

TPMI (TRADING) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
31 MARCH 2005



Horwath Clark Whitehill

Horwath Clark Whitehill LLP
Chartered Accountants
Arkwright House
Parsonage Gardens
Manchester M3 2HP, UK
Tel: +44 (0)161 214 7500
Fax: +44 (0)161 214 7501
DX: 727751 Manchester
www.horwathcw.com



TPMI (TRADING) LIMITED

COMPANY INFORMATION

DIRECTORS	Dr J L Madigan L N Chamberlain CBE (appointed 26/11/2004) M L Ferguson (appointed 26/11/2004) R R Ford (appointed 26/11/2004) F Hayden (appointed 26/11/2004) A Manning (appointed 26/11/2004) V Murray (appointed 26/11/2004) C T Wilkinson (appointed 26/11/2004)
SECRETARY	Mr S Todd
COMPANY NUMBER	3004124
REGISTERED OFFICE	Quay West Trafford Wharf Road Wharfside Manchester M17 1HH
AUDITORS	Horwath Clark Whitehill LLP Chartered Accountants & Registered Auditors Arkwright House Parsonage Gardens Manchester M3 2HP
BANKERS	The Co-operative Bank PLC 1 Ballon Street Manchester M60 4EP
SOLICITORS	Kuit Steinart Levy 3 St Marys Parsonage Manchester M3 2RD

TPMI (TRADING) LIMITED

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DIRECTORS' REPORT
For the year ended 31 March 2005

The directors present their report and the financial statements for the year ended 31 March 2005.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the directors have had regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles or practice.

PRINCIPAL ACTIVITIES

The principal activity of the company is to deliver trading activities that are not within the primary purpose/charitable trading remit of the parent charity but are still aligned with the mission and purpose of the organisation as determined by the Board of the Trading Company and parent Board of Trustees. Any profit generated by virtue of this trading activity is returned to the parent charity to be reapplied for the purpose of the charity

In this capacity TPMI (Trading) Ltd acts as the deliverer of the Manufacturing Advisory Service under contract with NWDA for the North West Region.

Performance to date on this activity has been excellent and a productivity benefit of over £50 million has been accrued for North West manufacturers as a result of the intervention of the MAS service in the region, against a target of £12 million.

In the year the company was also successful in bidding via a competitive tendering process to run the service under contract to 2009.

Also during the year plans progressed under the Agenda for Change in North West Manufacturing to run a programme of activities to 2009 to support further activity in the manufacturing sector in the areas of process improvement, innovation and investment, skills, recruitment and image of the sector.

This activity is targeted to deliver over £300 million of benefit to the north west manufacturing sector.

During the year the company incurred research and development costs, which were written off to the profit and loss account. These costs related to the strategic development of the charity in respect of a new grant programme, which started in the year.

REVIEW OF THE BUSINESS

During the period the company made a loss of £29,140 (2004: £9,015 loss). This loss is made after donations through gift aid of £714,665 (2004: £505,204) to the parent The Manufacturing Institute. The profit for the year prior to donations was £671,053 (2004: £495,979).

DIRECTORS' REPORT
For the year ended 31 March 2005

DIRECTORS

The directors who served during the year were:

Dr J L Madigan
L N Chamberlain CBE (appointed 26/11/2004)
M L Ferguson (appointed 26/11/2004)
R R Ford (appointed 26/11/2004)
F Hayden (appointed 26/11/2004)
A Manning (appointed 26/11/2004)
V Murray (appointed 26/11/2004)
C T Wilkinson (appointed 26/11/2004)

ADDITIONAL INFORMATION RE DIRECTORS

The directors have no beneficial interest in the shares of the company

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year donations totalling £714,665 (2004 - £505,204) were made to The Manufacturing Institute.

AUDITORS

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 30 September 2005 and signed on its behalf.



Dr J L Madigan
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TPMI (TRADING) LIMITED

We have audited the financial statements of TPMI (Trading) Limited for the year ended ended 31 March 2005 set out on pages 4 to 10. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

UNQUALIFIED OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Horwath Clark Whitehill LLP

Horwath Clark Whitehill LLP
Chartered Accountants
Registered Auditors
Arkwright House
Parsonage Gardens
Manchester
M3 2HP

Date: *3 October 2005*

TPMI (TRADING) LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

		Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
	Note		
TURNOVER	1	3,879,107	2,964,894
Cost of sales		(2,799,083)	(2,322,568)
GROSS PROFIT		1,080,024	642,326
Administrative expenses		(579,841)	(308,927)
Other operating income	2	170,870	162,580
OPERATING PROFIT	3	671,053	495,979
Gift aid		(714,665)	(505,204)
Interest receivable		14,472	210
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(29,140)	(9,015)
TAX ON LOSS ON ORDINARY ACTIVITIES	5	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(29,140)	(9,015)

The notes on pages 6 to 10 form part of these financial statements.

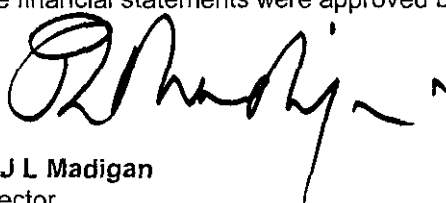
TPMI (TRADING) LIMITED

BALANCE SHEET
As at 31 March 2005

	Note	31 March 2005 £	31 March 2004 £
FIXED ASSETS			
Tangible fixed assets	6	511,606	158,905
CURRENT ASSETS			
Debtors	7	1,105,586	612,764
Cash at bank and in hand		922,673	79,954
		<u>2,028,259</u>	<u>692,718</u>
CREDITORS: amounts falling due within one year	8	<u>(1,848,376)</u>	<u>(390,184)</u>
NET CURRENT ASSETS		<u>179,883</u>	<u>302,534</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>691,489</u>	<u>461,439</u>
ACCRUALS AND DEFERRED INCOME		<u>(731,166)</u>	<u>(471,976)</u>
NET LIABILITIES		<u><u>(39,677)</u></u>	<u><u>(10,537)</u></u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	(39,777)	(10,637)
SHAREHOLDERS' FUNDS		<u><u>(39,677)</u></u>	<u><u>(10,537)</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 30 September 2005 and signed on its behalf.


Dr J L Madigan
Director

The notes on pages 6 to 10 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The comparative figures relate to a 15 month period as a result of a change in the accounting reference date to 31 March from 31 December.

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

The income shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, as adjusted for payments received in advance, together with grants received in arrears in respect of the provision of courses.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Office improvements	-	3 Years straight line
Office equipment	-	3 Years straight line
Computers	-	3 Years straight line
Furniture	-	3 Years straight line

1.5 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred.

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.8 Related party transactions

Transactions with The Manufacturing Institute have not been disclosed in accordance with the exemption in Financial Reporting Standard No. 8 as more than 90% of the voting rights of the company are controlled by The Manufacturing Institute.

1.9 Research and development

Research and development expenditures are charged to the profit and loss account as incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

2. OTHER OPERATING INCOME

	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
Government grants receivable	<u>170,870</u>	<u>162,580</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
Depreciation of tangible fixed assets: - owned by the company	191,087	171,051
Auditors' remuneration	4,550	5,925
Pension costs	<u>60,926</u>	<u>33,646</u>

4. DIRECTORS' REMUNERATION

	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
Aggregate emoluments	<u>94,489</u>	<u>98,243</u>

During the year retirement benefits were accruing to 1 director (2004 - 1) in respect of money purchase pension scheme.

5. TAXATION

	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
Tax on profit on ordinary activities	<u>-</u>	<u>-</u>

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

6. TANGIBLE FIXED ASSETS

	Office Improve- ments £	Office Equipment £	Computers £	Furniture £	Total £
Cost					
At 1 April 2004	141,662	82,639	158,300	38,035	420,636
Additions	158,277	24,932	349,576	18,897	551,682
Disposals	-	-	(7,894)	-	(7,894)
At 31 March 2005	299,939	107,571	499,982	56,932	964,424
Depreciation					
At 1 April 2004	103,843	46,903	84,105	26,880	261,731
Charge for the year	58,443	28,049	91,814	12,781	191,087
At 31 March 2005	162,286	74,952	175,919	39,661	452,818
Net book value					
At 31 March 2005	137,653	32,619	324,063	17,271	511,606
At 31 March 2004	37,819	35,736	74,195	11,155	158,905

7. DEBTORS

	2005 £	2004 £
Trade debtors	641,274	245,694
Amounts owed by group undertakings	-	163,800
Other debtors	464,312	203,270
	1,105,586	612,764

8. CREDITORS:
Amounts falling due within one year

	2005 £	2004 £
Trade creditors	271,918	132,417
Amounts owed to group undertakings	1,503,735	-
Social security and other taxes	59,707	64,097
Other creditors	13,016	193,670
	1,848,376	390,184

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

9. ACCRUALS AND DEFERRED INCOME

	2005 £	2004 £
Accruals and deferred income	<u>731,166</u>	<u>471,976</u>

10. SHARE CAPITAL

	2005 £	2004 £
Authorised, allotted, called up and fully paid		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

11. RESERVES

Profit and loss account	£
At 1 April 2004	(10,637)
Loss retained for the year	(29,140)
	<u> </u>
At 31 March 2005	<u>(39,777)</u>

12. PENSION COMMITMENTS

The company operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

13. DEBENTURES AND CHARGES

By a debenture dated 3 June 2004 the assets of the company are charged to secure obligations under a funding agreement of 3 March 2004 in favour of the North West Development Agency.

As a result of funding received the North West Development Agency has a fixed charge over assets with a net book value as at 31 March 2005 of £511,606.

14. RELATED PARTY TRANSACTIONS

The Manufacturing Institute is considered to be a related party because it is the ultimate controlling party of the company.

The corporate members of the Manufacturing Institute, are also considered to be related parties. These members are set out in the trustees report of the Manufacturing Institute.

During the year the following members of the Manufacturing Institute made payments of fees for training as follows:

Airbus UK Limited	£36,631
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2005

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

In the opinion of the directors, the ultimate controlling party of the company is The Manufacturing Institute, a registered charity incorporated in England and Wales, which controls 100% of the allotted share capital of the company.

The statutory accounts of the parent can be obtained from the Registrar of Companies.

TPMI (TRADING) LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2005

		Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
	Page		
TURNOVER	12	3,879,107	2,964,894
Cost of sales	12	(2,799,083)	(2,322,568)
GROSS PROFIT		<u>1,080,024</u>	<u>642,326</u>
Other operating income	12	170,870	162,580
		<u>1,250,894</u>	<u>804,906</u>
Less: OVERHEADS			
Administration expenses	12	(579,841)	(308,927)
OPERATING PROFIT		<u>671,053</u>	<u>495,979</u>
Interest receivable	14	14,472	210
Gift aid	14	(714,665)	(505,204)
LOSS FOR THE YEAR		<u><u>(29,140)</u></u>	<u><u>(9,015)</u></u>

TPMI (TRADING) LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS
For the year ended 31 March 2005

	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
TURNOVER		
Fee Income	3,221,438	2,674,740
Master Practitioner Income	428,564	290,154
Recharge to Manufacturing Institute	229,105	-
	<u>3,879,107</u>	<u>2,964,894</u>
	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
COST OF SALES		
Other direct costs	-	2,920
Direct costs from administrative expenses	2,420,531	1,758,996
Lean on Line costs	7,383	159,793
Summit event	250,026	81,145
Master practitioner costs	100,223	208,942
Course materials	20,920	110,772
	<u>2,799,083</u>	<u>2,322,568</u>
	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
OTHER OPERATING INCOME		
Government grants receivable	170,870	162,580
	<u>170,870</u>	<u>162,580</u>
	Year ended 31 March 2005 £	15 month period ended 31 March 2004 £
ADMINISTRATION EXPENSES		
Agency and recruitment fees	211,156	89,603
Auditors' remuneration	4,550	5,925
Bad debts	12,005	5,225
Bank charges	4,072	4,077
Depreciation	191,087	171,050
Directors salaries	87,638	91,162
Directors pension costs-money purchase schemes	6,851	7,081
	<u>517,359</u>	<u>374,123</u>
Sub-total carried forward	517,359	374,123