



**High Value Manufacturing Catapult  
(Limited by Guarantee)**

**Directors' report and financial  
statements**

**Registered number 07708659**

**31 March 2022**



High Value Manufacturing Catapult  
(Limited by Guarantee)  
Directors' report and financial statements  
31 March 2022

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## Strategic Report

### Principal activities

The High Value Manufacturing Catapult (HVMC) works with national technology innovation centres across the UK, bringing together expertise in different and complementary areas of high value manufacturing and drawing on excellent university research to accelerate the commercialisation of new and emerging manufacturing technologies in the UK.

It operates its activities through seven national centres: National Manufacturing Institute Scotland (NMIS), based at University of Strathclyde; Advanced Manufacturing Research Centre (AMRC), based at University of Sheffield; Centre for Process Innovation (CPI), based in Redcar, Sedgefield and Darlington; Manufacturing Technology Centre (MTC), based in Coventry; National Composites Centre (NCC), based in Bristol; Nuclear Advanced Manufacturing Research Centre (NAMRC), based at University of Sheffield; and WMG, based at University of Warwick.

HVMC is limited by guarantee, being a not-for-profit organisation, and its membership comprises the seven National Centres. The company applies for grant funding from Innovate UK on behalf of itself and its members and makes grants to the members with the funding received.

### Business model

Establishing and maintaining the network of national centres with world-leading technical capabilities requires a sustained investment from the public and private sectors. The centres also need to create a critical mass of activity surrounding them which will anchor the activities of globally mobile companies in the UK.

The seven centres that form the HVMC receive funding from the HVMC for long-term investment in infrastructure, expertise and skills development; Collaborative Research and Development projects (CR&D), funded jointly by the public and private sectors and awarded on a competitive basis; and business funded Research and Development (R&D) contracts. The HVMC model requires the centres invest the core funding they receive to ensure their asset base and capability is at the leading edge. They then use that capability to support industry on commercially funded projects and, together with industry, win competitive funding for collaborative research projects.

### S172 statement

#### **Directors' statement of compliance with duty to promote the success of the Company**

The Directors of HVMC must act in accordance with a set of general duties which are detailed in section 172 of the Companies Act 2006. These duties include a duty by the Directors of HVMC to act in a way they consider, in good faith, would be most likely to promote the success of the company for the benefit of the stakeholders as a whole and, in doing so, have had regard to and recognise the importance of considering all stakeholders and other matters as set out in section 172 of the act in its decision making.

### **Engagement with our Stakeholders**

#### **Government stakeholders**

These stakeholders are key to the future success of the business, providing the financial framework which aids business growth and stability. The Directors provide information on company strategy and performance, being honest and transparent at all times.

#### **Customers**

The key customer providing grant income is Innovate UK. A good working relationship is maintained through regular day-to-day meetings plus formal quarterly sessions which have two parts, an operational meeting and a strategic meeting. All obligations under their grant funding agreement are being met appropriately. Our experienced and talented staff are dedicated to ensuring we constantly improve what we do, providing confidence we continue to exceed in the areas of governance and delivery.

## Strategic Report *(continued)*

### Suppliers

The company operates with limited suppliers for goods and services. Suppliers are paid promptly within their payment terms.

### Employees

HVMC engages with employees via regular meetings. Information is shared through a bi-weekly briefings based on feedback from regular senior management meetings.

HVMC has a commitment to equality, diversity, inclusion and human rights, reflected in its policies such as the Inclusivity in Innovation Charter and Modern Slavery. Other company policies include giving full and just consideration to applicants for employment made by disabled persons, together with a policy of fulfilling its obligations towards employees who are disabled or become disabled during the period when they are employed by HVMC.

Engaging with employees is fundamental to enabling us to create an inclusive culture and a positive working environment. As a board of Directors, it is our intention to act responsibly and ensure management operates the business in an ethical manner, maintaining exemplary standards of business conduct.

### Business review and results

The results for HVMC for the last year show a pre-tax profit of £0 (2021: £0). Turnover, including revenue grants, is £137.1m (2021: £136.8m). The company has net current liabilities of £0 (2021: net current assets £14.0m).

In the period from April 2021 to March 2022 HVMC has delivered against £137.1m in grant funding. This compares with £136.6m achieved in the previous year. The £137.1m comprises £134.3m of core funding and £2.8m of non-recurring grant income. HVMC's current core funding from UK Government is secured to March 2023. Review of the next 5-year funding plan is currently in progress and as an interim measure, Innovate UK has confirmed a funding commitment to 31 March 2025.

At the heart of our offer is the access to leading-edge, full-scale manufacturing equipment and the expertise to develop new processes and technology. The total capital base now stands at £869m across our seven centres and represents by far the greatest concentration of manufacturing R&D activity in the UK, cementing our position as the go-to place for advance technology in our field. Also, at the heart of what we do is collaboration, we've we have worked with 5,555 companies in the year and on 2,677 projects bringing large companies together with SMEs.

#### Notable investments and achievements during the year include:

- We have been pressing ahead with work on the Department for Education Emerging Skills Pilot (ESP-1). The project continues to be well received by DfE and others as we enter the peak period of unit development followed by "train the trainer" and industry pilot course delivery. The programme team has developed QA processes that establish clear requirements of all partners and will deliver valuable learning for learners as well as capturing lessons from the pilot project for the benefit of future initiatives. Communication of ESP-1 opportunities is ramping up with support from Enginuity and CPI's marketing team to ensure the target numbers of learners and trainers are met. There are early signs of strong interest from the auto sector in the digitalisation offers. Our competitive tender for the ESP on Electrification was successful. Led by WMG, this project differs from ESP-1 with wider levels of learning ranging from entry point to graduate and has a broad coverage of further work on batteries, power systems and software. It also includes the charging infrastructure led by EU Skills as delivery partner. This project is closely aligned with and will provide a significant short-term delivery mechanism for the 'Electrification Skills Framework and Forum' led by WMG and Faraday Institution with HVMC support.
- To meet increased demands in performance and production rates for the next generation of fuel-efficient aircraft, and to create electric aircraft, we need to be designing and building wings lighter and at lower cost in addition to producing them around ten times faster than is possible today.

## Strategic Report *(continued)*

To address this challenge, Airbus has created the Wings of Tomorrow programme exploring radical new approaches to the design and manufacture of aircraft wings. NCC along with GKN and Spirit AeroSystems are working closely with Airbus as part of the Wing of Tomorrow team to drive this innovation. The NCC's engineers have harnessed the power of digital technologies, design tools and robotics to design the most advanced composite manufacturing capability in the world.

The NCC has gained a huge amount of knowledge both from the manufacturing processes and the design and simulation tools in the development of the cell to share with Airbus, leading to delivery of the first full-scale 17m wing cover with integrated spar and stringers in early 2021/22.

- The MTC hosted a series of seven webinars to promote diversity and inclusivity in engineering and manufacturing. The series, run in conjunction with Oxfordshire Advanced Skills, aims to encourage diversity, inclusion and family balance in STEM and the engineering community. The first two sessions, focused on LGBT+ diversity in the engineering and manufacturing workplace and the role of women in engineering, have taken place. Across these, there were 40 attendees. Further webinars covered STEMployability and neurodiversity in STEM.
- The UK aviation industry has committed to achieving NetZero emissions by 2050. Up to 70% of current emissions can be reduced by replacing today's aircraft fuels with sustainable aviation fuel (SAF) derived from feedstocks that include waste. The FASTACEJET project, led by CPI and supported by the Universities of Nottingham and Sheffield and Drochaid Research Services aims to develop affordable, high-quality SAF using feedstocks that neither compete with food production nor lead to deforestation, whilst also requiring minimal freshwater and land. The project is investigating processes, building on CPI's existing experience in gas fermentation to optimise two possible routes to produce SAF. The research produced fuel samples for analysis of their suitability as aviation fuel, and also explored the viability of the processes through detailed techno-economic modelling.
- In November 2021, the NAMRC hosted the launch of Rolls-Royce SMR (small modular reactors), the new business spinning out of the engineering giant to commercialise a new design of compact nuclear power station. The NAMRC played a key role in the first phase of development as part of the UK SMR Consortium with the centre's engineers demonstrating how a range of advanced manufacturing techniques can reduce capital costs and production time for SMR modules. The NAMRC will continue to play an important role in developing a variety of advanced manufacturing processes using its state-of-the-art machining, joining and testing facilities, and drawing on the wider capabilities of the HVMC and UK universities to apply the full range of innovative research and development to SMR manufacturing.
- On March 10<sup>th</sup> 2022, then Industry Minister Lee Rowley MP opened AMRC North West, stating: "This world-leading hub of research and development is precisely what will keep the UK's advanced manufacturing sector ahead of the pack." The facility in Blackburn, built using a grant from the Lancashire Enterprise Partnership Growth Deal, will lead the way in supporting businesses to adopt more energy efficient operations by developing a Low Carbon Smart Building Demonstrator. The centre is also the primary site for the 5G Factory of the Future project. The AMRC North West team has worked out of temporary facilities since 2018, supporting local manufacturing organisations and conducting research into manufacturing technologies. Steve Foxley, AMRC CEO, said: "We share Lancashire's ambition and vision to spark growth and productivity for the area and are supported in this by Innovate UK and the High Value Manufacturing Catapult."

### Key Performance Indicators (KPIs)

It was going to be an uncertain year as the economy recovered from COVID-19. However, the HVMC bounced back strongly with the centres' total Commercial and Collaborative R&D (excluding land & build) income achieving an 11% increase to £243m from £219m last year, with Commercial income increasing by 18% and Collaborative R&D income increasing by 5%.

## Strategic Report *(continued)*

HVMC maintained a healthy return on gross assets of 39% (2021: 37%) whilst gross asset value at the seven centres grew by 5% to £869m. Headcount also grew with full-time equivalent employees across the centres increasing by 8% to 3,372 as at 31 March 2022, compared with 3,112 a year earlier. The number of industrial clients worked with in the year (repeat and new) marginally down to 5,555 (2021: 5,897) due to the number of larger orders with clients increasing. The sales order book remains strong with total value of £219m as at the year end. The centres continue to focus on providing support to SMEs with 4,389 SME engagements in the year (2021: 4,687) and also undertook 278 projects with academic/RTO institutions (2021: 261).

The Board believes KPIs provide a comprehensive understanding of the performance and development of the business in its complex environment of public and commercial activities.

### Principal risks and uncertainties

The execution of HVMC's strategy and the management and operation of the business are all subject to a number of risks. These are assessed by the Board and the Audit and Risk Committee. Future key risks are:

- Resilience to "external shocks", like COVID-19, on economic performance and processes of HVMC centres
- Cyber security attack resulting in leakage of sensitive company/commercial data and breach of confidentiality or intellectual property causing reputational and financial risk
- Lack of materialisation of relevant CR&D competitions and awards, including uncertainty around Horizon Europe funding
- Core funding is restricted due to change in Government policy, lack of support by Government/Civil Service of the HVMC programme.

### Future developments

Working through our seven centres of industrial innovation, the HVMC helps to move cutting-edge research from the UK's world-leading universities into the commercial market. We support thousands of companies each year in transforming the products they sell, the way they make them and the skills of their workforce. As a crucial piece of national infrastructure, this work is at the heart of UK Government policy. To help Government achieve its goals, we have reflected on the UK's needs in the post-pandemic world and have identified four key areas around which we are restructuring our portfolio for the national good: enabling net zero and sustainability; supply chain transformation; digitalisation of product lifecycles; and critical national infrastructure and capability delivery.

By developing and scaling-up the new green technologies needed to reach net zero greenhouse emissions by 2050, we can help to avert climate disaster. We can strip emissions from industry and wider society by making the green products of the future with clean energy and sustainable materials. And by focusing on national strengths, we can anchor the production of these new technologies in the UK, helping to secure the future of the economy. We are working hard in many of these areas with our cutting-edge technology and world-class expertise driving progress towards industrial decarbonisation. We are also working on measures for low-carbon emissions accounting to ensure products used in the UK have full details for the emissions across their production (Scope 1, 2 and 3). We believe that, in partnership with industry and other players, we can help to halve industrial emissions by 2030.

Digital technologies are transforming all aspects of modern life. Applying these to manufacturing, the HVMC supports companies to connect better with their supply chains and reshape their production processes, making significant savings in cost, waste and emissions. This is crucial to the future of the sector, helping companies of all sizes to boost their competitiveness while cutting emissions. We are also helping the development of UK data and communication infrastructure, with 5G and advanced data testbeds around the UK. Through this work, we will be enabling the UK's talent to shine on the global stage and encouraging

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## Strategic Report (Continued)

the return of manufacturing to the UK from out-sourced locations around the world.

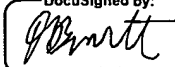
Using net zero and digitalisation as a focus, we are bringing highly skilled work back into communities that need it through UK-based supply chains. We are also making the case for both large UK-based businesses and multinationals to invest in the UK's diverse and talented regions. Building on industrial clusters around the HVMC, we will continue to help the UK rebuild communities. We will also be helping the UK to innovate in its physical infrastructure by working on decarbonisation of national transport systems and new building projects.

Ensuring employers can access the skills they need to get the best from emerging technologies is key to the sector's long-term resilience and success. This is at the heart of what we must do: upskilling our current industrial workforce, training the engineers and technicians of tomorrow, and ensuring the experience of current industry is effectively transferred to the next generation. The HVMC is uniquely positioned to understand and forecast the skills needed to drive the future economy. We have already delivered an important project for the Department for Education to foresight skills' needs and develop high-quality modular training courses focused on upskilling employees for work with new and emerging technologies. We will continue to drive progress in this area, helping to deploy our skills foresighting framework in other sectors and enabling the skills of more than 100,000 engineers to be developed by the end of the decade.

Our convening of the UK Manufacturing Forum brings together an influential group of leading academics, researchers and industry representatives each year. Its fourth year will see a new structure to give UK academics greater ownership of the group and encourage even greater collaboration across the research landscape. We are also working closely with the EPSRC on a new Researchers in Residence programme, which will allow many more external researchers to access our unrivalled capabilities and technologies. Our teams will continue to engage with international research groups, such as ManuFuture in Europe, to draw in global perspectives. This will increase knowledge sharing across the research base and improve the likelihood for the UK's next big innovation.

The HVMC provides a backbone for innovation, with the tools, capabilities and insight needed to bring industry, academia, government and our communities together to tackle the 'wicked problems' we face as a nation, delivering investment, growth, jobs and skills in every community. We will continue to be a key government delivery agent in industrial transformation, playing crucial roles in delivering UK Research and Innovation's 2022-2028 strategy and Innovate UK's five-year plan for action. As the 'Industrial Transformation Catapult', we are ready to work with all areas of UK Government by helping to deliver strategic leadership around the missions that will maximise UK value. We are also building on our approach with other UK administrations to deliver for both local and national priorities. We will be seeking to work more closely with the devolved administrations, local authorities and local enterprise partnerships, amongst many other UK interests.

By order of the board,

DocuSigned by:  
  
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**K Bennett CBE**  
Director

iCentrum Innovation Centre  
6 Holt Street  
Birmingham  
B7 4BP

16 September 2022

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## 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 period and up to the date of this report were as follows:

Mr AE Cook CBE (Chairman)

Mrs Katherine Bennett CBE (Chief Executive, appointed 14 June 2021)

Mr K Singh

Dame JE Hackitt

Mr BA Holliday

Ms MA Carroll

Mr A Neely

Mr Clive Johnson

Mrs Sarah Newbitt

Mr Andy Jones

Mr RP Elsy CBE (resigned 31 May 2021)

Mr SM Burgess (resigned 31 December 2021)

Subsequent to year end, Mr BA Holliday resigned on 30 June 2022.

### Political contributions

The Company made no political donations during the year or previous period.

### Carbon reporting

The Company does not need to comply with energy reporting as its usage is less than 40,000kWh a year.

### Dividends

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 or core grant allocation funding or repayment of out-of-pocket expenses to Directors.

### Disclosure of information to auditor

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

### Directors' liabilities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of the approving the directors' report.

### Matters covered by Strategic Report

The Strategic Report includes the Business Review, s172 compliance statement, Key Performance Indicators, Principal risks and uncertainties and future developments.

### Going concern

The Company has secured core funding to support its activities until 31 March 25 following approval by Innovate UK. The Directors are confident 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, and its liabilities can be met as they fall due for at least the next 12 months (this is further covered in note 1.2).



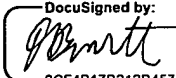
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## Directors' Report (continued)

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Grant Thornton LLP will therefore continue in office.

By order of the board

DocuSigned by:  
  
K Bennett CBE  
Director

iCentrum Innovation Centre  
6 Holt Street  
Birmingham  
B7 4BP

16 September 2022

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## Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, the 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 they give a true and fair view of the state of affairs and profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

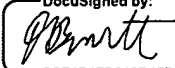
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure the financial statements comply with the Companies Act 2006. 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

DocuSigned by:  
  
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**K Bennett CBE**  
Director  
16 September 2022

## Governance Report

The HVMC model requires centres invest the Innovate UK core funding they receive through the HVMC to ensure their asset base and capability is at the leading edge. They then use that capability to support industry on commercially funded projects and, together with industry, win competitive funding for collaborative research projects to bring innovation to UK manufacturing. The Innovate UK core funding is governed by a grant funding agreement and HVMC is responsible for governance around this arrangement and the prompt and accurate reporting to its stakeholders.

The Board comprises a non-executive Chairman, eight independent non-executive directors and two executive directors (CEO and Finance Director). Each non-executive director (NED) serves for an initial three-year period and then follow the FCA code of practice which allows NEDs to serve up to nine years subject to the Board being satisfied with a director's performance, independence and commitment. The Board's policy is to appoint and retain NEDs who can apply their wider knowledge and experiences to their understanding of HVMC, and to review and refresh regularly the skills and experience the Board requires. The process for appointing new directors is conducted by the Nominations Committee.

During the year the Board invited the CEOs of the centres to join various Board meetings. These joint Board meetings allow more productive and meaningful discussions on HVMC strategy and performance. The Board meets prior to these joint Board meeting to cover governance independently. In addition to the formal Board meetings, the Board may meet on an ad hoc basis to participate in strategy workshops being held by the centres' CEOs.

The Board of HVMC is committed to high standards of corporate governance, which it considers are critical to business integrity and to maintaining stakeholders' trust in the company. HVMC expects all directors and employees to act with honesty, integrity and fairness. HVMC will strive to adopt proper standards of business practice and procedure and operate with integrity.

The Chair has the responsibility of ensuring the Board discharges its responsibilities and is also responsible for facilitating full and constructive contributions from each member of the Board in determination of the company's strategy and overall objectives. The role of the CEO is to provide the vision for the strategic direction of the Company and to ensure the Company has sufficient resources to be able to deliver its strategy and goals. To fulfil its duties the Board meets regularly with additional support provided via the Audit & Risk Committee, Remuneration Committee and Nominations Committee. The Nominations Committee meets on an ad-hoc basis when the need arises. The summary of attendance at meetings for year ending 31 March 2022 was as follows:

	Board Meetings	Audit & Risk Committee	Remuneration Committee
<b>Executives</b>			
Richard Elsy*	1	0	0
Katherine Bennett**	8	5	1
Kulwant Singh	7	5	0
<b>Non-Executives</b>			
Allan Cook - Chair	8	0	1
Judith Hackitt	6	5	0
Brian Holliday	7	4	1
Stephen Burgess***	6	0	1
Mary Carroll	7	5	0
Andy Neely	6	0	0
Clive Johnson	8	0	0
Sarah Newbitt	8	0	1
Andy Jones	8	0	0

\* resigned 31 May 2021

\*\* appointed 14 June 2021

\*\*\* resigned 31 December 2021

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## **Governance Report** *(continued)*

The Audit & Risk Committee review reports on financial performance and performance against the delivery plan and reports to the Board. Performance is reviewed against budget and prior year for financial income streams and KPIs.

The Board reviews the risk register at each meeting. A Board effectiveness review is carried out annually by the Chair of the Board.

The Audit & Risk Committee is responsible for overseeing the effectiveness of the internal controls and risk management process which are reviewed annually, whilst the risk register is reviewed at each meeting, the strategic risks and opportunities are reviewed as they arise in addition to annual compliance, audit and regulatory matters. The Committee annually reviews the Company policies for whistleblowing, fraud and security, ethical behaviour, anti-bribery and modern slavery.

Health and safety is a key area of focus for the Board, who require all seven centres to operate to high-standards with the objective of continuous improvement in health and safety performance. Health and safety management is aligned to the operations of the business. All employees are responsible for ensuring health and safety policies are implemented and for identifying opportunities for improvement.

The Board is committed to ensuring equality, diversity, inclusion (EDI) and human rights throughout the HVMC as reflected in the company's policies, Inclusivity in Innovation Charter and Modern Slavery. It aims to go beyond compliance internally as we plan to capture EDI data from our customers to encourage this externally.

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## Independent auditor's report to the members of the High Value Manufacturing Catapult

### Opinion

We have audited the financial statements of High Value Manufacturing Catapult (the 'company') for the year ended 31 March 2022, which comprise profit and loss account, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the 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

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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 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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### **Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### **Matters on which we are required to report by exception**

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 for the financial statements**

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 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 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:


- The Company is subject to many laws and regulations, where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified the following laws and regulations as the most likely to have a material effect if non-compliance were to occur; financial reporting legislation, tax legislation, anti-bribery legislation, employment law and anti-money laundering;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We understood how the Company is complying with legal and regulatory frameworks by making enquiries of management. We corroborated our enquiries through our review of board minutes and certain other audit procedures;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Audit procedures performed by the engagement team included:
  - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
  - Identifying and testing journal entries, in particular manual journal entries to revenue; and
  - Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's: knowledge of the industry in which the company operates, understanding of the legal and regulatory requirements specific to the company and the applicable statutory provisions.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- In assessing the potential risks of misstatement, we obtained understanding of the company's control environment, operations, classes of transactions, account balances, expected financial statement disclosures and business risks.

### **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

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company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
BB2F7A603B52423...  
**Matt J Buckingham**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
16 September 2022



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**Profit and Loss Account**  
*for the year ended 31 March 2022*

	<i>Note</i>	<b>2022</b> <b>£000</b>	2021 £000
<b>Turnover</b>	<i>1,2</i>	<b>137,109</b>	136,772
Operating expenses		<b>(132,993)</b>	(133,777)
Administration expenses		<b>(4,129)</b>	(3,011)
Other operating income	<i>3</i>	<b>13</b>	16
		<hr/>	<hr/>
<b>Operating profit</b>	<i>4-6</i>	<b>-</b>	-
Interest receivable and similar income		<b>-</b>	-
		<hr/>	<hr/>
<b>Profit for the financial year before taxation</b>	<i>2-6</i>	<b>0</b>	0
Taxation	<i>7</i>	<b>(0)</b>	(0)
		<hr/>	<hr/>
<b>Profit for the financial year after taxation</b>		<b>-</b>	-
		<hr/> <hr/>	<hr/> <hr/>

**Statement of Comprehensive Income**  
*for the year ended 31 March 2022*

	<b>2022</b> <b>£000</b>	2021 £000
<b>Profit for the financial period</b>	<b>-</b>	-
Other comprehensive income for the period	<b>-</b>	-
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>-</b>	-
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 24 form a part of these financial statements.

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## Balance Sheet

at 31 March 2022

	Note	2022 £000	2021 £000
<b>Fixed assets</b>			
Tangible assets	8	12	14
		<u>12</u>	<u>14</u>
<b>Current assets</b>			
Debtors	9	46,056	49,083
Cash at bank and in hand	10	279	1,992
		<u>46,335</u>	<u>51,075</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(46,347)</u>	<u>(37,084)</u>
<b>Net current (liabilities)/assets</b>		(12)	13,991
<b>Creditors: amounts falling due after more than one year</b>		-	(14,005)
<b>Net Assets</b>		<u>-</u>	<u>-</u>
<b>Capital and Reserves</b>		-	-
Profit and loss account		-	-
<b>Reserves</b>		<u>-</u>	<u>-</u>

These financial statements were approved by the Board of Directors on 15 September 2022 and were signed on its behalf by:

DocuSigned by:  
  
2CF4B17B212B457...

**K Bennett CBE**  
Director

Company registered number: 07708659

The notes on pages 14 to 24 form a part of these financial statements.

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**Statement of Changes in Equity**  
*for the year ended 31 March 2022*

	<b>Profit and loss account £000</b>
Opening balance on 1 April 2020	-
<b>Total comprehensive income for the period</b>	
Profit	-
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	-
<b>Balance at 31 March 2021</b>	-
Opening balance on 1 April 2021	-
<b>Total comprehensive income for the period</b>	
Profit	-
Other comprehensive income	-
<b>Total comprehensive income for the period</b>	-
<b>Balance at 31 March 2022</b>	-

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**Cash Flow Statement**  
*for the year ended 31 March 2022*

	<i>Note</i>	<b>2022</b> <b>£000</b>	2021 £000
<b>Cash flows from operating activities</b>			
Profit for the year		0	0
Adjustments for:			
Depreciation and amortisation charges	8	13	16
Capital grants received		11	1
Capital grants released		(13)	(16)
Decrease/(increase) in trade and other debtors		3,017	(8,548)
(Decrease)/increase in trade and other creditors		(2,990)	8,392
Corporation tax paid		-	-
		<hr/>	<hr/>
<b>Net cash inflow/(outflow) from operating activities</b>		<b>38</b>	<b>(155)</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Acquisition of tangible assets	8	(11)	(1)
		<hr/>	<hr/>
<b>Financing activities</b>			
Advances repaid		(1,740)	(14,005)
Advances received		-	15,745
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>(1,740)</b>	<b>1,740</b>
		<hr/>	<hr/>
<b>Net (decrease)/ increase in cash and cash equivalents</b>		<b>(1,713)</b>	<b>1,584</b>
<b>Cash and cash equivalents at the start of the year</b>		<b>1,992</b>	<b>408</b>
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of the year</b>	10	<b>279</b>	<b>1,992</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 14 to 24 form a part of these financial statements.

## Notes to the financial statements

### 1 Accounting policies

High Value Manufacturing Catapult (the "Company") is a company limited by guarantee and incorporated and domiciled in England, UK, registered address being iCentrum Innovation Centre, 6 Holt Street, Birmingham, West Midlands, England, B7 4BP.

These financial statements were 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 sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

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

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 16.

#### 1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2 Going concern

The High Value Manufacturing Catapult previously secured core grant funding to support its activities until 31 March 2023 following approval by Innovate UK of the Company's five-year business/delivery plan. This enables the Company to operate with a secured grant order book from 2018/19 onwards of £643m subject to annual approval of the rolling delivery plan. Innovate UK is in the process of reviewing the next five-year plan to 31 March 2028 and the directors are confident the Company will continue to be funded by Innovate UK. As an interim measure Innovate UK has confirmed a funding commitment to 31 March 2025 at levels similar to 22/23 funding. The Directors are confident 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, and its liabilities can be met as they fall due for at least the next twelve months.

#### 1.3 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.

#### 1.4 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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.5 Basic financial instruments

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. 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, less any impairment losses in the case of trade debtors. 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.

##### *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.

#### 1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

The company assesses at each reporting date whether tangible fixed assets 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. The estimated useful lives are as follows:

- Office Equipment 3-5 years

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.

#### 1.7 Intangible assets, goodwill and negative goodwill

##### *Research and development*

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

##### *Other intangible assets*

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:

- Software and website development 3 years

The basis for choosing these useful lives is the period over which the asset is expected to be utilised.

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8 Government grants

Government grants are accounted for using the accruals model. Elements of grants relating to future costs are deferred and released as the expense is recognised in the profit and loss account. Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to the payments and the grants will be received. Grants of a capital nature are credited to deferred grants and released to turnover over the useful life of the assets concerned. Grants which are revenue in nature are credited to deferred grants and are released to turnover in the period in which the related expenditure is incurred.

#### 1.9 Impairment excluding deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

#### 1.10 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.

#### 1.11 Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax, and revenue grants received where the revenue grants received are part of the ordinary trading activity of the company and where the company is acting as principal on behalf of member organisations of the Catapult. Grant income of £137.1m has been included within turnover in the year.

#### 1.12 Expenses

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

#### 1.13 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.

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.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.13 Taxation (continued)

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 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. Deferred tax balances are not discounted.

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

### 2 Turnover

	2022 £000	2021 £000
Core funding from Innovate UK for Centres	128,991	130,839
Administration funding (HQ)	4,116	2,995
Feasibility studies for Centres (Cross-Centre)	1,219	795
Non-Core funded projects	2,783	2,143
	<u>137,109</u>	<u>136,772</u>

### 3 Other operating income

	2022 £000	2021 £000
Capital grant released	13	16
	<u>13</u>	<u>16</u>

### 4 Operating profit

The operating profit is stated after charging:

	2022 £000	2021 £000
Depreciation and amortisation	13	16
Operating lease rentals	181	178
Auditor's remuneration:		
Audit of these financial statements	42	39
Other services relating to taxation	-	3
Other grant audit services	-	4
	<u>236</u>	<u>230</u>



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## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the Company (including all directors) during the year, analysed by category, was as follows:

	2022 Number of employees	2021 Number of employees
Non-Executive Directors	9	8
Directors	2	2
Other staff	11	9
	<hr/> 22	<hr/> 19
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	2022 £000	2021 £000
Wages and salaries	1,330	1,370
Social security costs	150	162
Other pension costs (see note 14)	105	71
	<hr/> 1,585	<hr/> 1,603
	<hr/> <hr/>	<hr/> <hr/>

### 6 Remuneration of directors

Included in staff costs (note 5) are the following amounts in respect of directors' emoluments:

	2022 £000	2021 £000
Directors' emoluments	637	651
	<hr/> 637	<hr/> 651
	<hr/> <hr/>	<hr/> <hr/>

The remuneration of the highest paid director was £230,000 (2021: £342,337). Remuneration includes payments in lieu of pension contributions.

### 7 Taxation

#### *Analysis of charge in period*

	2022 £000	2021 £000
<b>Current tax</b>		
Current tax on income in the period	2	-
Prior year adjustment	-	-
	<hr/> 2	<hr/> -
Total current tax	<hr/> 2	<hr/> -
<b>Deferred tax (see note 9)</b>		
Origination and reversal of timing differences	(2)	-
	<hr/> (2)	<hr/> -
Total deferred tax	<hr/> (2)	<hr/> -
Total tax	<hr/> -	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

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## Notes (continued)

### 7 Taxation (continued)

#### Factors affecting the tax charge for the current year

The current tax charge for the year is in line (2021: in line) with the standard rate of corporation tax in the UK, 19% (2021: 19%).

	2022 £000	2021 £000
Profit for the year	10	-
Total tax expense	-	-
	<hr/>	<hr/>
Profit excluding taxation	10	-
Tax using the UK corporation tax rate 19% (2021: 19%)	2	-
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	-
Prior year adjustment	-	-
	<hr/>	<hr/>
Total current tax	2	-
	<hr/> <hr/>	<hr/> <hr/>

#### Factors that may affect future tax charges

A deferred tax asset has not been recognised on losses of £nil (2021: £1,390) as at 31 March 2022.

### 8 Tangible fixed assets

	Office Equipment £000	Total £000
<i>Cost</i>		
At beginning of year	154	154
Items written off	(0)	(0)
Additions	11	11
	<hr/>	<hr/>
At end of year	165	165
	<hr/> <hr/>	<hr/> <hr/>
<i>Depreciation</i>		
At beginning of year	140	140
Items written off	(0)	(0)
Charge for year	13	13
	<hr/>	<hr/>
At end of year	153	153
	<hr/> <hr/>	<hr/> <hr/>
<i>Net book value</i>		
At 31 March 2022	12	12
	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2021	14	14
	<hr/> <hr/>	<hr/> <hr/>

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## Notes (continued)

### 9 Debtors

	2022 £000	2021 £000
Trade debtors	109	172
Grant debtors	25,069	28,400
Prepayments and accrued income	593	304
Grant in advance to related parties (note 17)	19,955	19,955
Other debtors	328	252
Deferred tax asset (see below)	2	-
	<u>46,056</u>	<u>49,083</u>
Due within one year	<u>46,056</u>	35,078
Due after more than one year	-	<u>14,005</u>
	<u>46,056</u>	<u>49,083</u>

Deferred tax assets are attributable to short term timing differences.

The movement in temporary differences during the year ended 31 March 2022 was as follows:

	2022 £000
Balance at 1 April 2021	-
Credit/(charge) to profit and loss account (note 7)	2
<b>Balance at 31 March 2022</b>	<u><u>2</u></u>

### 10 Cash and cash equivalents

	2022 £000	2021 £000
Cash at bank and in hand	279	1,992
Cash and cash equivalents per cashflow statement	<u>279</u>	<u>1,992</u>

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## Notes (continued)

### 11 Creditors: amounts falling due within one year

	2022 £000	2021 £000
Trade creditors	2,031	2,013
Amounts owed to related parties (note 17)	23,118	26,460
Accruals and deferred income	686	318
Other creditors	255	303
Creditors for advances on grants	20,255	7,990
Corporation tax creditor	2	-
	<u>46,347</u>	<u>37,084</u>

Advances on grants are unsecured and interest free. They are repayable at the end of the core funding cycle (nominally 31 March 2023) or when alternative long-term financing becomes available.

### 12 Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Creditors for advances on grants	<u>-</u>	<u>14,005</u>

### 13 Financial instruments

The carrying amounts of the financial assets and liabilities include:

	2022 £000	2021 £000
<b>Financial assets</b>		
Cash	279	1,992
Trade debtors	109	172
Grant debtors	25,069	28,400
Grant in advance to related parties	19,955	19,955
Other debtors	328	252
	<u></u>	<u></u>
<b>Financial liabilities</b>		
Trade creditors	2,031	2,013
Amounts owed to related parties	23,118	26,460
Accruals	257	134
Other creditors	255	303
	<u></u>	<u></u>

There were no material differences 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.

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## Notes (continued)

### 14 Commitments

- (a) The company had no capital commitments outstanding at the year end.
- (b) Non-cancellable operating lease rentals are payable by the company as follows:

	2022 Land and buildings £000	2021 Land and buildings £000
Less than one year	34	153
Between one and five years	147	25
	<hr/> 181	<hr/> 178

### 15 Pension scheme

The company does not operate any pension scheme but administers contributions to a stakeholder pension scheme for its employees and makes contributions to the personal pension schemes of certain employees. The pension cost charge for the year represents contributions payable to the personal pension schemes and amounted to £105,385 (2021: £70,691). Contributions of £16,341 (2021: £0) were outstanding at the end of the financial year.

### 16 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:

#### *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, then an estimate of the provision is made.

### 17 Related party disclosures

During 2022 the following expenditure was incurred in respect of transactions with the member organisations:

	Centre funding £000	Other projects £000
Centre for Process Innovation Limited	23,488	89
National Manufacturing Institute Scotland (University of Strathclyde)	22,737	83
Advanced Manufacturing Research Centre (University of Sheffield)	16,016	140
Nuclear Advanced Manufacturing Research Centre (University of Sheffield)	9,364	-
National Composites Centre (University of Bristol)	12,603	80
The Manufacturing Technology Centre Limited	24,926	263
WMG (University of Warwick)	21,076	-
	<hr/> 130,210	<hr/> 655

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## Notes (continued)

Core Catapult funding transactions with member organisations comprise of Innovate UK core funding and funding for collaborative cross Centre projects.

Other projects comprise of Non-core Innovate UK funding for large one-off projects to assist with establishment of new large facilities.

At 31 March 2022 the following balances were outstanding with the member organisations:

	Grant creditors £000	Grant in advance debtors £000
Centre for Process Innovation Limited	2,893	6,955
National Manufacturing Institute Scotland (University of Strathclyde)	7,549	-
Advanced Manufacturing Research Centre (University of Sheffield)	2,626	-
Nuclear Advanced Manufacturing Research Centre (University of Sheffield)	1,647	-
National Composites Centre (University of Bristol)	1,525	5,000
The Manufacturing Technology Centre Limited	2,405	8,000
WMG (University of Warwick)	4,473	-
	<u>23,118</u>	<u>19,955</u>

During 2021 the following expenditure was incurred in respect of transactions with the member organisations:

	Core Catapult funding £000	Other projects £000
Centre for Process Innovation Limited	21,380	898
National Manufacturing Institute Scotland (University of Strathclyde)	19,973	200
Advanced Manufacturing Research Centre (University of Sheffield)	15,288	183
Nuclear Advanced Manufacturing Research Centre (University of Sheffield)	9,179	100
National Composites Centre (University of Bristol)	15,431	243
The Manufacturing Technology Centre Limited	30,512	355
WMG (University of Warwick)	19,872	164
	<u>131,635</u>	<u>2,143</u>

Core Catapult funding transactions with member organisations comprise of Innovate UK core funding.

Other projects comprise of Innovate UK funding for large one-off projects to assist with establishment of new large facilities.

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## Notes (continued)

At 31 March 2021 the following balances were outstanding with the member organisations.

	Grant creditors £000	Grant in advance debtors £000
Centre for Process Innovation Limited	2,489	6,955
National Manufacturing Institute Scotland (University of Strathclyde)	8,508	-
Advanced Manufacturing Research Centre (University of Sheffield)	2,694	-
Nuclear Advanced Manufacturing Research Centre (University of Sheffield)	1,476	-
National Composites Centre (University of Bristol)	3,574	5,000
The Manufacturing Technology Centre Limited	3,071	8,000
WMG (University of Warwick)	4,648	-
	<hr/> 26,460 <hr/>	<hr/> 19,955 <hr/>

### *Transactions with key management personnel*

Total compensation of key management personnel (including the directors) in the year amounted to £703,589 (2021: £725,866).

## 18 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.

The core grant funding provided to the Company is governed by a grant funding agreement between the Company and Innovate UK. Under certain circumstances, the grant funding agreement provides Innovate UK with limited step-in rights.