

Registered number: 01630237
Charity number: 515526

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)
TRUSTEES' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details of the company, its Trustees and advisers	1
Chairman's statement	2
Trustees' report	3 - 12
Independent auditor's report on the financial statements	13 - 16
Consolidated statement of financial activities	17 - 18
Consolidated balance sheet	19 - 20
Company balance sheet	21 - 22
Consolidated statement of cash flows	23
Notes to the financial statements	24 - 52

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

REFERENCE AND ADMINISTRATIVE DETAILS OF THE COMPANY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2023

Trustees	J Rivers, Chair M Atkinson (resigned 31 December 2023) H Bishop V Dawson (appointed 24 May 2023) C Feely Dr R Gaunt (resigned 31 October 2022) P Holt (appointed 21 June 2023) G Lewins J Phipps (appointed 24 May 2023) G Pickup (resigned 28 February 2023) A Rawlings N Riddle L Summers (resigned 28 February 2023) W J Tracey (resigned 31 December 2023)
Company registered number	01630237
Charity registered number	515526
Registered office	Cromford Mill Road Cromford Matlock Derbyshire DE4 3RQ
Chief Executive Officer	Éilis Scott
President	The Duke of Devonshire KCVO CBE DL
Independent auditor	BHP LLP Chartered Accountants 2 Rutland Park Sheffield S10 2PD
Bankers	Lloyds TSB plc Compton Ashbourne Derbyshire DE6 1DY
Solicitors	Geldards LLP Number One Price Place Pride Park Derby DE24 8QR

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2023

The chairman presents his statement for the year.

Our financial year 2022/23 and the ensuing twelve months have seen a considerable reconstruction of the Board of Trustees and the Senior Leadership Team.

Changes in Trustees include the resignations of Mike Atkinson, Wendy Tracey, Greg Pickup, Laura Summers and Richard Gaunt but we have welcomed Vicky Dawson, Paula Holt and Jon Phipps as new Trustees. These changes bring valuable skills to the Society, as indeed have a series of new appointments to the Senior Leadership Team, including Clare Harris as CFO, Richard Crowder as Operations Manager, Dr Elizabeth Woledge as Head of Engagement, Robert Williams as Catering Manager and Joanne Williams as Development Manager, with the particular task of leading and growing our fundraising campaigns.

These appointments are necessary to boost our income and improve the Society's trading position. As you can see from the Accounts, the Society continues to struggle for profitable growth in the face of rising costs driven by inflation and the tripling of energy costs primarily due to the war in Ukraine. Our commercial activities almost solely enable us to remain in existence and carry out our prime purpose and responsibility. This is to care for our historic buildings and refurbish them so that they can be brought back into economic use for the benefit of our community and the satisfaction of our many supporters who value our industrial heritage.


It is not always appreciated that grants from public bodies and charitable trusts do not generally support commercial activities or operating costs, which amount to over £4,000 per day, and our ability to prosper primarily rests with ourselves.

As the Report shows, we continue to benefit and are extremely grateful to Historic England for the capital grants for essential repair and maintenance work on Building 1 and 'The First Mill' and to the National Lottery Heritage Fund for funding of several projects including a new Strategic Business Plan and masterplan for Cromford Mills. Our particular thanks also goes to funders of the 'Water Wheel Project,' including the Green Entrepreneurs' Fund and Severn Trent Community Fund, which celebrates the return of water power to Cromford Mills.

We clearly enjoy the continuing confidence of major funders and we are also being well supported during these problematic times by our banker, Lloyds.

This degree of confidence matters greatly as we develop our plans to restore and bring back Building 1 into full economic use and provide us with a bigger restaurant, and function suite. This project is crucial to the continuing success of the Arkwright Society and its ability to attract and cater for increasing numbers of visitors and strengthening the Society's commercial resilience.

The Trustees appreciate the leadership and commitment of Éilis Scott, our CEO, but we are dependent for our success on the efforts and hard work of all our staff and volunteers; their contribution has been invaluable and will remain so.


John Rivers
Date:

20 MARCH 2024

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

The Trustees present their annual report together with the audited financial statements of the group for the year ended 31 March 2023. The Trustees' report serves the purposes of both a Trustees' report and a Directors' report under company law. The Trustees confirm that the Trustees' report and financial statements of the charitable company comply with the current statutory requirements, the requirements of the charitable company's governing document and the provisions of the Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2019).

Since the group and the company qualify as small under section 383 of the Companies Act 2006, the Group strategic report required of medium and large companies under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 has been omitted.

Objectives and activities

a. Policies and objectives

The Society has adopted the following mission statement in respect of its work on the Cromford Mills site much of which applies to the Society's work in general:

The Arkwright Society is committed to the regeneration of the Cromford Mills site and to the reuse of the buildings in ways that will provide them with a sustainable future, and which offers year-round employment that will contribute positively to the local economy. At the same time, the Society is aware of the international significance of the historic buildings in its care and in dealing with them, is conscious of its obligation to use the highest standards of repair and conservation practice. The Society acknowledges that monuments of such universal importance, inscribed by UNESCO, attract widespread interest which those who enjoy the stewardship of such heritage must respect, by providing interpretation of the highest quality and extensive public access.

The Society also has educational, social, accessibility and environmental agendas, which commit it to the provision of educational engagement, training, work experience opportunity whilst developing accessibility and green energy initiatives, as well as the recycling of materials and a sustainable transport policy. These aspirations will inform the delivery of its conservation and educational programmes.

b. Activities undertaken to achieve objectives

The Society delivers its charitable objects through a range of activities many of which are long established. Its principal educational provision is made through the delivery of primary, secondary school and higher educational visits. The Society continues to support various heritage talks, often led by volunteers, and continues to participate in educational initiatives delivered by the Derwent Valley World Heritage Site (DVMWHS) management team, including the DVMWHS Research days. The Society hosts work placements for students to develop their skills within the workplace and gain a deeper understanding of the Charity and its objectives.

Throughout the year, tours of the Cromford Mills are provided for visitors and booked parties and informal learning opportunities are promoted to visitors, especially families, during the school holidays.

The Society's conservation objectives are met primarily through the ongoing repair and maintenance of Cromford Mills and the wider estate. Resource allocation is managed by the maintenance team, focusing on regular maintenance and specific repairs. Decisions are guided by condition assessments and expert recommendations.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Objectives and activities (continued)

c. Volunteers

Volunteering is open to all, and volunteers can work on a wide range of activities and in addition provide professional advice and guidance at various levels of the Society.

- The Head of Engagement, in consultation with the Volunteer Coordinator, staff and volunteer representatives, will identify volunteering opportunities and define those roles through role profiles.
- Some volunteers have supported the Society for many years, working regularly or for specific time periods.

The Arkwright Society's volunteer policy is to

- Ensure that volunteers feel valued.
- Establish an active management system to enable volunteers to feel like an effective member of the team.
- Ensure all volunteers know who their point of contact is and where they sit in the organisational structure.
- Ensure effective, regular two-way communication with all volunteers so that all staff and volunteers work positively together and, where appropriate, actively seek to involve each other in their work.
- Effectively match the needs of the organisation with the skills, experience, and knowledge of the volunteer.
- Have an up-to-date business plan for volunteers to implement this policy.
- Foster a friendly and supportive atmosphere aiming to make volunteering a fun and pleasant experience of mutual gain.

d. Main activities undertaken to further the company's purposes for the public benefit

The Trustees confirm that they have given careful consideration to the Charity Commission's general guidance on public benefit.

The public benefits derived from the Society's activities include:

- The advancement of education and specifically the provision of guided tours for the site and village, as well as adult and school parties throughout the year. The provision of heritage interpretation within the visitor centre and through industrial heritage and local history literature, the development of archive material to assist educational research, the provision of programmes of lectures, visits, and events on and to sites of historical interest.
- The advancement of arts, heritage, and culture specifically the Society's commitment to the regeneration of the Cromford Mills site and to the reuse of buildings in ways which will provide them with a sustainable future; public access to the Society's main sites for their enjoyment of these sites; membership of and support of the Derwent Valley Mills World Heritage Site Partnership and its attendant committees on which the Society is represented; the Society's membership and promotion of the European Route of Industrial Heritage for which Cromford Mill is a designated anchor point; participation in the Heritage Open Days programme and locally in the Derwent Valley Mills heritage activities, and delivery of an extensive annual events programme promoting arts, culture, heritage and wider engagement.
- The advancement, protection and improvement of the natural environment including the management of Dunsley Meadows designated as Derbyshire Dales first Local Nature Reserve, areas of Slinger Woodlands an established Site of Specific Interest (SSSI – Natural England designation) and a Special Area of Conservation (SAC – European Union designation), the management of Lumsdale, a bequest to the Society and a valley of outstanding natural beauty and industrial heritage interest on the north side of Matlock, and Church Walk, adjacent to Cromford Mills.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Achievements and performance

a. Key performance indicators

Notes 4 to 8 detail income which totals £1,502k (2022: £1,544k). Within these:

- Income from other trading activities increased by £46k to £651k (2022: £605k).
- Income from charitable activities decreased by £23k to £540k (2022: £563k).
- Other incoming resources totalled £67k (2022: £321k) reflecting government grants received during the year.
- Income from donations and legacies increased by £190k to £244k (2022: £55k).

Notes 9 and 10 detail costs of raising funds and charitable activities which total £1,869k (2022: £1,599k as restated). Within these:

- Governance costs total £22,983 (2022: £17,610).

The net deficit for the year totalled £367k (2022: £59k as restated after a tax charge of £4k). This was made up of a deficit of £440k on unrestricted funds (2022: £134k surplus) and a surplus of £73k on restricted funds (2022: £193k deficit).

At the year-end reserves consisted of restricted funds of £2,345k (2022: £2,272k as restated) and unrestricted funds of £1,542k (2022: £1,982k), a total of £3,887k (2022: £4,254k as restated).

b. Review of activities

The Arkwright Society continues to develop and progress with its objective of further development of the Cromford Mills site, bringing back in to use those buildings not currently fully utilised and so removing them from the Historic England's National Heritage at Risk Register.

Throughout the year, the Society has made important steps forward, thanks to a generous grant of £249,599 from the National Heritage Lottery Fund, which has bolstered its resilience. Additionally, support from the Duke of Devonshire Charitable Trust has enabled the commissioning of a 10 year strategic business plan and masterplan. These plans are crucial for prioritising future regeneration efforts and determining the sequencing of major projects, providing a solid framework for the Society's continued progress.

Despite enduring challenges stemming from the pandemic and unforeseen external factors, including the significant increases in utility costs and economic uncertainties, the Society remains steadfast in its commitment to growth. While these challenges have posed obstacles, they have also underscored the importance of collaboration with key stakeholders and partners. The Society remains optimistic about its ability to strengthen and become more resilient, ultimately fulfilling its primary objectives for the regeneration of Cromford Mills.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Achievements and performance (continued)

Property & Site Operations

Demand for office and retail space remains robust, with a particularly strong demand for single office spaces. Revenue from this demand has met expectations and shows promising signs for the short to medium term.

The Cromford water power project secured capital funding during the financial year from multiple sources including: Green Entrepreneurs Fund (Derbyshire County Council), Severn Trent Community Fund, and additional support from Vaillant Boilers.

The work program primarily takes place during the 2023 calendar year. During 2023, a successful crowd funding campaign has also supported the funding, including a generous contribution from Gilbert Gilkes and Gordon Ltd. It is estimated that the electricity generated will account for up to 20-25% of the site's electricity consumption. This assumption will be tested during the full calendar year. The scheme includes the following components:

- Refurbishment and installation of a 1957, 15kW Gilkes hydro turbine sourced from Wales.
- Reinstatement of a 6m diameter waterwheel generating 2kW.
- Implementation of a water source heating system
- Establishment of a closed-loop waterflow control system to optimize power generation and maintain water levels in the Cromford Canal.

Funded by the Wolfson Foundation, a community scheme is being progressed to refurbish the existing hydro-turbine located at the Corn Mill in Cromford Village. The objective is to generate electricity and sell it back to the grid to raise funds for local community projects.

Heritage, Visitors & Volunteering

The Heritage offer, which encompasses heritage tours, the visitor centre, and heritage talks, remains steadfastly delivered by our committed staff and volunteers. Although visitor numbers have yet to fully rebound to pre-pandemic levels, there is optimism in strengthening this offer. Our volunteer teams, including corporate volunteers and work experience placements, provide crucial support for our initiatives. The wealth of knowledge and experience among our volunteers significantly enrich the visitor experience. Volunteers continue to play an active role in preserving the natural environment and managing the estate throughout the year. Notably, Lumsdale relies heavily on volunteer assistance for fundraising efforts and various works, including heritage tours, tree and woodland management.

Following the closure of Belper North Mill Museum, collaborative efforts are underway with the Belper North Mill Trust and Belper Volunteers to ensure the continuity of the Belper story. These initiatives aim to sustain educational outreach and foster closer cooperation between volunteers and organisations, thereby strengthening the Derwent Valley Mills World Heritage Site northern gateway. To support these endeavours, a joint volunteer coordinator position was established in March 2023 for a two-year term, with funding provided by the National Lottery Heritage Fund (NLHF) and the Belper North Mill Trust.

Education and Learning

The revenue from educational visits has returned more strongly than anticipated post pandemic levels with continued interest from primary schools (Key Stage 1 & 2). The joint initiatives with the Derwent Valley Mills World Heritage site team and the proactive work of the Learning team continue to develop the educational offer and school bookings have been strong and include a wider uptake from schools in areas of need. A renewed partnership approach is being developed with the University of Derby to explore various initiatives around student engagement. A post graduate study on expanding the Society's higher education offer has been produced, to be developed further over the coming year.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Achievements and performance (continued)

Conferencing & Events

Events have been a key driver in encouraging increased visitor numbers to Cromford Mills. This has financial benefits with increased secondary spend and is targeting new audiences and widening engagement. The development of markets during the year: artisan and antiques in particular has continued, with enhanced focus on Christmas markets and our Christmas offer. The markets also help engage and support new creative businesses in the local area.

"The Shine a Light" event was held for the second year in October 2022, a joint initiative with Derbyshire County Council. Whilst this was not profitable, it brought positive visitor numbers and showcased the mill as a cultural venue. Developing our annual events and activities, including the dog show and Comicon is embracing a broader programme, beyond the more traditional heritage offer. This is proving successful with the added benefit of strengthening volunteer engagement for those who wish to get involved in events delivery.

The conferencing market has shown some signs of return with bookings for both the Gothic Wharf and Cromford Creative. This remains an area for development. Renewed engagement with East Midlands Chamber and local organisations and businesses have increased bookings within Cromford Creative and the Gothic Wharf.

Membership

Arkwright Society membership has remained constant and the support of the loyal base of members with membership numbers sustained.

Cromford Mill Ltd

The Arkwright Society's trading arm is the catering and retail offer. Catering income has grown over the year, and remains the highest proportion of income generation for both the trading arm and Society. However, the challenges have been significant with several external factors affecting sales. These are: unpredictable weather impacting on general visitor numbers, shortages in staff recruitment (a national problem driven by changing working patterns and the possible impact of Brexit on the labour market), inflation, significantly higher utility costs, and cost of living impacts.

Retail sales through the mill shop have faced similar challenges. Despite some income growth, this is not proved profitable. Changes were made to improve the visitor experience offer and support the delivery of the heritage tours through the visitor experience team.

c. Fundraising activities and income generation

Fundraising through normal trading activities has increased this year in comparison to 2021/22. This has been bolstered with staff training in 'making the ask', which has been most effective at events. The NLHF grant has supported ways to improve fundraising and income generation, including provision of on-site donation boxes. This work continues through 2023. Notably several ticketed events, like Shine a Light and visits with Father Christmas have been introduced, with plans to further refine and expand these offerings while maintaining free entry to the site, and balancing affordability with the need to generate income.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Financial review

a. Going concern

The Group's loss for the year of £367,074 consists of a surplus in restricted funds of £72,974 and loss in unrestricted funds of £440,048. Net current liabilities are £49,265.

These figures reflect the challenging trading conditions and the numerous external factors the Society faces. Despite lacking core funding, the Society has successfully secured capital and funding for the delivery of activities, from the National Heritage Lottery Fund, Historic England and the Pilgrim Trust for expenditure spanning 2023-2025. This significant support from funders reflects their acknowledgement of the Society's needs and their confidence in its capacity to execute projects and progress. Moreover, the Society has maintained strong support from its lenders with the AHF granting capital repayment holidays during the recovery period and consistent capital repayments to the Charity Bank and Lloyds.

The Trustees have prepared forecasts of income and expenditure and cash flow for a period of 12 months from approval of these financial statements which show that they will be able to operate within the facilities available to them. The Trustees recognise the facilities include increased grants and donations and have appointed a Development Manager, as fundraiser to support this initiative as priority.

The Trustees acknowledge there is some uncertainty surrounding the fundraising targets, however, these have been subjected to sensitivity analysis which takes a prudent view. The resulting forecasts and cash flow referred to above show the facilities to be sufficient and therefore, the Trustees believe that it is appropriate to prepare the accounts on a going concern basis.

The financial statements do not include the adjustments that might be required should this not be the case.

b. Reserves policy

The Trustees have considered the reserves held by the Arkwright Society as of 31 March 2023. The Society needs reserves to enable it to develop its long term aims as well as ensuring the continuation of current activities. It is the Trustees' ambition to hold free reserves in cash which will be sufficient to cover three months operating costs. In order to meet their responsibilities, the Trustees have reviewed the requirements and risks faced by the Society both in the short and medium term.

Total funds at the year-end stood at £3,887k (2022: £4,255k as restated) of which £1,542k (2022: £1,982k) were unrestricted funds.

The unrestricted reserves are £1,542k but as shown in the accounts the unrestricted reserves already invested in the tangible fixed assets are in excess of this figure. Accordingly, the free reserves of the charity, being those reserves available to the Trustees for future commitment can be seen to be negative. Net current liabilities are £49,265 represented by unrestricted funds of £570,033 and therefore there are net current assets relating to restricted funds of £520,768. This recognises that the mill site was originally acquired with long term loans that are still being repaid. It is the Trustees' long term aim to establish free reserves sufficient to enable a sustainable operation of the mill but until the restoration of the site is complete, that level cannot be quantified.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

c. Principal risks and uncertainties

Trustees and management have reviewed potential risks and challenges the organisation could face in light of these challenging and uncertain times and produced an updated Risk register for the organisation, which is reviewed by Trustees on a quarterly basis.

Structure, governance and management

a. Constitution

The Arkwright Society Limited is registered as a charitable company limited by guarantee and was set up by a Memorandum of Association.

The company and the group are constituted under a Memorandum of Association and has a registered charity number 515526.

b. Methods of appointment or election of Trustees

Trustees are appointed on the basis of an analysis of the current skills of the Board and the need to strengthen its ability to direct the affairs of the Society, and the individual ability of any nominee to meet any perceived gap in skills and other qualities they may bring to the Society.

c. Organisational structure and decision-making policies

At present the Society is managed by its Trustee body, the Board of Trustees. This body meets up to ten times each year and has up to 12 members. Within the Board of Trustees there are three sub committees: Nominations, Audit and Risk and Remuneration Committees which meet as required.

In April 1994 the then Council of Management established a trading company, Cromford Mill Limited, and appointed Directors to manage it. These meet on a regular basis and from time to time report to the Board of Trustees.

d. Policies adopted for the induction and training of Trustees

The charity recognises its responsibility to ensure all new Trustees are given a Trustee Induction pack prior to appointment and meet with the Chair and CEO to clarify the responsibilities undertaken as a Trustee. Trustees also attend available external training courses.

e. Terms and Conditions of Employment

The Board of Directors of The Arkwright Society, who are the Society's Trustees, and the Senior Leadership Team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the Society on a day to day basis.

All Directors give their time freely and no Director received remuneration in the year. Details of Directors' expenses are disclosed in note 16 to the accounts.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Structure, governance and management (continued)

The Terms and Conditions of all staff are reviewed annually, usually in March, by the Remuneration Committee wholly made up of Trustees. The Committee operates within the framework of the following principles:

- Ability to attract staff of the right calibre and experience
- Ability to retain such staff
- Affordability within the Society's financial resources

Salaries and conditions are considered in the context of the local market, having regard to the particular skills and knowledge required to manage a substantial building preservation trust in the charitable sector and in a commercial environment.

Whilst there is an annual review, there is no commitment to increase salaries or improve conditions, balancing affordability and the need to remain competitive.

f. Financial risk management

The Trustees have a risk management strategy which comprises:

- a Risk Register which sets out the principal risks and uncertainties that the charity and its subsidiary Cromford Mill Limited face. This is reviewed by the Senior Leadership Team and Trustees on a quarterly basis.
- the establishment of policies, systems and procedures to mitigate those risks identified in the reviews; and
- the implementation of procedures designed to minimise or manage any potential impact on the charity should those risks materialise.

As in prior years, this work has identified that financial sustainability is the major financial risk for both the charity and its subsidiary. A key element in the management of financial risk is a regular review of available liquid funds to settle debts as they fall due, regular liaison with the bank and key funders, and active management of trade debtors and creditors balances, to ensure sufficient working capital by the Society and its subsidiary company.

Attention is focussed on non-financial risks arising from fire, health and safety, and food hygiene. These risks are managed by ensuring accreditation is up to date, having robust policies and procedures in place, and regular awareness training for staff working in these operational areas. Health and Safety reports are tabled at each Trustee meeting.

g. Internal control

The Trustees have overall responsibility for ensuring that the charity has an appropriate system of financial management and other necessary controls. This is detailed in the Internal Control Manual. They are also responsible for safeguarding the assets of the charity and to this end must ensure that reasonable steps are taken for the prevention and detection of fraud and any other irregularities.

The Trustees accept that it is their responsibility to ensure that proper records are maintained, and accurate financial information is collected and retained and that the charity complies with the relevant laws and regulations.

The charity's Trustees recognise that whatever system is in place must be seen as managing rather than eliminating the risk of failure to achieve the charity's objectives and can only provide reasonable rather than absolute reassurance in these matters.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Plans for future periods

Future developments

The Society's focus for 2023-2024 has been centered on restoring a more stable trading pattern while advancing the commissioning of the Strategic Business Plan and a refreshed masterplan. This strategic effort places priority on the restoration and repurposing of Building 1, with the need to expediate the acquisition of significant capital funding to establish a sustainable long-term income stream for the Society.

Grants from Historic England and The Pilgrim Trust will facilitate an interim repair solution for the First Mill. This solution will include decontamination of the third floor, urgent high-level repairs and the replacement of the part asbestos roof with a lightweight alternative. This will ensure the building is watertight and stable until a permanent solution is realised. Furthermore, grant aid from Historic England has also been secured for urgent repairs to part of Building 1 rendered elevation.

During 2024, the Arkwright Society plans to host a temporary exhibition on Florence Nightingale in collaboration with the Florence Nightingale Museum Trust. Additionally, the site will welcome several historic objects from the former Belper North Mill Museum, showcasing them in the visitor centre as part of the broader interpretation of the Derwent Valley's historical and technological significance.

Information on fundraising practices

The charity raises funds through its commercial activities, donations, legacies and membership. Funds raised through these activities are allocated to general funds, unless specifically agreed with an individual or organization.

Funding for specific projects may be sought via sponsorship, donations, crowd funding, local fundraising activities and events. The allocation and purpose of those funds is made clear to donors and funders at the time of contribution.

A Development Manager has been appointed to take forward fundraising activities and grant applications for the Society. Their responsibility includes upholding the Society's commitment to ethical practices throughout all fundraising endeavours. The Arkwright Society does not use external, professional fundraising organisations or individuals to raise funds on its behalf. It ensures no fundraising activities it undertakes will exploit vulnerable individuals or intrude into an organisations' or individuals' privacy.

The Trustees and Senior Leadership Team have received no complaints in relation to fundraising or expenditure of its funds and ensures the use of all funds is transparent and clearly allocated.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Statement of Trustees' responsibilities

The Trustees (who are also the Directors of the company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the parent charitable company and of their incoming resources and application of resources, including their income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 (FRS 102);
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) 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 group will continue in operation.

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

Disclosure of information to auditor

In so far as the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware, and
- the Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

The auditor, BHP LLP, has indicated their willingness to continue in office. The Trustees will propose a motion reappointing the auditor at a meeting of the Trustees.

In approving the Trustees' report, we also approve the Directors' report included therein, in our capacity as company directors. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Approved by order of the members of the Board of Trustees and signed on their behalf by:


Trustees

Date: 20th March 2024

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARKWRIGHT SOCIETY LIMITED

We have audited the financial statements of The Arkwright Society Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the consolidated statement of financial activities, the consolidated balance sheet, the company 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 group's and parent charitable company's affairs as at 31 March 2023, 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 Companies Act 2006.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company 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.

Material uncertainty related to going concern

We draw attention to note 2.2 in the financial statements, which indicates the events and conditions that may cast significant doubt on the Group's ability to continue as a going concern. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists.

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in note 2.2 of the financial statements concerning the group and parent charitable company's ability to continue as a going concern. The group incurred a net deficit of £367,074 during the year ended 31 March 2023 and as at that date the group has negative free reserves of £570,033. These conditions, along with the other matters explained in note 2.2 to the financial statements indicate the existence of a material uncertainty which may cast significant doubt on the group's and parent charitable company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and parent charitable company was unable to continue as a going concern.

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' report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARKWRIGHT SOCIETY LIMITED

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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' report, which includes the Directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement, the Trustees (who are also the Directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 charitable company'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 parent charitable company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARKWRIGHT SOCIETY LIMITED (CONTINUED)

Auditor responsibilities for the audit of the financial statements

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.

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:

- 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 entity through discussions with Trustees and other management, and from our knowledge and experience of the sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the group and parent entity, including safeguarding legislation, health and safety requirements including fire safety, food hygiene, data protection laws, the Charities Act 2011 and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- we ensured identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the entity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management 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 journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- 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 financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE ARKWRIGHT SOCIETY LIMITED (CONTINUED)

more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Signer ID: AV3MHV6Q7Z...

Jane Marshall (Senior statutory auditor)

for and on behalf of

BHP LLP
Chartered Accountants
Statutory Auditor
2 Rutland Park
Sheffield
S10 2PD

Date: 27/03/2024 GMT

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	As restated Total funds 2022 £
Income from:					
Donations and legacies	4	23,325	220,775	244,100	54,544
Charitable activities	5	504,673	35,306	539,979	562,722
Other trading activities	6	650,767	-	650,767	604,957
Investments	7	1,035	-	1,035	15
Other income	8	66,044	-	66,044	321,328
Total income		1,245,844	256,081	1,501,925	1,543,566
Expenditure on:					
Raising funds	9	581,845	-	581,845	487,092
Charitable activities	10	1,112,543	174,611	1,287,154	1,111,617
Total expenditure		1,694,388	174,611	1,868,999	1,598,709
Net (expenditure)/income before taxation		(448,544)	81,470	(367,074)	(55,143)
Taxation		-	-	-	(3,673)
Net (expenditure)/income after taxation		(448,544)	81,470	(367,074)	(58,816)
Transfers between funds	26	8,496	(8,496)	-	-
Net movement in funds		(440,048)	72,974	(367,074)	(58,816)
Reconciliation of funds:					
Total funds brought forward as previously stated		1,982,261	2,236,221	4,218,482	4,313,352
Prior year adjustment	25	-	36,054	36,054	-
Total funds brought forward as restated		1,982,261	2,272,275	4,254,536	4,313,352
Net movement in funds		(440,048)	72,974	(367,074)	(58,816)
Total funds carried forward		1,542,213	2,345,249	3,887,462	4,254,536

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE
ACCOUNT) (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

The consolidated statement of financial activities complies with the requirements for an income and expenditure account under the Companies Act 2006 and includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 01630237

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Tangible assets	17	950,028	957,184
Heritage assets	18	3,925,164	3,925,164
		<u>4,875,192</u>	<u>4,882,348</u>
Current assets			
Stocks	20	21,228	14,048
Debtors	21	117,282	67,878
Cash at bank and in hand		350,749	734,875
		<u>489,259</u>	<u>816,801</u>
Creditors: amounts falling due within one year	22	(538,524)	(437,145)
Net current (liabilities) / assets		<u>(49,265)</u>	<u>379,656</u>
Total assets less current liabilities		<u>4,825,927</u>	<u>5,262,004</u>
Creditors: amounts falling due after more than one year	23	(913,767)	(980,547)
Accruals and deferred income	24	(24,698)	(26,921)
Total net assets		<u><u>3,887,462</u></u>	<u><u>4,254,536</u></u>
Charity funds			
Restricted funds (includes revaluation reserve of £24,901 (2022: £24,901))	26	2,345,249	2,272,275
Unrestricted funds (includes revaluation reserve of £2,007,750 (2022: £2,007,750))	26	1,542,213	1,982,261
Total funds		<u><u>3,887,462</u></u>	<u><u>4,254,536</u></u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 01630237

CONSOLIDATED BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

The trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



J Rivers

Date:

20 MARCH 2024

The notes on pages 24 to 52 form part of these financial statements.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)
REGISTERED NUMBER: 01630237

COMPANY BALANCE SHEET
AS AT 31 MARCH 2023

	Note	2023 £	As restated 2022 £
Fixed assets			
Tangible assets	17	846,544	847,533
Heritage assets	18	3,925,164	3,925,164
Investments	19	2	2
		<u>4,771,710</u>	<u>4,772,699</u>
Current assets			
Debtors	21	111,005	91,675
Cash at bank and in hand		306,831	590,942
		<u>417,836</u>	<u>682,617</u>
Creditors: amounts falling due within one year	22	(438,734)	(341,170)
Net current assets		<u>(20,898)</u>	<u>341,447</u>
Total assets less current liabilities		<u>4,750,812</u>	<u>5,114,146</u>
Creditors: amounts falling due after more than one year	23	(879,786)	(917,241)
Total net assets		<u><u>3,871,026</u></u>	<u><u>4,196,905</u></u>
Charity funds			
Restricted funds (includes revaluation reserve of £24,901 (2022: £24,901))	26	2,345,249	2,272,275
Unrestricted funds (includes revaluation reserve of £2,007,750 (2022: £2,007,750))	26	1,525,777	1,924,630
Total funds		<u><u>3,871,026</u></u>	<u><u>4,196,905</u></u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

COMPANY BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2023

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own statement of financial activities. The company's net movement in funds for the year was £(325,879) (2022 - (£123,887) as restated).

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.

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

The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:


J Rivers

Date: 20th MARCH 2024

The notes on pages 24 to 52 form part of these financial statements.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £	2022 £
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	29	(253,578)	80,125
Cash flows from investing activities			
Proceeds from the sale of tangible fixed assets		-	195
Purchase of tangible fixed assets		(23,161)	(18,637)
Tax paid		(3,562)	-
Net cash used in investing activities		(26,723)	(18,442)
Cash flows from financing activities			
Repayments of borrowing		(90,843)	(49,553)
Interest paid		(12,982)	(48,573)
Net cash used in financing activities		(103,825)	(98,126)
Change in cash and cash equivalents in the year		(384,126)	(36,443)
Cash and cash equivalents at the beginning of the year		734,875	771,318
Cash and cash equivalents at the end of the year	30	350,749	734,875

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. General information

The company is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements 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) (issued in October 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The Arkwright Society Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items and fair value. The financial statements are presented in sterling, which is the functional currency of the charity and rounded to the nearest £1.

The consolidated statement of financial activities (SOFA) and consolidated balance sheet consolidate the financial statements of the group and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The group has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

2.2 Going concern

The Group's loss for the year of £367,074 consists of a surplus in restricted funds of £72,974 and loss in unrestricted funds of £440,048. Net current liabilities are £49,265.

These figures reflect the challenging trading conditions and the numerous external factors the Society faces. Despite lacking core funding, the Society has successfully secured capital and funding for the delivery of activities, from the National Heritage Lottery Fund, Historic England and the Pilgrim Trust for expenditure spanning 2023-2025. This significant support from funders reflects their acknowledgement of the Society's needs and their confidence in its capacity to execute projects and progress. Moreover, the Society has maintained strong support from its lenders with the AHF granting capital repayment holidays during the recovery period and consistent capital repayments to the Charity Bank and Lloyds.

The Trustees have prepared forecasts of income and expenditure and cash flow for a period of 12 months from approval of these financial statements which show that they will be able to operate within the facilities available to them. The Trustees recognise the facilities include increased grants and donations and have appointed a Development Manager, as fundraiser to support this initiative as priority.

The Trustees acknowledge there is some uncertainty surrounding the fundraising targets, however, these have been subjected to sensitivity analysis which takes a prudent view. The resulting forecasts and cash flow

2. Accounting policies (continued)

2.2 Going concern (continued)

referred to above show the facilities to be sufficient and therefore, the Trustees believe that it is appropriate to prepare the accounts on a going concern basis.

The financial statements do not include the adjustments that might be required should this not be the case.

2.3 Income

All income is recognised once the company has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

The recognition of income from legacies is dependent on establishing entitlement, the probability of receipt and the ability to estimate with sufficient accuracy the amount receivable. Evidence of entitlement to a legacy exists when the company has sufficient evidence that a gift has been left to them (through knowledge of the existence of a valid will and the death of the benefactor) and the executor is satisfied that the property in question will not be required to satisfy claims in the estate. Receipt of a legacy must be recognised when it is probable that it will be received and the fair value of the amount receivable, which will generally be the expected cash amount to be distributed to the company, can be reliably measured.

Where the donated good is a fixed asset, it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset class and depreciated over the useful economic life in accordance with the company's accounting policies.

On receipt, donated professional services and facilities are recognised on the basis of the value of the gift to the company which is the amount it would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

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

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

The Coronavirus Job Retention Scheme income is recognised in the period in which it relates on an accruals basis.

2. Accounting policies (continued)

2.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, 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 classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds includes all expenditure incurred by the group to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Expenditure on charitable activities is expenditure incurred on directly undertaking the activities which further the group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

2.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

2.6 Taxation

The company is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the company is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

2.7 Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

2. Accounting policies (continued)

2.7 Tangible fixed assets and depreciation (continued)

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

Fixtures and fittings	- 25% reducing balance or 5 years straight line
Cromford Wheatcroft	- 25% reducing balance

Included in fixtures and fittings is a picture held at its original cost of £2,500. This asset has not been depreciated because it is of the opinion of the Trustees that the asset is not impaired by the passage of time and in consequence any element of depreciation would be immaterial.

Freehold and long leasehold buildings and heritage assets are held at valuation. Depreciation is provided in order to write off the value of the properties to their residual value over their useful lives. The residual value is the amount that the charity would currently obtain from disposal of an asset, after deducting the estimated costs of disposal. The current residual values are equal to the net book value so that any element of depreciation would be immaterial. Therefore no depreciation is being provided on the properties held at valuation. The Trustees carry out annual impairment reviews to ensure the carrying value of the freehold property remains appropriate in comparison with residual value.

2.8 Heritage assets

Heritage assets are recognised on the balance sheet and initially measured at cost when purchased or if donated, their valuation. Assets are subsequently stated at valuation less accumulated impairment losses.

Acquisitions only arise when donated to the charity or if it is believed that they will further the charity's objectives. Once acquired they will be preserved by the charity in order to keep their historical, artistic, scientific, technological, geographical or environmental qualities to such a high level as to contribute to knowledge and culture. A register of all assets held by the charity is available and the assets themselves are accessible to the public with prior agreement. Heritage assets are to be held for the foreseeable future.

One heritage asset had previously been held under the historical cost model however, during 2021 an indicator of impairment existed which led to a full valuation of the asset being carried out by David Brown Commercial professional valuers on 31 March 2021. The valuation of the asset, based on future rental yield, was £1,622,413. In the opinion of Trustees, the value of the asset has not changed since this valuation as there has been no significant capital improvements made to the asset, it has been maintained in a good state of repair and rental income achieved on the asset has not significantly changed in value. A prior year adjustment has therefore been applied to reverse the depreciation charged on the asset in the year ended 31 March 2022. Further details regarding the impact of the prior year adjustment can be found in note 25.

2. Accounting policies (continued)

2.9 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'gains/(losses) on investments' in the consolidated statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

2.10 Stocks

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

2.11 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

2.12 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

2.13 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the consolidated statement of financial activities as a finance cost.

2.14 Financial instruments

The group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

2. Accounting policies (continued)

2.15 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of financial activities on a straight line basis over the lease term.

2.16 Fund accounting

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

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

2.17 Employee benefits

When employees have rendered service to the charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service. The charity operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

Redundancy benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The charitable company recognises redundancy benefits when it is committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal.

3. Critical accounting estimates and areas of judgement

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions:

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Freehold and long leasehold buildings and heritage assets are held at valuation. The valuations are carried out on a periodic basis by an independent qualified valuer.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Income from donations and legacies

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Donations and gifts received	23,325	21,591	44,916	17,254
Grants receivable	-	199,184	199,184	37,290
	<u>23,325</u>	<u>220,775</u>	<u>244,100</u>	<u>54,544</u>
Total 2022	<u>53,602</u>	<u>942</u>	<u>54,544</u>	

5. Income from charitable activities

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Property services	374,239	15,000	389,239	390,029
Visitor services	74,469	14,589	89,058	129,325
Education and tours	55,965	5,717	61,682	43,368
Total 2023	<u>504,673</u>	<u>35,306</u>	<u>539,979</u>	<u>562,722</u>
Total 2022	<u>426,885</u>	<u>135,837</u>	<u>562,722</u>	

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Income from other trading activities

Income from non charitable trading activities

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Fundraising events	7,391	7,391	6,260
Cromford Mill Limited sales	643,376	643,376	598,697
	<u>650,767</u>	<u>650,767</u>	<u>604,957</u>
Total 2022	<u>604,957</u>	<u>604,957</u>	

7. Investment income

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Bank interest receivable	1,035	1,035	15
Total 2022	<u>15</u>	<u>15</u>	

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

8. Other income

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Car park income	65,544	-	65,544	57,941
Insurance claims	500	-	500	-
Other government covid support	-	-	-	261,929
CJRS income	-	-	-	1,458
	<u>66,044</u>	<u>-</u>	<u>66,044</u>	<u>321,328</u>
Total 2022	<u>59,927</u>	<u>261,401</u>	<u>321,328</u>	

9. Expenditure on raising funds

Direct costs

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Cromford Mill Limited- other costs	277,207	277,207	244,435
Cromford Mill Limited- wages and salaries	283,457	283,457	226,978
Cromford Mill Limited- NI	15,763	15,763	11,497
Cromford Mill Limited - pension costs	5,418	5,418	4,182
	<u>581,845</u>	<u>581,845</u>	<u>487,092</u>
Total 2022	<u>487,092</u>	<u>487,092</u>	

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

10. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total 2023 £	As restated Total 2022 £
Visitors services	350,970	29,357	380,327	259,129
Property services	378,772	137,225	515,997	412,311
Heritage site management	227,413	3,161	230,574	303,578
Building 17	132,405	4,868	137,273	118,989
Governance (note 13)	22,983	-	22,983	17,610
	<u>1,112,543</u>	<u>174,611</u>	<u>1,287,154</u>	<u>1,111,617</u>
Total 2022 (as restated)	<u>844,880</u>	<u>266,737</u>	<u>1,111,617</u>	

11. Analysis of expenditure by activities

	Activities undertaken directly 2023 £	Support costs 2023 £	Total funds 2023 £	As restated Total funds 2022 £
Visitors services	349,765	30,562	380,327	259,129
Property services	411,870	104,127	515,997	412,311
Heritage site management	107,966	122,608	230,574	303,578
Building 17	137,273	-	137,273	118,989
Governance (note 13)	-	22,983	22,983	17,610
	<u>1,006,874</u>	<u>280,280</u>	<u>1,287,154</u>	<u>1,111,617</u>
Total 2022 (as restated)	<u>903,335</u>	<u>208,282</u>	<u>1,111,617</u>	

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2023 £	Total funds 2022 £
Staff costs	245,217	181,802
Payroll and bookkeeping fees	12,080	8,870
Governance costs (note 13)	22,983	17,610
	<u>280,280</u>	<u>208,282</u>

Support costs are allocated based on a % of time spent.

12. Net income/(expenditure)

This is stated after charging:

	2023 £	As restated 2022 £
(Profit)/loss on disposal of tangible fixed assets	-	34
Depreciation of tangible fixed assets owned by the group	30,317	59,781
	<u>30,317</u>	<u>59,781</u>

13. Governance costs

	Unrestricted funds 2023 £	Total funds 2023 £	Total funds 2022 £
Audit and accountancy fees	22,983	22,983	17,610
	<u>22,983</u>	<u>22,983</u>	<u>17,610</u>
Total 2022	17,610	17,610	
	<u>17,610</u>	<u>17,610</u>	

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

14. Auditor's remuneration

	2023	2022
	£	£
Fees payable to the group's auditor for the audit of the annual accounts	17,720	17,480
Fees payable to the group's auditor in respect of:		
All non-audit services not included above	5,250	580
	<u><u> </u></u>	<u><u> </u></u>

15. Staff costs

	Group	Group	Company	Company
	2023	2022	2023	2022
	£	£	£	£
Wages and salaries	789,410	645,021	505,953	418,043
Social security costs	53,961	41,696	38,198	30,199
Contribution to defined contribution pension schemes	19,616	14,187	14,198	10,005
	<u><u>862,987</u></u>	<u><u>700,904</u></u>	<u><u>558,349</u></u>	<u><u>458,247</u></u>

The average number of persons employed by the group during the year was as follows:

	Group	Group
	2023	2022
	No.	No.
Tourism and visitor services	10	8
Site maintenance	5	6
Catering and retail	21	26
Administration and support	10	7
	<u><u>46</u></u>	<u><u>47</u></u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Staff costs (continued)

The average headcount expressed as full-time equivalents was:

	Group 2023 No.	Group 2022 No.
Tourism and visitor services	9	5
Site maintenance	4	5
Catering and retail	14	13
Administration and support	7	6
	<u>34</u>	<u>29</u>

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

The total amount of employee benefits received by key management personnel including Employers National Insurance and Pension Contributions is £206,143 (2022: £179,078). The Trustees considers its key management personnel comprise the Chief Executive Officer, Chief Finance Officer, Operations Director, Head of Catering and Head of Engagement.

16. Trustees' remuneration and expenses

During the year, no Trustees received any remuneration or other benefits (2022 - £NIL).

During the year ended 31 March 2023, no Trustee expenses have been incurred (2022 - £NIL).

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Tangible fixed assets

Group

	Freehold property valuation £	Leasehold property valuation £	Cromford Wheatcroft cost £	Fixtures and fittings cost £	Total £
<i>Cost or valuation</i>					
At 1 April 2022	393,000	385,000	153,496	210,826	1,142,322
Additions	-	-	-	23,161	23,161
At 31 March 2023	<u>393,000</u>	<u>385,000</u>	<u>153,496</u>	<u>233,987</u>	<u>1,165,483</u>
<i>Depreciation</i>					
At 1 April 2022	-	-	51,829	133,309	185,138
Charge for the year	-	-	7,674	22,643	30,317
At 31 March 2023	<u>-</u>	<u>-</u>	<u>59,503</u>	<u>155,952</u>	<u>215,455</u>
<i>Net book value</i>					
At 31 March 2023	<u>393,000</u>	<u>385,000</u>	<u>93,993</u>	<u>78,035</u>	<u>950,028</u>
At 31 March 2022	<u>393,000</u>	<u>385,000</u>	<u>101,667</u>	<u>77,517</u>	<u>957,184</u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Tangible fixed assets (continued)

Company

	Freehold property valuation £	Leasehold property valuation £	Fixtures and fittings cost £	Total £
Cost or valuation				
At 1 April 2022	393,000	385,000	193,506	971,506
Additions	-	-	18,926	18,926
At 31 March 2023	<u>393,000</u>	<u>385,000</u>	<u>212,432</u>	<u>990,432</u>
Depreciation				
At 1 April 2022	-	-	123,973	123,973
Charge for the year	-	-	19,915	19,915
At 31 March 2023	-	-	<u>143,888</u>	<u>143,888</u>
Net book value				
At 31 March 2023	<u>393,000</u>	<u>385,000</u>	<u>68,544</u>	<u>846,544</u>
At 31 March 2022	<u>393,000</u>	<u>385,000</u>	<u>69,533</u>	<u>847,533</u>

The group has adopted a policy of revaluation for tangible fixed assets. Had these assets been measured at historic cost, the carrying values would have been as follows:

	Group 2023 £	Group 2022 £
Freehold property	135,500	135,500
Long-term leasehold property	197,599	197,599
	<u>333,099</u>	<u>333,099</u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Tangible fixed assets (continued)

Freehold property consists of Grace Cottage, Cromford Lock Up, Woodlands at Slinger, Lumsdale Valley, Dunsley Meadows and the car park.

Leasehold property consists of Cromford Wharf and Cromford Station. The freehold and leasehold properties were revalued on 13 July 2021 and the financial statements have been updated to reflect this valuation. The valuation was carried out externally and independently by David Brown BSc MRICS RICS. In the Trustees opinion this valuation reflects the values as at 31 March 2023.

18. Heritage assets

Group and Company

Assets held at valuation

	Building 17	Cromford Mill	Total
	2023	2023	2023
	£	£	£
Carrying value at 1 April 2022 (as restated)	1,622,414	2,302,750	3,925,164
Carrying value at 31 March 2023	<u>1,622,414</u>	<u>2,302,750</u>	<u>3,925,164</u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. Heritage assets (continued)

Analysis of heritage asset transactions

Group and Company

	2023	as restated 2022	2021	2020	2019
	£	£	£	£	£
Purchases					
Heritage assets - at cost	-	-	-	-	1,392
Total additions	-	-	-	-	1,392
Charge for depreciation/ impairment					
Depreciation - heritage assets at cost (as restated)	-	-	(88,241)	(88,243)	(88,298)
Impairment - heritage assets at cost	-	-	(2,349,197)	-	-
Total charge for impairment	-	-	(2,437,438)	(88,243)	(88,298)

Heritage assets comprise the industrial buildings at Cromford Mill including Building 17 which has undergone a substantial renovation completed during 2016. The oldest buildings date back to the second half of the 18th century.

The heritage assets were revalued on 13 July 2021 and the financial statements have been updated to reflect this valuation. The valuation was carried out externally and independently by David Brown BSc MRICS RICS. In the Trustees opinion this valuation reflects the values as at 31 March 2023.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Fixed asset investments

<i>Company</i>	Investments in subsidiary companies £
<i>Cost or valuation</i>	
At 1 April 2022	2
At 31 March 2023	2
<i>Net book value</i>	
At 31 March 2023	2
At 31 March 2022	2

The investment comprises 100% of the share capital of Cromford Mill Limited, the charity's trading subsidiary. The results of that company are disclosed in note 35.

Transactions during the year with the subsidiary are disclosed in note 34.

20. Stocks

	Group 2023 £	Group 2022 £
Finished goods and goods for resale	21,228	14,048

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

21. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	62,228	17,827	62,228	17,827
Amounts owed by group undertakings	-	-	-	24,402
Other debtors	432	249	289	249
Prepayments and accrued income	54,622	49,802	48,488	49,197
	<u>117,282</u>	<u>67,878</u>	<u>111,005</u>	<u>91,675</u>

22. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	76,143	93,119	46,819	65,620
Architectural Heritage Fund loan	12,743	19,830	12,743	19,830
Trade creditors	233,249	154,859	203,670	129,655
Amounts owed to group undertakings	-	-	810	-
Corporation tax	-	3,562	-	-
Other taxation and social security	42,653	31,790	23,775	20,051
Other creditors	54,748	68,264	51,150	64,576
Accruals and deferred income	118,988	65,721	99,767	41,438
	<u>538,524</u>	<u>437,145</u>	<u>438,734</u>	<u>341,170</u>

Deferred income represents market income received in advance for market stalls and room hire during 2023/24.

	Group 2023 £	Group 2022 £
Deferred income		
Deferred income at 1 April 2022	4,024	-
Resources deferred during the year	6,107	4,024
Amounts released from previous periods	(4,024)	-
	<u>6,107</u>	<u>4,024</u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

23. Creditors: Amounts falling due after more than one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Bank loans	465,259	521,397	431,278	458,091
Architectural Heritage Fund loan re Building 17	448,508	459,150	448,508	459,150
	913,767	980,547	879,786	917,241

Bank loans and overdrafts totalling £541,402 (2022: £614,516) are secured on assets of the charity as follows:-

- A 1st legal charge over commercial freehold property known as Old Trout Farm (Excl No 10), Cromford Mill, Cromford Matlock, Derbyshire dated 23/11/1988.
- A 1st legal charge over commercial freehold property known as Cromford Colour Mills, Cromford, Derbyshire - dated 18/11/1988.
- A 1st legal charge over residential property known as Grace Cottage, Station Rd, Cromford, Matlock, Derbyshire dated 16/02/2018.
- A 1st legal charge over commercial freehold property known as 10 Cromford Mill, Mill Road, Cromford, dated 16/02/2018.
- A 2nd legal charge over commercial freehold property known as 10 The Old Trout Farm, Cromford Mill, Cromford, Matlock, Derbyshire dated 19/10/1994.
- A 2nd legal charge over commercial freehold property known as Cromford Colour Mills, Cromford, Derbyshire dated 18/11/1988.
- A 2nd legal charge over commercial freehold property known as 10 Cromford Mill, Mill Road, Cromford, dated 19/10/1994.
- A 2nd legal charge over residential property known as Grace Cottage, Station Rd, Cromford, Matlock, Derbyshire dated 28/05/1999.
- An unlimited debenture dated 19/12/2001 incorporating a fixed and floating charges over the assets of the society.
- An unlimited debenture dated 16/02/2018 incorporating a fixed and floating charges over the assets of the society.

The bank loan of Cromford Mill Limited is secured on the fixed and floating assets of the company and subject to interest at a rate of 6.5% per annum. The loan is due to be repaid in full by May 2025. The Arkwright Society is guarantor for the loan.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

24. Accruals and deferred income

	Group 2023 £	Group 2022 £
Grants	<u>24,698</u>	<u>26,921</u>

Deferred income represents government grants in respect of the renovation of leasehold property in Cromford Mill Limited and is being released in line with the depreciation policy of the leasehold property.

25. Prior year adjustments

The comparative figures have been restated to reverse depreciation charged on a heritage asset which is now held at valuation, based on a valuation as at 31 March 2021. More details on this can be found in note 2.8. The impact on the consolidated balance sheet as at 31 March 2022 is to increase the value of heritage assets, net assets and restricted fund balances by £36,054. The impact on the statement of financial activities is to reduce restricted expenditure in the prior year by £36,054.

26. Statement of funds

Statement of funds - current year

	As restated Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
Unrestricted funds					
General Funds - charity	1,924,630	598,391	(1,063,393)	66,149	1,525,777
General Funds - subsidiary	57,631	647,453	(630,995)	(57,653)	16,436
	<u>1,982,261</u>	<u>1,245,844</u>	<u>(1,694,388)</u>	<u>8,496</u>	<u>1,542,213</u>

Restricted funds

Building 17 development & project fund	1,956,140	15,000	(4,868)	-	1,966,272
Lumsdale project	3,466	2,643	(1,214)	50	4,945
Cromford Station	139,438	-	-	-	139,438
Dunsley Meadows	57,135	628	(796)	-	56,967
Slinter Woodlands	30,000	-	-	-	30,000
Cromford hydro scheme	(8,115)	179,184	(99,008)	7,521	79,582
Sundry projects	2,554	-	(102)	(1,228)	1,224

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Statement of funds (continued)

Statement of funds - current year (continued)

	As restated Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
D of D DDCT Grant	-	20,000	-	-	20,000
Arkwright's books and artefacts	4,008	-	-	-	4,008
Slinter Woodland project	2,252	-	-	-	2,252
Guide resources fund	1,709	-	-	-	1,709
Education materials	3,064	-	(1,019)	-	2,045
Resilience fund	13,278	18,320	(16,759)	(14,839)	-
DV Tours Project	4,835	16,581	(4,520)	-	16,896
Cromford Mill goes Digital!	620	-	-	-	620
NLHF Emergency Grants	13,320	-	(7,942)	-	5,378
Meeting Point	5,000	-	(4,619)	-	381
DE-Carbonise Grant	18,631	-	(3,074)	-	15,557
B18 project development	24,940	-	(29,440)	-	(4,500)
Reset & Recovery Grant Fund	-	3,725	(1,250)	-	2,475
	2,272,275	256,081	(174,611)	(8,496)	2,345,249
Total of funds	4,254,536	1,501,925	(1,868,999)	-	3,887,462

Statement of funds - prior year

	Balance at 1 April 2021 £	Income £	As restated Expenditure £	Transfers in/out £	As restated Balance at 31 March 2022 £
Unrestricted funds					
General Funds - charity	1,855,500	476,606	(731,936)	324,460	1,924,630
General Funds - subsidiary	(7,440)	668,780	(603,709)	-	57,631
	1,848,060	1,145,386	(1,335,645)	324,460	1,982,261

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Statement of funds (continued)

Restricted funds

Building 17 development & project fund	1,994,421	-	(38,281)	-	1,956,140
Lumsdale project	2,579	1,816	(3,829)	2,900	3,466
Cromford Station	139,438	-	-	-	139,438
Dunsley Meadows	56,571	564	-	-	57,135
Slinter Woodlands	30,000	-	-	-	30,000
Cromford hydro scheme	1,272	17,742	(27,129)	-	(8,115)
Sundry projects	1,554	100	(5)	-	1,649
Srutt Film (Aim Biffa)	(12,651)	62,194	(48,638)	-	905
Arkwright's books and artefacts	4,008	-	-	-	4,008
Slinter Woodland project	2,252	-	-	-	2,252
Guide resources fund	1,731	-	(22)	-	1,709
Education materials	3,554	-	(490)	-	3,064
Resilience fund	35,700	-	(7,145)	(15,277)	13,278
DV Tours Project	11,582	364	(7,111)	-	4,835
Cromford Mill goes Digital!	26,225	2,173	(27,778)	-	620
NLHF Emergency Grants	161,717	261,401	(86,259)	(323,539)	13,320
Meeting Point	12,000	-	(7,000)	-	5,000
DE-Carbonise Grant	(6,661)	24,886	(11,050)	11,456	18,631
B18 project development	-	26,940	(2,000)	-	24,940
	<u>2,465,292</u>	<u>398,180</u>	<u>(266,737)</u>	<u>(324,460)</u>	<u>2,272,275</u>
Total of funds	<u><u>4,313,352</u></u>	<u><u>1,543,566</u></u>	<u><u>(1,602,382)</u></u>	<u><u>-</u></u>	<u><u>4,254,536</u></u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Statement of funds (continued)

The restricted funds represent monies donated or raised for a specific project of the charity. The purposes of the main restricted funds are given below.

The Building 17 development & project fund aims to develop a World Heritage Site and Gateway.

The Lumsdale project funds are for the continued preservation and archaeological works in Lumsdale.

Cromford Station is now completely refurbished and tenants in situ.

The Dunsley Meadows fund is for the acquisition and management of Dunsley Meadows, an ancient hay meadow local Nature Reserve.

Slinter Woodlands of £30,000 remains following the sale of Slinter Cottage.

The Cromford Hydro Scheme aims to explore the possibility of renewable energy at the site by the installation of technology in order to generate hydro-electricity.

The D of DDCT Grant Fund - The Commissioning of a Strategic and Sustainable Business Plan and Masterplan for Cromford Mill.

The Arkwright's books and artefacts fund is an asset fund representing grants awarded to purchase Arkwright related purchases for display.

The Slinter Woodland project fund represents the funds obtained and expended in the continued management of the Slinter Woodland site as a 'Site of Specific Interest' SSSI.

The Guide Resources fund represents donations awarded to volunteer tour guides which can be spent to enhance tour guide knowledge and experience.

The Education materials fund is primarily income awarded under the Sandford Fund which can be used to promote the Educational offer at Cromford.

The resilience fund aims to support the development of the World Heritage site.

The DV Tours project represents funding received from Derbyshire County Council's Great Place scheme for an entrepreneurial venture with Belper North Mill Trust to provide guided tours of the Derwent Valley, focussing on the Derwent Valley Mills World Heritage Site and other nearby visitor attractions.

Cromford Mills goes Digital! is a COVID19 response project awarded by Historic England helping to create a greater digital presence both online and on site.

The NLHF Emergency grants were awarded by National Lottery Heritage Fund who were administering funds under the Heritage Emergency Fund and subsequently under Culture Recovery Fund for Heritage.

The Meeting Point programme will lead to the commissioning of an artist project at Cromford Mills, awarded by Arts & Heritage.

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

26. Statement of funds (continued)

The DE-Carbonise Grant provides assistance to reduce carbon emissions through upgrading lighting in the Cromford Creative building and also replacing 4 non-condensing gas boilers with 2 condensing boilers, thus updating the heating systems in 3 of the buildings.

The B18 project development grant represents funds awarded by Historic England as a repair grant for Heritage at Risk.

The Reset & Recovery Grant Fund - promoting income growth with greater engagement.

There is one restricted fund currently in a deficit position due to funding being claimed in arrears.

A transfer was made during the year to reflect unrestricted core costs being funded by restricted monies received inline with the approved project costs from the funder. A transfer was also made after a review of sundry restricted funds.

27. Summary of funds

Summary of funds - current year

	As restated Balance at 1 April 2022 £	Income £	Expenditure £	Transfers in/out £	Balance at 31 March 2023 £
General funds	1,982,261	1,245,844	(1,694,388)	8,496	1,542,213
Restricted funds	2,272,275	256,081	(174,611)	(8,496)	2,345,249
	<u>4,254,536</u>	<u>1,501,925</u>	<u>(1,868,999)</u>	<u>-</u>	<u>3,887,462</u>

Summary of funds - prior year

	Balance at 1 April 2021 £	Income £	As restated Expenditure £	Transfers in/out £	As restated Balance at 31 March 2022 £
General funds	1,848,060	1,145,386	(1,335,645)	324,460	1,982,261
Restricted funds	2,465,292	398,180	(266,737)	(324,460)	2,272,275
	<u>4,313,352</u>	<u>1,543,566</u>	<u>(1,602,382)</u>	<u>-</u>	<u>4,254,536</u>

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

28. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £	Restricted funds 2023 £	Total funds 2023 £
Tangible fixed assets	747,961	202,067	950,028
Heritage assets	2,302,750	1,622,414	3,925,164
Current assets	(31,509)	520,768	489,259
Creditors due within one year	(538,524)	-	(538,524)
Creditors due in more than one year	(913,767)	-	(913,767)
Provisions for liabilities and charges	(24,698)	-	(24,698)
Total	1,542,213	2,345,249	3,887,462

Analysis of net assets between funds - prior year

	Unrestricted funds 2022 £	As restated Restricted funds 2022 £	As restated Total funds 2022 £
Tangible fixed assets	751,917	205,267	957,184
Heritage assets	2,302,750	1,622,414	3,925,164
Current assets	372,207	444,594	816,801
Creditors due within one year	(437,145)	-	(437,145)
Creditors due in more than one year	(980,547)	-	(980,547)
Provisions for liabilities and charges	(26,921)	-	(26,921)
Total As restated	1,982,261	2,272,275	4,254,536

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

29. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2023 £	Group As restated 2022 £
Net expenditure for the year (as per Statement of Financial Activities)	(367,074)	(58,816)
Adjustments for:		
Depreciation charges	30,317	59,781
Amortisation of government grant	(2,223)	(2,223)
Interest paid	12,982	48,573
Loss on the sale of fixed assets	-	34
(Increase)/decrease in stocks	(7,180)	13,940
Increase in debtors	(49,404)	(13,928)
Increase in creditors	129,004	29,202
Taxation charged	-	3,562
Net cash (used in)/provided by operating activities	(253,578)	80,125

30. Analysis of cash and cash equivalents

	Group 2023 £	Group 2022 £
Cash in hand	350,749	734,875
Total cash and cash equivalents	350,749	734,875

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

31. Analysis of changes in net debt

	At 1 April 2022	Cash flows	At 31 March 2023
	£	£	£
Cash at bank and in hand	734,875	(384,126)	350,749
Debt due within 1 year	(112,949)	24,063	(88,886)
Debt due after 1 year	(980,547)	66,780	(913,767)
	<u>(358,621)</u>	<u>(293,283)</u>	<u>(651,904)</u>

32. Contingent liabilities

The charity has a possible obligation to repair and reinstate an aqueduct which was formally part of the Cromford Mill site. Derbyshire County Council (DCC) are unable to agree with Derbyshire Dales District Council (DDDC) and statutory consultees including Historic England (HE) on the height at which the aqueduct should be reinstated. The liability has been estimated at £295,000 and is contingent on an agreement being reached relevant parties and securing statutory consents at some point in the future.

33. Operating lease commitments

At 31 March 2023 the Group and the company had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
	£	£	£	£
Not later than 1 year	34,583	37,973	6,583	9,973
Later than 1 year and not later than 5 years	12,106	18,915	12,106	18,915
Later than 5 years	19,687	19,894	19,687	19,894
	<u>66,376</u>	<u>76,782</u>	<u>38,376</u>	<u>48,782</u>

Lease payments recognised as an expense in the statement of financial activities were £37,973 (2022: £37,505).

THE ARKWRIGHT SOCIETY LIMITED
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

34. Related party transactions

During 2013 the Duke of Devonshire, the President of the charity, made a loan to the charity of £35,000, £10,000 remained payable as at 31 March 2023 and 2022. The loan is interest free.

The company has a wholly owned subsidiary, Cromford Mill Limited, as detailed in note 35.

During the year, The Arkwright Society Limited charged the subsidiary rent and service charges of £nil (2022: £28,000) management and administration fees of £nil (2022: £57,600) and loan interest of £nil (2022: £647). During the year the subsidiary made sales of £1,854 (2022: £66,387) to The Arkwright Society Limited and purchases from The Arkwright Society Limited of £40,216 (2022: £18,816).

At 31 March 2023, the subsidiary was owed £810 by The Arkwright Society Limited (2022: £24,402 debtor). Included within this balance in the prior year is a loan repayable on demand, with interest calculated at bank base rate plus 2%, secured on the stock held by Cromford Mill Limited. This loan was repaid during the current year.

35. Principal subsidiaries

The following was a subsidiary undertaking of the company:

Name	Company number	Class of shares	Holding
Cromford Mill Limited	02913429	Ordinary	100%

The financial results of the subsidiary for the year were:

Name	Income £	Expenditure £	Profit for the year £	Net assets £
Cromford Mill Limited	647,453	(630,995)	16,458	16,438