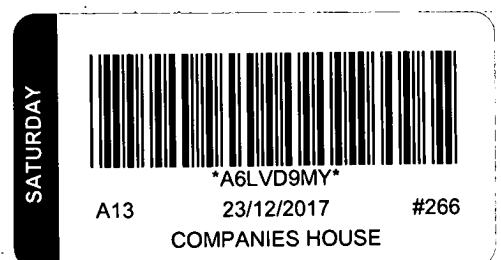


**The Manufacturing Institute**  
**Financial Statements**  
**For the Year Ended 31 March 2017**

**Company Registration Number 2996104**

**Charity Registration Number 1043019**



# **The Manufacturing Institute**

## **Financial Statements**

**Year Ended 31 March 2017**

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# **The Manufacturing Institute**

## **Trustees and Professional Advisers**

**Year Ended 31 March 2017**

**Registered Charity Name** The Manufacturing Institute

**Charity Registration Number** 1043019

**Company Registration Number** 2996104

**Registered and Principal Office** Warren Bruce Court  
Warren Bruce Road  
Trafford Park  
Manchester  
M17 1LB

### **The Trustees**

(From 1 April 2016 – 23 March 2017)

L N Chamberlain CBE  
R M C Shields CBE  
J Davies  
C A Gaskell  
D Grundy  
M J Kimpton-Smith  
S Kuligowski  
N Mulhall  
E O'Donnell

(From 23 March 2017 – 31 March 2017)

M A Hughes  
D E Edwards  
P A Simpson

### **Auditor**

Beever and Struthers  
Chartered Accountants  
& Registered Auditors  
St. George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE

### **Bankers**

HSBC Bank plc  
4 Hardman Square  
Spinningfields  
Manchester  
M3 3EB

# **The Manufacturing Institute**

## **Trustees Annual Report**

**Year Ended 31 March 2017**

The Trustees present their report and the consolidated financial statements of the Charity for the year ended 31 March 2017, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The legal and administrative information set out on page 1 forms part of this report. The financial statements comply with current statutory requirements, the memorandum and articles of association and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS102) (effective 1 January 2015).

### **Structure, Governance and Management**

#### ***Legal and administrative information***

The Charity is a company limited by guarantee, without share capital, and is governed by its memorandum and articles of association.

The charity also pursues its objects by providing funding to its wholly owned trading company subsidiaries, TPMI (Trading) Limited and TMI Practitioner Services Limited and also through its sole membership of Fab Lab EP Limited (whose operations ceased during 2016-17, following which the company was dissolved and was struck off the register at Companies House on 26 September 2017).

#### ***Board of Trustees***

The Charity is governed by its Board of Trustees who for the purposes of the Companies Act 2006 Act as Directors of the Charity. The trustees who served the charity during the year are listed on page 1.

The Board of Trustees is appointed by the membership. Under the Charity's Articles of Association, members of the Board of Trustees are subject to rotation every three years. New trustees are provided with induction and training material and the continuing development of all trustees takes place through regular updates and presentations at board meetings.

The Board of Trustees meets at least quarterly to:

- Develop and approve the Charity's strategy
- Approve the Charity's financial plans
- Review the Charity's progress against its strategy
- Review the financial position and results of the Charity and variations from the financial plans
- Identify and manage risks
- Evaluate the impact of the Charity's activities

#### ***Organisational structure***

The Charity Board appoints the Directors of its trading subsidiaries.

The Charity Board also appoints members of the sub-committees of the Charity Board. These include an Appointments and Remuneration Committee and an Audit Committee, both of which operate under terms of reference drawn up by the Board of Trustees.

# **The Manufacturing Institute**

## **Trustees Annual Report**

**Year Ended 31 March 2017**

### **Audit Committee**

The Audit Committee operated throughout the year and meetings were held on two occasions. The Audit Committee which met was comprised of the following members:

Mr M L Ferguson  
Ms E O'Donnell  
Mr D Grundy  
Mr R M C Shields CBE

The members of the audit committee relinquished their membership of the committee as a consequence of their resignation as trustees / directors on 23 March 2017.

### **Governing members**

Until 23 March 2017, on which date Economic Solutions Ltd t/a The Manchester Growth Company became the sole member of The Manufacturing Institute, the governing members had comprised a number of original Founding Member Organisations and, following the revision of the Articles in June 2002, individual manufacturers. The governing members were as follows:

#### **Organisation members:**

Airbus UK Limited  
ALSTOM Limited  
Manchester Metropolitan University  
The University of Manchester  
The University of Salford  
Chemtura

#### **Individual members:**

S Bowling	C Horton
J Collins	S Kuligowski
J Davies	G McKendry
P Elliott	C Mistry
J Hetherington	I Rainford
S Hill	

All organisation and individual members resigned their membership of The Manufacturing Institute on 23 March 2017.

# **The Manufacturing Institute**

## **Trustees Annual Report**

**Year Ended 31 March 2017**

### **Risk management**

The Board of Trustees, supported by its Audit Committee, reviews the major risks to which the charity is exposed on an ongoing basis and ensures that systems are established to mitigate those risks. Systems and procedures are reviewed periodically to ensure they still meet the needs of the charity.

### **Objectives and Activities**

#### ***Charitable objects***

The objects of the charity are:

- to advance education for the public benefit with a particular emphasis on the manufacturing sector
- to promote manufacturing:
  - by educating the general public in the needs and capabilities of manufacturing
  - by fostering research and development in order to encourage and improve the efficiency of manufacturing and to develop manufacturing for the benefit of the public
  - by promoting awareness of the quality and capacities of the physical and intellectual outputs of manufacturing
  - by providing information and the results of research in connection with manufacturing to the general public

The Board of Trustees continuously review the charity's activities and the benefits delivered to ensure its objects are furthered, paying due regard to the 'General Guidance on Public Benefit' published by the Charity Commission. The success of activities is reviewed as part of the annual planning process in the context of benefits they bring to those groups of people the Charity is set up to help.

#### ***Charitable Activities in the Year***

The Manufacturing Institute is a registered charity which has been creating, supporting and celebrating manufacturing excellence since 1994. Developed by manufacturers for manufacturers with a remit to inspire, educate and improve the manufacturing sector through high-quality education, training and support services.

### **Objectives and Activities**

Since our inception in 1994 we have educated over 80,000 individuals, engaged with 60,000 school children through our Make It campaign and worked directly with 25,000 members of the community through our Fab Labs in Greater Manchester.

Through our trading subsidiaries we have helped drive over £1.5 billion of quality, cost and delivery improvements in the sector. In 2008 we became the Shingo Institute's first European Affiliate and remain one of their most successful to date, helping more companies achieve Shingo Prize recognition than any other affiliate in Europe.

# **The Manufacturing Institute**

## **Trustees Annual Report**

**Year Ended 31 March 2017**

**Progress in the year aligned to each of our charitable objects is as follows.**

***“Educating the general public in the needs and capabilities of manufacturing”.***

Our major mechanisms for achieving this are through Fab Labs, community based digital fabrication laboratories that have open access to the public, our “Make It” campaign targeted at engaging young people with manufacturing and our open educational programmes targeted at the current manufacturing workforce. The continuing operation of the Manufacturing Institute’s Fab Labs in the year led to engagement with 4,035 individuals

In the year a further 937 children and teachers attended 18 Make It Challenges through our “Make It” campaign with continuing industrial support, resulting in a 17% increase in the number of students who would now consider entering a career in manufacturing with a number of pupils expressing that “It is an exciting and creative career” and that “There are interesting jobs available”. In addition, 100% of the teachers involved in the challenges have stated that “the day had definitely improved their pupils’ perceptions of careers within the sector” and “they will now recommend careers in manufacturing to all their pupils”.

During the year a total of 5,746 individuals engaged directly with manufacturing education delivered through our Fab Labs, “Make It” and educational programmes. In support of this, The Manufacturing Institute has increased the number of bespoke in-company projects, tailoring our open programmes to meet the exact needs of our customers using live data and processes to make real and lasting improvements to both SMEs and large manufacturers.

***“Promoting awareness of the quality and capacities of the physical and intellectual outputs of manufacturing and providing information and the results of research in connection with manufacturing to the general public”***

The major mechanisms adopted to deliver this objective for the charity in the year were engagement through event attendance and delivery, speaking at the Shingo Institutes Conference, Summit and Study Tour.

Throughout the year, investment has been made to develop digital assets through customer relationship management systems, marketing automation, web assets and social media to ensure that we continue to support the sector in the most effective and economical way possible. As a result unique website users on average per calendar month are up to 4,365. On average 62% of visitors are new to the website. The new approach also yielded results for us in the field of social media with 3,578 Twitter followers and 21,795 LinkedIn followers achieved.

# **The Manufacturing Institute**

## **Trustees Annual Report**

**Year Ended 31 March 2017**

### **Financial Review**

#### ***Review of the charity's financial position:***

The Charity's financial position has deteriorated further after net expenditure of £407,000 (2016: £649,000) for the period, with reserves at £124,000 (2016: £532,000) and cash balances standing at £91,000 (2016 - £438,000).

The Group had net expenditure for the year of £448,000 (2016: £761,000).

#### ***Principal funding sources and how expenditure supports key objectives:***

The main sources of income for the charity are charitable gift aid and interest on reserves, including returns from the operation of the Shingo Prize, consultancy and educational courses delivered to manufacturers. Expenditure covers the cost of delivering education and training courses, together with the cost of running educational events for schoolchildren, and expenditure on activities promoting and advocating the manufacturing sector.

#### ***Reserves policy***

The trustees believe that the unrestricted funds should be equivalent to between three and six months expenditure that is not contract funded.

By 31 March 2017 free reserves, for the Group as a whole, were below the required level. It is as a part of the process to restore the free reserves to the required level that the trustees have successfully sought new ownership for the Group.

#### ***Investment policy***

In accordance with the memorandum of association, the trustees can invest the funds of the Charity as they see fit. During 2016-17 the trustees invested in the Charity's trading subsidiaries, with other funds kept available for the development of the Charity. During 2016-17 any surplus funds were invested in on call bank deposit accounts.



# **The Manufacturing Institute**

## **Trustees Annual Report**

**Year Ended 31 March 2017**

### **Responsibilities of the Trustees**

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them on a consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the Trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office:

Warren Bruce Court  
Warren Bruce Road  
Trafford Park  
Manchester  
M17 1LB

Signed on behalf of the  
Trustees



M Hughes  
Director

Approved by the Trustees on <sup>14</sup>~~xx~~ December 2017

**The Manufacturing Institute**  
**Independent Auditor's Report to the Members of The**  
**Manufacturing Institute**

**Year Ended 31 March 2017**

We have audited the financial statements of The Manufacturing Institute for the year ended 31 March 2017 on pages 10 to 28, which have been prepared on the basis of the accounting policies set out on pages 14 to 16.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Section 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of the Trustees and Auditors**

The responsibilities of the trustees (who also act as directors of The Manufacturing Institute for the purposes of company law) for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities of the Trustees on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 2006, and whether the information given in the Trustees Annual Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the charitable 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 remuneration of the trustees and other transactions is not disclosed.

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

**Scope of the Audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

# **The Manufacturing Institute**

## **Independent Auditor's Report to the Members of The Manufacturing Institute (continued)**

**Year Ended 31 March 2017**

### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's, and the group's, affairs as at 31 March 2017 and of the group's (outgoing) resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- the information given in the Trustees' Annual Report is consistent with the financial statements.

### **Opinion on Other Matter Prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on Which We are Required to Report by Exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report.

We have nothing to report in respect of the following matters where 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.

*Beever and Struthers*

MARIA HALLOWS (Senior Statutory Auditor)

For and on behalf of  
BEEVER AND STRUTHERS  
Chartered Accountants  
& Registered Auditor

St. George's House  
215-219 Chester Road  
Manchester  
M15 4JE

20 December 2017

# The Manufacturing Institute

## Consolidated Statement of Financial Activities (Incorporating a Consolidated Income and Expenditure Account)

Year Ended 31 March 2017

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
<b>Income:</b>					
Donations and legacies	3	3,796	-	3,796	-
<i>Income from charitable activities:</i>					
Education fees and Fab Labs	4	957,004	51,186	1,008,190	998,730
<i>Income from other trading activities:</i>					
Commercial trading operations	5	313,983	-	313,983	816,158
Investment income	6	221	-	221	2,059
<b>Total income</b>		<b>1,275,004</b>	<b>51,186</b>	<b>1,326,190</b>	<b>1,816,947</b>
<b>Expenditure</b>					
<i>Costs of raising funds:</i>					
Commercial trading operations		578,765	-	578,765	(992,474)
<i>Expenditure on charitable activities:</i>					
Education and Fab Labs	7	1,032,698	162,697	1,195,395	(1,585,033)
<b>Total expenditure</b>		<b>1,611,463</b>	<b>162,697</b>	<b>1,774,160</b>	<b>(2,577,507)</b>
<b>Net expenditure</b>		<b>(336,459)</b>	<b>(111,511)</b>	<b>(447,970)</b>	<b>(760,560)</b>
<b>Transfers between funds</b>		<b>(3,955)</b>	<b>3,955</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>(340,414)</b>	<b>(107,556)</b>	<b>(447,970)</b>	<b>(760,560)</b>
<b>Reconciliation of funds</b>					
Total funds brought forward		42,835	214,046	256,881	1,017,441
<b>Total (deficit)/ funds carried forward</b>		<b>(297,579)</b>	<b>106,490</b>	<b>(191,089)</b>	<b>256,881</b>

The Statement of Financial Activities includes all gains and losses recognised in the year.  
All income and expenditure relate to continuing activities.

The notes on pages 14 to 28 form part of these financial statements.

# The Manufacturing Institute


## Consolidated Balance Sheet

31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible assets	13	35,464	101,798
<b>Current assets</b>			
Stock		17,414	23,423
Debtors	15	388,122	377,176
Cash at bank		127,555	471,177
<b>Total current assets</b>		<b>533,091</b>	<b>871,776</b>
<b>Liabilities</b>			
Creditors falling due within one year	16	(674,309)	(594,558)
<b>Net current (liabilities) / assets</b>		<b>(141,218)</b>	<b>277,218</b>
<b>Total assets less current liabilities</b>		<b>(105,754)</b>	<b>379,016</b>
<b>Creditors falling due after more than one year</b>	17	<b>(85,335)</b>	<b>(122,135)</b>
<b>Net (liabilities)/ assets</b>		<b>(191,089)</b>	<b>256,881</b>
<b>The funds of the charity:</b>			
Restricted income funds	20	106,490	214,046
Unrestricted income funds	20	(297,579)	42,835
<b>Total (deficit)/ funds</b>		<b>(191,089)</b>	<b>256,881</b>

The trustees have prepared group accounts in accordance with section 398 of the Companies Act 2006 and section 138 of the Charities Act 2011. These accounts are prepared in accordance with the special provisions of Part 15 of the Companies Act relating to small companies and constitute the annual accounts required by the Companies Act 2006 and are for circulation to members of the company.

These financial statements were approved by the members of the Board of Trustees on ~~xx November~~ 14 December 2017 and are signed on their behalf by:

  
M Hughes  
Director

The notes on pages 14 to 28 form part of these financial statements.

# The Manufacturing Institute

## Charity Balance Sheet

31 March 2017

	Note	2017 £	2016 £
<b>Fixed assets</b>			
Tangible fixed assets	13	23,730	42,195
Investments	14	100	100
<b>Current assets</b>			
Stock		17,414	23,423
Debtors	15	814,882	215,528
Cash at bank		90,560	438,174
<b>Total Current Assets</b>		<b>922,856</b>	<b>677,125</b>
<b>Liabilities</b>			
Creditors falling due within one year	16	(808,561)	(160,330)
<b>Net current assets</b>		<b>114,295</b>	<b>516,795</b>
<b>Total assets less current liabilities</b>		<b>138,125</b>	<b>559,090</b>
<b>Creditors falling due after more than one year</b>	17	<b>(14,000)</b>	<b>(28,000)</b>
<b>Net assets</b>		<b>124,125</b>	<b>531,090</b>
<b>Funds</b>			
Restricted income funds	20	105,893	208,239
Unrestricted income funds	20	18,232	322,851
<b>Total funds</b>		<b>124,125</b>	<b>531,090</b>

These financial statements were approved by the members of the Board of Trustees on ~~14 November~~ <sup>14 December</sup> 2017 and are signed on their behalf by:



M Hughes  
Director

Company Registration Number 2996104

The notes on pages 14 to 28 form part of these financial statements.

# The Manufacturing Institute

## Statement of Cash Flows and Consolidated Statement of Cash Flows for the year ended 31 March 2017

	Note	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
<b>Cash used in operating activities</b>	24	<u>(337,664)</u>	<u>(341,656)</u>	<u>(712,760)</u>	<u>(685,099)</u>
<b>Cash flows from investing activities</b>					
Interest income		221	221	2,059	2,059
Purchase of tangible fixed assets		<u>(6,179)</u>	<u>(6,179)</u>	<u>(39,291)</u>	<u>(44,225)</u>
<b>Cash used in investing activities</b>		<u>(5,958)</u>	<u>(5,958)</u>	<u>(37,232)</u>	<u>(42,166)</u>
<b>Cash used in financing activities</b>		-	-	-	-
<b>Increase (decrease) in cash and cash equivalents in the year</b>		<u>(343,622)</u>	<u>(347,614)</u>	<u>(749,992)</u>	<u>(727,265)</u>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>471,177</u>	<u>438,174</u>	<u>1,221,169</u>	<u>1,165,439</u>
<b>Total cash and cash equivalents at the end of the year</b>		<u>127,555</u>	<u>90,560</u>	<u>471,177</u>	<u>438,174</u>

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 1. Accounting Policies

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards; FRS 102, the Charities SORP (FRS 102) and the Companies Act 2006. These financial statements are the first financial statements of The Manufacturing Institute Ltd that comply with FRS 102. Note 22 describes the change to opening net assets and restricted / unrestricted funds.

The financial statements are prepared in Sterling which is the functional currency of the entity.

The group has made a deficit of £447,970 for the year ended 31 March 2017 (2016: £760,560) and has a total deficit of funds of £191,089 as at that date (2016: Positive funds as restated under FRS 102 of £256,881). The trustees have reviewed the group's forecast results and cash flows for the foreseeable future and consider these to be satisfactory. It is because of this that the trustees consider it appropriate to present the financial statements on a going concern basis.

#### *Reconciliation with previous Generally Accepted Accounting Practice*

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 1012 and the Charities SORP 102 the restatement of comparative items was required.

At the date of transition in applying the requirement to recognise liabilities arising from employee benefits, a liability was recognised for short-term compensated absence arising from employee entitlement of the parent charity to paid annual leave. The initial liability recognised at the date of transition was for the holiday entitlement carried forward and for the entitlement arising in the year which was due but not taken. The initial liability was for £9,417 (£8,285 unrestricted fund, £1,132 restricted fund). No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

Reconciliation of group funds and balances	1 April 2015			31 March 2016		
	Unrestricted fund £	Restricted Fund £	Total Fund £	Unrestricted fund £	Restricted Fund £	Total Fund £
Fund balances as previously stated	947,683	79,175	1,026,858	51,120	215,178	266,298
Short term compensated absences	(8,285)	(1,132)	(9,417)	(8,285)	(1,132)	(9,417)
Fund balances as restated	939,398	78,043	1,017,441	42,835	214,046	256,881

#### *Group financial statements*

These financial statements consolidate the results of the Charity and its wholly-owned trading subsidiaries. Details of the subsidiaries can be found in note 14. As permitted by section 400 of the Companies Act 2006, the income and expenditure account of the parent undertaking is not presented as part of these accounts. The parent undertaking's net expenditure for the year amounted to £406,695 (2016: £649,157).



# **The Manufacturing Institute**

## **Notes to the Financial Statements**

**Year Ended 31 March 2017**

### **1. Accounting Policies (continued)**

#### ***Judgements and key sources of estimation uncertainty***

Key judgements that the charitable company has made which have a significant effect on the accounts include reviewing and carrying out a risk analysis of the factors affecting the charity's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

#### ***Trading Income***

Charitable trading income arises from provision of education and training courses. Other trading income arises from the provision of practitioner advisory services.

#### ***Contract funding and course fees***

Income from contracts funding, including capital funding, is included in incoming resources when these activities are receivable, except as follows:

When funders impose conditions which have to be fulfilled before the Charity becomes entitled to use such income, the income is deferred and not included in incoming resources until the pre-conditions for use have been met.

When funders specify that funds, including capital funds, are for particular purposes, which do not amount to pre-conditions regarding entitlement, this is included in incoming resources of restricted funds when receivable.

Where course fees are received in advance of the provision of the course they are treated as a prepayment of course fees at the end of the financial year and released subsequently to the SOFA in accordance with course provision.

#### ***Investment income***

Investment income is recognised when receivable.

#### ***Resources expended***

Expenditure that is directly attributable to specific activities has been included in the relevant cost categories. Other costs, which are attributable to more than one activity, are apportioned across direct charitable, management and administration expenditure on the basis of time spent by staff.

#### ***Research and development***

Research and development undertaken is written off to the SOFA as incurred.

#### ***Operating lease agreements***

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against income as incurred.

#### ***Pension costs***

The group operates a defined contribution scheme for employees. The assets of the scheme are held separately from those of the charity. The annual contributions payable are charged to the Statement of Financial Activities.

# **The Manufacturing Institute**

## **Notes to the Financial Statements**

**Year Ended 31 March 2017**

### **1. Accounting Policies (continued)**

#### ***Tangible fixed assets and depreciation***

Tangible fixed assets costing more than £1,000 are capitalised at cost. 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:

Short leasehold improvements	4-6 years
Office equipment	3-5 years
Computers & Manufacturing Equipment	3-4 years
Office furniture	3-10 years

#### ***Stock***

Stock is included at the lower of cost or net realisable value.

#### ***Debtors***

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts offered.

#### ***Cash at bank and in hand***

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of 3 months or less from the date of deposit.

#### ***Creditors and provisions***

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount after allowing for any trade discount due.

#### ***Financial instruments***

The company only has financial assets and liabilities of a kind that qualify as basic financial instruments, which are initially recognised at transaction value and subsequently measured at their settlement value.

#### ***Fund accounting***

Funds held by the Charity are either:-

- Unrestricted funds, being funds which can be used in accordance with the charitable objects at the discretion of the trustees.
- Restricted funds, being funds that can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by a funder.

#### ***Tax status***

The company is a registered charity and as such has been granted exemption from corporation tax under ICTA 1988.

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 2. Financial Performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly owned subsidiaries that deliver training, consultancy and the Shingo programme to manufacturing organisations. The summary financial performance of the charity alone is:

	2017 £	2016 £
Income	332,338	458,674
Expenditure on charitable activities	(739,303)	(1,108,018)
<b>Net income</b>	<b>(406,965)</b>	<b>(649,344)</b>
Total funds brought forward	531,090	1,180,434
<b>Total funds carried forward</b>	<b>124,125</b>	<b>531,090</b>
Represented by:		
Restricted income funds	105,893	208,239
Unrestricted income funds	18,232	322,851
	<b>124,125</b>	<b>531,090</b>

### 3. Income from donations and legacies

	2017 £	2016 £
Gifts	3,796	-
Legacies	-	-
Donated services	-	-
	<b>3,796</b>	<b>-</b>

We were grateful to receive a donation from ISTA of £3,796 during the year. ISTA requested that £1,500 should go towards supporting sponsorship of the Makeit NW Championship Grand Final and that the balance should be used for other work undertaken by the charity.

The Manufacturing Institute benefits significantly from the involvement and enthusiastic support of volunteers, details of which are given in our annual report. In accordance with the Charities SORP (FRS 102), the economic contribution of volunteers is not recognised in the accounts.

### 4. Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Education and training course fees	789,794	-	789,794	610,488
Fab Labs	43,881	51,186	95,067	337,885
Makeit programme	71,518	-	71,518	50,357
CEF project	51,811	-	51,811	-
	<b>957,004</b>	<b>51,186</b>	<b>1,008,190</b>	<b>998,730</b>

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 4. Income from charitable activities etc...

Of the £51,186 restricted income for Fab Labs, £14,000 originates from grants. The entirety of the CEF project income is a grant receivable from the Careers and Enterprise Fund.

Education and training course income derives from the group's MSc and Diploma programmes as well as a number of short courses covering a variety of technical and managerial skills for manufacturing companies, which may be run as public or in-house programmes. Fab Lab's income derives from fees for use of the Fab Lab facilities, educational programmes and provision of prototyping services.

Makeit income derives mainly from sponsorship by large manufacturing companies of the charity's educational programmes for schools. The CEF project is a grant funded extension of Makeit to involve SMEs and to extend the reach of the programme to regions beyond the Northwest of England, which has hitherto been the only area in which it has operated.

### 5. Income from other activities – commercial trading

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
European Regional Development Fund	-	-	-	170,944
Practitioner advisory services	313,983	-	313,983	645,214
	<u>313,983</u>	<u>-</u>	<u>313,983</u>	<u>816,158</u>

The European Regional Development Funding relates to a programme that started in the 2013-14 year. The programme ran until September 2015 and provided assistance to North West based small and medium sized enterprises to help them grow the profitability of their businesses. Practitioner advisory services consist of a variety of consultancy interventions to help manufacturing companies improve the efficiency of their operations.

### 6. Investment Income

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Bank interest receivable	221	-	221	2,059
	<u>221</u>	<u>-</u>	<u>221</u>	<u>2,059</u>

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 7. Analysis of expenditure on charitable activities

	Education and training	Fab Labs	Makeit	CEF	Total
	£	£	£	£	£
Delivery	246,900	39,506	36,362	28,872	351,640
Marketing	17,035	6,669	-	9,282	32,986
Payroll	255,922	137,700	31,447	-	425,069
Direct establishment costs	8,907	32,093	-	4,931	45,931
Depreciation / profit on disposal	-	24,538	-	-	24,538
Support costs (see note 9)	230,976	27,697	20,836	8,813	288,322
Governance (see note 10)	19,070	4,213	3,626	-	26,909
Total	778,810	272,416	92,271	51,898	1,195,395

Of the £1,195,395 expenditure in 2016-17 (2015-16: £1,585,033), £1,032,698 was charged to unrestricted funds (2015-16: £1,445,678) and £162,697 to restricted funds (2015-16: £139,355).

### 8. Summary analysis of expenditure and related income for charitable activities

This table shows the cost of the four main charitable activities and the sources of income directly attributable to them.

	Education and training	Fab Labs	Makeit	CEF	Total
	£	£	£	£	£
Costs	(779,382)	(272,140)	(92,063)	(51,810)	(1,195,395)
Revenue from trading activities	789,795	95,067	71,518	-	956,380
Grants and other funding	-	-	-	51,810	51,810
Net income/ (expenditure) funded from other income and reserves	10,413	(177,073)	(20,545)	-	(187,205)

### 9. Analysis of Support Costs

Marketing	Payroll	Travel	Establishment costs	Financial costs	Total
£	£	£	£	£	£
6,600	121,264	1,157	156,142	3,159	288,322

Support costs are apportioned between charitable activities based on the turnover of each activity as a fair proxy for the scale of each operation and its consumption of resources.

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 10. Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total Funds 2017 £	Total Funds 2016 £
Legal and professional costs	17,521	988	18,509	14,445
Audit fees - audit	5,508	1,192	6,700	16,747
- other fees	1,700	-	1,700	1,950
	<u>24,729</u>	<u>2,180</u>	<u>26,909</u>	<u>33,142</u>

Governance costs are either directly allocated to charitable activities to reflect their specific association with a particular revenue stream or else apportioned between charitable activities based on the turnover of each activity. Turnover is considered to be a fair proxy for the scale of each operation and its consumption of resources.

### 11. Net Expenditure for the Year

This is stated after charging:

	2017 £	2016 £
Auditors' remuneration:		
- audit of the charity's financial statements	5,050	9,652
- audit of the subsidiaries' financial statements	3,350	9,045
Other governance related fees	18,509	14,445
Operating lease costs:		
- land and buildings	31,563	90,426
- other	18,535	24,878
Depreciation	<u>65,591</u>	<u>78,459</u>

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 12. Staff Costs and Emoluments

Total staff costs were as follows:

	2017 £	2016 £
Wages and salaries	757,384	1,361,979
Social security costs	58,597	151,419
Other pension cost	35,309	85,043
Private health insurance	10,069	17,837
	<u>861,359</u>	<u>1,616,278</u>

#### Particulars of employees:

The average number of employees during the year, calculated on the basis of full-time equivalents, was as follows:

2017	2016
14	25

Emoluments for higher paid employees fell into the following bands:

	2017	2016
£60,000 - £70,000	1	3
£70,000 - £80,000	1	1
£80,000 - £90,000	1	2
£90,000 - £100,000	-	1
£110,000-£120,000	-	-
£130,000 - £140,000	-	-
£140,000 - £150,000	-	1

The Trustees received no remuneration nor were they reimbursed any expenses during the year (2015-16 - £ Nil). The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The contribution represents the amount payable in the year. During the year redundancy costs totalling £46,000 were incurred in respect of staff who left the company (2015-16: £28,364).

The key management personnel of the group comprise the trustees, the acting Director General, the Operations Director and the Head of Finance. The total employee benefits of the key management personnel were £124,980 (2015-16 - £158,575)

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 13. Tangible Fixed Assets Group

	Plant & Equipment £	Office Equipment £	Office Furniture £	Short Leasehold Improvements £	Total £
<b>Cost</b>					
At 1 April 2016	664,856	192,638	94,072	87,785	1,039,351
Additions	-	2,345	-	3,834	6,179
Transfers	20,529	(20,529)	-	-	-
Disposals	(11,651)	-	(36,800)	(6,500)	(54,951)
<b>At 31 March 2017</b>	<b>673,734</b>	<b>174,454</b>	<b>57,272</b>	<b>85,119</b>	<b>990,579</b>
<b>Depreciation</b>					
At 1 April 2016	595,717	171,114	86,962	83,760	937,553
Charge for the year	40,884	20,347	3,036	1,324	65,591
Transfers	36,109	(36,109)	-	-	-
Disposals	(11,561)	-	(33,457)	(3,011)	(48,029)
<b>At 31 March 2017</b>	<b>661,149</b>	<b>155,352</b>	<b>56,541</b>	<b>82,073</b>	<b>955,115</b>
<b>Net book value</b>					
<b>At 31 March 2017</b>	<b>12,585</b>	<b>19,102</b>	<b>731</b>	<b>3,046</b>	<b>35,464</b>
At 31 March 2016	69,139	21,524	7,110	4,025	101,798

### Charity

	Plant & Equipment £	Office Equipment £	Office Furniture £	Short Leasehold Improvements £	Total £
<b>Cost</b>					
At 1 April 2016	49,484	49,032	1,187	36,943	136,646
Additions	-	2,344	-	3,834	6,178
Transfers	20,529	(20,529)	-	-	-
Disposals	(11,651)	-	-	-	(11,651)
<b>At 31 March 2017</b>	<b>58,362</b>	<b>30,847</b>	<b>1,187</b>	<b>40,777</b>	<b>131,173</b>
<b>Depreciation</b>					
At 1 April 2016	10,356	46,465	1,187	36,443	94,451
Charge for the year	15,126	8,729	-	788	24,643
Transfers	36,109	(36,109)	-	-	-
Disposals	(11,651)	-	-	-	(11,651)
<b>At 31 March 2017</b>	<b>49,940</b>	<b>19,085</b>	<b>1,187</b>	<b>37,231</b>	<b>107,443</b>
<b>Net book value</b>					
<b>At 31 March 2017</b>	<b>8,422</b>	<b>11,762</b>	<b>-</b>	<b>3,546</b>	<b>23,730</b>
At 31 March 2016	39,128	2,567	-	500	42,195



# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 13. Tangible Fixed Assets ctd...

The majority of the fixed assets held by the Charity are used for a number of purposes and as such cannot be split between assets for charitable and non-charitable use. All assets held by the trading subsidiaries are also used for a number of purposes and as such cannot be split between assets for charitable and non-charitable use.

### 14. Investments

<b>Cost</b>	<b>£</b>
<b>At 1 April 2016 and 31 March 2017</b>	<b>100</b>
<b>Net book value</b>	<b>£</b>
<b>At 31 March 2017 and 31 March 2016</b>	<b>100</b>

At 31 March 2017 the company had the following interest in subsidiary undertakings:

Company name	Company number	Class of share capital held	Holding
TPMI (Trading) Limited	03004124	Ordinary	100%
TMI Practitioner Services Limited	05774920	Ordinary	100%
TMI Enterprises Limited	05774175	Ordinary	100%
FAB LAB EP Limited	08245619	Not applicable	Not applicable

The Charity holds 100% of the share capital of TMI Enterprises Limited that in turn holds the entire share capital of its two subsidiaries. All the subsidiaries of the company are incorporated in England and Wales, TMI Enterprises Limited is a holding company, TMI Practitioner Services Limited provides commercial practitioner advisory services and educational provision; TPMI (Trading) Limited has in the past provided delivery of public sector funded contracts.

The Charity is the sole member of FAB LAB EP Limited, a company incorporated in England and Wales and limited by guarantee. The results of FAB LAB EP Limited for 2016-17 have been consolidated as the Charity exercises effective management control.

Aggregate capital and reserves	2017	2016 As restated on transition to FRS 102
	£	£
TPMI (Trading) Limited	(152,044)	(150,940)
TMI Practitioner Services Limited	(161,292)	(127,749)
TMI Enterprises Limited	(2,328)	(2,328)
FAB LAB EP Limited	650	10,449
<b>Profit/ (loss) (surplus/ (deficit)) for the year</b>		
TPMI (Trading) Limited	( 1,104)	37,106
TMI Practitioner Services Limited	(33,543)	(87,234)
TMI Enterprises Limited	-	(52)
FAB LAB EP Limited	(9,799)	(58,726)

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 15. Debtors

	2017		2016	
	Group £	Charity £	Group £	Charity £
Trade debtors	134,764	8,913	158,460	8,704
Other debtors	-	-	100	-
Amounts due from group undertakings	-	766,828	-	113,428
Prepayments and accrued income	253,358	39,141	218,616	93,396
	<u>388,122</u>	<u>814,882</u>	<u>377,176</u>	<u>215,528</u>

### 16. Creditors: Amounts falling due within one year

	2017		2016	
	Group £	Charity £	Group £	Charity £
Trade creditors	187,666	62,251	122,205	66,662
Taxation and social security	73,784	35,860	110,110	32,989
Short term compensated absences	12,856	1,380	-	-
Other creditors and accruals	60,412	10,930	114,015	29,444
Amounts owed to subsidiary undertakings	-	661,155	-	-
Deferred income	339,591	36,985	248,228	31,235
	<u>674,309</u>	<u>808,561</u>	<u>594,558</u>	<u>160,330</u>

### 17. Creditors: Amounts falling due after more than one year

	2017		2016	
	Group £	Charity £	Group £	Charity £
Deferred income	<u>85,335</u>	<u>14,000</u>	<u>122,135</u>	<u>28,000</u>

### 18. Deferred income

	Group £	Charity £
Balance as at 1 April 2016	370,363	59,235
Amount released to income earned	(254,103)	(31,235)
Amount deferred in year	<u>308,666</u>	<u>22,985</u>
Balance as at 31 March 2017	<u>424,926</u>	<u>50,985</u>

Deferred revenue in subsidiary companies consists of course fees receivable in advance for long term programmes such as the company's Diploma and MSc programmes, where the revenue will not be earned until at least 12 months from the balance sheet date. Deferred income in the Charity arises from funding received from public bodies to finance the set-up and initial trading operations of Fab Labs.

**The Manufacturing Institute**  
**Notes to the Financial Statements**  
**Year Ended 31 March 2017**

**19. Commitments under operating leases**

The total future minimum payments under non-cancellable operating leases are follows:

	2017	2016
	£	£
Operating leases which expire:		
Within 1 year	<u>1,539</u>	<u>18,468</u>

**20. Analysis of charitable funds**

**Analysis of movements in unrestricted funds**

	Balance at 1 April 2016 as restated	Incoming resources	Transfer to restricted fund	Outgoing Resources	Balance at 31 March 2017
<i>Group</i>	£	£	£	£	£
General funds	<u>42,835</u>	<u>1,275,004</u>	<u>(3,955)</u>	<u>(1,611,463)</u>	<u>(297,579)</u>
<i>Charity</i>					
General funds	<u>322,851</u>	<u>281,152</u>	<u>-</u>	<u>(585,771)</u>	<u>18,232</u>

# The Manufacturing Institute

## Notes to the Financial Statements

Year Ended 31 March 2017

### 20. Analysis of charitable funds (continued)

#### Analysis of movements in restricted funds

<i>Group</i>	Balance at 1 April 2016 as restated	Incoming resources	Outgoing Resources	Transfer from restricted fund	Balance at 31 March 2017
	£	£	£	£	£
Fab Lab EP Ltd	9,317	-	(12,622)	3,955	650
Fab Lab Altrincham	204,729	51,186	(150,075)	-	105,840
	<u>214,046</u>	<u>51,186</u>	<u>(162,697)</u>	<u>3,955</u>	<u>106,490</u>
<i>Charity</i>					
Fab Lab Altrincham	208,239	51,186	(153,532)	-	105,893
	<u>208,239</u>	<u>51,186</u>	<u>(153,532)</u>	<u>-</u>	<u>105,893</u>
<b>Restricted fund</b>	<b>Description, nature and purpose of fund</b>				
Fab Lab EP Ltd	To provide publically available, state of the art, prototyping and manufacturing workshops in Ellesmere Port & Altrincham respectively.				
Fab Lab Altrincham					

### 21. Analysis of Group net assets between funds

	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Tangible fixed assets	12,885	22,579	35,464
Cash at bank and in hand	116,991	10,564	127,555
Other net current assets (liabilities)	(9,386)	(259,387)	(268,773)
Creditors due after more than one year	(14,000)	(71,335)	(85,335)
	<u>106,490</u>	<u>(297,579)</u>	<u>(191,089)</u>

#### Analysis of group net assets between funds – previous year

	Restricted Funds	Unrestricted Funds	Total Funds
	£	£	£
Tangible fixed assets	32,553	69,245	101,798
Cash at bank and in hand	151,763	319,414	471,177
Other net current assets (liabilities)	58,862	(243,404)	(184,542)
Creditors due after more than one year	(28,000)	(94,135)	(122,135)
	<u>215,178</u>	<u>51,120</u>	<u>266,298</u>

# The Manufacturing Institute

## Notes to the Financial Statements

### Year Ended 31 March 2017

#### 22. Transition to FRS 102

The impact of the transition to FRS 102 on the opening balance sheets of the group and the charity are as follows

	Group as at 31 March 2016			Charity as at 31 March 2016		
	As previously stated £	Effect of transition £	FRS 102 (As restated) £	As previously stated £	Effect of transition £	FRS 102 (As restated) £
Fixed Assets	101,798	-	101,798	42,295	-	42,295
Current Assets	871,776	-	871,776	677,125	-	677,125
Creditors: Amounts falling due within one year (1)	(585,141)	(9,417)	(594,558)	(159,757)	(573)	(160,330)
Net Current (Liabilities) / Assets	286,635	(9,417)	277,218	517,368	(573)	516,795
Total Assets less current liabilities	388,433	(9,417)	379,016	559,663	(573)	559,090
Creditors: Amounts falling due after more than one year	(122,135)	-	(122,135)	(28,000)	-	(28,000)
Net (Liabilities) / Assets	266,298	(9,417)	256,881	531,663	(573)	531,090
Restricted income funds	215,178	(1,132)	214,046	208,239	-	208,239
Unrestricted income funds	51,120	(8,285)	42,835	323,424	(573)	322,851
Total Funds	266,298	(9,417)	256,881	531,663	(573)	531,090

(1) The adjustment made relates to the accrual of costs relating to short term compensated absences

# The Manufacturing Institute

## Notes to the Financial Statements

### Year Ended 31 March 2017

#### 23. Related parties

Transactions have taken place during the year between companies within the group that is controlled by The Manufacturing Institute through its direct or indirect shareholdings in those companies, as well as between such group companies and Fab Lab EP Ltd, a company limited by guarantee of which The Manufacturing Institute was the sole member.

These transactions encompassed payroll and other service recharges and payment or receipt of monies on behalf of other companies in the group. All transactions were conducted at arm's length for fair value and are settled through the group's intercompany accounts.

These intercompany balances net to zero on consolidation and no adjustment is necessitated in the consolidated group accounts.

As a result of Economic Solutions Ltd (t/a The Manchester Growth Company) becoming the sole member of The Manufacturing Institute on 23 March 2017, Economic Solutions Limited became a related party. In the period from 23 March 2017 to 31 March 2017 Economic Solutions Ltd sold services to The Manufacturing Institute totalling £576 and The Manufacturing Institute sold services to Economic Solutions Ltd totalling £1,938. The net balance of Economic Solutions Ltd on the debtors ledger of The Manufacturing Institute at 31 March 2017 was £14,722.

#### 24. Reconciliation of net movement in funds to net cash flow from operating activities

	2017		2016	
	Group £	Charity £	Group £	Charity £
Net movement in funds	(447,970)	(406,965)	(760,560)	(649,344)
Add back depreciation charge	65,680	24,644	78,459	4,783
Add back loss on disposal of fixed assets	6,833	-	-	-
Deduct interest income shown in investing activities	(221)	(221)	(2,059)	(2,059)
Decrease (increase) in stock	6,009	6,009	6,577	(8,423)
Decrease (increase) in debtors	(34,540)	(599,354)	141,715	61,903
Increase (decrease) in creditors	66,545	634,231	(176,892)	(91,959)
<b>Net cash used in operating activities</b>	<b>(337,664)</b>	<b>(341,656)</b>	<b>(712,760)</b>	<b>(685,099)</b>

#### 25. Post Balance Sheet Event

Having ceased trading in 2016-17, Fab Lab EP Ltd, which was controlled by The Manufacturing Institute due to its sole membership of that company, was dissolved and struck off the register of companies at Companies House. Fab Lab EP Ltd was removed from the register on 26 September 2017.