

Centre for Process Innovation Limited
(limited by Guarantee)
Trading as CPI

**Directors' report and consolidated
financial statements**

Registered number 05002194

31 March 2021



Centre for Process Innovation Limited
(limited by Guarantee)
Trading as CPI
Directors' report and consolidated financial statements
31 March 2021

Contents

Strategic report	2
Directors' report	5
Statement of directors' responsibilities in respect of the Strategic report, Directors' report and consolidated financial statements	6
Independent auditor's report to the members of Centre for Process Innovation Limited (limited by Guarantee)	
Trading as CPI	7
Consolidated statement of comprehensive income	10
Consolidated balance sheet	11
Company balance sheet	12
Consolidated statement of changes in equity	13
Company statement of changes in equity	14
Consolidated cash flow statement	15
Notes to the financial statements	16

Strategic report

Principal activities

The company's principal activities in the year under review were that of a Research and Technology Organisation (RTO) delivering services to companies engaged in translating ideas and inventions into commercially successful products and processes. The company specialises in supporting customers and partners who require industry relevant expertise and assets; expertise in securing funding from public and private sources; and the knowledge and application of innovation processes. Activities focus on disruptive, transformative and market-creating innovation for SME's and large companies in deep-tech, supporting medium and long innovation cycles (typically 4 – 12 years). Success is measured through a combination of financial and non-financial metrics supported by case studies and ultimately demonstrating economic and societal impact through innovation.

It has established capabilities to service innovation challenges in a range of high value markets, including pharmaceuticals, medical technologies, food and drink and speciality chemicals and materials. CPI owns and operates 7 national facilities in the North East of England and Scotland where competencies in key technologies such as biotechnology, pharmaceutical processing, flexible and hybrid electronics, and materials and formulation are developed.

Business model

CPI group operates a structure that seeks to attract revenue and investment from three sources: a core grant from Innovate UK (in collaboration with 6 other RTO's as the membership of the High Value Manufacturing Catapult), for long term investment in developing and maintaining leading edge capability; collaborative RD&I projects funded jointly by the public and private sectors and awarded on a competitive basis; and business-funded RD&I contracts. The company has established the capability to engage early-stage venture capital investors to showcase CPI's innovation capabilities and stimulate investment into high growth companies working with CPI.

Pandemic Response

CPI implemented its business continuity plan in February of 2020 in response to the COVID-19 pandemic. All facilities remained open with staffing reduced to operational essentials and new operating procedures in place. The company continued to deliver service to customers and partners with minimal disruption and was quickly drawn into supporting the UK response by the vaccines task force to create options for vaccine scale-up and manufacture. This remains the case at year end and is highly likely to sustain into subsequent years, building on some of the leading capabilities within the company.

Sustainability

The company has developed a sustainability plan, to include engagement with our material stakeholders and every employee in order that CPI's role and contribution to tackling climate change can be understood and measured.

Business review and results

Financial year 2020/21 saw 19% growth in overall income, benefitting from customers with resilient investment partners and business plans. Additional income in support of vaccine manufacturing also contributed to in year growth.

The CPI group has therefore established a net assets or reserves position under FRS102 of £73.1m (2020: £70.3m). Aligned with CPI's not for profit status and as presented on the Consolidated P&L Account, the EBITDA before capital grants was £1.6m (2020: 5.2m) reflecting profits generated by its trading subsidiary and under FRS102 this generated a full pre-tax profit of £1.7m (2020: £4.9m). Turnover for the group, including revenue grants received for CPI is £47.1m (2020: £38.6m).

Key performance indicators

Given the size, profile and complexity of the business, the Directors regularly review its financial performance with reference to KPIs. The primary metrics are; order book and the pipeline of new opportunities, the relative contribution to revenues from the different sources of income, operating costs and targeted efficiency measures, operating margins and liquidity. The impact of CPI's work on the companies that have worked with us, and the economic benefit both regionally and nationally, are important metrics at an early stage of development and which provide evidence of the benefit of the public investment in RD&I.

Liquidity ratios in the current year held at 1.7 demonstrating good treasury management.

The core grant received by CPI under a Grant Funding Allocation Agreement (GFAA) from Government via Innovate UK and the High Value Manufacturing Catapult, also requires performance against several financial and non-financial KPI's. There are reported quarterly and form a subset of the Company KPI's reported to the Directors.

CPI's work in the HVMC enabled the Company to report the direct return on gross assets of 34% compared with 28% in the previous year.

CPI also plays a key role in stimulating engagement with SMEs: CPI has engaged with 829 SMEs in the year.

Revenue in the year was comprised of 36% core funding, 43% CR&D funding and 22% commercial income (which includes contributions from partners).

Strategic report (*continued*)

Principal risks and uncertainties

The execution of CPI's strategy and the management and operation of the business are all subject to uncertainties within the external environment and these are regularly reviewed by the Board, its Audit Committee and Executive Management Team. Key risks influencing decisions in the company relate to: responding to government policy for pandemic recovery and then supporting long term growth, tackling climate change and greater levels of investment in research, development and innovation; growing CPI's capabilities and competence to operate in compliance with the higher regulatory standards in pharmaceutical manufacture and food and feed production; maintaining appropriate physical, personnel and cyber security to avoid disruption or compromise to our operations; ensuring that CPI remains inclusive and is able to attract and retain skilled and motivated staff.

Future developments

CPI will develop and implement its strategy by focussing on a combination of markets, academia, regional priorities and the investment community to create value for its customers and partners. The Directors are confident that CPI is well-placed to secure an adequate and sustainable level of performance in the future enabling the continued effectiveness of the company to deliver economic impact.

Section 172(1) statement

The Directors of CPI must act in accordance with general duties set out in company legislation which includes a duty under s.172 of the Companies Act 2006 to act in the way which they both individually and collectively consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company, (the "s.172(1) Matters").

New Directors are also made aware of their Directors duties on appointment, and the Board is regularly reminded of the s.172(1) Matters.

During the year the Board reviewed the actions it currently undertakes to comply with s.172. We consider our key stakeholders to include our members, funders, employees, customers, suppliers and partners.

Key considerations in the current year include:

- COVID-19 – consideration of likely consequences of decisions in the long term and the need to foster and maintain the company's business relationships with suppliers, customers and others as well as taking required steps to keep our employees safe while continuing to operate our business.
- CEO report – consideration of likely consequences of decision in the long term and the need to foster the company's business relationships with suppliers, customers and others.
- Updating the Board composition and governance – during this year we have focused on streamlining CPI's governance procedures and have also carefully assessed board composition with changes being made within our non-executive director structure.

In addition, the following paragraphs further demonstrate how the Directors have complied with the s.172(1) matters:

Our Purpose – The company's purpose is to deliver services to companies engaged in translating ideas and inventions into commercially successful products and processes. We do this by supporting customers and partners who require industry relevant expertise and assets; securing funding from public and private sources; and by our expert knowledge and application of innovation processes. The Board drives the company's purpose, its governance has been streamlined and we are recruiting non-executive directors to strengthen the board and support the long-term success of the company.

Our people – The Company is committed to being a responsible business. The company acknowledges that its employees are central to its long-term success and considers their interests, engages with and them and aims to understand their views. During the year, the Directors, led by the Director of People and Operations, maintained an open dialogue with employees', requesting their views, regularly checking on their wellbeing and keeping them updated regarding the Company's response to the pandemic. As a result of the pandemic, the company introduced hybrid working for all employees creating a more flexible working environment. The company also put in place a robust risk assessment and stringent safety measures for all employees to protect their wellbeing, particularly of those who continued to work from our offices. We work to be a responsible employer in relation to the pay and benefits our employees receive and also in doing what we can to safeguard their general wellbeing. We have robust health and safety procedures which are central to our ways of working and are a constant under-pinning theme throughout our business. We are committed to training the next generation.

Centre for Process Innovation Limited
(limited by Guarantee)

Trading as CPI

Directors' report and consolidated financial statements
31 March 2021

Strategic report (*continued*)

Our business relationships – fostering relationships with key stakeholders is also crucial to the Company's success. We have worked closely with our funders to proudly respond to the UK's response to the pandemic, strengthening our relationships with them by being seen to safely and quickly deliver projects when called upon. The Company maintained its reputation for high standards throughout the pandemic by continuing to deliver service to customers and partners with minimal disruption and supporting the UK response by the vaccines task force. At all times we deal openly and fairly in conducting our business and striving to support the individuals and businesses we work with.

Our community and environment – As part of the company's pandemic response, it used its capabilities to support areas of need for example the manufacture and supply of parts of face visors to the community and supported the UK vaccines task force, making a real societal impact. The company also developed a sustainability plan, which, by engaging with key stakeholders and employees over the coming year, the company's role and contribution to tackling climate change can be understood, measured and improved.

Maintenance of high standards of business conduct

The Board is committed to drive the business forward in a responsible and considered way within the high standards and sound governance expected for a business like ours. Consideration and mitigation of risk is an integral part of how we operate. We strive to maintain high standards of business conduct in all that we do and also to continually improve. Our policies and procedures in areas such as ethics, modern-slavery, anti-bribery, conflict and data protection support this.

Acting fairly between the members of the Company

It is important to us that our strategy and objectives are clear to our stakeholders and that they have the opportunity to have feedback heard and to raise any questions they may have.

SECR Report

The energy used by the company (in KWH) in the year ended 31st March 2021 is as follows:

Electricity	6,753,145
Gas	6,619,817
Total	13,372,973


KWH consumption figures come from metered gas and electricity supplies.

Using a carbon calculator from the National Energy Foundation, CPI had total emissions of 3,593,240 Kg CO₂. This is equivalent to 981T of Carbon.

Energy efficiency measures taken during the year included the continuation of a lighting switch out programme to LED lighting when bulbs need replacing and the continuation of a programme to switch electricity supplies to certified renewable green tariffs. Due to covid-19 we have significantly reduced travelling and have held virtual meetings. We are in the process of introducing a sustainability focus group

By order of the board

FJ Millar
Director

DocuSigned by:

7C4BB593731F49F...
29-Sep-21

Wilton Centre
Wilton
Redcar
Cleveland
TS10 4RF

2021

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2021.

Directors

The directors who held office during the year and up to the date of this report were as follows:

FJ Millar
NJ Perry
AB Anderson
Professor JH Anstee
CD Bragg
Professor TF Page
Professor JAK Howard
M Gibson
Lady JV Younger
S Bagshaw

Resigned 15 February 2021

None of the directors who held office at the end of the year had any disclosable interest in the shares of the company.

Dividends

As governed by the Memorandum of Association, no portion of the income of the Company shall be paid or transferred to any members of the Company except where it is payment in good faith for remuneration for services rendered, payments to employee benefit trusts, rent for premises let by any Member of the Company or repayment of out-of-pocket expenses to Directors.

Political contributions

The group made no political donations during the year (2020: £nil).

Disclosure of information to auditor


The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

KPMG resigned from office on 28 April 2021, the casual vacancy created was filled by RSM UK Audit LLP on 11 May 2021. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and RSM UK Audit LLP will therefore continue in office

By order of the board

FJ Millar
Director

DocuSigned by:

7C4BB593731F49F...

29-Sep-21

Wilton Centre
Wilton
Redcar
Cleveland
TS10 4RF

2021

Centre for Process Innovation Limited
(limited by Guarantee)

Trading as CPI

Directors' report and consolidated financial statements

31 March 2021

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and consolidated financial statements

The directors are responsible for preparing the Strategic Report and Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland.

Under company law the directors 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 parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Centre for Process Innovation Limited (limited by Guarantee) Trading as CPI

Opinion

We have audited the financial statements of Centre for Process Innovation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheet, the consolidated and company statement of changes in equity, the consolidated cash flow statement 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 FRS 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 of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent 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.

Conclusions relating to going concern

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

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

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

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

We have nothing to report in this regard.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

Independent auditor's report to the members of Centre for Process Innovation Limited (limited by Guarantee) Trading as CPI (*continued*)

- the strategic report and the directors' report have 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 the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or 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 company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; and
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors 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 directors 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's 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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

Centre for Process Innovation Limited
(limited by Guarantee)

Trading as CPI

Directors' report and consolidated financial statements

31 March 2021

Independent auditor's report to the members of Centre for Process Innovation Limited (limited by Guarantee) Trading as CPI (continued)

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities and evaluating advice received from internal tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those surrounding health and safety, employment law and subsidy control, recognising the nature of the group's activities. We performed audit procedures to inquire of management and those charged with governance as to whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

CLAIRE LEECE (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St James Gate

Newcastle upon Tyne

NE1 4AD

6 October 2021

Consolidated profit and loss account
for year ended 31 March 2021

	<i>Note</i>	2021 £000	2020 £000
Turnover	2	47,060	38,628
Administrative expenses	4	(57,200)	(46,038)
Other operating income	3	12,675	11,512
Operating profit	2-6	2,535	4,102
Analysed as:			
Earnings before interest, tax, depreciation, amortisation and capital grants		1,573	5,243
Depreciation, amortisation and impairment		(10,584)	(10,460)
Capital grant income		11,546	9,319
		2,535	4,102
Interest payable and similar charges	7	(821)	-
Interest receivable and similar income	8	2	814
Share of loss in associates	12	-	-
Profit on ordinary activities before taxation		1,716	4,916
Tax on profit on ordinary activities	9	1,117	(465)
Profit for the financial year		2,833	4,451

All of the group's operations are continuing.

Consolidated other comprehensive income
for year ended 31 March 2021


	2021 £000	2020 £000
Profit for the year	2,833	4,451
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	2,833	4,451

Centre for Process Innovation Limited
(limited by Guarantee)
Trading as CPI
Directors' report and consolidated financial statements
31 March 2021

Consolidated balance sheet
at 31 March 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Intangible assets	<i>10</i>	514		622	
Tangible assets	<i>11</i>	61,004		59,691	
Investments	<i>12</i>	915		1,938	
			62,433		62,251
Current assets					
Stock	<i>13</i>	426		271	
Debtors: amounts falling due within one year	<i>14</i>	18,075		14,857	
Cash at bank and in hand	<i>15</i>	30,819		28,517	
		49,320		43,645	
Creditors: amounts falling due within one year	<i>16</i>	(27,989)		(25,198)	
Net current assets			21,331		18,447
Total assets less current liabilities			83,764		80,698
Provisions for liabilities – deferred tax	<i>17</i>		(10,637)		(10,404)
Net assets			73,127		70,294
Capital and reserves					
Profit and loss account			73,127		70,294
Total equity			73,127		70,294

These financial statements were approved by the board of directors on 29-Sep-21 2021 and were signed on its behalf by:

DocuSigned by:

7C4BB593731F49F...

FJ Millar
Director

Company registered number: 05002194


Centre for Process Innovation Limited
(limited by Guarantee)
Trading as CPI
Directors' report and consolidated financial statements
31 March 2021

Company balance sheet
at 31 March 2021

	<i>Note</i>	2021 £000	£000	2020 £000	£000
Fixed assets					
Intangible assets	<i>10</i>	382		482	
Tangible assets	<i>11</i>	60,998		59,681	
Investments	<i>12</i>	25		25	
			61,405		60,188
Current assets					
Stock	<i>13</i>	426		271	
Debtors: amounts falling due within one year	<i>14</i>	18,378		14,307	
Cash at bank and in hand		18,940		19,813	
Creditors: amounts falling due within one year	<i>16</i>	37,744 (25,260)		34,391 (22,697)	
Net current assets			12,484		11,694
Total assets less current liabilities			73,889		71,882
Provisions for liabilities – deferred tax	<i>17</i>		(10,651)		(10,419)
Net assets			63,238		61,463
Capital and reserves					
Brought forward profit and loss account			61,463		60,512
(Loss)/profit for the year			1,775		951
Total equity			63,238		61,463

These financial statements were approved by the board of directors on behalf by:

2021 and were signed on its
29-Sep-21

DocuSigned by:

7C4BB593731F49F...

FJ Millar
Director

Company registered number: 05002194

Centre for Process Innovation Limited
(limited by Guarantee)
Trading as CPI
Directors' report and consolidated financial statements
31 March 2021

Consolidated statement of changes in equity
for the year ended 31 March 2021

	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	65,843	65,843
Total comprehensive income for the period		
Profit for year	4,451	4,451
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	4,451	4,451
	<hr/>	<hr/>
Balance at 31 March 2020	70,294	70,294
	<hr/>	<hr/>
Balance at 1 April 2020	70,294	70,294
Total comprehensive income for the period		
Profit for year	2,833	2,833
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	2,833	2,833
	<hr/>	<hr/>
Balance at 31 March 2021	73,127	73,127
	<hr/>	<hr/>

Company statement of changes in equity
for the year ended 31 March 2021

	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	60,512	60,512
Total comprehensive income for the period		
Profit for the year	951	951
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	951	951
	<hr/>	<hr/>
Balance at 31 March 2020	61,463	61,463
	<hr/>	<hr/>
Balance at 1 April 2020	61,463	61,463
Total comprehensive income for the period		
(Loss)/profit for the year	1,775	1,775
Other comprehensive income	-	-
	<hr/>	<hr/>
Total comprehensive income for the period	1,775	1,775
	<hr/>	<hr/>
Balance at 31 March 2021	63,238	63,238
	<hr/>	<hr/>

Centre for Process Innovation Limited
(limited by Guarantee)
Trading as CPI
Directors' report and consolidated financial statements
31 March 2021

Consolidated cash flow statement
for the year ended 31 March 2021

	2021 £000	2020 £000
Cash flows from operating activities		
Profit for the period	2,833	4,452
Adjustments for:		
Depreciation	10,238	10,166
Amortisation and impairment	346	294
Taxation	(1,117)	465
Interest receivable and similar income	(2)	(814)
Interest payable and similar charges	821	-
Loss on disposal of tangible and intangible assets	-	35
Decrease/(increase) in trade and other debtors	(3,265)	5,121
(Decrease)/increase in trade and other creditors	2,792	(616)
(Increase)/decrease in inventories	(155)	-
	<hr/> 12,491	<hr/> 19,103
Tax received	1,398	1,354
Interest received	-	60
	<hr/> 13,889	<hr/> 20,517
Cash flows from investing activities		
Acquisition of tangible fixed assets	(11,728)	(9,287)
Acquisition of intangible fixed assets	(61)	(89)
Acquisitions	-	(29)
Disposals of investments	202	362
	<hr/> (11,587)	<hr/> (9,043)
Net cash from investing activities		
	<hr/> (11,587)	<hr/> (9,043)
Net increase in cash and cash equivalents	2,302	11,474
Opening cash and cash equivalents	28,517	17,043
	<hr/> 30,819	<hr/> 28,517
Cash and cash equivalents at 31 March (note 15)	<hr/> <hr/> 30,819	<hr/> <hr/> 28,517

Notes

(forming part of the financial statements)

1 Accounting policies

Centre for Process Innovation Limited (the "Company") is a company limited by guarantee and incorporated and domiciled in the UK.

These financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is pounds sterling and they are rounded to the nearest £'000. The financial statements have been prepared in accordance with the Companies Act 2006, as if those requirements were to apply with the exception of dividend income which is included in other operating income.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 24.

1.1 Basis of preparation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 31 March 2021. The comparative period is the year ended 31 March 2020.

A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis.

1.3 Going concern

The directors have prepared the financial statements on a going concern basis which they consider to be appropriate for the following reasons:

CPI have entered into a grant funding arrangement with High Value Manufacturing Catapult Limited ("HVMC") for core funds to 31 March 2023. The Group is cash generative on an operational level, but continually reinvests those funds back into research and innovation projects. Cash reserves at the balance sheet date were £30.8m and at 31st August 2021 were £34.5m.

The directors have prepared a cash flow forecast for the period to October 2022. The directors have considered the impact on the forecast period and future of the business of the unprecedented covid-19 pandemic.

As discussed in the strategic report, the business has continued to trade well. Given the nature of the services being provided, the directors believe that the levels of funding available and cash generation will be sustained, as noted above a significant element of revenue and cash income is underpinned by the grant funding agreement with HVMC.

Nevertheless the directors have prepared a downside scenario forecast. This forecast indicates that even in the worst case scenario possible given the long term grant funding agreements in place of there being no funding outside of the HVMC agreement, and above normal cost inflation for the fixed costs of the business, current cash reserves would be sufficient for the Group to meet its liabilities as they fall due for a period of at least twelve months.

Notes (continued)

1 Accounting policies (continued)

1.3 Going concern (continued)

In 2021, CPI was in receipt of Collaborative Research and Development grants from such bodies as Innovate UK and the European Commission, building on the position in the prior year. CPI, as a founder member of the High Value Manufacturing Catapult, was in receipt of core funding for the third of five years. The core funding, which seeks to cover at least a third of the company's annual revenue costs, is awarded by Innovate UK (formerly the Technology Strategy Board), and we have confirmation of the five years at an increased level when compared to our previous five year funding agreement.

The Directors have concluded that our known core funding, cash reserves and other known funding are sufficient to cover costs for the 12 month period following approval of these financial statements. For these reasons, the Directors are confident that the Company's financial statements should be prepared on a going concern basis on the grounds that current and future potential sources of funding or support will be adequate for the Company's needs.

1.4 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.5 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.6 Basic financial instruments

Trade and other debtors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes (continued)

1 Accounting policies (continued)

1.6 Basic financial instruments (continued)

Investments in preference and ordinary shares

Investments in preference and ordinary shares are measured initially at transaction price less attributable transaction costs. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognised in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives.

Assets purchased prior to 1 April 2009:

Improvements to property	10% on cost
Fixtures and fittings	20% on cost and 10% on cost
Computer equipment	33.33% on cost
Plant and machinery	50% on cost, 20% on cost and 10% on cost
Buildings	10% on cost

Assets under construction are not depreciated until they are brought into productive use.

Assets with a cost of less than £500 are fully depreciated in their year of purchase.

Assets transferred on 1 April 2009 from The Centre of Excellence for Nanotechnology Micro and Photonic Systems Limited:

Plant and machinery	33.33% on cost (10% on cost for R&D equipment)
Fixtures and fittings	33.33% on cost
Office equipment	33.33% on cost
Software	50% on cost (except for NIA website development – over remaining project term)
Short leasehold	over remaining lease term
Buildings	10% on cost

Assets under construction are not depreciated until they are brought into productive use.

Leasehold land has not been depreciated.

Assets purchased on or after 1 April 2009:

Improvements to property	10% on cost
Fixtures and fittings	33.33% on cost
Computer equipment	33.33% on cost and 50% on cost

Notes (continued)

1 Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Plant and machinery	between 10% and 33.33%
Buildings	10% on cost

Land has not been depreciated.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.8 Stocks

Stock is valued at the lower of cost and net realisable value with the exception of precious metals which are valued at market value as at the year end. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads. Cost includes any expenditure incurred in bringing the stock to its present location and condition.

1.9 Intangible assets

Research and development

Expenditure on research and development activities is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- patents and trademarks 1-3 years
- software 2-3 years

The basis for choosing these useful lives is the period of the patent license.

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.10 Government grants

Government grants recorded in the Financial Statements are represented by grants received or receivable.

Revenue grants and contributions from partners are accounted for under the accruals model, with grants being recognised in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate. Grants received in advance of the income being recognised in the profit and loss account are included in grant creditors.

Capital grants are accounted for either under the performance model or the accruals model depending on the underlying contractual terms. Under the performance model, grants are recognised in profit and loss as other operating income as the capital project progresses unless entitlement to the grant is dependent on future performance related conditions.

Notes (continued)

1 Accounting policies (continued)

1.11 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees

1.12 Turnover

Turnover represents revenue grant income and sales of services, and is recognised net of value added tax.

Revenue grant income is recognised as described in 1.10 above.

Services are typically provided on a contract basis. Where contracts are performed over time, if there is sufficient certainty over the profitability of the contract then revenue is recognised as the contract activity progresses to reflect the partial performance of the contractual obligations. The amount of revenue included within turnover reflects the accrual of the right to consideration as contract activity progresses by reference to the value of the work performed. Contracts are assessed on an individual basis and the amount by which recorded turnover is in excess of payments on account is classes as "amounts recoverable on contracts" and separately disclosed within debtors. Amounts billed in excess of amounts matched within turnover are included as Payments on Account, a current liability within Accruals and deferred income. Contract losses are provided for in full and immediately.

1.13 Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.14 Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases.

Operating lease

Payments made under operating leases are recognised in the Profit and Loss Account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Profit and Loss Account over the term of the lease as an integral part of the total lease expense.

Finance lease

Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum leases are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Notes (continued)

1 Accounting policies (continued)

1.15 Taxation (continued)

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries and associates to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2021 £000	2020 £000
Rendering of services	9,277	8,047
Grant income	34,205	28,905
Contributions from Partners	3,578	1,676
	<hr/>	<hr/>
Total turnover	47,060	38,628
	<hr/>	<hr/>

3 Other operating income

	2021 £000	2020 £000
Capital grant income	11,546	9,319
Other income	314	369
Rental income	576	813
Gain on sale of investments	239	1,011
	<hr/>	<hr/>
	12,675	11,512
	<hr/>	<hr/>

4 Operating profit

Included in profit/loss are the following:

	2021 £000	2020 £000
Amortisation of intangible fixed assets	346	294
Depreciation of owned fixed assets	10,238	10,166
Hire of other assets – operating leases	1,131	919
	<hr/>	<hr/>

In the opinion of the directors, all expenditure is either directly or indirectly linked to research and development activity.

Notes (continued)

4 Operating profit (continued)

Auditor's remuneration:

	2021 £000	2020 £000
Auditor's remuneration:		
Audit of these financial statements	58	56
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries	10	10
Other services relating to taxation	26	42
	<u> </u>	<u> </u>

5 Remuneration of directors

Included within staff costs (note 6) are the following amounts in respect of 9 (2020: 9) director's emoluments.

	2021 £000	2020 £000
Directors' emoluments	604	448
Company contributions paid to a money purchase pension scheme	3	3
	<u> </u>	<u> </u>
	607	451
	<u> </u>	<u> </u>

Retirement benefits are accruing to one director (2020: one) under a money purchase pension scheme.

	2021 £000	2020 £000
Highest paid director		
Total amount of emoluments	238	316
	<u> </u>	<u> </u>

The above total amount of emoluments includes salary in lieu of pension contributions.

6 Staff numbers and costs

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

	Number of employees	
	2021	2020
Directors	10	8
Staff	473	434
	<u> </u>	<u> </u>
	483	442
	<u> </u>	<u> </u>

Notes (continued)

6 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	19,669	17,998
Social security costs	2,262	2,058
Other pension costs (note 22)	3,104	2,843
	<u>25,035</u>	<u>22,899</u>

7 Interest payable and similar charges

	2021 £000	2020 £000
Losses on other investments measured at fair value through profit or loss (note 12)	821	-
	<u>821</u>	<u>-</u>

8 Interest receivable and similar income

	2021 £000	2020 £000
Bank interest receivable	2	60
Gains on other investments measured at fair value through profit or loss (note 12)	-	754
	<u>2</u>	<u>814</u>

9 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2021 £000	£000	2020 £000	£000
<i>Current tax</i>				
Current tax on income for the period	(1,181)		(87)	
R&D expenditure credit	(169)		-	
Adjustments in respect of prior periods	-		(418)	
	<u></u>		<u></u>	
Total current tax		(1,350)		(505)
<i>Deferred tax (see note 17)</i>				
Origination and reversal of timing differences	233		(204)	
Adjustment in respect of prior periods	-		-	
Effect of tax rate change in opening balance	-		1,174	
	<u>233</u>		<u>970</u>	
Total tax (credit)/charge		<u>(1,117)</u>		<u>465</u>

Notes (continued)

9 Taxation (continued)

Reconciliation of effective tax rate

	2021 £000	2020 £000
Profit for the year	2,833	4,451
Total tax (credit)/charge	(1,117)	465
Profit excluding taxation	1,716	4,916
Tax using the UK corporation tax rate of 19% (2020: 19%)	326	934
Fixed asset differences	79	80
Reduction in tax rate on deferred tax balances	-	1,174
Gains not taxable	(45)	(335)
Non-deductible expenses	254	19
Adjustment in respect of prior years	-	(418)
R&D expenditure credits	(1,731)	(989)
Utilisation of previously unrecognised tax losses	-	-
Total tax (credit)/charge included in profit or loss	(1,117)	465

Factors that may affect future current and total tax charges

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the Group's future current tax charge accordingly. The deferred tax liability at 31 March 2021 has been calculated at 19% (2020: 19%).

10 Intangible assets

Group

	Goodwill £000	Patents and Licences £000	Software £000	Total £000
Cost				
At 1 April 2020	2	674	1,507	2,183
Additions	-	27	34	61
Disposals	-	-	(5)	(5)
Transfer from assets under construction	-	-	177	177
At 31 March 2021	2	701	1,713	2,416
Amortisation				
At 1 April 2020	2	534	1,025	1,561
Charged in year	-	23	323	346
Disposals	-	-	(5)	(5)
Impairment	-	-	-	-
At 31 March 2021	2	557	1,343	1,902
Net book value				
At 31 March 2021	-	144	370	514
At 1 April 2020	-	140	482	622

Notes (continued)

10 Intangible assets (continued)

Company

	Patents and licences £000	Software £000	Total £000
Cost			
Balance at 1 April 2020	59	1,505	1,564
Additions	-	34	34
Disposals	-	(5)	(5)
Transfer from assets under construction	-	177	177
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	59	1,711	1,770
	<hr/>	<hr/>	<hr/>
Amortisation and impairment			
Balance at 1 April 2020	59	1,023	1,082
Amortisation for the year	-	311	311
Disposals	-	(5)	(5)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	59	1,329	1,388
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2021	-	382	382
	<hr/>	<hr/>	<hr/>
At 1 April 2020	-	482	482
	<hr/>	<hr/>	<hr/>

Amortisation and impairment charges

The amortisation and impairment charges are recognised in administrative expenses in the profit and loss account.

Notes (continued)

11 Tangible fixed assets

Group	Assets under construction £000	Long leasehold £000	Improvements to property £000	Plant and machinery £000
Cost				
At 1 April 2020	8,955	42,989	11,672	64,928
Additions	9,851	342	4	1,221
Reclassification/transfer	(2,518)	-	-	2,335
Disposals	-	-	-	(21)
At 31 March 2021	16,288	43,331	11,676	68,463
Depreciation				
At 1 April 2020	-	16,939	10,132	42,414
Charge for year	-	2,072	1,204	6,574
Disposals	-	-	-	(21)
At 31 March 2021	-	19,011	11,336	48,967
Net book value				
At 31 March 2021	16,288	24,320	340	19,496
At 1 April 2020	8,955	26,050	1,540	22,514
Cost				
	Fixtures and fittings £000	Computer equipment £000	Totals £000	
At 1 April 2020	946	2,046	131,536	
Additions	22	288	11,728	
Reclassification/transfer	5	1	(177)	
Disposals	-	(161)	(182)	
At 31 March 2021	973	2,174	142,905	
Depreciation				
At 1 April 2020	780	1,580	71,845	
Charge for year	83	305	10,238	
Disposals	-	(161)	(182)	
At 31 March 2021	863	1,724	81,901	
Net book value				
At 31 March 2021	110	450	61,004	
At 1 April 2020	166	466	59,691	

Notes (continued)

11 Tangible fixed assets (continued)

Company	Improvements to property £000	Long leasehold £000	Fixtures and fittings £000	Plant and machinery £000	Computer equipment £000	Assets under construction £000	Total £000
Cost							
Balance at 1 April 2020	11,672	42,989	946	63,671	2,016	8,955	130,249
Additions	4	342	22	1,219	288	9,851	11,726
Transfer	-	-	5	2,335	1	(2,518)	(177)
Disposals	-	-	-	(9)	(140)	-	(149)
Balance at 31 March 2021	11,676	43,331	973	67,216	2,165	16,288	141,649
Depreciation and impairment							
Balance at 1 April 2020	10,132	16,939	780	41,166	1,551	-	70,568
Depreciation charge for the Year	1,204	2,072	83	6,569	304	-	10,232
Disposals	-	-	-	(9)	(140)	-	(149)
Balance at 31 March 2021	11,336	19,011	863	47,726	1,715	-	80,651
Net book value							
At 31 March 2021	340	24,320	110	19,490	450	16,288	60,998
At 1 April 2020	1,540	26,050	166	22,505	465	8,955	59,681

Notes (continued)

12 Fixed asset investments

Group

	Unlisted Investments £000	Listed investments £000	Total £000
Cost or valuation			
At beginning of year	30	1,908	1,938
Additions	-	-	-
Disposals	-	(202)	(202)
(loss)/gain from fair value adjustment	-	(821)	(821)
	<hr/>	<hr/>	<hr/>
At end of year	30	885	915
	<hr/>	<hr/>	<hr/>
Provisions			
At beginning and end of year	-	-	-
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2021	30	885	915
	<hr/>	<hr/>	<hr/>
At 31 March 2020	30	1,908	1,938
	<hr/>	<hr/>	<hr/>

During the prior year, CPI Innovations Services Limited disposed of investments in Nuformix Plc, Neudrive Limited, Neusensors Limited and Polyphotonix Limited to CPI Enterprises Limited for £nil consideration. CPI Enterprises Limited is a 100% subsidiary of CPI Innovation Services Limited. CPI Innovation Services Limited is a 100% subsidiary of Centre for Process Innovation Limited.

CPI Enterprises Limited was subject to restrictions on the sale of the Nuformix plc shares through a 'lock in' period until October 2019. As Nuformix plc is listed on the Alternative Investment Market (AIM) an unrealised loss of £820,730 (2020: £753,818 gain) has been recognised within interest payable and similar charges (note 7) to bring the carrying value of the Group's shareholding to fair value as at 31 March 2021.

Company

	Shares in group undertakings £000
Cost	
At beginning and end of year	25
	<hr/>
Provisions	
At beginning and end of year	-
	<hr/>
Net book value	
At 31 March 2021	25
	<hr/>
At 1 April 2020	25
	<hr/>

Notes (continued)

12 Fixed asset investments (continued)

The undertakings in which the Company held an interest at the year end are as follows:

	Country of Incorporation	Principal activity	Percentage of shares held	Class of shares held
Subsidiary undertakings				
CPI Innovation Services Limited	England ¹	Process innovation	100%	Ordinary £1

After the year end, AssuredNano Limited, Biosource Wales Limited, Biosource Limited and Primary Dispersions Limited have applied for strike off.

The undertakings in which the Group held an interest at the year end are as follows:

	Country of incorporation	Principal activity	Percentage of shares held	Class of shares held
Subsidiary undertakings				
AssuredNano Limited	England ¹	Consultancy to establish accreditation standards.	100%	Ordinary £1
Primary Dispersions Limited	England ¹	Development of innovative mixing technologies	100%	Ordinary £1
CPI Vaccines Limited	England ¹	Vaccine related projects	100%	Ordinary £1
CPI Innovation Services Trust Limited	England ¹	Dormant company	100%	Ordinary £1
Biosource Wales Limited	Wales ¹	Anaerobic digestion technologies	100%	Ordinary £1
Biosource Limited	England ¹	Dormant company	100%	Ordinary £1
CPI Enterprises Limited	England ¹	Investing and investor relationship management	100%	Ordinary £1
FlexArray Limited	England ¹	Dormant company	100%	Ordinary £1
Associated undertakings				
Polyphotonix Limited	England ²	Developing processes for producing OLED lighting	100% 100% 100%	Ordinary B £1 Deferred £1+ Preference shares £0.001
Polyphotonix Medical Limited*	England ²	Development and commercialisation of phototherapy devices	n/a	n/a
Other investments				
Nuformix Plc	England	Drug development	6.65%	Ordinary £0.001
Graphene Compositers Limited	England ⁴	Manufacturer of Nano Material	0.26%	£0.00001
Neudrive Limited	England ³	Development and commercialisation of organic semi-conductor inks and materials	9.96%	Ordinary £1

* held indirectly through Polyphotonix Limited. Polyphotonix owns 100% of the share capital.

¹ registered office: The Wilton Centre, Wilton, Redcar, Teesside, TS10 4RF

² registered office: National Centre for Printable Electronics, Netpark, Sedgefield, Co Durham TS21 3FG

³ registered office: Cavendish House, 11 Broad Walk, Buxton, SK17 6JR

⁴ registered office: Netpark Incubator, Thomas Wright Way, Sedgefield, Stockton-on-Tees, TS21 3FD

Notes (continued)

12 Fixed asset investments (continued)

Group	Interests in associate undertakings £000	Total £000
Cost		
At 1 April 2020 and 31 March 2021	391	391
Share of post acquisition reserves		
At 1 April 2020 and 31 March 2021	(391)	(391)
Net book value		
At 31 March 2021	-	-
At 1 April 2020	-	-

Associates

	Loss for the period 2021 £000	Net assets/ (liabilities) at 31 March 2021 £000	Loss for the period 2020 £000	Net assets/ (liabilities) at 31 March 2020 £000
Polyphotonix Limited	870	(2,341)	844	(1,836)

The group owns 100% of the ordinary B shares, 100% of the preference shares and 100% of the deferred shares in Polyphotonix. These shares give 21.81% of the voting rights in Polyphotonix Limited and economic rights of 21.81% (2020: 22.24%).

Although the Group's share of losses in Polyphotonix Limited exceeds the carrying value of the investment, no share of losses has been recognised beyond the investment made in the Company as the Group does not have a legal or constructive obligation to fund these losses.

13 Stocks

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Stocks	426	271	426	271

Notes (continued)

14 Debtors

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
<i>Amounts falling due within one year:</i>				
Trade debtors	2,974	2,699	11	36
Amounts owed by group undertakings	-	-	3,434	2,139
Amounts recoverable on contracts	508	446	-	-
Amounts owed by group undertakings in which the company has a participating interest (note 21)	-	21	-	-
Other debtors	14	6	5	6
VAT	1,473	608	1,557	780
Grant debtor	7,403	6,957	7,368	6,946
Prepayments and accrued income	1,871	1,261	1,840	1,213
Corporation tax	3,832	2,859	4,163	3,187
	<u>18,075</u>	<u>14,857</u>	<u>18,378</u>	<u>14,307</u>

15 Cash and cash equivalents

	Group 2021 £000	2020 £000
Cash at bank and in hand	30,819	28,517
Cash and cash equivalents per cash flow statements	<u>30,819</u>	<u>28,517</u>

Included within cash at 31 March 2021 is £5,331,703 held in escrow (2020: £7,824,946).

Notes (continued)

16 Creditors: amounts falling due within one year

	Group 2021 £000	2020 £000	Company 2021 £000	2020 £000
Creditors for advances of grant	9,393	2,672	9,393	2,672
Trade creditors	2,658	3,330	2,596	2,920
Taxation and social security	6	6	6	5
Accruals and deferred income	4,206	3,310	1,539	1,224
Grant creditor	11,725	15,876	11,725	15,875
Other creditors	1	4	1	1
	<u>27,989</u>	<u>25,198</u>	<u>25,260</u>	<u>22,697</u>

17 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Accelerated capital allowances	-	-	11,642	11,410	11,642	11,410
Unused tax losses	(1,005)	(1,006)	-	-	(1,005)	(1,006)
	<u>(1,005)</u>	<u>(1,006)</u>	<u>11,642</u>	<u>11,410</u>	<u>10,637</u>	<u>10,404</u>
Net tax (assets) / liabilities	<u>(1,005)</u>	<u>(1,006)</u>	<u>11,642</u>	<u>11,410</u>	<u>10,637</u>	<u>10,404</u>

The movement in deferred tax during the year of £232,971 (2020: £969,590) was recognised in the profit and loss account (see note 9).

Company

	Assets 2021 £000	2020 £000	Liabilities 2021 £000	2020 £000	Net 2021 £000	2020 £000
Accelerated capital allowances	-	-	11,116	10,884	11,116	10,884
Unused tax losses	(465)	(465)	-	-	(465)	(465)
	<u>(465)</u>	<u>(465)</u>	<u>11,116</u>	<u>10,884</u>	<u>10,651</u>	<u>10,419</u>
Net tax (assets)/liabilities	<u>(465)</u>	<u>(465)</u>	<u>11,116</u>	<u>10,884</u>	<u>10,651</u>	<u>10,419</u>

Notes (continued)

18 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group	
	2021	2020
	£000	£000
Financial Assets		
Listed investments	885	1,908
Floating rate interest bearing - cash	30,819	28,517
Trade Debtors	2,974	2,699
Amounts recoverable on contracts	508	446
Grant debtors	6,276	5,764
Financial Liabilities		
Trade creditors	2,658	3,330

There is no material difference between the book value of financial assets and liabilities noted above, and their fair value.

The Company's financial assets and liabilities comprise cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The group has no external debt. The Company is not exposed to significant foreign exchange risk.

19 Operating lease commitments

Non-cancellable operating lease rentals are payable by the Group as follows:

	Land and buildings	
	2021	2020
	£000	£000
Less than one year	596	560
Between one and five years	513	700
More than 5 years	825	875
	1,934	2,135

20 Capital commitments

	2021	2020
	£000	£000
Contracted but not provided for in the financial statements	9,095	4,027

Notes (continued)

21 Related parties

Identity of related parties with which the Company has transacted

The company has taken advantage of the exemption in FRS 102.33.1A regarding disclosure of transactions with 100% subsidiaries in the group, as consolidated accounts have been prepared. Other related party transactions during the year were as follows:

Transactions with Polyphotonix Limited in which CPI Enterprises Limited held 100% of the B ordinary share capital, preference shares and deferred shares of Polyphotonix Limited at 31 March 2021.

During the year, Polyphotonix Limited received charges from CPI Innovation Services Limited totalling £nil (2020: £nil) in relation to recharged costs and rental charges.

At 31 March 2021, the amount owed by Polyphotonix Limited to CPI Innovation Services Limited is £67,132 (2020: £67,132) which has been provided for in full.

Transactions with Neudrive Limited in which CPI Enterprises Limited held 9.96% of the ordinary share capital of Neudrive Limited at 31 March 2021.

During the year CPI Innovation Services Limited raised sales invoices to Neudrive Limited totalling £29,170 (2020: £47,286).

At 31 March 2021, the amount owed by Neudrive Limited to CPI Innovation Services Limited is £nil (2020: £5,826) which is included within Amounts owed to group undertakings in which the company has a participating interest due within 1 year.

Transactions with Nuformix Limited. Nuformix Limited is a 100% subsidiary of Nuformix plc in which CPI Enterprises Limited held 6.65% of the ordinary share capital at 31 March 2021.

At 31 March 2021, the amount owed by Nuformix Limited to CPI Innovation Services Limited is £nil (2020: £15,600) which is included within Amounts owed by group undertakings in which the company has a participating interest due within 1 year. During the year the balance of £15,600 was written off in full.

Key management personnel

Total compensation of key management personnel in the year amounts to £991,601 (2020: £1,021,986) in respect of short-term employment benefits and £62,333 (2020: £71,855) in respect of past-employment benefits.

22 Employee benefits

The company operates a defined contribution pension scheme. Total pension costs for the year were £3,104,220 (2020: £2,842,996) with contributions outstanding at the year end of £nil (2020: £nil).

Notes (continued)

23 Company limited by guarantee

The company is limited by guarantee and its governing document is its Memorandum and Articles of Association. The directors hold no shares in the company. Each member of the company is a guarantor of the company, to an amount not exceeding £1, in the event of a winding up of the company.

24 Accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Measurement of revenue recognised on service contracts

The nature of the services that CPI Innovation Services Limited provides requires that an assessment is performed at each period end on a contract by contract basis as to the stage of completion of the project and the anticipated profit margin to be achieved on the contract. The amount of revenue recognised reflects the accrual of the right to consideration by reference to the value of the work performed. This requires judgement to assess the total costs of a project and the stage of completeness of this work.

Recoverability of trade debtors and amounts recoverable on contracts

An assessment as to the ability of the Group to recover trade debtors and amounts recoverable on contracts at each financial period end. A provision is made for any amounts that are not considered to be recoverable. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgement based on knowledge of the customer and the level of uncertainty as to whether the company has sufficient funds to pay these amounts.

Recoverability of grant debtors and provision for grant clawback

The company's activities are funded by various grant agreements. The nature of these agreements is such that expenditure is funded where it meets specific criteria set out in the grant funding agreement. The company therefore makes an assessment as to whether it considers the expenditure to be in accordance with the funding agreements when recognising grant income. If the company considers that it is probable that any amounts will not be recoverable or that grant income may be clawed back by the funder than an estimate of the repayment is made.