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

Directors' report and consolidated financial statements

Registered number 05002194

31 March 2022

Contents

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 in the North East of England and Scotland where competencies in key technologies such as biotechnology, pharmaceutical processing, healthtech, cleantech (technologies to improve sustainability and resource efficiency) , 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.

Equality, Diversity and Inclusion

CPI has joined with partners across the Catapult network and committed to a charter of behaviours to ensure that Equality, Diversity and Inclusion (ED&I) is embedded in our culture and throughout our policies and procedures. We recognise (ED&I) to include the characteristics outlined in the Equality Act 2010 {Age; Sex (and Gender) Race (and Ethnicity); Disability; Religion or belief; Sexual orientation; Gender reassignment; Marriage or civil partnerships; Pregnancy and maternity}, but also other historic barriers to opportunity, such as "class", nationality, dialect, education and other forms of socio-economic exclusion.

Sustainability

The company has advanced its sustainability plan, including a baselining exercise to assess its Scope 1, 2 and 3 emissions in line with the Green House Gas Protocol. The data will be used to drive emission reduction initiatives.

Business review and results

Financial year 2021/22 saw 48% 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 £85.8m (*2021: £73.1m*). Aligned with CPI's not for profit status and as presented on the Consolidated P&L Account, the Operating profit before the impact of capital grants and depreciation was £0.8m (*2021: £1.6m*).

After reflecting the impact of capital grants, and profits generated by its trading subsidiary, this generated a full pre-tax profit of £19.5m (2021: £1.7m). Turnover for the group, including revenue grants received for CPI is £58.1m (2021: £47.1m).

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 have remained steady at 1.6 compared with 1.7 in the prior year 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. These 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 33% compared with 34% in the previous year.

CPI also plays a key role in stimulating engagement with SMEs: CPI has engaged with 676 SMEs in the year.

Revenue in the year was comprised of 27% core funding, 53% CR&D funding and 20% 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 post pandemic recovery, a greater contribution from innovation to the UK economic plan 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 and offer specialist workforce development to industrial partners.

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:

- 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.
- Refreshing the Board composition and governance – during this year we have implemented changes within our non-executive director structure embedding a number of new, complementary, directors and dealing with the retirement of some long-serving directors.
- Introducing a number of wellbeing initiatives for our employees including a cycle to work scheme, giving our employees an additional 3 days annual leave to support their wellbeing, enhancing our staff development opportunities including through varied development training programmes and formalising inclusion commitments.

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 Company has maintained an open dialogue with employees, requesting their views, regularly checking on their wellbeing and continuing covid safety measures where still relevant. Following the Company's introduction of hybrid working, many employees have taken this up and have benefited from a more flexible working environment which we have had very positive employee feedback on. The Company also maintains a robust risk assessment and stringent safety measures for all employees to protect their wellbeing. 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 for example this year we have made a cost of living payment to our employees to help support them in the current challenging economic environment and have increased their annual holiday entitlement by three days. 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 and maximising opportunities for the next generation including our staff development programme designed to provide development to our employees at different stages of their careers.

Strategic report *(continued)*

Our business relationships – fostering relationships with key stakeholders is also crucial to the Company's success. We continue to work closely with our funders to proudly respond to the UK's requirements in our market, strengthening our relationships with them by safely and promptly delivering projects when called upon. The Company continues to maintain its reputation for high standards and reliability for example the Company's support to the UK's 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 – CPI has developed an outline 10-year sustainability roadmap to help steer CPI towards achieving Net Zero operations and align its activities, where possible, to the UN Sustainability Development Goals. The Plan is split into three key themes of People, Planet and Partnership and we have established an internal delivery working party to focus on the creation of an operational plan which will help us achieve those goals. To support this activity, CPI has recruited a full-time Sustainability Manager who will join the company in September 2022 and own the delivery of that plan. In parallel with this, CPI has continued to support its partners with the development of products and processes which have the potential to positively impact our environment, examples of which include working with partners to develop sustainable aviation fuel, working with a client who is aiming to use nature's natural resources, such as spider venom, to enhance soil biodiversity and working with the fashion industry to reduce the use of vital resources in their processes such as water.

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. As a Company we strive to 'do the right thing'.

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 2022 is as follows:

Electricity	7,553,575
Gas	6,669,101
Total	**14,222,676**

KWH consumption figures come from metered gas and electricity supplies.

Using a carbon calculator from the National Energy Foundation, CPI had total emissions of 3,883,716 Kg CO_2. This is equivalent to 981T of Carbon. An additional 17T is attributed to business mileage.

Energy efficiency measures taken during the year included the reduction of commuting and business travel, finalisation of a programme to switch electricity supplies to certified renewable green tariffs and the continuation of a lighting switch out programme to LED lighting when bulbs need replacing and a trial using LED lighting in cleanrooms. Due to covid-19 we have encouraged virtual meetings. A sustainability focus group has been formed.

By order of the board

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FJ Millar
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FJ Millar
Director

Wilton Centre
Wilton
Redcar
Cleveland
TS10 4RF

2022

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2022.

Directors

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

FJ Millar	
NJ Perry	
Professor JH Anstee	Resigned 28 March 2022
CD Bragg	
Professor TF Page	Resigned 23 June 2022
Professor JAK Howard	
M Gibson	
Lady JV Younger	
S Bagshaw	
M Dawes	Appointed 4 January 2022
Dr GT Gillespie	Appointed 4 January 2022
JK Maiden	Appointed 4 January 2022
C Quinn	Appointed 4 January 2022

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 *(2021: £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

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

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FJ Millar
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FJ Millar
Director

Wilton Centre
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2022

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 2022 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 2022 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.

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 identified the risk of management override of controls and the risk of cut off, completeness and valuation in revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to the risk of management override of controls 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. Audit procedures performed in relation to the risk of revenue recognition included but were not limited to testing of revenue transactions to underlying supporting documentation and review of post year end activity.

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.

Claire Leece

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

12/10/22

Consolidated profit and loss account
for year ended 31 March 2022

	Note	**2022** **£000**	2021 £000
Turnover	*2*	**58,124**	47,060
Administrative expenses	*4*	**(66,449)**	(57,200)
Other operating income	*3*	**30,207**	12,675
Exceptional item	*9*	**(2,000)**	-
Operating profit	*2-6*	**19,882**	2,535
Analysed as:			
Operating Profit (excluding capital grants, depreciation and exceptional items)		**840**	1,573
Depreciation, amortisation and impairment		**(8,190)**	(10,584)
Capital grant income		**29,232**	11,546
Exceptional item		**(2,000)**	-
		19,882	2,535
Interest payable and similar charges	*7*	**(417)**	(821)
Interest receivable and similar income	*8*	**3**	2
Profit on ordinary activities before taxation		**19,468**	1,716
Tax on profit on ordinary activities	*10*	**(6,788)**	1,117
Profit for the financial year		**12,680**	2,833

All of the group's operations are continuing.

Consolidated other comprehensive income
for year ended 31 March 2022

	2022 **£000**	2021 £000
Profit for the year	**12,680**	2,833
Other comprehensive income for the year, net of income tax	**-**	-
Total comprehensive income for the year	**12,680**	2,833

Consolidated balance sheet
at 31 March 2022

	Note	2022 £000	£000	2021 £000	£000
Fixed assets					
Intangible assets	*11*	**233**		514	
Tangible assets	*12*	**82,411**		61,004	
Investments	*13*	**289**		915	
			82,933		62,433
Current assets					
Stock	*14*	**399**		426	
Debtors: amounts falling due within one year	*15*	**35,787**		18,075	
Cash at bank and in hand	*16*	**20,920**		30,819	
		57,106		49,320	
Creditors: amounts falling due within one year	*17*	**(35,243)**		(27,989)	
Net current assets			**21,863**		21,331
Total assets less current liabilities			**104,796**		83,764
Provisions for liabilities – deferred tax	*18*		**(18,989)**		(10,637)
Net assets			**85,807**		73,127
Capital and reserves					
Profit and loss account			**85,807**		73,127
Total equity			**85,807**		73,127

These financial statements were approved by the board of directors on 2022 and were signed on its behalf by:

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FJ Millar
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FJ Millar
Director

Company registered number: 05002194

Company balance sheet
at 31 March 2022

	Note	2022 £000	£000	2021 £000	£000
Fixed assets					
Intangible assets	*11*	**138**		382	
Tangible assets	*12*	**82,411**		60,998	
Investments	*13*	**25**		25	
			82,574		61,405
Current assets					
Stock	*14*	**399**		426	
Debtors: amounts falling due within one year	*15*	**31,322**		18,378	
Cash at bank and in hand		**10,980**		18,940	
		42,701		37,744	
Creditors: amounts falling due within one year	*17*	**(31,027)**		(25,260)	
Net current assets			**11,674**		12,484
Total assets less current liabilities			**94,248**		73,889
Provisions for liabilities – deferred tax	*18*		**(19,009)**		(10,651)
Net assets			**75,239**		63,238
Capital and reserves					
Brought forward profit and loss account			**63,238**		61,463
Profit for the year			**12,001**		1,775
Total equity			**75,239**		63,238

These financial statements were approved by the board of directors on 2022 and were signed on its behalf by:

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FJ Millar
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FJ Millar
Director

Company registered number: 05002194

Consolidated statement of changes in equity
for the year ended 31 March 2022

	Profit and loss account £000	Total equity £000
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	-	-
Total comprehensive income for the period	2,833	2,833
Balance at 31 March 2021	**73,127**	**73,127**
Balance at 1 April 2021	73,127	73,127
Total comprehensive income for the period		
Profit for year	12,680	12,680
Other comprehensive income	-	-
Total comprehensive income for the period	12,680	12,680
Balance at 31 March 2022	**85,807**	**85,807**

Company statement of changes in equity

for the year ended 31 March 2022

	Profit and loss account £000	Total equity £000
Balance at 1 April 2020	61,463	61,463
Total comprehensive income for the period		
Profit for the year	1,775	1,775
Other comprehensive income	-	-
Total comprehensive income for the period	1,775	1,775
Balance at 31 March 2021	**63,238**	**63,238**
Balance at 1 April 2021	63,238	63,238
Total comprehensive income for the period		
Profit for the year	12,001	12,001
Other comprehensive income	-	-
Total comprehensive income for the period	12,001	12,001
Balance at 31 March 2022	**75,239**	**75,239**

Consolidated cash flow statement
for the year ended 31 March 2022

	2022 £000	2021 £000
Cash flows from operating activities		
Profit for the period	**12,680**	2,833
Adjustments for:		
Depreciation	**7,878**	10,238
Amortisation and impairment	**312**	346
Taxation	**6,788**	(1,117)
Interest receivable and similar income	**(3)**	(2)
Interest payable and similar charges	**417**	821
Loss on disposal of tangible and intangible assets	**-**	-
(Increase)/decrease in trade and other debtors	**(17,415)**	(3,265)
Increase)/(decrease) in trade and other creditors	**7,255**	2,792
Decrease/(increase) in inventories	**27**	(155)
	17,939	12,491
Tax received	**1,283**	1,398
Interest received	**-**	-
Net cash from operating activities	**19,222**	13,889
Cash flows from investing activities		
Acquisition of tangible fixed assets	**(29,299)**	(11,728)
Acquisition of intangible fixed assets	**(31)**	(61)
Disposals of investments	**209**	202
Net cash from investing activities	**(29,121)**	(11,587)
Net (decrease)/increase in cash and cash equivalents	**(9,899)**	2,302
Opening cash and cash equivalents	**30,819**	28,517
Cash and cash equivalents at 31 March (note 16)	**20,920**	30,819

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 25.

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 2022. The comparative period is the year ended 31 March 2021.

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 £20.9m and at 31st July 2021 were £28.0m.

The directors have prepared a cash flow forecast for the period to October 2023. 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.

In 2022, 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 fourth 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

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern (continued)

Strategy Board), and we have confirmation of the five years at an increased level when compared to our previous five year funding agreement.

Nevertheless the directors have prepared a downside scenario forecast with sensitivity analysis. This forecast indicates that even in a severe downside scenario, current cash reserves, guaranteed HVMC Core funding and around 25% of CPI's CRD revenue target would be sufficient for the Group to meet its liabilities as they fall due for a period of at least 12 months. This forecast includes above normal cost inflation for the fixed costs of the business.

The Directors have concluded that our known core funding, cash reserves and a small portion of expected other revenue 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% to 20% 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	5% to 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 is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Turnover

	2022	2021
	£000	£000
Rendering of services	**11,779**	9,277
Grant income	**40,427**	34,205
Contributions from Partners	**5,918**	3,578
Total turnover	**58,124**	47,060

3 Other operating income

	2022	2021
	£000	£000
Capital grant income	**29,232**	11,546
Other income	**384**	314
Rental income	**591**	576
Gain on sale of investments	**-**	239
	30,207	12,675

4 Operating profit

Included in profit/loss are the following:

	2022	2021
	£000	£000
Amortisation of intangible fixed assets	**312**	346
Depreciation of owned fixed assets	**7,878**	10,238
Hire of other assets – operating leases	**1,706**	1,131

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:

	2022 £000	2021 £000
Auditor's remuneration:		
Audit of these financial statements	**62**	58
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries	**10**	10
Other services relating to taxation	**34**	26

5 Remuneration of directors

Included within staff costs (note 6) are the following amounts in respect of 10 (*2021: 9*) director's emoluments.

	2022 £000	2021 £000
Directors' emoluments	**428**	604
Company contributions paid to a money purchase pension scheme	**3**	3
	431	607

Retirement benefits are accruing to one director *(2021: one)* under a money purchase pension scheme.

	2022 £000	2021 £000
Highest paid director		
Total amount of emoluments	**253**	238

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 2022	2021
Directors	**10**	10
Staff	**570**	473
	580	483

Notes *(continued)*

6 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	**23,504**	19,669
Social security costs	**2,594**	2,262
Other pension costs (note 23)	**3,700**	3,104
	29,798	25,035

7 Interest payable and similar charges

	2022 £000	2021 £000
Losses on other investments measured at fair value through profit or loss (note 13)	**317**	**821**
Realised loss on sale of investments	**100**	**-**
	417	**821**

8 Interest receivable and similar income

	2022 £000	2021 £000
Bank interest receivable	**3**	2
	3	2

9 Exceptional item

CPI Group is focusing its Electronics offering to be more specific and relevant to Healthcare development capability. As a result CPI Group is consolidating operations located at Newton Aycliffe into the NETPark facility. At 31 March 2022 this intention had been communicated to the business and the Board approved a £2m provision in the financial statements for these costs.

Notes *(continued)*

10 Taxation

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

	2022		2021	
	£000	£000	£000	£000
Current tax				
Current tax on income for the period	249		(1,181)	
R&D expenditure credit	(1,619)		(169)	
Adjustments in respect of prior periods	(194)		-	
Total current tax		(1,564)		(1,350)
Deferred tax (see note 18)				
Origination and reversal of timing differences	5,063		233	
Adjustment in respect of prior periods	(242)		-	
Effect of tax rate change in opening balance	3,531		-	
		8,352		233
Total tax charge/(credit)		6,788		(1,117)

Reconciliation of effective tax rate

	2022	2021
	£000	£000
Profit for the year	12,680	2,833
Total tax charge/(credit)	6,788	(1,117)
Profit excluding taxation	19,468	1,716
Tax using the UK corporation tax rate of 19% *(2021: 19%)*	3,699	326
Fixed asset differences	-	79
Increase in tax rate on deferred tax balances	4,615	-
Gains not taxable	-	(45)
Non-deductible expenses	404	254
Adjustment in respect of prior years	(353)	-
R&D expenditure credits	(1,609)	(1,731)
Chargeable gains	32	-
Total tax charge/(credit) included in profit or loss	6,788	(1,117)

Factors that may affect future current and total tax charges

In the budget on 3 March 2021, the UK Government announced an increase in the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023. The change in rate was substantively enacted on 24 March 2021. The rate applicable from 1 April 2020 remained at 19%, however this will increase to 25% with effect from 1 April 2023. Deferred tax has been calculated at 25%, although the company does not recognise deferred tax assetsThe deferred tax liability at 31 March 2022 has been calculated at 19% (2021: 19%).

Notes *(continued)*

11 Intangible assets

Group

	Goodwill £000	Patents and Licences £000	Software £000	Total £000
Cost				
At 1 April 2021	2	701	1,713	2,416
Additions	-	16	15	31
Disposals	-	(33)	(6)	(39)
Transfer from assets under construction	-	-	14	14
At 31 March 2022	2	684	1,736	2,422
Amortisation				
At 1 April 2021	2	557	1,343	1,902
Charged in year	-	24	288	312
Disposals	-	(19)	(6)	(25)
At 31 March 2022	2	562	1,625	2,189
Net book value				
At 31 March 2022	**-**	**122**	**111**	**233**
At 1 April 2021	-	144	370	514

Notes *(continued)*

11 Intangible assets *(continued)*

Company

	Patents and licences £000	Software £000	Total £000
Cost			
Balance at 1 April 2021	59	1,711	1,770
Additions	-	14	14
Disposals	-	(6)	(6)
Transfer from assets under construction	-	14	14
Balance at 31 March 2022	59	1,733	1,792
Amortisation and impairment			
Balance at 1 April 2021	59	1,329	1,388
Amortisation for the year	-	272	272
Disposals	-	(6)	(6)
Balance at 31 March 2022	59	1,595	1,654
Net book value			
At 31 March 2022	**-**	**138**	**138**
At 1 April 2021	-	382	382

Amortisation and impairment charges

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

Notes *(continued)*

12 Tangible fixed assets

Group	**Assets under construction**	**Long leasehold**	**Improvements to property**	**Plant and machinery**
Cost	**£000**	**£000**	**£000**	**£000**
At 1 April 2021	16,288	43,331	11,676	68,463
Additions	27,971	57	-	1,056
Reclassification/transfer	(1,423)	-	-	1,326
Disposals	-	(217)	(85)	(3,592)
At 31 March 2022	42,836	43,171	11,591	67,253
Depreciation				
At 1 April 2021	-	19,011	11,336	48,967
Charge for year	-	1,548	241	5,724
Disposals	-	(217)	(85)	(3,592)
At 31 March 2022	-	20,342	11,492	51,099
Net book value				
At 31 March 2022	**42,836**	**22,829**	**99**	**16,154**
At 1 April 2021	16,288	24,320	340	19,496

	Fixtures and fittings	**Computer equipment**	**Totals**
Cost	**£000**	**£000**	**£000**
At 1 April 2021	973	2,174	142,905
Additions	2	213	29,299
Reclassification/transfer	41	42	(14)
Disposals	(35)	(13)	(3,942)
At 31 March 2022	981	2,416	168,248
Depreciation			
At 1 April 2021	863	1,724	81,901
Charge for year	56	309	7,878
Disposals	(35)	(13)	(3,942)
At 31 March 2022	884	2,020	85,837
Net book value			
At 31 March 2022	**97**	**396**	**82,411**
At 1 April 2021	110	450	61,004

Notes *(continued)*

12 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 2021	11,676	43,331	973	67,216	2,165	16,288	141,649
Additions	-	57	2	1,056	213	27,971	29,299
Transfer	-	-	41	1,326	42	(1,423)	(14)
Disposals	(85)	(217)	(35)	(3,592)	(13)	-	(3,942)
Balance at 31 March 2022	11,591	43,171	981	66,006	2,407	42,836	166,992
Depreciation and impairment							
Balance at 1 April 2021	11,336	19,011	863	47,726	1,715	-	80,651
Depreciation charge for the Year	241	1,548	56	5,718	309	-	7,872
Disposals	(85)	(217)	(35)	(3,592)	(13)	-	(3,942)
Balance at 31 March 2022	11,492	20,342	884	49,852	2,011	-	84,581
Net book value							
At 31 March 2022	**99**	**22,829**	**97**	**16,154**	**396**	**42,836**	**82,411**
At 1 April 2021	340	24,320	110	19,490	450	16,288	60,998

Notes *(continued)*

13 Fixed asset investments

Group

	Unlisted Investments £000	Listed investments £000	Total £000
Cost or valuation			
At beginning of year	30	885	915
Additions	-	-	-
Disposals	-	(309)	(309)
(loss)/gain from fair value adjustment	-	(317)	(317)
At end of year	30	259	289
Provisions			
At beginning and end of year	-	-	-
Net book value			
At 31 March 2022	**30**	**259**	**289**
At 31 March 2021	30	885	915

During the year ended 31 March 2020, CPI Innovation 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 £317,458 *(2021: £820,730)* 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 2022.

Company

	Shares in group undertakings £000
Cost	
At beginning and end of year	25
Provisions	
At beginning and end of year	-
Net book value	
At 31 March 2022	**25**
At 1 April 2021	25

Notes *(continued)*

13 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

During the year end, AssuredNano Limited, Biosource Wales Limited, Biosource Limited and Primary Dispersions Limited were struck off at Companies House.

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				
CPI Vaccines Limited	England[1]	Vaccine related projects	100%	Ordinary £1
CPI Innovation Services Trust 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%	Ordinary B £1
			100%	Deferred £1+
			100%	Preference shares £0.001
Polyphotonix Medical Limited*	England[2]	Development and commercialisation of phototherapy devices	n/a	n/a
Other investments				
Nuformix Plc	England[5]	Drug development	4.32%	Ordinary £0.001
Graphene Composites Limited	England[4]	Manufacturer of Nano Material	0.25%	£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: Milton Hall, Ely Road, Cambridge, CB24 6WZ
4 registered office: Netpark Incubator, Thomas Wright Way, Sedgefield, Stockton-on-Tees, TS21 3FD
5 registered office: 6th floor, 60 Gracechurch Street, London, EC3V 0HR

Notes *(continued)*

13 Fixed asset investments *(continued)*

Group	**Interests in associate undertakings £000**	**Total £000**
Cost		
At 1 April 2021 and 31 March 2022	**391**	**391**
Share of post acquisition reserves		
At 1 April 2021 and 31 March 2022	**(391)**	**(391)**
Net book value		
At 31 March 2022	**-**	**-**
At 1 April 2021	-	-

Associates

	Loss for the period 2022 £000	**Net assets/ (liabilities) at 31 March 2022 £000**	Loss for the period 2021 £000	Net assets/ (liabilities) at 31 March 2021 £000
Polyphotonix Limited	**1,191**	**(2,700)**	870	(2,341)

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 21.57% of the voting rights in Polyphotonix Limited and economic rights of 21.57% *(2021: 21.81%)*.

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.

14 Stocks

	Group 2022 £000	2021 £000	**Company 2022 £000**	2021 £000
Stocks	**399**	426	**399**	426

Notes *(continued)*

15 Debtors

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Amounts falling due within one year:				
Trade debtors	**4,094**	2,974	**275**	11
Amounts owed by group undertakings	**-**	-	**970**	3,434
Amounts recoverable on contracts	**907**	508	**-**	-
Amounts owed by group undertakings in which the company has a participating interest (note 22)	**40**	-	**-**	-
Other debtors	**378**	14	**249**	5
VAT	**3,732**	1,473	**3,354**	1,557
Grant debtor	**17,153**	7,403	**17,152**	7,368
Prepayments and accrued income	**4,228**	1,871	**3,901**	1,840
Corporation tax	**5,255**	3,832	**5,421**	4,163
	35,787	18,075	**31,322**	18,378

16 Cash and cash equivalents

	Group 2022 £000	2021 £000
Cash at bank and in hand	**20,920**	30,819
Cash and cash equivalents per cash flow statements	**20,920**	30,819

Included within cash at 31 March 2022 is £2,485,481 held in escrow (*2021: £5,331,703*).

Notes *(continued)*

17 Creditors: amounts falling due within one year

	Group 2022 £000	2021 £000	Company 2022 £000	2021 £000
Creditors for advances of grant	**8,729**	9,393	**8,729**	9,393
Trade creditors	**8,921**	2,658	**8,584**	2,596
Taxation and social security	**-**	6	**-**	6
Accruals and deferred income	**6,269**	4,206	**1,307**	1,539
Grant creditor	**7,994**	11,725	**7,994**	11,725
Other creditors	**3,330**	1	**1,088**	1
Amounts owed to group undertakings	**-**	-	**3,325**	-
	35,243	27,989	**31,027**	25,260

18 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group

	Assets 2022 £000	2021 £000	Liabilities 2022 £000	2021 £000	Net 2022 £000	2021 £000
Accelerated capital allowances	**-**	-	**19,600**	11,642	**19,600**	11,642
Unused tax losses	**(611)**	(1,005)	**-**	-	**(611)**	(1,005)
Net tax (assets) / liabilities	**(611)**	(1,005)	**19,600**	11,642	**18,989**	10,637

The movement in deferred tax during the year of £8,352,828 *(2021: £232,971)* was recognised in the profit and loss account (see note 10).

Company

	Assets 2022 £000	2021 £000	Liabilities 2022 £000	2021 £000	Net 2022 £000	2021 £000
Accelerated capital allowances	**-**	-	**19,620**	11,116	**19,620**	11,116
Unused tax losses	**(611)**	(465)	**-**	-	**(611)**	(465)
Net tax (assets)/liabilities	**(611)**	(465)	**19,620**	11,116	**19,009**	10,651

Notes *(continued)*

19 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	Group 2022 £000	Group 2021 £000
Financial Assets		
Listed investments	**259**	885
Floating rate interest bearing - cash	**20,920**	30,819
Trade Debtors	**4,094**	2,974
Amounts recoverable on contracts	**907**	508
Grant debtors	**15,623**	6,276
Financial Liabilities		
Trade creditors	**8,921**	2,658

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.

20 Operating lease commitments

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

	Land and buildings 2022 £000	Land and buildings 2021 £000
Less than one year	**655**	596
Between one and five years	**1,109**	513
More than 5 years	**775**	825
	2,539	1,934

21 Capital commitments

	2022 £000	2021 £000
Contracted but not provided for in the financial statements	5,073	9,095

Notes *(continued)*

22 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 2022.

During the year, Polyphotonix Limited received charges from CPI Innovation Services Limited totalling £nil (*2021: £nil*) in relation to recharged costs and rental charges.

At 31 March 2022, the amount owed by Polyphotonix Limited to CPI Innovation Services Limited is £67,132 (*2021: £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 2022.

During the year CPI Innovation Services Limited raised sales invoices to Neudrive Limited totalling £42,423 (*2021: £29,170*).

At 31 March 2022, the amount owed by Neudrive Limited to CPI Innovation Services Limited is £15,523 (*2021: £nil*) which is included within Amounts owed to group undertakings in which the company has a participating interest due within 1 year.

Transactions with Graphene Composites Limited in which CPI Enterprises Limited held 0.25% of the ordinary share capital of Graphene Composites Limited at 31 March 2022.

During the year CPI Innovation Services Limited raised sales invoices to Graphene Composites Limited totalling £47,000 *(2021: £66,770)*.

At 31 March 2022, the amount owed by Graphene Composites Limited to CPI Innovation Services Limited is £24,600 (*2021: £nil)* which is included within Amounts owed by 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 4.32% of the ordinary share capital at 31 March 2022.

At 31 March 2022, the amount owed by Nuformix Limited to CPI Innovation Services Limited is £nil (*2021: £nil*) which is included within Amounts owed by group undertakings in which the company has a participating interest due within 1 year.

Key management personnel

Total compensation of key management personnel in the year amounts to £813,430 (*2021: £991,601*) in respect of short-term employment benefits and £61,134 (*2021: £62,333*) in respect of past-employment benefits.

23 Employee benefits

The company operates a defined contribution pension scheme. Total pension costs for the year were £3,700,155 (*2021: £3,104,220*) with contributions outstanding at the year end of £nil (*2021: £nil*).

Notes *(continued)*

24 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.

25 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.