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

Directors' report and consolidated financial statements

Registered number 05002194

31 March 2023

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 improvement

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 the company's culture and throughout policies and procedures. CPI recognises 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. The company has invested in renewable energy infrastructure and district heating schemes to lower its GHG emissions from operations.

Business review and results

Financial year 2022/23 saw a 4% decline in overall income. Capital grant income decreased by 48% and other income increased by 18%. During the year, the Medicines Manufacturing Innovation Centre (MMIC) build project neared completion, contributing to the decline in capital grant income. Additional revenue from support of vaccine manufacturing and project HealthTrip contributed to in year growth of other income.

CPI group has established a net assets or reserves position under FRS102 of £92.4m *(2022: £85.8m)*. Aligned with CPI's not for profit status and as presented on the Consolidated statement of comprehensive income, the Operating profit before the impact of capital grants and depreciation was £0.1m *(2022: £0.8m)*.

After reflecting the impact of capital grants, and profits generated by its trading subsidiary, this generated a full pre-tax profit of £7.8m (2022: £19.5m). Turnover for the group, including revenue grants received for CPI is £66.9m (2022: £58.1m).

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 1.6 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 (HVMC), 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 also plays a key role in stimulating engagement with SMEs and UK academic institutions: CPI has had 716 engagements with SMEs and 253 engagements with UK academic institutions in the year.

Revenue in the year was comprised of 32% core funding, 44% CR&D funding and 24% 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 that seeks a greater contribution from innovation to the UK economic plan and then supporting long term growth, place based industrial regeneration, 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 Director's 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. The Board considers key stakeholders to include members, funders, employees, customers, suppliers and partners.

Key considerations in the current year include:

- CEO report – consideration of likely consequences of decisions in the long term and the need to foster the company's business relationships with suppliers, customers and others.
- Refreshing the company's strategy and organisation – during this year the Board have implemented changes within the business to roll out a new market facing strategy and have re-organised the company to reflect these changes.
- Introducing new company values – PRIDE – which better reflect the innovative nature of the business.

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. CPI does this by supporting customers and partners who require industry relevant expertise and assets; securing funding from public and private sources; and by using CPI's expert knowledge and application of innovation processes. The Board drives the company's purpose, its governance has been streamlined and CPI is 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 believes 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 rolled out a new set of values, reflecting the innovative nature of the business. The new values are Purposeful empowerment, Radical thinking, Impactful innovation, Diverse people and Entrepreneurial mindset, or PRIDE. The company's values are key to its business. Diversity and inclusion (D&I) is extremely important to the company and during the year CPI's CEO signed the Inclusivity in Innovation Charter, committing CPI to progressing diversity and inclusion in everything the company does. Over the year, CPI established employee-led affinity groups to promote D&I for all, the D&I efforts received formal recognition in the form of a Silver Inclusive Employers award. CPI works to be a responsible employer in relation to the pay and benefits its employees receive and also in doing what the company can to safeguard their general wellbeing. For example, this year CPI has reviewed the salary ranges for all roles across the business to ensure they are reflective of the current marketplace, as well as incorporating an additional cost of living increase into the annual pay award to help support employees in the current challenging economic environment. CPI has robust health, safety and wellbeing procedures which are central to CPI's ways of working and are a constant under-pinning theme throughout the business. CPI is committed to training and maximising opportunities for its

Strategic report *(continued)*

people through a range of staff development programmes designed to provide development to employees at different stages of their careers, and a programme of STEM outreach activities to encourage others to consider STEM careers.

Our business relationships – The company has refreshed its strategy and reorganised the business to align with the markets in which customers operate to make it easier for customers and other key stakeholders to work with CPI. CPI recognises that fostering relationships with key stakeholders is also crucial to the company's success. CPI continues to work closely with funders to proudly respond to the UK's requirements in CPI's market, strengthening relationships with them by safely and promptly delivering projects when called upon. The company continues to maintain its reputation for high standards and reliability when operating grant funded projects. This year saw the official opening of the company's Medicines Manufacturing Innovation Centre and the commencement of the RNA Centre of Excellence, which are both world-leading science and technology centres to help accelerate state-of-the-art solutions to some of the biggest challenges in medicines development and manufacturing.

Our community and environment – The company has created a Sustainability Framework and Roadmap and employed a Sustainability Manager to undertake delivery of the company's ambition to become Net Zero by 2030. Data acquisition and management has been the focus and the company has submitted its first detailed and compliant Streamlined Energy and Carbon reporting (SECR) report. In addition to improving the company's sustainability data acquisition and management, other activities have commenced, which focus on People and Partnerships. The company was awarded funding to improve its sustainability and has invested this funding in capital equipment such as the installation of electric vehicle charging points and solar panels.

Maintenance of high standards of business conduct

The Board is committed to excellence in ensuring that CPI delivers its purpose as a social enterprise and governance is both rigorous and an enabler of the company strategy. Consideration and mitigation of risk is an integral part of how CPI operates. CPI strives to maintain high standards of business conduct in all that it does and also to continually improve. CPI's policies and procedures in areas such as ethics, modern-slavery, anti-bribery, conflict and data protection support this. As a Company CPI strives to 'do the right thing'.

Listening to stakeholders

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

SECR Report

The aggregate energy consumption in the year ended 31st March 2023 for Scope 1 (direct) and Scope 2 (indirect) emissions was 19,564,774 kWh.

Quantification and reporting method

The report was produced in accordance with 'GHG Reporting Protocol Corporate Standard' methodology for Scope 1 & Scope 2.

The Greenhouse Gas Protocol recommend that the reporting organisation quantifies, minimally, GHG emissions from direct and energy indirect categories (Scope 1 and 2 in the Greenhouse Gas Protocol). These must be included in the GHG inventory.

Scope 1 and 2 emissions have been detailed below and are complete. Calculations for Scope 3 emissions do not cover all categories for this baseline year; there are no downstream emissions recorded. This is due mainly to insufficient data capture to enable all categories to be calculated, CPI is working towards filling the data gaps. Scope 3 upstream supply chain calculations were supported by Small World Consulting.

Strategic report *(continued)*

	2023 Location-based values TeCO₂e	2023 Market-based values TeCO₂e
Scope 1 Direct emissions		
From activities for which the company own or control, including combustion of fuel & operation of facilities (including fugitive emissions)		
- Natural Gas	1,704	1,704
- F Gas HFC-134a	76	76
- F Gas R410A	36	36
Scope 2 Indirect emissions		
Electricity purchased		
- Grid Electricity	[1] 1,978	[2] 1,089
Total gross Scope 1 & Scope 2 emissions	**3,794**	**2,905**
Scope 3 Indirect emissions	6,137	6,137
Total gross Scope 1, 2 & 3 emissions	**9.931**	**9,042**
Intensity ratios:		
TeCO₂e (gross Scope 1, 2 & partial 3) per £m revenue	**117**	**106**

[1] Data calculated using UK Government GHG Conversion Factors for Company Reporting 2022. [UK Conversion Factors 2022]
[2] Data calculated using energy supplier emissions factors, stated on bill statements.

Measures taken to improve energy efficiency

There is a drive towards sustainable procurement and ensuring that CPI's Sustainability Strategy is firmly embedded within CPI's business Strategy. Sustainability is a key initiative within the Business Strategy and will be delivered at every level of the company, over the next 5 years. The Sustainability Strategy has a longer outlook, to 10 years, in which CPI is aiming for Net Zero by close of 2030.

In financial year 2022/23 CPI has been working on measures and interventions which will improve efficiencies across the company. Some of these measures will utilise physical assets, there is also a focus on embedding behaviours to drive a culture of sustainability.

In the coming period CPI general plans include ensuring more smart metering and LED lighting is installed throughout CPI's buildings, installing more EV charging points, the installation of around 1,570 new solar PV panels across sites and purchasing new, more energy efficient equipment.

At CPI's newest site in Glasgow, a district heating scheme is being installed, taking waste heat from the nearby wastewater treatment facility. The implementation of this will remove the requirement for natural gas at this site, reducing emissions further. This, together with more solar PV, the implementation of intelligent clean room control (Eco2) and smart building control and environmental control systems will make this site very low carbon.

By order of the board

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16-Oct-23

FJ Millar
Director

Wilton Centre
Wilton
Redcar
Cleveland
TS10 4RF

2023

Directors' report

The directors present their directors' report and financial statements for the year ended 31 March 2023.

Directors

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

FJ Millar
NJ Perry
CD Bragg - *resigned 30 September 2022*
Professor JAK Howard - *resigned 24 March 2023*
Professor TF Page - *resigned 23 June 2022*
J Waring - *appointed 1 September 2022*
M Gibson
Lady JV Younger
S Bagshaw
M Dawes
Dr GT Gillespie
JK Maiden
CW Quinn

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 *(2022: £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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16-Oct-23

FJ Millar
Director

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2023

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 2023 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 2023 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; or
- 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 7, 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 external 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 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.

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

26 October 23

Consolidated statement of comprehensive income

for year ended 31 March 2023

	Note	2023 £000	2022 £000
Turnover	*2*	**66,904**	58,124
Administrative expenses	*4*	**(78,041)**	(66,449)
Other operating income	*3*	**18,132**	30,207
Exceptional item	*9*	**546**	(2,000)
Operating profit	*2-6*	**7,541**	19,882
Analysed as:			
Operating (Loss)/ Profit (excluding capital grants, depreciation and exceptional items)		**89**	840
Depreciation, amortisation and impairment		**(8,434)**	(8,190)
Capital grant income		**15,340**	29,232
Exceptional item		**546**	(2,000)
		7,541	19,882
Interest payable and similar charges	*7*	**(126)**	(417)
Interest receivable and similar income	*8*	**366**	3
Profit on ordinary activities before taxation		**7,781**	19,468
Tax on profit on ordinary activities	*10*	**(1,164)**	(6,788)
Profit for the financial year		**6,617**	12,680

All of the group's operations are continuing.

Consolidated other comprehensive income

for year ended 31 March 2023

	2023 £000	2022 £000
Profit for the year	**6,617**	12,680
Other comprehensive income for the year, net of income tax	**-**	-
Total comprehensive income for the year	**6,617**	12,680

Consolidated balance sheet
at 31 March 2023

	Note	**2023**		2022	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*11*	**132**		233	
Tangible assets	*12*	**90,839**		82,411	
Investments	*13*	**599**		289	
			91,570		82,933
Current assets					
Stock	*14*	**299**		399	
Debtors: amounts falling due within one year	*15*	**38,139**		35,787	
Cash at bank and in hand	*16*	**20,016**		20,920	
		58,454		57,106	
Creditors: amounts falling due within one year	*17*	**(37,236)**		(35,243)	
Net current assets			**21,218**		21,863
Total assets less current liabilities			**112,788**		104,796
Provisions for liabilities – deferred tax	*18*		**(20,364)**		(18,989)
Net assets			**92,424**		85,807
Capital and reserves					
Profit and loss account			**92,424**		85,807
Total equity			**92,424**		85,807

These financial statements were approved by the board of directors on 2023 and were signed on its behalf by:

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FJ Millar
Director

Company registered number: 05002194

Company balance sheet
at 31 March 2023

	Note	2023 £000	£000	2022 £000	£000
Fixed assets					
Intangible assets	*11*	132		138	
Tangible assets	*12*	90,839		82,411	
Investments	*13*	1,614		25	
			92,585		82,574
Current assets					
Stock	*14*	299		399	
Debtors: amounts falling due within one year	*15*	32,362		31,322	
Cash at bank and in hand		19,605		10,980	
		52,266		42,701	
Creditors: amounts falling due within one year	*17*	(45,709)		(31,027)	
Net current assets			6,557		11,674
Total assets less current liabilities			99,142		94,248
Provisions for liabilities – deferred tax	*18*		(20,382)		(19,009)
Net assets			78,760		75,239
Capital and reserves					
Brought forward profit and loss account			75,239		63,238
Profit for the year			3,521		12,001
Total equity			78,760		75,239

These financial statements were approved by the board of directors on 16 October 2023 and were signed on its behalf by:

DocuSigned by:

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FJ Millar
Director

Company registered number: 05002194

Consolidated statement of changes in equity
for the year ended 31 March 2023

	Profit and loss account £000	Total equity £000
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**
Balance at 1 April 2022	85,807	85,807
Total comprehensive income for the period	**6,617**	**6,617**
Profit for year		
Other comprehensive income	-	-
Total comprehensive income for the period	**6,617**	**6,617**
Balance at 31 March 2023	**92,424**	**92,424**

Company statement of changes in equity
for the year ended 31 March 2023

	Profit and loss account £000	Total equity £000
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	12,091	12,091
Balance at 31 March 2022	**75,239**	**75,239**
Balance at 1 April 2022	75,239	75,239
Total comprehensive income for the period		
Profit for the year	3,521	3,521
Other comprehensive income	-	-
Total comprehensive income for the period	3,521	3,521
Balance at 31 March 2023	**78,760**	**78,760**

Consolidated cash flow statement

for the year ended 31 March 2023

	2023	2022
	£000	£000
Cash flows from operating activities		
Profit for the period	**6,617**	12,680
Adjustments for:		
Depreciation	**8,326**	7,878
Amortisation and impairment	**108**	312
Taxation	**1,164**	6,788
Interest receivable and similar income	**(366)**	(3)
Interest payable and similar charges	**126**	417
Loss on disposal of tangible and intangible assets	**83**	-
Decrease/(Increase) in trade and other debtors	**2,177**	(17,415)
(Decrease)/Increase in trade and other creditors	**(5,417)**	7,255
Decrease in inventories	**100**	27
	12,918	17,939
Tax received	**2,964**	1,283
Interest received	**366**	-
Net cash from operating activities	**16,248**	19,222
Cash flows from investing activities		
Acquisition of tangible fixed assets	**(16,754)**	(29,299)
Acquisition of intangible fixed assets	**(90)**	(31)
Acquisition of investments	**(569)**	-
Disposals of investments	**261**	209
Net cash from investing activities	**(17,152)**	(29,121)
Net decrease in cash and cash equivalents	**(904)**	(9,899)
Opening cash and cash equivalents	**20,920**	30,819
Cash and cash equivalents at 31 March (note 16)	**20,016**	20,920

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 2023. The comparative period is the year ended 31 March 2022.

A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated statement of comprehensive income 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 had a grant funding allocation agreement in place with HVMC providing core funds to CPI to 31 March 2023. The new core funding allocation agreement to cover the period to 31 March 2028 is currently being negotiated and CPI is in receipt of a draft of this agreement. In order to provide comfort to the directors that grant funding support from HVMC will continue, as the final stage of the new contract negotiations take place, CPI have received confirmation from HVMC of the minimum core funding levels for 2023/24 and 2024/25.

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, with a significant element of revenue and cash income underpinned by the grant funding agreement with HVMC, as set out above. In addition, the directors have prepared a downside scenario forecast and sensitivity analysis, which indicates that, even in a severe downside scenario, existing cash reserves and guaranteed HVMC core funding, together with only 25% of CPI's targeted commercial and CRD revenue, 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 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 £20.0m and at 31st August 2023 were £25.2m.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Going concern (continued)

The directors have prepared the financial statements on a going concern basis and do not consider that there are any material uncertainties.

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 statement of comprehensive income.

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 statement of comprehensive income 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 Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss..

1.10 Intangible assets

Research and development

Expenditure on research and development activities is recognised in the statement of comprehensive income 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.

1.11 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 statement of comprehensive income 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)*

1.12 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 statement of comprehensive income in the periods during which services are rendered by employees.

1.13 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 1.11 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.

1.14 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 statement of comprehensive income (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 statement of comprehensive income on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.15 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 statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of comprehensive income 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.

1.16 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income 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)*

1.16 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

	2023	2022
	£000	£000
Rendering of services	**12,258**	11,779
Grant income	**47,111**	40,427
Contributions from Partners	**7,535**	5,918
Total turnover	**66,904**	58,124

3 Other operating income

	2023	2022
	£000	£000
Capital grant income	**15,340**	29,232
Other income	**931**	384
Rental income	**1,861**	591
	18,132	30,207

4 Operating profit

Included in profit/loss are the following:

	2023	2022
	£000	£000
Amortisation of intangible fixed assets	**108**	312
Depreciation of owned fixed assets	**8,326**	7,878
Hire of other assets – operating leases	**1,365**	1,706
Loss on disposal of intangible fixed assets	**83**	-

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:

	2023	2022
	£000	£000
Auditor's remuneration:		
Audit of these financial statements	**67**	62
Amounts receivable by auditor in respect of:		
Audit of financial statements of subsidiaries	**20**	10
Other services relating to taxation	**45**	34

5 Remuneration of directors

Included within staff costs are the following amounts in respect of 12 (*2022: 10)* director's emoluments.

	2023	2022
	£000	£000
Directors' emoluments	**448**	428
Company contributions paid to a money purchase pension scheme	**5**	3
	453	431

Retirement benefits are accruing to one director *(2022: one)* under a money purchase pension scheme.

	2023	2022
	£000	£000
Highest paid director		
Total amount of emoluments	**246**	253

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	
	2023	2022
Directors	**11**	10
Staff	**626**	570
	637	580

Notes *(continued)*

6 Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows:

	2023 £000	2022 £000
Wages and salaries	**26,754**	23,504
Social security costs	**3,160**	2,594
Other pension costs (note 23)	**4,194**	3,700
	34,108	29,798

7 Interest payable and similar charges

	2023 £000	2022 £000
Losses on other investments measured at fair value through profit or loss (note 13)	**-**	317
Realised loss on sale of investments	**126**	100
	126	417

8 Interest receivable and similar income

	2023 £000	2022 £000
Bank interest receivable	**366**	3
	366	3

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 for these costs which was included in the 31 March 2022 financial statements.

During the year the group incurred costs amounting to £786,053 and expects further costs of £667,528 reducing the total expected costs by £546,419 to £1,453,581.

The remaining expected costs of £667,528 are made up of a dilapidations provision amounting to £325,000 and further asset disposal costs of £342,528, asset disposals are often delayed due to funder permission obligations and the specialised nature of the assets.

Notes *(continued)*

10 Taxation

Total tax expense recognised in the statement of comprehensive income, other comprehensive income and equity

	2023		2022	
	£000	**£000**	£000	£000
Current tax				
Current tax on income for the period	**281**		249	
R&D expenditure credit	**-**		(1,619)	
Other	**348**		-	
Adjustments in respect of prior periods	**(839)**		(194)	
Total current tax		**(210)**		(1,564)
Deferred tax (see note 18)				
Origination and reversal of timing differences	**1,271**		5,063	
Adjustment in respect of prior periods	**102**		(242)	
Effect of tax rate change in opening balance	**1**		3,531	
		1,374		8,352
Total tax charge/(credit)		**1,164**		6,788

Reconciliation of effective tax rate

	2023	2022
	£000	£000
Profit for the year	**6,617**	12,680
Total tax charge/(credit)	**1,164**	6,788
Profit excluding taxation	**7,781**	19,468
Tax using the UK corporation tax rate of 19% *(2022: 19%)*	**1,479**	3,699
Increase in tax rate on deferred tax balances	**512**	4,615
Gains not taxable	**(73)**	-
Non-deductible expenses	**86**	404
Adjustment in respect of prior years	**(840)**	(353)
R&D expenditure credits	**-**	(1,609)
Chargeable gains	**-**	32
Total tax charge/(credit) included in profit or loss	**1,164**	6,788

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 2023 has been calculated at 19% (2022: 19%).

Notes *(continued)*

11 Intangible assets

Group

	Goodwill £000	Patents and Licences £000	Software £000	Total £000
Cost				
At 1 April 2022	2	684	1,736	2,422
Additions	-	2	88	90
Disposals	-	(566)	-	(566)
At 31 March 2023	2	120	1,824	1,946
Amortisation				
At 1 April 2022	2	562	1,625	2,189
Charged in year	-	6	102	108
Disposals	-	(483)	-	(483)
At 31 March 2023	2	85	1,727	1,814
Net book value				
At 31 March 2023	-	**35**	**97**	**132**
At 1 April 2022	-	122	111	233

Notes *(continued)*

11 Intangible assets *(continued)*

Company

	Patents and licences £000	Software £000	Total £000
Cost			
Balance at 1 April 2022	59	1,733	1,792
Additions	-	87	87
Disposals	-	-	-
Balance at 31 March 2023	59	1,820	1,879
Amortisation and impairment			
Balance at 1 April 2022	59	1,595	1,654
Amortisation for the year	-	93	93
Disposals	-	-	-
Balance at 31 March 2023	59	1,688	1,747
Net book value			
At 31 March 2023	**-**	**132**	**132**
At 1 April 2022	-	138	138

Amortisation and impairment charges

The amortisation and impairment charges are recognised in administrative expenses in the statement of comprehensive income.

Notes *(continued)*

12 Tangible fixed assets

Group	**Assets under construction**	**Long Leasehold Land and Buildings**	**Improvements to property**	**Plant and machinery**
Cost	**£000**	**£000**	**£000**	**£000**
At 1 April 2022	42,836	43,171	11,591	67,253
Additions	9,858	4,034	82	2,364
Reclassification/transfer	(30,338)	28,017	-	2,105
Disposals	-	-	-	(1,938)
At 31 March 2023	22,356	75,222	11,673	69,784
Depreciation				
At 1 April 2022	-	20,342	11,492	51,099
Charge for year	-	2,865	97	5,005
Disposals	-	-	-	(1,938)
At 31 March 2023	-	23,207	11,589	54,166
Net book value				
At 31 March 2023	**22,356**	**52,015**	**84**	**15,618**
At 1 April 2022	42,836	22,829	99	16,154

	Fixtures and fittings	**Computer equipment**	**Totals**
Cost	**£000**	**£000**	**£000**
At 1 April 2022	981	2,416	168,248
Additions	25	391	16,754
Reclassification/transfer	146	70	-
Disposals	(62)	(596)	(2,596)
At 31 March 2023	1,090	2,281	182,406
Depreciation			
At 1 April 2022	884	2,020	85,837
Charge for year	65	294	8,326
Disposals	(62)	(596)	(2,596)
At 31 March 2023	887	1,718	91,567
Net book value			
At 31 March 2023	**203**	**563**	**90,839**
At 1 April 2022	97	396	82,411

Notes *(continued)*

12 Tangible fixed assets *(continued)*

Company

	Improvements to property £000	Long Leasehold Land and Buildings £000	Fixtures and fittings £000	Plant and machinery £000	Computer equipment £000	Assets under construction £000	Total £000
Cost							
Balance at 1 April 2022	11,591	43,171	981	66,006	2,407	42,836	166,992
Additions	82	4,034	25	2,353	391	9,858	16,743
Transfer	-	28,017	146	2,105	70	(30,338)	-
Disposals	-	-	(62)	(1,938)	(596)	-	(2,596)
Balance at 31 March 2023	11,673	75,222	1,090	68,526	2,272	22,356	181,139
Depreciation and impairment							
Balance at 1 April 2022	11,492	20,342	884	49,852	2,011	-	84,581
Depreciation charge for the Year	97	2,865	65	4,994	294	-	8,315
Disposals	-	-	(62)	(1,938)	(596)	-	(2,596)
Balance at 31 March 2023	11,589	23,207	887	52,908	1,709	-	90,300
Net book value							
At 31 March 2023	**84**	**52,015**	**203**	**15,618**	**563**	**22,356**	**90,839**
At 1 April 2022	99	22,829	97	16,154	396	42,836	82,411

Notes *(continued)*

13 Fixed asset investments

Group

	Unlisted Investments £000	Listed investments £000	Total £000
Cost or valuation			
At beginning of year	30	259	289
Additions	569	-	569
Disposals	-	(259)	(259)
At end of year	599	-	599
Provisions			
At beginning and end of year	-	-	-
Net book value			
At 31 March 2023	**599**	**-**	**599**
At 31 March 2022	30	259	289

During the year the remaining investment in Nuformix plc was sold leaving a closing investment of £nil.

Listed investments are carried at fair value, being the current share price at the balance sheet date. Unlisted investments are initially carried at original cost. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Company

	Shares in group undertakings £000
Cost	
At beginning of year	25
Transfer from CPI Innovation Services Ltd	1,589
At end of year	1,614
Provisions	
At beginning and end of year	-
Net book value	
At 31 March 2023	**1,614**
At 1 April 2022	25

Notes *(continued)*

13 Fixed asset investments *(continued)*

The board approved that by virtue of a share transfer on 16th September 2022, CPI Innovation Services Limited's investment in CPI Enterprises Limited would be transferred to Centre for Process Innovation Limited. The share transfer form was executed during the year for consideration of £1,588,560.

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
Associated undertakings				
Polyphotonix Limited	England[1]	Developing processes for producing OLED lighting	**100%**	Ordinary B £1
			100%	Deferred £1+
			100%	Preference shares £0.001
Polyphotonix Medical Limited*	England[1]	Development and commercialisation of phototherapy devices	**n/a**	**n/a**
Other investments				
Neudrive Limited	England[2]	Development and commercialisation of organic semi-conductor inks and materials	**9.96%**	Ordinary £1
Q5D Technologies Limited	England[3]	Manufacture of wiring devices	**3.03%**	Preference £0.00001
Biologic Technologies Limited	England[4]	Design, development and marketing of biocmputer systems	**0.97%**	Ordinary £0.001
Applied Monitoring Limited	England[5]	Information technology service activities	**2.55%**	Ordinary £0.0001
Argo Natural Resources Limited	England[6]	Research and experimental development on natural sciences and engineering	**1.14%**	Ordinary £0.000005
Qkine Limited	England[7]	Research and experimental development on biotechnology	**1.84%**	Ordinary £0.0001
Graphene Composites Limited	England[8]	Manufacture of nano material	**0.25%**	Ordinary £0.001

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

1 registered office: National Centre for Printable Electronics, Netpark, Sedgefield, Co Durham TS21 3FG
2 registered office: Milton Hall, Ely Road, Cambridge, CB24 6WZ
3 registered office: Harbour Place, Serbert Road, Portishead, Bristol, BS20 7GF
4 registered office: Unit 1, Fordham House, 46 Newmarket Road, Fordham, Cambridgeshire, CB7 5LL
5 registered office: 124 Highfield Rise, Chester le Street, DH3 3UY
6 registered office: Lynton House, 7-12 Tavistock Square, London, WC1H 9BQ
7 registered office: Merlin Place, Taylor Vinters, Milton Road, Cambridge, England, CB4 0DP
8 registered office: Netpark Incubator, Thomas Wright Way, Sedgefield, Stockton on Tees, TS21 3FD