playreading Group, which now links closely to the programmes on our stage. HMT's Amateur Dramatic Company's *Legally Blonde* sold out well before the show opened in Spring '22, and as March came to an end rehearsals were well advanced for *Grease*, the group's next production will be announced in the autumn for 2024 cementing the annual amateur dramatics production into the theatre programme.

HMT's Theatre School (for ages 2-18), led by industry professionals, became busier than ever, with the current 60 students bringing the main school to near capacity. Thanks to a grant from the Andrew Lloyd Webber Foundation we were able to expand this provision with Sunday sessions from April 2023. We continue to make 50% of places available free of charge for local children and young people who could otherwise not afford such opportunities: as part of Hope Mill Theatre's creative family they will develop new skills and confidence, access regular opportunities to perform, be inspired to explore creative career pathways – all while making new friends and having loads of fun. The first theatre school production was 'Annie' Junior which was performed in June providing the students with performance experience in the main theatre space. A grant from the Noël Coward Foundation is enabling us to provide additional, 1-to-1 help and training for those young people wishing to apply to drama school, supporting them to navigate a tough and highly competitive admissions process in which they are undeniably at some disadvantage relative to peers who have engaged with dance and performing from an early age.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023 (continued)

Significant activities (continued)

This year we were able to distribute over 1000 free tickets to local children and young people, enabling them to enjoy a first visit to live theatre completely free of charge. Many of these young people also took part in 'meet the cast/crew' events: we aim for creative teams to be 50%+ people with protected characteristics and these events offer an important opportunity for young people to see themselves – their own cultures and backgrounds – reflected among industry professionals, opening new possibilities and windows into creative careers. We are grateful to The Big Give and for the generosity of all those who boosted our *First Curtain* fund in late 2022, to make this possible.

HMT's community programme and offer for young people is emphatically not an add-on, but rather an integral part of who and what we are: these activities are fully woven into our year-round programme and productions.

For example, *Turn On Fest*, Hope Mill Theatre's LGBTQIA+ Arts Festival - co-curated with partner queer arts organisations (Hive North, Superbia, TransCreative and Gaydio) - returned to Hope Mill for its fourth edition in January 2023. The festival brings together Greater Manchester's LGBTQ+ communities over a fortnight of events to enjoy new writing, scratch nights, musicals & more, providing a much-needed platform for queer art to be explored, developed and nurtured. This year 78% of our audiences identified as LGBTQIA+ with a third of all audiences aged 25-34. *Turn On Fest* saw a first public sharing of *ALIEN NATION*, a new performance piece adapted for the stage by young members of HMT Theatre School working alongside LGBTQIA+ young people (aged 14 – 18) from the Proud Trust, supported by a director and dramaturg. The original story was commissioned by The Proud Trust and created in Manchester with these LGBTQ+ young people, it explores gender identity and expression in a lively and engaging way through the group's own experiences and ideas.

The piece was enthusiastically received by audiences, with valuable feedback (including from parents and teachers) provided through the subsequent Q&A. As a result we are now developing this as a piece to tour into local primary schools, performed by professional actors, from September 2024. Here it will engage pupils in important (and fun) conversations around gender and gender expression – while encouraging them to be part of Hope Mill's wider theatre offer and provision and inspiring those vital first steps into creative expression.

The quality and breadth of Hope Mill Theatre's community activity, linked to a performance programme that is delivered by industry professionals, applying the very highest production values, is particularly important in an area of Manchester that has historically been underserved by the arts. We are committed to reaching local people, and young people in particular, with a range of inspiring opportunities – whether performance, production, skills development, training or placements – that feed directly into progression pathways into further training and/or careers in the arts.

Finally, following a comprehensive review of forward strategy and governance, Hope Mill Theatre undertook an open recruitment exercise for new Trustees in June 2022. The response was extraordinarily enthusiastic and over the course of the year the charity has welcomed to its Board of Trustees nine new members, who contribute an exceptional range of skills and knowledge in important areas such as finance, charity management, marketing, higher education, fundraising and more. We owe much gratitude also to those trustees who retired over the year, for their commitment and hard work in establishing the charity and in steering a successful path through the many challenges of the pandemic.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023 (continued)

Strategic Report

Financial position

The financial transactions of the charity during the year and the position at the end of the year are set out in the attached accounts.

Income during 2022/23 was £1,285,524, compared to £1,472,437 in 2021/22. Expenditure was £1,455,426 (£1,364,498 in 2021/22), representing an operating deficit of £169,902. This was largely due to low ticket sales in the first quarter of 2023, with correspondingly reduced bar and hospitality takings. Audiences for ANIMAL in particular were very disappointing, for what was perceived as a challenging subject matter, leading to a substantial loss made on the show. This was a high-quality and critically acclaimed production and we remain proud of its achievements; increased levels of co-production in future years will help to mitigate such risks.

The trustees note the qualification in the audit report on page 9 of the financial statements. This qualification relates to the financial information contained in the prior year (31 March 2022) audited accounts. We also note that we underwent a retendering exercise during the last financial year to ensure a robust and efficient audit process going forward and feel we are in a better position as a result.

In May 2022, the charity applied to become a National Portfolio Organisation of Arts Council England but was unsuccessful: the NPO round was hugely oversubscribed, with new awards weighted towards Priority and Levelling Up areas of the country. This was naturally a great disappointment; success would have provided much-needed core stability enabling us to realise an ambitious and exciting vision including a step-change in the highest quality production activity, over the coming three years. Our ambitions remain undimmed however, and we have revised our business plan to fit our current circumstances. This includes a new focus on touring in-house productions, so as to deliver greater value for HMT's intellectual and financial investment in new product, while strengthening our resilience and flexibility in the face of future challenges.

We are hugely grateful to the many generous funders who have enabled the success of this very busy and productive year for Hope Mill Theatre. They include the Social Enterprise Support Fund, Manchester City Council, the Evergreen Fund (North West), the Garfield Weston Foundation, the Foyle Foundation, the Andrew Lloyd Webber Foundation, Arts Council England, the Granada Foundation, the Noël Coward Foundation, the LGBT foundation and The Big Give – as well as many individual donors whose contributions have brought many hundreds of children and young people to enjoy live theatre for the very first time.

Reserves policy

The group ended the year with reserves reduced to £21,598 (2022: £191,500). Of this, a deficit of £40,721 (2022: £183,706 surplus) is in the form of unrestricted reserves. This falls short of the sum required by our reserves policy, corresponding to 3 months' running costs (approx. £350,000). We aim to generate a surplus over the coming years to build the charity's free reserves to the required level.

2022/23 was an extenuating year for the charity. The in year deficit can be attributed to the low audience numbers for ANIMAL in March combined with a provision for an expected change to the organisation's VAT status. As a relatively new organisation formed just before the COVID pandemic hit, the Factory of Creativity has had limited opportunity generate significant reserves.

The organisation has taken the opportunity in 23/24 to review the business model, and has also garnered support from the Arts Council and funders - including beginning a substantial fundraising campaign, and growing a network of venues - including our partnership with CUNARD - to take our work elsewhere to maximise the financial opportunities from the fantastic work that we create.

Future strategy

Hope Mill Theatre is working to 4 priority strategic objectives for the period to March 2026. Over this period we aim to:

- step up in-house PRODUCTION, with commercial partnerships enabling ambitious, large-scale works that go on to tour nationally/internationally, so building income and reinforcing sustainability.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023 (continued)

Future strategy (continued)

- expand our COMMUNITY programme, to be guided and shaped by the newly formed Hope Mill Theatre Community Council, so that local people (diverse young people and older, isolated adults in particular) enjoy new opportunities, social connections and improved wellbeing.
- grow our EDUCATION offer with local schools & expand Hope Mill Theatre School, creating new progression routes for young people into successful creative careers – including, ultimately, via a locally-delivered, accredited musical theatre degree. The north is currently lacking in high-quality, professional development and progression opportunities in musical theatre.
- increase support for EMERGING TALENT (esp. LGBTQIA+) in new writing, composition and performance, so that distinctive Manchester voices are celebrated and profiled and enjoy a national spotlight.

In the year ahead, we are touring our next major in-house musical production, *LIZZIE*, to 5 venues, nationally, following its September run at Hope Mill Theatre. We are starting to build a network of venues across the country where audiences can access and enjoy our award-winning productions. In the autumn/ Christmas slot we are producing a brand new world premier musical of the much loved film '*To Wong Foo, thank you for everything Julie Numar*' working with American creatives to bring the show to UK audiences.

Talent development starts in our local community, where children and young people aged 2- 18 learn and train with skilled industry professionals in Hope Mill Theatre School. From April 2023, a new, Sunday offer will supplement theatre school, so that more local young people are able to start exploring and enjoying their creative talents. We aim to continue to provide 50% of places free of charge for local children and young people from neighbouring areas of Manchester with exceptionally high levels of deprivation. More broadly, we will continue to provide opportunities for, and to showcase, new talent, wherever possible – through *Turn On Fest* and other projects such as *Powerhouse Projects*, our platform for new writing, which provides a brave space to test new work.

In 2022/23 Hope Mill Theatre undertook important feasibility and business planning activity to explore options for a new theatre venue. Operations have grown rapidly over recent years and the theatre is working at capacity, with no possibility to date of expansion on our current site. A market appraisal conducted as part of this business planning process demonstrated great potential for HMT to increase its audiences, if the theatre space could be expanded. Meanwhile our existing audiences, contributing to an extensive online survey in January 2023, show extraordinary loyalty and commitment and indicate a clear readiness to increase their attendances and participation if we can provide more of what they love.

We have explored numerous options for a new theatre, including a city centre location, but have concluded that in the present economic climate, the risks outweigh the benefits of these options. We have been struck moreover by the deep affection that our audiences declare for Hope Mill Theatre, just as and where it is. The 10-year regeneration strategy shaping new urban neighbourhoods in Ancoats and New Islington presents an exciting opportunity for our theatre to contribute a distinct identity and sense of place for our communities: we will continue to explore every possible avenue to deliver an expanded, enhanced theatre experience in this locality, in the longer term.

The Factory of Creativity

Report of the Trustees for the year ended 31 March 2023 (continued)

Statement Of Trustees' Responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and reports) regulations 2008 and provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Hawsons Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees on 7 October 2023 and signed on the board's behalf by:



.....
A Rawlinson - Chair

The Factory of Creativity

Independent auditors' report to the Trustees of The Factory of Creativity

Qualified Opinion

We have audited the financial statements of The Factory of Creativity (the 'parent charity') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise Consolidated Statement of Financial Activities, Statement of Financial Activities, Consolidated and Charity Balance Sheet, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion section of our report, the financial statements:

- give a true and fair view of the state of the charity and group's affairs as at 31 March 2023 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 Charities Act 2011.

Basis for qualified opinion

The evidence available to us in respect of the prior period was limited and it was not possible for us to perform the auditing procedures necessary to obtain sufficient appropriate audit evidence for the comparative figures at 31 March 2022. Any adjustment could have a material effect on the income and expenditure for the year ended 31 March 2023.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the group generated a net deficit of £169,902 during the year ended 31 March 2023. As stated in Note 1, this condition along with other matters set out in Note 1 indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our qualified opinion is not modified in respect of this matter.

Conclusions relating to going concern.

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

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

Other information

The other information comprises the information included in the trustees annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

The Factory of Creativity

Independent auditors' report to the Trustees of The Factory of Creativity (continued)

Matters on which we are required to report by exception

Except for the matter described in the basis of qualified opinion sections of our report, in the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 8, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and parent charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

We have been appointed as auditor under section 151 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The charity is subject to laws and regulations that directly and indirectly affect the financial statements. Based on our understanding of the charity and the environment it operates within, we determined that the laws and regulations which were most significant included FRS 102, Health and Safety regulations and the Charities Act 2011. We considered the extent to which non-compliance with these laws and regulations might have a material effect on the financial statements, including how fraud might occur. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the charity's result for the period, and management bias in key accounting estimates.

Audit procedures performed by the engagement team included:

The Factory of Creativity

Independent auditors' report to the Trustees of The Factory of Creativity (continued)

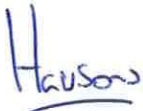
- Discussions with management and those responsible for legal compliance procedures within the charitable company to obtain an understanding of the legal and regulatory framework applicable to the charitable company and how the charitable company complies with that framework, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of Trustee meetings;
- Identifying and assessing the design effectiveness of controls that management has in place to prevent and detect fraud and non-compliance with laws and regulations;
- Challenging assumptions and judgements made by management in their significant accounting estimates.
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations or posted by senior management.

There are inherent limitations in the audit procedures described above and the more removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor-s-responsibilities-for. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Hawsons Chartered Accountants

Statutory Auditor
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

Hawsons Chartered Accountants is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

11 October 2023

The Factory of Creativity

Consolidated Statement of Financial Activities

Year Ended 31 March 2023

		Unrestricted Fund £	Restricted Funds £	2023 Total £	2022 Total £
Income and Endowments from:	Notes				
Grant, donations and legacies	2	132,842	96,895	229,737	529,186
Charitable activities	3	642,856	-	642,856	452,826
Other trading activities	4	277,495	-	277,495	288,978
Other income	5	135,436	-	135,436	201,447
Total incoming resources		1,188,629	96,895	1,285,524	1,472,437
Resources expended					
Raising funds	6	231,686	-	231,686	212,595
Charitable activities	7	1,181,370	42,370	1,223,740	1,151,903
Total resources expended		1,413,056	42,370	1,455,426	1,364,498
Net (expenditure)/income		(224,427)	54,525	(169,902)	107,939
Transfers between funds		-	-	-	-
Net movement in funds		(224,427)	54,525	(169,902)	107,939
Funds brought forward		183,706	7,794	191,500	83,561
Funds carried forward		(40,721)	62,319	21,598	191,500

The Factory of Creativity

Statement of Financial Activities

Year Ended 31 March 2023

		Unrestricted Fund £	Restricted Funds £	2023 Total £	2022 Total £
Income and Endowments from:	Notes				
Grant, donations and legacies	2	132,842	96,895	229,737	543,186
Charitable activities	3	642,856	-	642,856	452,826
Other trading activities		52,371	-	52,371	93,699
Other income	5	135,436	-	135,436	201,447
Total incoming resources		963,505	96,895	1,060,400	1,291,158
Resources expended					
Raising funds	6	22,473	-	22,473	31,539
Charitable activities	7	1,181,370	42,370	1,223,740	1,151,903
Total resources expended		1,203,843	42,370	1,246,213	1,183,442
Net (expenditure)/income		(240,338)	54,525	(185,813)	107,716
Transfers between funds		-	-	-	-
Net movement in funds		(240,338)	54,525	(185,813)	107,716
Funds brought forward		180,520	7,794	188,314	80,598
Funds carried forward		(59,818)	62,319	2,501	188,314

The Factory of Creativity

Balance Sheets

31 March 2023

	Notes	31 March 2023		31 March 2022	
		Group £	Company £	Group £	Company £
Fixed assets					
Tangible assets	10	55,067	52,255	55,570	52,056
Investments	11	-	1	-	1
		<u>55,067</u>	<u>52,256</u>	<u>55,570</u>	<u>52,057</u>
Current assets					
Stock	12	5,713	-	-	-
Debtors	13	293,677	293,237	182,452	198,529
Cash at bank and in hand		61,504	23,392	309,607	251,410
		<u>360,894</u>	<u>316,629</u>	<u>492,059</u>	<u>449,939</u>
Creditors – amounts falling due within one year	14	(209,201)	(181,222)	(245,986)	(203,539)
Net current assets		<u>151,693</u>	<u>135,407</u>	<u>246,073</u>	<u>246,400</u>
Total assets less current liabilities		<u>206,760</u>	<u>187,663</u>	<u>301,643</u>	<u>298,457</u>
Creditors – amounts falling due after one year	15	(185,162)	(185,162)	(110,143)	(110,143)
Net assets		<u>21,598</u>	<u>2,501</u>	<u>191,500</u>	<u>188,314</u>
Charity funds					
Restricted funds	18	62,319	62,319	7,794	7,794
Unrestricted funds	19	(40,721)	(59,818)	183,706	180,520
Total charity funds		<u>21,598</u>	<u>2,501</u>	<u>191,500</u>	<u>188,314</u>

The financial statements were approved by the board of trustees on 7 October 2023 and signed on its behalf by:



A Rawlinson
Trustee

The Factory of Creativity

Consolidated Statement of Cashflows

Year Ended 31 March 2023

	Notes	2023 £	2022 £
Cash flow from operating activities	21	(306,938)	40,191
Cash flow from investing activities			
Payments to acquire tangible fixed assets		(16,180)	(5,710)
Interest paid		(7,014)	(4,200)
Net cash flow from investing activities		(23,194)	(9,910)
Cash flow from financing activities			
New loan in the year		100,000	43,500
Repayment of borrowings		(17,971)	(10,055)
Net cash flow from financing activities		82,029	33,445
Net (decrease) / increase in cash and cash equivalents		(248,103)	63,726
Cash and cash equivalents at 1 April		309,607	245,881
Cash and cash equivalents at 31 March		61,504	309,607
Cash and cash equivalents consist of:			
Cash at bank and in hand		61,504	309,607
Cash and cash equivalents at 31 March		61,504	309,607

The Factory of Creativity

Notes on Accounts

Year Ended 31 March 2023

1. Accounting policies

Statutory information

The Factory of Creativity is a charity (No. 1183251), domiciled in England and Wales. The registered office is at Hope Mill Theatre, 113 Pollard Street, Manchester, M4 7JA.

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The financial statements are presented in pounds sterling, which is the functional currency and rounded to the nearest £1.

Basis of consolidation

These financial statements consolidate the results of the charity and its wholly owned subsidiary, FOC Trading Limited on a line by line basis.

Income and debtors

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received, and the amount can be measured reliably.

Grant income is recognised when the charity becomes unconditionally entitled to it.

Debtors are recognised at settlement value.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 33% on cost

Related party exemption

The charitable has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

1. Accounting policies

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

Going concern

The financial statements have been prepared on a going concern basis. During the year the group generated a deficit of £169,902 and funds were reduced to £21,598 at the year end. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The Trustees believe that the expected income and expenditure is sufficient with the level of reserves for the group to be able to continue as a going concern however acknowledge that a material uncertainty exists in this regard.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the statement of comprehensive income.

Critical accounting estimates and areas of judgement

There are no significant estimate or judgements made in the process of applying the charity's accounting policies.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

2. Income from grants, donations and legacies

	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
Donations	11,466	20,395	31,861	41,107
Total donations	11,466	20,395	31,861	41,107
Manchester City Council	-	30,000	30,000	62,463
Arts Council England	55,203	-	55,203	343,540
Grand Trust	-	-	-	15,000
National Lottery Key fund	35,273	-	35,273	49,866
Northern Cultural Regeneration Fund	-	16,500	16,500	-
Foyle Foundation	-	15,000	15,000	-
Andrew Lloyd	-	15,000	15,000	-
Granada Foundation	2,000	-	2,000	-
LGBT Foundation	2,000	-	2,000	-
Noel Coward Foundation	2,400	-	2,400	-
MCR Active	4,500	-	4,500	-
Garfield Western	20,000	-	20,000	-
Government furlough scheme	-	-	-	17,210
Total grants	121,376	76,500	197,876	488,079
Total	132,842	96,895	229,737	529,186

3. Income from charitable activities

	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
Ticket sales	612,116	-	612,116	406,811
Memberships	9,410	-	9,410	8,978
Theatre school	21,330	-	21,330	37,037
	642,856	-	642,856	452,826

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

4. Income from other trading activities

	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
Charitable trading:				
Sales of Product Income	20,200	-	20,200	22,394
Fundraising	-	-	-	9,767
Trading income	225,124	-	225,124	195,279
Advertising	300	-	300	285
Theatre Hire	31,871	-	31,871	61,253
	<u>277,495</u>	<u>-</u>	<u>277,495</u>	<u>288,978</u>

5. Other income

	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
Management charges	-	-	-	69,035
Theatre Tax Relief	127,882	-	127,882	132,412
Other income	7,554	-	7,554	-
	<u>135,436</u>	<u>-</u>	<u>135,436</u>	<u>201,447</u>

6. Expenditure on raising funds

	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
Charitable:				
Purchases	2,024	-	2,024	7,539
Consultancy fees	-	-	-	24,000
Fundraising costs	20,449	-	20,449	-
Non-Charitable:				
Trading subsidiary expenditure	145,663	-	145,663	146,605
Trading subsidiary staff costs	63,550	-	63,550	34,451
	<u>231,686</u>	<u>-</u>	<u>231,686</u>	<u>212,595</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

7. Expenditure on charitable activities

	Unrestricted fund 2023 £	Restricted fund 2023 £	Total funds 2023 £	Total funds 2022 £
<i>Production costs</i>				
Hire of equipment	16,731	-	16,731	38,438
Box office	311,271	24,000	335,271	65,547
Pre-production expenses	306,502	-	306,502	398,997
Artist Travel	8,494	-	8,494	4,258
Artists	101,361	-	101,361	175,636
Set, costume and prep	17,764	-	17,764	27,948
	<u>762,123</u>	<u>24,000</u>	<u>786,123</u>	<u>710,824</u>
<i>Establishment costs</i>				
Rent and rates	39,576	-	39,576	36,422
Insurance	6,241	-	6,241	10,882
Light and heat	13,403	-	13,403	5,592
Telephone	2,009	-	2,009	1,653
	<u>61,229</u>	<u>-</u>	<u>61,229</u>	<u>54,549</u>
<i>Support costs</i>				
Computer expenditure	4,993	-	4,993	8,797
Repair and maintenance	21,515	-	21,515	39,082
Entertainment	4,649	-	4,649	5,871
Licenses and memberships	5,214	-	5,214	5,126
Cleaning	5,910	-	5,910	3,467
Health and safety	2,966	-	2,966	3,812
Travel	11,655	-	11,655	8,292
Depreciation	15,981	-	15,981	15,446
Printing, postage and stationery	6,020	-	6,020	6,072
Advertising	9,685	-	9,685	44,572
Sundries	2,916	-	2,916	716
Bank loan interest	7,014	-	7,014	4,200
VAT expense	30,929	-	30,929	-
	<u>129,447</u>	<u>-</u>	<u>129,447</u>	<u>145,453</u>
<i>Payroll costs</i>				
Staff costs	211,130	8,750	219,880	222,514
Training	2,321	-	2,321	-
	<u>213,451</u>	<u>8,750</u>	<u>222,201</u>	<u>222,514</u>
<i>Governance costs</i>				
Auditor's remuneration	14,626	-	14,626	10,970
Legal and professional fees	196	9,620	9,816	7,593
Bank charges	298	-	298	-
	<u>15,120</u>	<u>9,620</u>	<u>24,740</u>	<u>18,563</u>
Total expenditure on charitable activities	<u>1,181,370</u>	<u>42,370</u>	<u>1,223,740</u>	<u>1,151,903</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

8. Net income for the year

	2023 £	2022 £
This is stated after charging:		
Depreciation	16,683	15,446
Fees payable to the Charity's auditors in respect of:		
The audit of the Charity's annual accounts	6,000	3,000
The audit of the subsidiary's annual accounts	1,000	-
All taxation advisory services	3,000	-
All non-audit services not included above	<u>7,126</u>	<u>7,970</u>

9. Staff costs and trustee remuneration

	2023 Group £	Charity £	2022 Group £	Charity £
Wages and salaries	257,091	199,446	242,144	207,693
Social security costs	21,614	16,768	11,595	11,595
Pension costs	4,725	3,666	3,226	3,226
	<u>283,430</u>	<u>219,880</u>	<u>256,965</u>	<u>222,514</u>

	2023 Group	Charity	2022 Group	Charity
Employees	<u>19</u>	<u>19</u>	<u>14</u>	<u>14</u>

The number of employees whose employee benefits (excluding employers pension costs) exceeded £60,000 was:

	Group 2023 No.	Group 2022 No.
In the band £60,001 - £70,000	1	-

During the year, no trustees received any remuneration or other benefits (2022: Nil). No (2022: Nil) trustees had expenses reimbursed during the year (2022: £Nil).

The total amount of employee benefits received by key management personnel is £111,886 (2022: £85,647). The key management personnel of the charity comprise the trustees and the Senior Management Team, which at the year end comprises the staff members listed below.

Executive Director
Artistic Director

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

10. Tangible fixed assets Group

	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 April 2022	70,388	20,792	10,401	101,581
Additions	14,696	-	1,484	16,180
Disposals	-	-	-	-
At 31 March 2023	<u>85,084</u>	<u>20,792</u>	<u>11,885</u>	<u>117,761</u>
Depreciation				
At 1 April 2022	29,714	9,576	6,721	46,011
Charge for the year	10,730	2,243	3,710	16,683
Eliminated on disposal	-	-	-	-
At 31 March 2023	<u>40,444</u>	<u>11,819</u>	<u>10,431</u>	<u>62,694</u>
Net book value				
At 31 March 2023	<u>44,640</u>	<u>8,973</u>	<u>1,454</u>	<u>55,067</u>
At 31 March 2022	<u>40,674</u>	<u>11,216</u>	<u>3,680</u>	<u>55,570</u>
Charity				
	Plant & machinery £	Fixtures & fittings £	Computer equipment £	Total £
Cost				
At 1 April 2022	68,136	18,233	9,592	95,961
Additions	14,696	-	1,484	16,180
Disposals	-	-	-	-
At 31 March 2023	<u>82,832</u>	<u>18,233</u>	<u>11,076</u>	<u>112,141</u>
Depreciation				
At 1 April 2022	28,903	8,515	6,487	43,905
Charge for the year	10,442	1,944	3,595	15,981
Eliminated on disposal	-	-	-	-
At 31 March 2023	<u>39,345</u>	<u>10,459</u>	<u>10,082</u>	<u>59,886</u>
Net book value				
At 31 March 2023	<u>43,487</u>	<u>7,774</u>	<u>994</u>	<u>52,255</u>
At 31 March 2022	<u>39,233</u>	<u>9,718</u>	<u>3,105</u>	<u>52,056</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

11. Fixed asset investments

				Investment in subsidiary companies £
Charity				
Cost or valuation				
At 1 April 2022 and 31 March 2023				1
Subsidiary Name	Company number	Registered office	Class of share	Holding
FOC Trading Limited	12032999	Hope Mill Theatre 113 Pollard Street Manchester M4 7JA	Ordinary	100%

The financial results of the subsidiary for the year were:

	Income £	Expenditure £	Profit for the year £	Net assets £
FOC Trading Limited	225,124	(209,213)	15,911	19,097

12. Stocks

	Group 2023 £	Group 2022 £
Goods held for resale	5,713	-

There is no material difference between the replacement cost of stocks and amounts stated above.

13. Debtors

	2023		2022	
	Group £	Charity £	Group £	Charity £
Trade debtors	20,588	20,148	13,097	10,597
Amounts owed by group undertakings	-	-	-	18,577
Prepayments	273,089	273,089	169,355	169,355
	<u>293,677</u>	<u>293,237</u>	<u>182,452</u>	<u>198,529</u>

Amounts owed by group are interest free and repayable on demand.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

14. Creditors: Amounts falling due within one year

	2023		2022	
	Group £	Charity £	Group £	Charity £
Other loans	24,983	24,983	17,973	17,973
Trade creditors	9,284	5,213	13,494	13,254
Amounts owed by group undertakings	-	14,594	-	-
Social security and other taxes	46,147	68,242	6,207	-
Other creditors	-	-	2,695	2,695
Deferred income	89,273	35,275	192,867	160,967
Accruals	39,514	32,915	12,750	8,650
	<u>209,201</u>	<u>181,222</u>	<u>245,986</u>	<u>203,539</u>

15. Creditors: Amounts falling due in more than one year

	2023		2022	
	Group £	Charity £	Group £	Charity £
Other loans	<u>185,162</u>	<u>185,162</u>	<u>110,143</u>	<u>110,143</u>

16. Deferred income

	2023		2022	
	Group £	Charity £	Group £	Charity £
Balance at 1 April	192,867	160,967	124,844	100,147
Amounts released to income	(192,867)	(160,967)	(124,844)	(100,147)
Amount deferred in the year	<u>89,273</u>	<u>35,275</u>	<u>192,867</u>	<u>160,967</u>
Balance at 31 March	<u>89,273</u>	<u>35,275</u>	<u>192,867</u>	<u>160,967</u>

Deferred income comprises amounts which have been invoiced in advance and relate to future accounting periods.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

17. Other loans

The ageing of the loans is as follows:

	2023		2022	
	Group £	Charity £	Group £	Charity £
Due in one year	24,983	24,983	17,973	17,973
Due between two and five years	83,086	83,086	71,891	71,891
Due in more than five years	102,076	102,076	38,252	38,252
	210,145	210,145	128,116	128,116

18. Restricted funds

Group and Charity - 2023	Balance at 31 March 2022 £	Incoming resources £	Resources expensed £	Transfer £	Balance at 31 March 2023 £
First Curtain	7,794	20,395	(24,000)	-	4,189
Foyle Foundation	-	15,000	(5,000)	-	10,000
Manchester City Council	-	30,000	(9,620)	-	20,380
Andrew Lloyd Webber Foundation	-	15,000	(3,750)	-	11,250
Northern Cultural Regeneration Fund	-	16,500	-	-	16,500
Total restricted funds	7,794	96,895	(42,370)	-	62,319

Group and Charity - 2022	Balance at 31 March 2021 £	Incoming resources £	Resources expensed £	Transfer £	Balance at 31 March 2022 £
First Curtain	2,629	5,165	-	-	7,794
Turn on Festival	-	16,430	(16,430)	-	-
The Wiz	-	23,945	(23,945)	-	-
Total restricted funds	2,629	45,540	(40,375)	-	7,794

First Curtain First Curtain raises funds to buy a ticket for a child from Greater Manchester to attend the theatre for the first time.

Foyle Foundation This grant provides funding towards a new freelance Assistant Producer role.

Manchester City Council Funding towards capital development feasibility studies.

**Andrew Lloyd Webber
Foundation** The grant provides funding towards the Hope Mill Theatre School.

**Northern Cultural
Regeneration Fund** Funding towards capital development feasibility studies.

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

19. Unrestricted funds

	Charity £	Group £
Balance at 31 March 2021	77,969	80,932
Net movement in funds for the year	102,551	102,774
Transfer during the year	-	-
Balance at 31 March 2022	<u>180,520</u>	<u>183,706</u>
Net movement in funds for the year	(240,338)	(224,427)
Transfer during the year	-	-
Balance at 31 March 2023	<u>(59,818)</u>	<u>(40,721)</u>

20. Analysis of net assets between funds

Group - 2023	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	55,067	-	55,067
Current assets	298,575	62,319	360,894
Creditors due within one year	(209,201)	-	(209,201)
Creditors due in more than one year	(185,162)	-	(185,162)
	<u>(40,721)</u>	<u>62,319</u>	<u>21,598</u>
Group - 2022	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	55,570	-	55,570
Current assets	484,265	7,794	492,059
Creditors due within one year	(245,986)	-	(245,986)
Creditors due in more than one year	(110,143)	-	(110,143)
	<u>183,706</u>	<u>7,794</u>	<u>191,500</u>

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

20. Analysis of net assets between funds (continued)

Charity - 2023	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	52,255	-	52,255
Investments	1	-	1
Current assets	254,310	62,319	316,629
Creditors due within one year	(181,222)	-	(181,222)
Creditors due in more than one year	(185,162)	-	(185,162)
	(59,818)	62,319	2,501
Charity - 2022	Unrestricted funds £	Restricted funds £	Total funds £
Tangible fixed assets	52,056	-	52,056
Investments	1	-	1
Current assets	442,145	7,794	449,939
Creditors due within one year	(203,539)	-	(203,539)
Creditors due in more than one year	(110,143)	-	(110,143)
	180,520	7,794	188,314

21. Reconciliation of consolidated net incoming resources to net cash flow from operating activities

	2023 Group £	2022 Group £
Net (outgoing)/incoming resources	(169,902)	107,939
Interest paid	7,014	4,200
Net (outgoing)/incoming resources from operations	(162,888)	112,139
Depreciation	16,683	16,325
(Increase) in stock	(5,713)	-
(Increase) in debtors	(111,225)	(168,303)
(Decrease)/Increase in creditors	(43,795)	80,030
Net cash (outflow)/ inflow from operating activities	(306,938)	40,191

The Factory of Creativity

Notes on Accounts (continued)

Year Ended 31 March 2023

22. Analysis of net debt

	1 April 2022 £	Cash flow £	Non-cash Movements £	31 March 2023 £
Cash at the bank and in hand	309,607	(248,103)	-	61,504
Debts falling due within one year	(17,973)	82,029	(89,039)	(24,983)
Debts falling due after one year	(110,143)	-	(75,019)	(185,162)
	<u>181,491</u>	<u>(166,074)</u>	<u>(164,058)</u>	<u>(148,641)</u>

23. Financial commitments

	2023		2022	
	Group £	Company £	Group £	Company £
As at 31 March the annual commitments under non-cancellable operating leases were as follows:-				
Due within 1 year	25,000	25,000	25,000	25,000
Due within 1 to 2 years	100,000	100,000	100,000	100,000
Due within 2 to 5 years	60,417	60,417	85,417	85,417
	<u>185,417</u>	<u>185,417</u>	<u>210,417</u>	<u>210,417</u>

As at 31 March 2023 the company and the Group had capital commitments of £nil (2022: £nil).

24. Pension commitments

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £12,526 (2022: £3,226). There were no outstanding contributions payable to the fund at the reporting date.

25. Related party transactions

Transactions with trustees are disclosed in note 9.

The financial results of FOC Trading Limited as disclosed in note 11 of these financial statements.

There were no other related party transactions in the year.

THE FACTORY OF CREATIVITY

England & Wales - Charity number 1183251

Accounts

REGISTERED CHARITY NUMBER: 1183251

**REPORT OF THE TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022
FOR
THE FACTORY OF CREATIVITY**

Heywood Shepherd
Chartered Accountants
1 Park Street
Macclesfield
Cheshire
SK11 6SR

THE FACTORY OF CREATIVITY

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FOR THE YEAR ENDED 31 MARCH 2022**

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THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

The trustees present their report with the financial statements of the charity for the year ended 31 March 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Factory of Creativity (known as Hope Mill Theatre) exists to entertain, educate and enrich: staging the highest quality productions; engaging audiences & participants in theatre/arts that are accessible for all; and supporting artists and audiences to be ambitious in sharing their stories and lives through live theatre. Our aim is to create a brave, inclusive home for audiences and artists to fulfil their full potential and creativity.

Musical theatre is at the heart of our artistic work. Hope Mill Theatre provides a dedicated home for musical theatre in Manchester, creating award-winning new shows and revivals and challenging people's expectations of small-scale theatre with a standard of work that is second to none. We aim to build on the national acclaim achieved by our productions with further national and international recognition, while creating new opportunities and strong career pathways for Manchester's early-stage theatre performers and makers.

We offer a year-round showcase for exciting new ideas, skills, and talents: commissioning new musicals and new writing for musical theatre, giving a platform to emerging composers and staging work that wouldn't otherwise be seen - bridging the gap between Manchester's many small fringe spaces, where actors and writers start their careers, and its prestigious large-scale venues. Today, we are among the most successful and respected independent venues in England, 'a powerhouse home for musicals' (The Stage).

We serve a broad, far-reaching community, from across GM and beyond; we are here for all. Our participatory programmes have a particular focus on:

- LGBTQIA+ communities, thriving at Hope Mill as audiences, performers, artists, creators;
- our neighbouring communities in Miles Platting & Newton Heath, Ancoats & Beswick, areas that have historically been underserved by the arts: here our programmes especially target children and young people and isolated, older adults.

THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

OBJECTIVES AND ACTIVITIES

Significant activities

The year ending March 2022 continued to be heavily impacted by the pandemic. Theatres were not able to reopen before May 2021, with social distancing measures required when they did so, and audiences slow to gain confidence and return. Cancellations and forced closures continued to put tremendous strain on a small charity that relies heavily on trading income.

This was however a dynamic and productive time for the theatre. In the early part of that year, we continued to provide a lively online offer, providing regular social contact for many who were isolated at home: local people gathered on Zoom to read plays, tell stories and share creative projects. Performances were offered free of charge/'pay what you can', to increase accessibility. Audiences told us these performances and connectivity were a lifeline for many.

In Summer 2021 we brought back *Rent* - an in-house production in the planning since 2019, but with only five live performances able to happen before the show was closed by lockdown. We recognised many people's reluctance to attend live events and produced an online as well as a stage version. The production won huge acclaim, with no fewer than ten 5-star and eight 4-star press reviews including *The Times*, *the Telegraph* and *Broadway World*. *Rent* went on to win Best Performance in the Manchester Culture Awards 2021 and Best Regional Production in the What's ON Stage Awards.

In November 2021 we staged a spectacular version of *The Wiz* (the 1970's "super soul musical" based on *The Wizard of Oz*), hailed by *The Guardian* as "a warm and wondrous ode to Black joy". Once again, we offered a streaming option for those still isolating at home. Over the Christmas period, 200+ local schoolchildren enjoyed a performance of the *The Wiz* free of charge, thanks to our FIRST CURTAIN scheme that offers a first trip to the theatre, free of charge, for local young people of all ages - a chance to enjoy professionally produced theatre in a familiar, friendly setting, close to home. The children met the crew of *The Wiz* - orchestrator, choreographer, producers, head of wardrobe and more - who shared their experiences and career journeys face-to-face and recorded their stories in YouTube videos that are now shared with schools. The entire cast and majority creative team/crew of *The Wiz* were Black, enabling many children and young people to see themselves reflected in and take inspiration from the various aspect of production and performance. *The Wiz* went on to feature on the National Lottery's Big Night of Musicals on BBC1.

In January 2022 the third edition of Turn on Fest, Hope Mill Theatre's LGBTQ+ Arts Festival, returned to Hope Mill after the outdoor edition of 2021. Co-curated with several queer arts organisations (Hive North, Superbia, Trans Creative and Gaydio), the festival brought together Greater Manchester's LGBTQ+ communities over a fortnight of events to enjoy new writing, scratch nights, musicals & more. Turn On Fest provides a much-needed platform for queer art to be explored, developed and nurtured: the 2022 festival provided opportunities for over 60 individual artists, whether as a supported, featured artist or as part of a cast or creative team. 4 North-West LGBTQ+ artists received focussed support (time, money, and rehearsal space) to present a piece of work in development, also receiving valuable feedback from a live audience including industry professionals. Past recipients of Turn on Fest Development Awards have gone on to develop their work for major platforms e.g. Findlay Leitchford Dobbs' solo 2020 dance piece was performed as a main stage show at Manchester Pride and Maz Hedgehog developed his 2021 show into a full-length piece for this year's Edinburgh Fringe.

This year brought an exciting boost to our community programme with the opening of Hope Mill Theatre Community Hub in Summer 2021. The charity was registered in 2019, with the aim of developing (and fundraising for) a far-reaching community programme; just 9 months later, the Covid crisis closed our doors and plans were put on hold. However, the many local people joining in online activities over this period gave us very clear pointers as to what people wanted to do and see at Hope Mill; as soon as restrictions started to lift, Hope Mill Community Hub launched its new community programme. Within weeks, Hope Mill Theatre School was full: the Theatre School offers children and young people aged 2 - 18 the chance to learn and train with skilled industry professionals in a high-quality theatre environment, with 50% of places provided free of charge for local children who would not otherwise access such opportunities. Hope Mill Community Choir launched in late 2021: today over 40 participants meet weekly to enjoy singing and performing together. Hope Mill's Amateur Dramatics Society (open to those aged 16+) formed in November 2021, its inaugural performance of *Legally Blonde* scheduled for the Easter holidays had sold out by mid-March. As the year ended, plans were under way to form a Community Orchestra, in response to high local demand; by this time, over 100 participants were attending our theatre on a regular basis to learn, perform and share friendship and creativity.

This community offer is fully integrated into Hope Mill's wider programme, bringing participants into the heart of productions and events. Turn On Fest 2022, for example, opened with Chris Thomson's *Dungeness*, presented by 8 young people (aged 16+) from Hope Mill Theatre School; the Community Choir also performed for that opening event.

The quality and breadth of Hope Mill Theatre's community activity, linked to a performance programme that is delivered by industry professionals, applying the very highest production values, is particularly important in an area of Manchester that has historically been underserved by the arts. We are committed to reaching local people, and young people in particular, with a range of inspiring opportunities - whether performance, production, skills development, training, or placements - that feed directly into progression pathways into further training and/or careers in the arts.

THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

OBJECTIVES AND ACTIVITIES

Public benefit

The trustees have referred to the Charity Commission's guidance on public benefit in reviewing the charity's aims and objectives and in planning its future actions. The charity carries out these objectives and the ways in which it seeks to achieve public benefit are detailed elsewhere in this report, in particular in the following sections on Achievements and performance and Plans for the Future Periods.

Volunteers

The charity uses volunteers to act as front of house support, selling programmes and welcoming the audiences and assisting in health and safety, and the fire safety evaluation officers. There is currently a pool of 20 volunteers who come to assist when required, usually 15 to 24 times per month depending on the number of performances scheduled.

STRATEGIC REPORT

Financial position

The financial transactions of the charity during the year and the position at the end of the year are set out in the attached accounts.

Income during 2021/22 was £1,472,437, compared to £598,461 in 2020/21, when the charity suffered loss of trading income as a result of the pandemic.

From May 2021 we were grateful to Arts Council England and DCMS for Cultural Recovery grants of £324,071 in total, towards running costs and reflation of the charity's reserves. This year we also received £19,526 from Manchester City Council in business rates support linked to the pandemic.

The Factory of Creativity receives no core public subsidy, and we are hugely grateful for the generosity of our patrons and audiences, who donated very generously throughout the year, a total of £58,920, to support our work.

Box Office income (ticket sales and booking fees), at £406,811, was more than double the previous year's income and rental income (£178,290) and rental income from theatre hires increased from £7,300 to £61,233. Our theatre school opened in June 2021. Other trading activities are fund raising events and shop income. Other income is received from theatre tax relief, Job Retention Scheme and income from our trading subsidiary, FOC Trading Ltd.

FOC trading Ltd delivers hospitality (bar and food sales) and venue hire for weddings and events. This has increased significantly since the previous financial year as we have seen our audiences return.

Expenditure in 2021/22 was £1,364,498, compared to £555,034 in 2020/21. The increase was largely linked to increased production costs as the charity invested heavily in new productions (notably *Rent* and *The Wiz*) in order to rebuild audiences and reputation after the enforced closures of the past year; a large proportion of this expenditure is eligible for Theatre Tax Credits. Payroll costs increased by over 40% as the core team, including Front of House staff, returned to the reopened theatre.

The Factory of Creativity had planned on registering as a charity, to start fundraising from trusts and foundations; in reality this proved very difficult as the Covid crisis deepened, with many funders understandably choosing to extend their support for existing grantees rather than consider requests from first-time applicants. In early 2022 the charity commissioned a fundraising consultant to support the development of a strategy and action plan; the Executive Director continued to lead on this area of work, with plans to recruit a fundraiser as part of the core team in 2022/23.

Reserves policy

The group ended the year with reserves of £191,500, of which £7,794 is restricted, and £183,706 is unrestricted. Of this, £128,136 is in the form of unrestricted free reserves, that exclude fixed assets. This position is much improved in relation to 2020/21, when free reserves were only £14,747. It does however fall short of the sum required by our reserves policy, corresponding to 3 months' running costs (approx. £350,000). We aim to generate a surplus over coming years to build the charity's free reserves to the required level.

THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

STRATEGIC REPORT

Future strategy

As business started to return to more normal patterns, the charity reviewed its activity and future direction, setting out four priority strategic objectives for the 4-year period to March 2026. Over this period, we aim to:

- step up in-house PRODUCTION, with commercial partnerships enabling ambitious, large-scale works that go on to tour nationally/internationally, so building income and reinforcing sustainability. At the close of 20/21, exploratory discussions were already under way with commercial partners interested in taking Rent to London's West End;
- expand our COMMUNITY programme, to be guided and shaped by the newly formed Hope Mill Theatre Community Council, so that local people (diverse young people and older, isolated adults in particular) enjoy new opportunities, social connection & improved wellbeing;
- grow our EDUCATION offer with local schools & expand Hope Mill Theatre School, creating new progression routes for young people into successful creative careers - including, ultimately, via a locally-delivered, accredited musical theatre degree. The north is currently lacking in high-quality, professional development and progression opportunities in musical theatre (all the more so since the closure of ALBA North).
- increase support for EMERGING TALENT (esp. LGBTQIA+) in new writing, composition and performance, so that distinctive Manchester voices are celebrated and profiled and enjoy a national spotlight;
- progress plans for a WORLD-CLASS NEW VENUE for musical theatre in Manchester: our long-term vision is of a vibrant, distinctive new producing house that will create large-scale new shows in partnership with co-producers across the world, taking productions far and wide across the UK and beyond.

This last strategic objective reflects Hope Mill theatre's rapid growth - in ambition, audience numbers and success - since we first opened our doors in November 2015. Today, we are putting Manchester on a new map, as an up-and coming force in creating extraordinary and compelling musical theatre: 'the status of Hope Mill as a major producing house is undeniable' (British Theatre Guide). Sustaining this success and trajectory will mean, ultimately, expanding into a larger facility and in early 2022 we commissioned an initial, promising building feasibility assessment of possible new premises. Development work continues with the aim of demonstrating the long-term viability of this preferred option by mid-2023.

As part of the review of forward strategy and capacity the charity reviewed its governance arrangements; the Board agreed that new Trustees should be recruited in early 2022/23 to ensure that the skills represented on the Board fully met the requirements of the next 4 years.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a charitable incorporated organisation (CIO).

Decision making

As set out in the Constitution, The Factory of Creativity CIO has a minimum of three trustees. Apart from the first charity trustees, every trustee must be appointed for a term of three years by a resolution passed at a properly convened meeting of the charity trustees.

The Board meets six times per year and decisions require a majority vote. In addition, there are sub-committees with powers delegated from the Board of Trustees and which operate under their own terms of references. The sub-committees report to the full Board.

An Executive Director is appointed by the trustees to manage the day-to-day operations of the charity. To facilitate effective operations, the Executive Director has delegated authority, within terms of delegation approved by the trustees, for operational matters including finance, employment and artistic performance related activity.

Induction and training of new trustees

Trustee induction and training: Several of the original charity Trustees are due to reach the end of their term in 2022. A Board skills and diversity audit has been undertaken, and an open recruitment process is being undertaken.

New trustees undergo an orientation period to brief them on their legal obligations under charity law, the Charity Commission guidance on public benefit, content of the Constitution, the committee and decision-making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other trustees. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES (INCORPORATING THE STRATEGIC REPORT) FOR THE YEAR ENDED 31 MARCH 2022

STRUCTURE, GOVERNANCE AND MANAGEMENT

Related parties

None of our trustees receive remuneration or other benefit from their work with the charity. Any connection between a trustee or senior manager of the charity with a production company, contracted actor, performer or exhibitor must be disclosed to the full board of trustees in the same way as any other contractual relationship with a related party.

The charity's wholly owned subsidiary, FOC Trading Ltd was established to operate the commercial bar, and non-theatrical events. FOC Trading Ltd has a licence from the charity to operate those facilities and gift aids the majority of its profits to the charity.

Risk management

The Trustees are committed to and have considered the identification and management of the major strategic, business and operational risks which the charity faces.

The principal financial risks revolve around the failure of a production at the Box Office, the risk of audiences not returning in sufficient numbers for whatever reason, and the potentially adverse effect on both profitability and cash flow.

The trustees have a risk management strategy which comprises:

- an in-depth annual review of the risks the charity and its subsidiary FOC Trading Ltd may face
- the establishment of systems and procedures to mitigate those risks identified in the plan
- the implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

A key element in the management of financial risk is via a reviewed reserves policy and the retention of sufficient working capital by the subsidiary company.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Charity number
1183251

Registered office

Hope Mill Theatre
113 Pollard Street
Manchester
M14 7JA

Trustees

M Harwood - Chair of Trustees (resigned 15.12.21)
C Pinney
K Stevens (resigned 1.9.21)
T Kent
D R L Gordon
A Rawlinson - Chair of Trustees
J W Cullen (resigned 14.12.21)
P A Richards (resigned 17.09.22)
L Wilson (resigned 15.8.21)
R Hall (appointed 23.08.21, resigned 25.10.22)
M R Dubois (appointed 12.11.22)
Dr P Martin OBE (appointed 16.07.22)
D Carr (appointed 16.07.22)
E Riley (appointed 16.07.22)
J McCarthy (appointed 16.07.22)
K M Gillibrand (appointed 16.07.22)
R Miller (appointed 16.07.22)
K O'Neill (appointed 16.07.22)
D Treacy (appointed 16.07.22)

Auditors

Heywood Shepherd
Chartered Accountants
1 Park Street
Macclesfield
Cheshire
SK11 6SR

THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2022

Bankers

The Cooperative Business Banking
1 Balloon Street
Manchester
M60 4EP

Executive Director

Will Whelton

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales, the Charities Act 2011, Charity (Accounts and reports) regulations 2008 and provisions of the trust deed requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing those financial statements, the trustees are required to

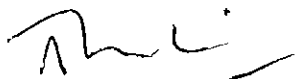
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and to enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Helywood Shepherd, do not propose to stand for election at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees on 30th January 2023 and signed on the board's behalf by:



A Rawlinson - Chair

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FACTORY OF CREATIVITY

Opinion

We have audited the financial statements of The Factory of Creativity (the 'charity') and its subsidiary (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the group and parent charitable company Balance Sheet, the Consolidated Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charity's affairs as at 31 March 2022 and of the group's 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 Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern.

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the Report of the Trustees is inconsistent in any material respect with the financial statements; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE FACTORY OF CREATIVITY

Our responsibilities for the audit of the financial statements

We have been appointed as auditors under Section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Independent Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- The engagement partner ensured that the engagement team collectively had the appropriate competence capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- We identified the laws and regulations applicable to the charity through discussions with management and trustees and from our knowledge and experience of the charity sector;
- We focused on specific laws and regulations which we considered may have a direct effect on the accounts or the activity of the charity. These included but were not limited to the Charities Act 2011; Accounting and Reporting by Charities: Statement of Recommended Practice applicable to the United Kingdom and Republic of Ireland (FRS 102) (effective 1 January 2019), taxation legislation and data protection and anti-bribery legislation; and
- We assess the extent of compliance with laws and regulations identified above by making enquiries of management and representatives of the trustees and review of the minutes of trustee meetings.

We assessed the susceptibility of the charity's accounts to material misstatement, including how fraud might occur by:

- Making enquiries of management and representatives of the trustees as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- Considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we;

- Performed analytical procedures to identify any unusual or unexpected relationships;
- Tested the authorised expenditure;
- Investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing the financial statement disclosures to underlying supporting documentation;
- Reading the minutes of meetings of the trustees; and
- Enquiring of us as to actual and potential litigation and claims.

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

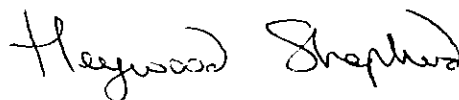
Other matters which we are required to address

We draw your attention to the fact that the prior year comparative figures have not been audited.

**REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF
THE FACTORY OF CREATIVITY**

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditors' 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Heywood Shepherd
Chartered Accountants
1 Park Street
Macclesfield
Cheshire
SK11 6SR

Date: 30th January 2023

FACTORY OF CREATIVITY

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating and Income & Expenditure account)
AS AT 31 MARCH 2022

		Unrestricted Fund £	2022 Restricted Funds £	Total £	Unrestricted Fund £	2021 Restricted Funds £	Total £
Income and Endowments from:	Notes						
Donations and legacies	2	44,920	5,165	50,085	56,746	629	57,375
Charitable activities							
Production		369,726	-	369,726	188,857	-	188,857
Grants		470,869	40,375	511,244	224,000	24,370	248,370
Theatre school		37,037	-	37,037	-	-	-
Other trading activities	3	29,156	-	29,156	-	-	-
Rental income	4	61,253	-	61,253	7,300	-	7,300
Other income		413,936	-	413,936	96,559	-	96,559
Total		1,426,897	45,540	1,472,437	573,462	24,999	598,461
Expenditure on:							
Raising funds	6	31,539	-	31,539	-	-	-
Charitable activities	7						
Production		744,199	40,375	784,574	234,638	24,370	259,008
Governance		18,563	-	18,563	6,877	-	6,877
Payroll costs		254,076	-	254,076	156,944	-	156,944
Finance costs		4,200	-	4,200	4,000	-	4,000
Premises costs		92,017	-	92,017	96,955	7,021	103,976
Other		179,529	-	179,529	24,229	-	24,229
Total		1,324,123	40,375	1,364,498	523,643	31,391	555,034
Net income/(expenditure)		102,774	5,165	107,939	49,819	(6,392)	43,745
Transfers between funds		-	-	-	24,276	(24,276)	-
Net movement in funds		102,774	5,165	107,939	74,095	(30,668)	43,745
RECOILATION OF FUNDS							
Total funds brought forward		80,932	2,629	83,561	6,519	33,297	39,816
Total funds carried forward		183,706	7,794	191,500	80,932	2,629	83,561

FACTORY OF CREATIVITY

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2022

		Group		Charity	
	Notes	2022 £	2021 £	2022 £	2021 £
FIXED ASSETS					
Tangible assets	12	55,570	66,185	52,056	62,808
Investments	13	-	-	1	1
		<u>55,570</u>	<u>66,185</u>	<u>52,057</u>	<u>62,809</u>
CURRENT ASSETS					
Debtors	14	13,097	10,051	29,174	10,051
Payments and accrued income		169,355	-	169,355	-
Cash at bank and in hand		309,607	245,881	251,410	239,253
		<u>492,059</u>	<u>255,932</u>	<u>449,939</u>	<u>249,304</u>
CREDITORS					
Amounts falling due within one year	15	(245,986)	(154,341)	(203,539)	(147,300)
NET CURRENT ASSETS /(LIABILITIES)		<u>246,073</u>	<u>167,776</u>	<u>246,400</u>	<u>102,004</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>301,643</u>	<u>167,776</u>	<u>298,457</u>	<u>164,813</u>
CREDITORS					
Amounts falling due after more than one year	16	(110,143)	(84,215)	(110,143)	(84,215)
NET ASSETS		<u>191,500</u>	<u>83,561</u>	<u>188,314</u>	<u>80,598</u>
FUNDS					
Unrestricted funds	18	183,706	80,932	180,520	77,969
Restricted funds		7,794	2,629	7,794	2,629
TOTAL FUNDS		<u>191,500</u>	<u>83,561</u>	<u>188,314</u>	<u>80,598</u>

Approved by the Trustees on 30th January 2023 and signed on their behalf by:



A Rawlinson
Chair

THE FACTORY OF CREATIVITY
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	1	40,191	134,942
Interest paid		<u>(4,200)</u>	<u>(4,021)</u>
Net cash (used in)/provided by operating activities		<u>35,991</u>	<u>130,921</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		<u>(5,710)</u>	<u>(38,528)</u>
Net cash used in investing activities		<u>(5,710)</u>	<u>(38,528)</u>
Cash flows from financing activities			
New loans in year		43,500	-
Loan repayments in year		<u>(10,055)</u>	<u>(4,475)</u>
Net cash provided by/ (used in) financing activities		<u>33,445</u>	<u>(4,475)</u>
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		63,726	87,918
		<u>245,881</u>	<u>157,963</u>
Cash and cash equivalents at the end of the reporting period		<u>309,607</u>	<u>245,881</u>

The notes form part of these financial statements

THE FACTORY OF CREATIVITY

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES			
	2022	2021	
	£	£	
Net income for the reporting period (as per the Statement of Financial Activities)	107,939	43,745	
Adjustments for:	16,325	18,179	
Depreciation charges	4,200	4,021	
Interest paid	(168,303)	(22,718)	
Increase in debtors	80,030	91,715	
Increase in creditors			
Net cash (used in)/provided by operations	<u>40,191</u>	<u>134,942</u>	
2. ANALYSIS OF CHANGES IN NET FUNDS			
	At 1.4.21	Cash flow	At 31.3.22
	£	£	£
Net cash	245,881	63,726	309,607
Cash at bank and in hand	<u>245,881</u>	<u>63,726</u>	<u>309,607</u>
Debt			
Debts falling due within 1 year	(10,456)	(7,517)	(17,973)
Debts falling due after 1 year	(84,215)	(25,928)	(110,143)
	<u>(94,671)</u>	<u>(33,445)</u>	<u>(128,116)</u>
Total	<u>144,582</u>	<u>(21,288)</u>	<u>123,294</u>

The notes form part of these financial statements

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Charities Act 2011. The financial statements have been prepared under the historical cost convention, with the exception of investments which are included at market value.

The financial statements are presented in pounds sterling, which is the functional currency and rounded to the nearest £1

Income and debtors

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Grant income is recognised when the charity becomes unconditionally entitled to it.

Debtors are recognised at settlement value.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 33% on cost

Related party exemption

The charitable has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments.

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable to the charity's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES - continued

Going concern

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements.

2. DONATIONS AND LEGACIES

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Unrestricted Funds £	Restricted Funds £	Total 2021 £
Donations	35,942	5,165	41,107	47,367	629	47,996
Subscriptions	8,978	-	8,978	9,379	-	9,379
	<u>44,920</u>	<u>5,165</u>	<u>50,085</u>	<u>56,746</u>	<u>629</u>	<u>57,375</u>

3. OTHER TRADING ACTIVITIES

	2022 £	2021 £
Fundraising events	9,767	-
Shop income	19,104	-
Advertising	285	-
	<u>29,156</u>	<u>-</u>

4. RENTAL INCOME

	2022 £	2021 £
Theatre hire	<u>61,253</u>	<u>7,300</u>

5. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2022 £	2021 £
Ticket sales	Production	369,793	175,012
Programme sales and merch	Production	3,290	10,567
Ticket booking fees	Production	37,018	3,278
Grants	Grants	470,869	248,370
Theatre school	Production	37,037	-
		<u>918,007</u>	<u>437,227</u>

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Unrestricted Funds £	Restricted Funds £	Total 2021 £
Grants receivable were:						
MCC Covid Grants	62,463	-	62,463	-	-	-
Arts Council England	318,165	25,375	343,540	168,000	24,370	192,370
Grand Trust	-	15,000	15,000	5,000	-	5,000
National Lottery Key Fund	49,866	-	49,866	50,000	-	50,000
We Love Manchester	-	-	-	1,000	-	1,000
	<u>430,494</u>	<u>40,375</u>	<u>470,869</u>	<u>224,000</u>	<u>24,370</u>	<u>248,370</u>

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

6. RAISING FUNDS

Other trading activities

	2022	2021
	£	£
Purchases	7,539	-
Consultancy fees	<u>24,000</u>	-
	<u>31,539</u>	-

7. CHARITABLE ACTIVITIES COSTS

	Direct costs	Support costs	Total	Direct costs	Support costs	Total
	£	£	2022	£	£	2021
			£			£
Production	781,685	2,889	784,574	259,008	-	259,008
Governance	-	18,563	18,563	-	6,877	6,877
Payroll costs	-	254,076	254,076	-	156,944	156,944
Finance costs	-	4,200	4,200	-	4,000	4,000
Premises costs	92,017	-	92,017	103,976	-	103,976
Other	<u>179,529</u>	-	<u>179,529</u>	<u>24,229</u>	-	<u>24,229</u>
	<u>1,053,231</u>	<u>279,728</u>	<u>1,332,959</u>	<u>387,213</u>	<u>167,821</u>	<u>555,034</u>

8. SUPPORT COSTS

	Finance	Human resources	Governance costs	Totals
	£	£	£	£
Production	-	2,889	-	2,889
Governance	-	-	18,563	18,563
Payroll costs	-	219,625	-	219,625
Finance costs	<u>4,200</u>	-	-	<u>4,200</u>
	<u>4,200</u>	<u>222,514</u>	<u>18,563</u>	<u>245,277</u>

9. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2022	2021
	£	£
Auditors' remuneration	3,000	-
Auditors' remuneration for non-audit work	7,970	5,064
Depreciation - owned assets	15,446	17,334
Hire of plant and machinery	<u>38,438</u>	<u>23,996</u>

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

10. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2022 nor for the year ended 31 March 2021.

11. STAFF COSTS

	2022	2021
	£	£
Wages and salaries	207,693	145,328
Social security costs	11,595	4,417
Other pension costs	3,226	2,228
	<u>222,514</u>	<u>151,973</u>

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

	2022	2021
	14	12
Employees	<u>14</u>	<u>12</u>

No employees received emoluments in excess of £60,000.

The average headcount for the charity was 34.

The amount of salary and benefits paid to key management personnel was £85,647.

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS -contd
FOR THE YEAR ENDED 31 MARCH 2022

12 TANGIBLE FIXED ASSETS

Group:	Plant and machinery £	Fixtures & fittings £	Computer equipment £	Totals £
COST				
At 1st April 2021	65,694	20,136	10,041	95,871
Additions	4,694	656	360	5,710
At 31 March 2022	<u>70,388</u>	<u>20,792</u>	<u>10,401</u>	<u>101,581</u>
DEPRECIATION				
At 1 April 2021	19,536	6,771	3,379	29,686
Charge for year	10,178	2,805	3,342	16,325
At March 2022	<u>29,714</u>	<u>9,576</u>	<u>6,721</u>	<u>46,011</u>
NET BOOK VALUE				
At 31 March 2022	<u>40,674</u>	<u>11,216</u>	<u>3,680</u>	<u>55,570</u>
At March 2021	<u>46,158</u>	<u>13,365</u>	<u>6,662</u>	<u>66,185</u>

Charity:	Plant and machinery £	Fixtures & fittings £	Computer equipment £	Totals £
COST				
At 1st April 2021	63,442	18,233	9,592	91,267
Additions	4,694	-	-	4,694
At 31 March 2022	<u>68,136</u>	<u>18,233</u>	<u>9,592</u>	<u>95,961</u>
DEPRECIATION				
At 1 April 2021	19,085	6,085	3,289	28,459
Charge for year	9,818	2,430	3,198	15,446
At March 2022	<u>28,903</u>	<u>8,515</u>	<u>6,487</u>	<u>43,905</u>
NET BOOK VALUE				
At 31 March 2022	<u>39,233</u>	<u>9,718</u>	<u>3,105</u>	<u>52,056</u>
At March 2021	<u>44,357</u>	<u>12,148</u>	<u>6,303</u>	<u>62,808</u>

13 FIXED ASSETS INVESTMENTS

MARKET VALUE	Shares in group undertakings £
At April 2021 & March 2022	<u>1</u>
NET BOOK VALUE	
At March 2022	<u>1</u>

There were no investments outside the UK.

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS - contd
FOR THE YEAR ENDED 31 MARCH 2022

13 FIXED ASSET INVESTMENTS - continued

FOC Trading Limited

Registered office: Inside the United Kingdom

Nature of business: Trading subsidiary

100% holding of Ordinary Shares

Profit and loss account	2022 £	2021 £
Turnover	195,279	10,436
Cost of sales and administration	(181,056)	(9,804)
Operating profit	14,223	632
Amount gift aided to charity	(14,000)	(1,000)
Retained in subsidiary	223	(368)
Balance sheet		
Fixed assets	3,515	3,377
Current assets	60,697	29,302
Current liabilities	(61,026)	(29,716)
Total Assets	3,186	2,963

The investment is the £1 share held in the wholly owned subsidiary of FOC Trading Limited which operates the trading business of the charity.

14 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	13,097	10,051	10,597	10,051
Amounts owed by group undertakings	-	-	18,577	-
	<u>13,097</u>	<u>10,051</u>	<u>29,174</u>	<u>10,051</u>

15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Other loans (see note 17)	17,973	10,456	17,973	10,456
Trade creditors	13,494	-	13,254	-
Amounts owed to group undertakings	-	-	-	22,675
Social security and other taxes	6,207	5,858	-	2,889
Other creditors	2,695	3,664	2,695	3,664
Deferred income	192,867	124,844	160,967	100,147
Accrued expenses	12,750	9,519	8,650	7,469
	<u>245,986</u>	<u>154,341</u>	<u>203,539</u>	<u>147,300</u>

16 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Charity	
	2022 £	2021 £	2022 £	2021 £
Other loans (see note 17)	<u>110,143</u>	<u>84,215</u>	<u>110,143</u>	<u>84,215</u>

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS -contd
FOR THE YEAR ENDED 31 MARCH 2022

17 LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year on demand: Other loans	<u>17,973</u>	<u>10,456</u>
Amounts falling between one and two years: Other loans - 1-2 years	<u>17,973</u>	<u>10,456</u>
Amounts falling due between two and five years: Other loans - 2-5 years	<u>53,918</u>	<u>31,369</u>
Amounts falling due in more than five years: Repayable by instalments:	<u>38,252</u>	<u>42,390</u>

18 MOVEMENT IN FUNDS

	At 01.04.21	Net movement in funds	At 31.03.22
Unrestricted funds	£	£	£
General fund	80,932	102,774	183,706
Restricted funds			
First Curtain	2,629	5,165	7,794
Turn On Festival	-	-	-
The Wiz	-	-	-
	<u>2,629</u>	<u>5,165</u>	<u>7,794</u>
	<u>83,561</u>	<u>107,939</u>	<u>191,500</u>

Net movement in funds included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	1,426,897	(1,324,123)	102,774
Restricted funds			
First Curtain	5,165	-	5,165
Turn On Festival	16,430	(16,430)	-
The Wiz	23,945	(23,945)	-
	<u>45,540</u>	<u>(40,375)</u>	<u>5,165</u>
TOTAL FUNDS	<u>1,472,437</u>	<u>(1,364,498)</u>	<u>107,939</u>

THE FACTORY OF CREATIVITY

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2022

18. MOVEMENT IN FUNDS - continued

Analysis of net assets between funds:

	Unrestricted funds £	Restricted funds £	Total 2022 £
Tangible fixed assets	55,570	-	55,570
Net current assets	128,136	7,794	135,930
Group:	<u>183,706</u>	<u>7,794</u>	<u>191,500</u>
Investments	1	-	1
Net current assets	<u>(3,187)</u>	<u>-</u>	<u>(3,187)</u>
Charity:	<u>180,520</u>	<u>7,794</u>	<u>188,314</u>

First Curtain - Funds raised through continuing donations to pay for theatre tickets for Children to see their first theatre productions.

Key Funding - Restricted grant towards capital improvements and new theatre technical equipment. Remaining balance have been spent.

Turn On Festival fund made up is from grants from The Arts Council and the Grant Trust for the festival which is all spent in the year.

The Wiz fund is from a grant from the Arts Council for the production of The Wiz, which was performed in the year.

19. RELATED PARTY DISCLOSURES

In accordance with FRS 102 paragraph 33.1A, the Charity has taken advantage of the exemption from disclosing transactions with its subsidiary company.

20. OPERATING LEASE

FOC CIO has a lease agreement with Hope Mill Partnership LLP for renting the premises Hope Mill. FOC CIO took over the lease agreement from Hope Mill Theatre Limited with the Landlord's approval. A new agreement between FOC CIO and Hope Mill Partnership LLP was signed for in October 2019 with the effective date from 1st October 2020. The term of the new lease agreement is for 10 years with rent payable per annum of £22,000, then £23,500 per annum from 1st October 2021 and then £25,000 per annum from 1st October 2022. A rent review is expected on 1st October 2023 and then on 1st October for each subsequent year.

The lease agreement includes a break clause where either Party wishes to terminate the lease on or after 24 months from the date of the lease and the Party wishing to terminate the lease gives the Other Party not less than six months' notice in writing may do so providing all conditions in the agreement are met.

THE FACTORY OF CREATIVITY

DETAILED CHARITY STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	49,942	5,165	55,107	48,996
Subscriptions	<u>8,978</u>	<u>-</u>	<u>8,978</u>	<u>9,379</u>
	58,920	5,165	64,085	58,375
Other trading activities				
Fundraising events	9,767	-	9,767	-
Shop income	19,104	-	19,104	-
Advertising	285	-	285	-
Theatre School	<u>37,037</u>	<u>-</u>	<u>37,037</u>	<u>-</u>
	66,193	-	66,193	-
Rental income				
Theatre hire	61,253	-	61,253	7,300
Charitable activities				
Grants	430,494	40,375	470,869	248,370
Ticket sales	369,793	-	369,793	175,012
Programme sales and merch	3,290	-	3,290	10,567
Ticket booking fees	<u>37,018</u>	<u>-</u>	<u>37,018</u>	<u>3,278</u>
	840,595	40,375	880,970	437,227
Other income				
Management charges	69,035	-	69,035	5,000
JRS Grant	17,210	-	17,210	80,934
SSP Grant	-	-	-	189
Theatre Tax Relief	<u>132,412</u>	<u>-</u>	<u>132,412</u>	<u>-</u>
	<u>218,657</u>	<u>-</u>	<u>218,657</u>	<u>86,123</u>
Total incoming resources	1,245,618	45,540	1,291,158	589,025
EXPENDITURE				
Other trading activities				
Purchases	7,539	-	7,539	-
Consultancy fees	<u>24,000</u>	<u>-</u>	<u>24,000</u>	<u>-</u>
	31,539	-	31,539	-
Charitable activities				
Hire of plant and machinery	38,438	-	38,438	23,996
Rent and rates	36,422	-	36,422	22,929
Insurance	10,882	-	10,882	6,070
Carried forward	<u>85,742</u>	<u>-</u>	<u>85,742</u>	<u>52,995</u>

This page does not form part of the statutory financial statements

THE FACTORY OF CREATIVITY

DETAILED CHARITY STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2022

	Unrestricted funds £	Restricted funds £	2022 Total funds £	2021 Total funds £
Charitable activities				
Brought forward	85,742	-	85,742	52,995
Light and heat	5,592	-	5,592	2,288
Telephone	1,653	-	1,653	1,616
Postage and stationery	6,072	-	6,072	3,892
Advertising and merch	44,572	-	44,572	40,500
Sundries	716	-	716	13
Box office	65,547	-	65,547	39,844
Pre-production expenses	358,622	40,375	398,997	100,294
Artist travel & accommodation	4,258	-	4,258	2,611
Artists	175,636	-	175,636	31,488
Set, costume and props	27,948	-	27,948	14,842
Theatre staff	-	-	-	14,065
Computer expenses	1,797	-	1,797	1,895
Repair and maintenance	39,082	-	39,082	33,421
Waste disposal	3,467	-	3,467	5,638
Entertainment and incentives	5,871	-	5,871	1,200
Licence and subscriptions	5,126	-	5,126	1,641
Other travel	8,292	-	8,292	1,965
Website expenses	7,000	-	7,000	174
Cleaning	-	-	-	135
Health and safety	3,812	-	3,812	14,571
Plant and machinery	9,819	-	9,819	11,100
Fixtures and fittings	2,430	-	2,430	3,037
Computer equipment	3,197	-	3,197	3,197
	<u>866,251</u>	<u>40,375</u>	<u>906,626</u>	<u>382,422</u>
Support costs				
Finance				
Other interest	-	-	-	21
Bank loan interest	4,200	-	4,200	4,000
	<u>4,200</u>	<u>-</u>	<u>4,200</u>	<u>4,021</u>
Human resources				
Wages	207,693	-	207,693	145,328
Social security	11,595	-	11,595	4,417
Pensions	3,226	-	3,226	2,228
	<u>222,514</u>	<u>-</u>	<u>222,514</u>	<u>151,973</u>
Governance costs				
Auditors' remuneration	3,000	-	3,000	-
Auditors' remuneration for non-audit work	-	-	-	5,064
Accountancy fees	7,970	-	7,970	-
Legal fees	7,593	-	7,593	1,800
	<u>18,563</u>	<u>-</u>	<u>18,563</u>	<u>6,864</u>
Total resources expended	<u>1,143,067</u>	<u>40,375</u>	<u>1,183,442</u>	<u>545,280</u>
Net income	<u>102,551</u>	<u>5,165</u>	<u>107,716</u>	<u>43,745</u>

This page does not form part of the statutory financial statements

THE FACTORY OF CREATIVITY

England & Wales - Charity number 1183251

Accounts

REGISTERED COMPANY NUMBER: CE017389 (England and Wales)
REGISTERED CHARITY NUMBER: 1183251

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
FOR
THE FACTORY OF CREATIVITY**

Heywood Shepherd
Chartered Accountants
1 Park Street
Macclesfield
Cheshire
SK11 6SR

THE FACTORY OF CREATIVITY

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FOR THE YEAR ENDED 31 MARCH 2021**

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THE FACTORY OF CREATIVITY

CHAIRMAN'S REPORT FOR THE YEAR ENDED 31 MARCH 2021

The first full year of operation of Hope Mill Theatre as a charity has been overshadowed by the coronavirus pandemic which started with the nationwide shutdown on 20 March 2020. Despite this potentially catastrophic situation the charity has managed to operate with a financial surplus for the year due to being in receipt of several grants from the Culture Recovery Fund (CRF) and our staff being placed on furlough for most of the year. It was also possible for some shows to be filmed and broadcast over the internet for a charge to the viewer. During the year to 31 March 2021 the theatre was only open for shows for four days.

Despite being closed for most of the year it has given the charity time to upgrade the theatre space and the bar area. This would not have been possible in normal circumstances. Investment has been made in new seating for the auditorium and bar, new lighting for the theatre and several other projects that have been on hold due to the disruption that they cause whilst being carried out.

The production that opened for four days in November was 'Rent' which was filmed and streamed on-line for a fee. This was successful and sold out for all shows both in theatre and on-line. This was made possible after a great deal of time and money was spent on making the theatre auditorium Covid safe with social distancing and Perspex screens between audience parties which were obtained from a National Lottery grant. Work was also carried out in the bar area to make it Covid safe with screens at tables and table service for customers.

Turn on Fest which was presented in January 2021 was recorded and available on-line. This was again a success generating much needed income for the theatre.

The contracted staff were all placed on furlough or flexibly furloughed from March 2020 through to June 2021 and all except one returned to work when the theatre reopened in June 2021. During the periods of shutdown due to government regulations various grants were received which resulted in the charity being financially sound. These grants were received from various sources not least the CRF without which the theatre would have had to close permanently.

The Board of Trustees of The Factory of Creativity come from varied backgrounds covering all aspects needed for a board, management, financial, legal, HR, theatrical and charity management. Their expertise and commitment to Hope Mill Theatre along with the Executive Director, creative team and all of the staff has proved that The Factory of Creativity is and will be an outstanding theatrical charity, meeting the aims of its Constitution.

THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 March 2021. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Significant activities

Due to numerous lockdowns, business activity during the year was far from what had been planned and booked. The theatre is hired for weddings when there are no shows being staged, all of these were cancelled in the financial year but most of them have been rebooked for 2021 or 2022. Full refunds were made to those that cancelled.

During the lockdown period a play writing competition was launched which was very well supported with 500 scripts received. The shortlisted scripts were finally judged by Jonathan Harvey.

As detailed above the theatre was only open to socially distanced audiences for four days during the year.

The theatre's first major production on reopening without social distancing was 'Rent' being restaged in August 2021 for a six-week run. Bookings for this show were very good with all shows sold out. In October an all-female version of Shakespeare's 'Midsummer Night's Dream' was produced for a ten-day run. From 24th November to 16th January 2022 'The Wiz' will be staged for a run of seven and a half weeks for Christmas and the New Year.

Policies

A fully comprehensive suite of policies covering all aspects of operations have been written and developed during the year. These have been read by all the Trustees and signed off at board meetings.

Staff

The opportunity was taken while the theatre was closed to undertake numerous staff training courses in subjects such as first aid and health and safety. During the year no staff left the theatre and a new fundraiser started employment in January 2021. She has made a big contribution to the income of the charity since she started.

Community

Additional space was leased nearby at the end of 2020 to enable a theatre school to be opened for the local community. This also has sufficient room for the managers of the theatre to have an office, which was much needed as previously they were working in the bar area of the theatre.

A community council has been gathered in order to advise on our community outreach and uses for the community space. One of the things they are keen to experience is a community choir which will have its first session after the October half term break.

A principal for Hope Mill Theatre School and Youth Outreach Manager was recruited to take charge of the training courses being offered to children from the deprived local area who have never received any theatrical training. It is early days for this scheme, but indications are good that there will be an excellent take up of this facility, with regular bookings being made for the rehearsal space.

FINANCIAL REVIEW

Financial position

In the year to 31st March 2021 the turnover of the theatre was £589k which given the lack of shows being put on is a great success. Of this income £260k was generated from several grants. These were received from the following organisations:

ACE

Culture Recovery Fund

National Lottery

The restricted funds grant received from the Key Fund in the financial year to 31 March 2020 was fully spent in the 2020-21 financial year. This was invested in a new theatre lighting system and sound systems.

When shows were cancelled all ticket holders were contacted and asked whether they would like a refund of their ticket cost, retain the tickets for a future show or make a donation to the theatre from the funds. A large proportion of the potential audience generously donated the cost of their tickets to the theatre which helped with cash flow during the year.

Reserves are held to cover three months operating costs when conditions enable the charity to maintain this. It has been possible to do this throughout the 2020-21 financial year as costs have been significantly lower than is normally budgeted for.

The overall surplus for the year was £43k. The HMRC Job Retention Scheme receipts total £80k without which the charity would have become insolvent.

THE FACTORY OF CREATIVITY

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021

FUTURE PLANS 2020 TO 2021

The CIO has been fortunate in the current year to have received several grants, detailed above, and other income from benefactors which has enabled the charity to continue operating. The income received has resulted in a favourable cash situation which will enable the charity to continue operating once the pandemic and associated lockdowns etc. have passed. Additional space has been leased to enable lettings to be made to youth groups and others in proximity to the theatre and create another income stream for the charity.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is controlled by its governing document, a deed of trust, and constitutes a limited company, limited by guarantee, as defined by the Companies Act 2006.

Related parties

FOC Trading Limited is a company which is owned wholly and exclusively by the charity.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

CE017389 (England and Wales)

Registered Charity number

1183251

Registered office

Trustees

M Harwood - Chair of Trustees
C Pinney
K Stevens
T Kent
D R L Gordon (appointed 2.9.20)
A Rawlinson
J W Cullen
P A Richards
L Wilson

Independent Examiner

Heywood Shepherd
Chartered Accountants
1 Park Street
Macclesfield
Cheshire
SK11 6SR

Approved by order of the board of trustees on 15 December 2021 and signed on its behalf by:

M Harwood - Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE FACTORY OF CREATIVITY

Independent examiner's report to the trustees of The Factory of Creativity ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 March 2021.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under section 145(5) (b) of the 2011 Act.

Independent examiner's statement

Since your charity's gross income exceeded £250,000 your examiner must be a member of a listed body. I can confirm that I am qualified to undertake the examination because I am a registered member of FCA which is one of the listed bodies.

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Mr Neil Kennington
FCA
Heywood Shepherd
Chartered Accountants
1 Park Street
Macclesfield
Cheshire
SK11 6SR

15 December 2021

THE FACTORY OF CREATIVITY

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

				PERIOD
			YEAR ENDED	3.5.19
			31.3.21	TO
			Total	31.3.20
	Notes	Unrestricted fund	funds	Total
		£	£	funds
			£	£
INCOME AND ENDOWMENTS FROM				
Donations and legacies		57,746	629	58,375
				47,303
Charitable activities				
Production		188,857	-	188,857
Grants		224,000	24,370	248,370
				120,182
Rental income	2	7,300	-	7,300
Other income		86,123	-	86,123
				21,675
Total		564,026	24,999	589,025
				268,575
EXPENDITURE ON				
Charitable activities				
Production		234,638	24,370	259,008
Governance		6,877	-	6,877
Payroll costs		151,994	-	151,994
Finance costs		4,000	-	4,000
Premises costs		96,955	7,021	103,976
Other		19,425	-	19,425
				124,156
				8,286
				50,942
				1,400
				41,402
				5,536
Total		513,889	31,391	545,280
				231,722
NET INCOME/(EXPENDITURE)		50,137	(6,392)	43,745
				36,853
Transfers between funds	13	24,276	(24,276)	-
				-
Net movement in funds		74,413	(30,668)	43,745
				36,853
RECONCILIATION OF FUNDS				
Total funds brought forward		3,556	33,297	36,853
				-
TOTAL FUNDS CARRIED FORWARD		77,969	2,629	80,598
				36,853

The notes form part of these financial statements

THE FACTORY OF CREATIVITY

BALANCE SHEET

31 MARCH 2021

	Notes	Unrestricted fund £	Restricted funds £	2021 Total funds £	2020 Total funds £
FIXED ASSETS					
Tangible assets	7	62,808	-	62,808	44,315
CURRENT ASSETS					
Debtors	8	10,051	-	10,051	806
Investments	9	1	-	1	1
Cash at bank		221,407	17,846	239,253	135,425
		<u>231,459</u>	<u>17,846</u>	<u>249,305</u>	<u>136,232</u>
CREDITORS					
Amounts falling due within one year	10	(132,083)	(15,217)	(147,300)	(49,956)
NET CURRENT ASSETS		<u>99,376</u>	<u>2,629</u>	<u>102,005</u>	<u>86,276</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		162,184	2,629	164,813	130,591
CREDITORS					
Amounts falling due after more than one year	11	(84,215)	-	(84,215)	(93,738)
NET ASSETS		<u>77,969</u>	<u>2,629</u>	<u>80,598</u>	<u>36,853</u>
FUNDS	13				
Unrestricted funds				77,969	3,556
Restricted funds				<u>2,629</u>	<u>33,297</u>
TOTAL FUNDS				<u>80,598</u>	<u>36,853</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 March 2021.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2021 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 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 each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

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

The financial statements were approved by the Board of Trustees and authorised for issue on 15 December 2021 and were signed on its behalf by:

M Harwood - Trustee

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**
1. ACCOUNTING POLICIES
Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 20% on reducing balance
Computer equipment	- 33% on cost

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The charitable company operates a defined contribution pension scheme. Contributions payable to the charitable company's pension scheme are charged to the Statement of Financial Activities in the period to which they relate.

2. RENTAL INCOME

	PERIOD
	3.5.19
	TO
	31.3.20
	£
	£
Theatre hire	7,300
	21,675

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

3. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	YEAR ENDED 31.3.21 £	PERIOD 3.5.19 TO 31.3.20 £
Depreciation - owned assets	17,334	11,125
Hire of plant and machinery	23,996	314
	<u> </u>	<u> </u>

4. TRUSTEES' REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31 March 2021 nor for the period ended 31 March 2020.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 March 2021 nor for the period ended 31 March 2020.

5. STAFF COSTS

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

	YEAR ENDED 31.3.21 12	PERIOD 3.5.19 TO 31.3.20 9
Employees	<u> </u>	<u> </u>

No employees received emoluments in excess of £60,000.

6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted fund £	Restricted funds £	Total funds £
INCOME AND ENDOWMENTS FROM			
Donations and legacies	39,959	7,344	47,303
Charitable activities			
Production	120,182	-	120,182
Grants	-	62,167	62,167
Rental income	21,675	-	21,675
Other income	17,248	-	17,248
Total	<u>199,064</u>	<u>69,511</u>	<u>268,575</u>
EXPENDITURE ON			
Charitable activities			
Production	111,989	12,167	124,156
Governance	8,286	-	8,286
Payroll costs	50,942	-	50,942
Finance costs	1,400	-	1,400
Premises costs	40,161	1,241	41,402
Other	5,536	-	5,536

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

6. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

	Unrestricted fund £	Restricted funds £	Total funds £
Total	218,314	13,408	231,722
NET INCOME/(EXPENDITURE)	(19,250)	56,103	36,853
Transfers between funds	22,806	(22,806)	-
Net movement in funds	3,556	33,297	36,853
TOTAL FUNDS CARRIED FORWARD	3,556	33,297	36,853

7. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2020	39,923	15,238	279	55,440
Additions	23,519	2,995	9,313	35,827
At 31 March 2021	63,442	18,233	9,592	91,267
DEPRECIATION				
At 1 April 2020	7,985	3,048	92	11,125
Charge for year	11,100	3,037	3,197	17,334
At 31 March 2021	19,085	6,085	3,289	28,459
NET BOOK VALUE				
At 31 March 2021	44,357	12,148	6,303	62,808
At 31 March 2020	31,938	12,190	187	44,315

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	10,051	-
Prepayments and accrued income	-	806
	10,051	806

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021**9. CURRENT ASSET INVESTMENTS**

	2021	2020
	£	£
Shares in group undertakings	1	1

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Other loans (see note 12)	10,456	5,408
Social security and other taxes	2,889	-
Other creditors	3,664	4,692
FOC Trading Ltd	22,675	10,111
Deferred income	100,147	20,873
Accrued expenses	7,469	8,872
	<u>147,300</u>	<u>49,956</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Other loans (see note 12)	<u>84,215</u>	<u>93,738</u>

12. LOANS

An analysis of the maturity of loans is given below:

	2021	2020
	£	£
Amounts falling due within one year on demand:		
Other loans	<u>10,456</u>	<u>5,408</u>
Amounts falling between one and two years:		
Other loans - 1-2 years	<u>10,456</u>	<u>10,816</u>
Amounts falling due between two and five years:		
Other loans - 2-5 years	<u>31,369</u>	<u>32,448</u>
Amounts falling due in more than five years:		
Repayable by instalments:		
Other loans more 5yrs instal	42,390	50,474

13. MOVEMENT IN FUNDS

	At 1.4.20	Net movement in funds	Transfers between funds	At 31.3.21
	£	£	£	£
Unrestricted funds				
General fund	3,556	50,137	24,276	77,969
Restricted funds				
First Curtain	2,000	629	-	2,629
Key Funding	31,297	(7,021)	(24,276)	-
	<u>33,297</u>	<u>(6,392)</u>	<u>(24,276)</u>	<u>2,629</u>
TOTAL FUNDS	<u>36,853</u>	<u>43,745</u>	<u>-</u>	<u>80,598</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 MARCH 2021

13. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	564,026	(513,889)	50,137
Restricted funds			
First Curtain	629	-	629
Key Funding	-	(7,021)	(7,021)
Turn On Festival	12,870	(12,870)	-
Classics workshop	11,500	(11,500)	-
	<u>24,999</u>	<u>(31,391)</u>	<u>(6,392)</u>
TOTAL FUNDS	<u>589,025</u>	<u>(545,280)</u>	<u>43,745</u>

Comparatives for movement in funds

	Net movement in funds £	Transfers between funds £	At 31.3.20 £
Unrestricted funds			
General fund	(19,250)	22,806	3,556
Restricted funds			
Crowd Funder	5,344	(5,344)	-
First Curtain	2,000	-	2,000
Key Funding	48,759	(17,462)	31,297
	<u>56,103</u>	<u>(22,806)</u>	<u>33,297</u>
TOTAL FUNDS	<u>36,853</u>	<u>-</u>	<u>36,853</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	199,064	(218,314)	(19,250)
Restricted funds			
Crowd Funder	5,344	-	5,344
First Curtain	2,000	-	2,000
ACE	12,167	(12,167)	-
Key Funding	50,000	(1,241)	48,759
	<u>69,511</u>	<u>(13,408)</u>	<u>56,103</u>
TOTAL FUNDS	<u>268,575</u>	<u>(231,722)</u>	<u>36,853</u>

14. RELATED PARTY DISCLOSURES

FOC Trading Limited is a company which is owned wholly and exclusively by the charity. FOC Trading Limited is a company where Mr W Whelton, a key manager of FOC CIO is a director. Mr J W Cullen is a Trustee of FOC CIO and a director of FOC Trading Limited.

During the year FOC CIO provided £5,000 management charges to FOC Trading Limited.

FOC Trading Limited gift aided profits of £1,000 to FOC CIO at the year end.

There was an inter company loan in the year between the charity and its trading subsidiary.
As at the year end, FOC CIO owed to its trading subsidiary FOC Trading Limited £22,675.

15. RESTRICTED FUNDS

Crowd Funder - raised through audience crowd funding donations to replace Theatre seats. All money received was spent during the year.

First Curtain- Funds raised through donations to pay for Theatre tickets for Children to see their first Theatre productions. Total funds received have been carried forward to the next family/child friendly production in 2021.

ACE- Grant Funding specifically for the Turn on Fest 2020 Queer Arts festival in Jan 2020. All money received was spent during the year.

Key Funding- Restricted grant towards capital improvements and new theatre technical equipment. Remaining balance has been carried forward to be used in 2021's accounts. All money received has been spent by the signing off of these accounts.

16. OPERATING LEASE

FOC CIO has a lease agreement with Hope Mill Partnership LLP for renting the premises Hope Mill. FOC CIO took over the lease agreement from Hope Mill Theatre Limited with the Landlord's approval. A new agreement between FOC CIO and Hope Mill Partnership LLP was signed for in October 2019 with the effective date from 1st October 2020. The term of the new lease agreement is for 10 years with rent payable per annum of £22,000, then £23,500 per annum from 1st October 2021 and then £25,000 per annum from 1st October 2022. A rent review is expected on 1st October 2023 and then on 1st October for each subsequent year.

The lease agreement includes a break clause where either Party wishes to terminate the lease on or after 24 months from the date of the lease and the Party wishing to terminate the lease gives the Other Party not less than six months' notice in writing may do so providing all conditions in the agreement are met.

THE FACTORY OF CREATIVITY

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

	Unrestricted funds £	Restricted funds £	YEAR ENDED 31.3.21 Total funds £	PERIOD 2019 TO 31.3.20 Total funds £
INCOME AND ENDOWMENTS				
Donations and legacies				
Donations	48,367	629	48,996	40,218
Subscriptions	9,379	-	9,379	7,085
	<u>57,746</u>	<u>629</u>	<u>58,375</u>	<u>47,303</u>
Rental income				
Theatre hire	7,300	-	7,300	21,675
Charitable activities				
Grants	224,000	24,370	248,370	62,167
Ticket sales	175,012	-	175,012	113,717
Programme sales and merch	10,567	-	10,567	622
Ticket booking fees	3,278	-	3,278	5,843
	<u>412,857</u>	<u>24,370</u>	<u>437,227</u>	<u>182,349</u>
Other income				
Management charges	5,000	-	5,000	17,248
JRS Grant	80,934	-	80,934	-
SSP Grant	189	-	189	-
	<u>86,123</u>	<u>-</u>	<u>86,123</u>	<u>17,248</u>
Total incoming resources	564,026	24,999	589,025	268,575
EXPENDITURE				
Charitable activities				
Hire of plant and machinery	23,996	-	23,996	314
Rent and rates	22,929	-	22,929	13,505
Insurance	6,070	-	6,070	2,324
Light and heat	2,288	-	2,288	5,322
Telephone	1,616	-	1,616	608
Postage and stationery	3,892	-	3,892	543
Advertising and merch	35,296	5,204	40,500	8,955
Sundries	13	-	13	-
Box office	39,844	-	39,844	95,974
Pre production expenses	82,428	17,866	100,294	7,225
Artist travel & accommodation	2,611	-	2,611	94
Artists	31,488	-	31,488	9,750
Set, costume and props	14,842	-	14,842	162
Theatre staff	12,765	1,300	14,065	680
Computer expenses	1,895	-	1,895	150
Repair and maintenance	26,400	7,021	33,421	2,888
Carried forward	308,373	31,391	339,764	148,494

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THE FACTORY OF CREATIVITY

DETAILED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021

			YEAR ENDED 31.3.21 Total funds £	PERIOD 2019 TO 31.3.20 Total funds £
	Unrestricted funds £	Restricted funds £		
Charitable activities				
Brought forward	308,373	31,391	339,764	148,494
Waste disposal	5,638	-	5,638	3,125
Entertainment and incentives	1,200	-	1,200	864
Licence and subscriptions	1,641	-	1,641	1,356
Other travel	1,965	-	1,965	1,626
Website expenses	174	-	174	2,530
Cleaning	135	-	135	284
Training	-	-	-	1,690
Health and safety	14,571	-	14,571	-
Plant and machinery	11,100	-	11,100	7,985
Fixtures and fittings	3,037	-	3,037	3,048
Computer equipment	3,197	-	3,197	92
	<u>351,031</u>	<u>31,391</u>	<u>382,422</u>	<u>171,094</u>
Support costs				
Finance				
Other interest	21	-	21	-
Bank loan interest	4,000	-	4,000	1,400
	<u>4,021</u>	<u>-</u>	<u>4,021</u>	<u>1,400</u>
Human resources				
Wages	145,328	-	145,328	49,851
Social security	4,417	-	4,417	257
Pensions	2,228	-	2,228	834
	<u>151,973</u>	<u>-</u>	<u>151,973</u>	<u>50,942</u>
Governance costs				
Accountancy fees	5,064	-	5,064	2,610
Legal fees	1,800	-	1,800	5,676
	<u>6,864</u>	<u>-</u>	<u>6,864</u>	<u>8,286</u>
Total resources expended	<u>513,889</u>	<u>31,391</u>	<u>545,280</u>	<u>231,722</u>
Net income	<u>50,137</u>	<u>(6,392)</u>	<u>43,745</u>	<u>36,853</u>

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