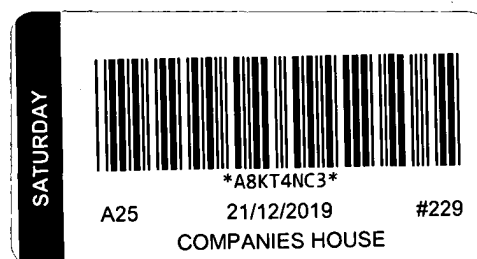


THE MANUFACTURING INSTITUTE

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019



Company Registration Number 02996104

Charity Registration Number 1043019

THE MANUFACTURING INSTITUTE

TRUSTEES AND PROFESSIONAL ADVISORS YEAR ENDED 31 MARCH 2019

Registered Charity Name	The Manufacturing Institute
Charity Registration Number	1043019
Company Registration Number	02996104
Registered and Principal Office	Lee House 90 Great Bridgewater Street Manchester M1 5JW
Corporate member	The Growth Company Limited
Trustees	M A Hughes D E Edwards P A Simpson S A Burrows
Auditor	RSM UK Audit LLP Chartered Accountants 3 Hardman Street Manchester M3 3HF
Bankers	HSBC Bank plc 4 Hardman Square Spinningfields Manchester M3 3EB
Secretary	P A Simpson

THE MANUFACTURING INSTITUTE

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 MARCH 2019

The Trustees present their report and the consolidated financial statements of the charity for the year ended 31 March 2019, 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).

Trustees

M A Hughes

D E Edwards

P A Simpson

S A Burrows (Appointed 9 October 2018)

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 was incorporated in England and Wales and has a company number of 02996104 and a charity number of 1043019.

The charity also pursues its objects by providing funding to its wholly owned trading company subsidiary, TMI Practitioner Services Limited and through its wholly owned non-trading subsidiaries TPMI (Trading) Limited and TMI Enterprises Limited.

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 and up to the date of approval of the financial statements are set out above.

Qualifying third party indemnity provisions

The group has made qualifying third party indemnity provisions for the benefit of its trustees during the year. These provisions remain in force at the reporting date.

Method of appointment and training of Trustees

Trustees are appointed in accordance with the company's Articles of Association. Trustees' meetings take place on a quarterly basis where the performance of the charity is monitored and reported upon. New Trustees are briefed on: their legal obligations under charity and company law, the Charity Commission guidance on public benefit, the content of the Memorandum and Articles of Association, the committee and decision-making processes the business plan, and recent financial performance of the charity. Trustees are encouraged to attend appropriate external training events where these will facilitate the undertaking of their role.

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

Pay policy for senior staff

The Trustees consider the board of directors, who are the company's Trustees, and the senior management team comprise the key management personnel of the charity in charge of directing and controlling, running and operating the company on a day to day basis. Details of Trustees' remuneration and expenses are disclosed in note 12 to the accounts. The pay of the senior staff is reviewed annually.

Organisational structure

The Charity Board appoints the Directors of its trading subsidiaries.

THE MANUFACTURING INSTITUTE TRUSTEES ANNUAL REPORT YEAR ENDED 31 MARCH 2019

Group Structure and Relationships

The Charity has three subsidiaries, TMI Enterprises Limited, TPMI (Trading) Limited and TMI Practitioner Services Limited and has a dominant influence over the entities. These accounts show the consolidated results of the group. The charity itself is a wholly owned subsidiary of The Growth Company Limited (GC) and it is included in consolidated accounts of The Growth Company Limited.

Audit Committee

Internal and external audit scrutiny is provided by the Growth Company Audit Committee which meets on a quarterly basis. Mark Hughes and Paul Simpson attend these Audit Committee meetings and are both trustees of TMI and board members of The Growth Company Limited.

Governing members

The Growth Company is the sole member of The Manufacturing Institute. The day to day management of the charity is undertaken by the Group senior management team, specifically the MD of GC and the TMI Operations Director.

Risk management

The Board of Trustees, supported by The Growth Company 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.

The principal risks are as follows:

Reduction in commercial income

The charity relies on commercial income generated through TMI activities. This is considered a significant risk to the charity, and it is mitigated through various means including budgeting and regular re-forecasting of income.

Loss of key members of staff

The charity relies heavily on its staff and their experience and knowledge of the organisation and the manufacturing sector. Loss of key staff will inhibit growth and performance and so staff are now managed through the GC performance management system as well as being able to participate in Group benefits e.g. agile working and flexible day working.

Economic uncertainty

Changes to the economic environment could impact on the manufacturing sector which, in turn, could impact on the charity. Brexit uncertainty is being mitigated through regular dialogue with national government agencies and at Group level.

The company regularly reviews Health and Safety and engages the services of The Growth Company Health and Safety Manager who monitors changes in the law, puts them into place and monitors the process.

CHARITABLE OBJECTS, AIMS, 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.

THE MANUFACTURING INSTITUTE

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 MARCH 2019

Principal Activities

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.

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 Lab 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 Institutes first European Affiliates and remain one their most successful to date, helping more companies achieve a Shingo Prize recognition than any other affiliate in Europe.

Aims and Intended Impact

The charity's aim is to provide facilities and support to allow the charity to meet its charitable objects. These are to create, support and celebrate manufacturing excellence across the sector this is undertaken through education, training and support services.

Objectives for the year

The objectives of the charity were as follows:

- Increase unique visitors to the Manufacturing Institute's website
- Increase number of followers and engagement through social media channels
- Increase awareness of the Manufacturing Institute's services and impact to the sector
- Improve market position through the develop of new delivery material and services

These were met as considered below, under achievements and performance.

ACHIEVEMENTS AND PERFORMANCE

Review of activities

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 the Fab Lab, community-based digital fabrication laboratory that has 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 Manufacturing Institutes three year project in partnership with Trafford Council, Trafford College and Trafford Housing Trust to set up and operate Trafford Fab Lab Altrincham successfully completed at the end of November 2018. In the year this led to engagement with 1,011 individuals. The Manufacturing Institute, in conjunction with the other project partners were also able to secure the ongoing legacy of the Trafford Fab Lab Altrincham project by gifting the equipment to an Arts Charity, Altrincham Open Studios to ensure the activity and access to the equipment would continue at the Stamford New Road site.

In the year 946 young people and 134 teachers attended Make It Challenges through our "Make It" campaign with continuing industrial support from 153 Manufacturing Advocates, resulting in a 14.5% increase in the number of students who would now consider entering a career in manufacturing.

In addition, we delivered our Make It Campaign in collaboration with BAE for the third consecutive year in the UAE.

During the year a total of 2,944 individuals engaged directly with manufacturing education delivered through our combined delivery of Fab Lab, Make It and educational programmes.

In support of this, March 2019 also saw The Manufacturing Institute deliver the Framework For Excellence conference in Manchester, big names participating and in attendance included JLR, GSK, BAE and Dyson.

Throughout the year, investment has continued to be 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. Unique website users on average per calendar month are at 1,484 (an improvement on last year 984) unique users per calendar month with significant improvement on goal completion (enquiries, event bookings and training sales). The new

THE MANUFACTURING INSTITUTE

TRUSTEES ANNUAL REPORT

YEAR ENDED 31 MARCH 2019

approach also yielded results for us in the field of social media with 4,020 Twitter followers (an increase on the previous year of 3,842) and 2,561 LinkedIn followers achieved (an improvement on last year 1,959).

FINANCIAL REVIEW

Review of the group's financial position:

The results for the year are shown on page 9. The overall net movement on funds for the year is £13,001 which was an improvement on 2018 (decrease in funds of £312,225). This has been a transitional year for TMI, working towards a growth plan whilst, at the same time, transferring into the GC group which constrained some of the growth in year. The transfer into GC, though, has provided financial stability in that TMI cash is pooled across the Group and GC is able to provide a letter of guarantee, given the TMI consolidated balance sheet position at the end of the year had net liabilities of £490,313 (2018: (£503,314)). The standalone charity operates on a net deficit position of £250,033 (2018: £184,208).

Income has increased in the year this is due to large increases made in commercial income due to contracts being started with several large commercial entities.

Whilst charitable income has been a challenge, a reduction in staff costs offset some of the income shortfall and a staffing restructure during the transfer process will create a more stable cost base in 2019/20 and beyond. Operating within a more stable environment with an improved cost base, has enabled the directors to approve a broadly break-even budget for 2019/20.

Principal funding sources and how expenditure supports key objectives:

The main sources of income for the charity and group are charitable gift aid, 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 charity has developed a minimum reserves policy based on the assumption that, in the event of wind up of the company, there will be sufficient funds to settle all outstanding liabilities, taking account of any potential redundancy costs, lease commitments and legal costs associated with winding up. The reserves policy also ensures that there are sufficient reserves and cash balances to support the charity's ongoing operational requirements and charitable commitments.

The minimum level of reserves (calculated on an annual basis) that the charity aims to meet is £100,000. The charity is currently has reserves in deficit and intends to take the following steps to build reserves up to the desired level:

- Increase commercial sales to generate increased profitability
- Develop investment asks to Group for increased commercial resource and marketing
- Reduce operational costs

The charity continues to monitor the level of funds and is always looking at ways on increasing these in the future to ensure that the aims of the charity can be fulfilled.

Investment policy

In accordance with the memorandum of association, the trustees can invest the funds of the charity as they see fit. During 2018-19 the trustees invested in the charity's trading subsidiaries, with other funds kept available for the development of the charity. During 2018-19 any surplus funds were invested in on call bank deposit accounts.

FUTURE DEVELOPMENTS

During 2019/20 and beyond The Manufacturing Institute intends to:

- Continue to learn, evaluate and improve.
- Focus on the three areas, inspire the next generation of talent into manufacturing, increase the number of delegates that go through our education programmes and support manufacturing businesses to deliver bottom line improvements.
- Develop our corporate relationships with Lancaster University and the Shingo Institute to drive public benefit.
- Learn from external partners to further develop our offer and impact.
- Increase our income from Educational bookings, corporate bookings and bids.
- Further develop the website and social media presence.
- Be the charity of choice for at least one major private sector company.

**THE MANUFACTURING INSTITUTE
TRUSTEES ANNUAL REPORT
YEAR ENDED 31 MARCH 2019**

- Continue to listen to our beneficiaries and customers.

Going concern

The Trustees have considered the likely level of income and expenditure for the foreseeable future. The group is supported by its parent company, The Growth Company Limited, and this support is expected to continue for the foreseeable future. The Trustees have received written confirmation of this support. The Trustees are therefore satisfied that the charity and group can meet its obligations as and when they fall due, and accordingly the going concern basis of preparation is appropriate for these financial statements.

Responsibilities of the Trustees

The Trustees (who are also directors of The Manufacturing Institute for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and 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 consistently
- observe the methods and principles in the Charities SORP (FRS 102)
- make judgements and estimates that are reasonable and prudent
- state whether applicable 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are Trustees at the time when this Trustees' Report is approved has confirmed that, so far as that Trustee is aware:

- there is no relevant audit information of which the charitable company's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable company's auditors in connection with preparing their report and to establish that the charitable company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Registered office:

Lee House
90 Great Bridgewater Street
Manchester
M1 5JW

Signed on behalf of the Trustees



Mr P A Simpson
Director

Approved by the Trustees on 19/12/19

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MANUFACTURING INSTITUTE FOR THE YEAR ENDED 31 MARCH 2019

Opinion

We have audited the financial statements of The Manufacturing Institute (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities (incorporating a Consolidated Income and Expenditure Account), the Consolidated and Charity Balance Sheets, the Consolidated and Charity's Statement of Cash Flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2019 and of the group's incoming resources and application of resources, including its income and expenditure, 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 and the Charities Act 2011

Basis for opinion

We have been appointed auditors under the Companies Act 2006 and section 151 of The Charities Act 2011 and report is in accordance with those acts.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report and Financial Statements 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 Trustees Report, which includes the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MANUFACTURING INSTITUTE FOR THE YEAR ENDED 31 MARCH 2019

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2011 require us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Trustees Report.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 6, the trustees (who are also the directors of the charitable company for the purposes of company law) 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 trustees 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 trustees are responsible for assessing the group's and parent charitable 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 trustees either intend to liquidate the group or parent charitable 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 provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

JOHN GUEST (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP, Statutory Auditor
Chartered Accountants
3 Hardman Street
Manchester
M3 3HF

Date: *20 December 2019*

THE MANUFACTURING INSTITUTE

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING A CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 MARCH 2019

	Note	Unrestricted Funds 2019 £	Restricted Funds 2019 £	Total Funds 2019 £	Total Funds 2018 £
<i>Income from charitable activities:</i>					
Education fees and Fab Labs	5	550,577	27,172	577,749	688,141
<i>Income from other trading activities:</i>					
Commercial trading operations	6	1,151,050	-	1,151,050	352,237
Total income		<u>1,701,627</u>	<u>27,172</u>	<u>1,728,799</u>	<u>1,040,378</u>
Expenditure					
<i>Costs of raising funds:</i>					
Commercial trading operations		718,347	-	718,347	359,179
<i>Expenditure on charitable activities:</i>					
Education and Fab Labs	7	944,997	52,454	997,451	993,424
Total expenditure		<u>1,663,344</u>	<u>52,454</u>	<u>1,715,798</u>	<u>1,352,603</u>
Net income/(expenditure) before tax for the reportable period		38,283	(25,282)	13,001	(312,225)
Taxation payable		(4,298)	-	(4,298)	-
Net income/(expenditure) after tax for the reporting period		33,985	(25,282)	8,703	(312,225)
Transfers between funds		-	-	-	-
Net movement in funds		33,985	(25,282)	8,703	(312,225)
Reconciliation of funds					
Total (deficit) / funds brought forward		(469,573)	(33,741)	(503,314)	(191,089)
Total deficit carried forward		<u>(435,588)</u>	<u>(59,023)</u>	<u>(494,611)</u>	<u>(503,314)</u>

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 13 to 23 form part of these financial statements.

**THE MANUFACTURING INSTITUTE
CONSOLIDATED BALANCE SHEET
YEAR ENDED 31 MARCH 2019**

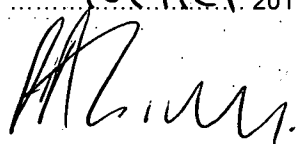
Company Registration No. 02996104

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	13	-	11,199
Current assets			
Stock		-	7,448
Debtors	15	702,916	182,852
Cash at bank		67,171	323,116
Total current assets		<u>770,087</u>	<u>513,416</u>
Liabilities			
Creditors falling due within one year	16	(1,264,698)	(1,027,929)
Net current liabilities		<u>(494,611)</u>	<u>(514,513)</u>
Total assets less current liabilities		<u>(494,611)</u>	<u>(503,314)</u>
Net liabilities		<u>(494,611)</u>	<u>(503,314)</u>
The funds of the charity:			
Restricted income funds	18	(59,023)	(33,741)
Unrestricted income funds	18	(435,588)	(469,573)
Total deficit		<u>(494,611)</u>	<u>(503,314)</u>

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 12.1.2019 and are signed on their behalf by:



Mr P A Simpson
Director

The notes on pages 13 to 23 form part of these financial statements.

**THE MANUFACTURING INSTITUTE
CHARITY BALANCE SHEET
YEAR ENDED 31 MARCH 2019**

Company Registration Number 2996104

		2019	2018
	Note	£	As restated £
Fixed assets			
Tangible assets	13	-	11,199
Investments	14	100	100
		<u>100</u>	<u>11,299</u>
Current assets			
Stock		-	7,448
Debtors	15	15,404	43,252
Cash at bank		414	27,096
Total current assets		<u>15,818</u>	<u>77,796</u>
Liabilities			
Creditors falling due within one year	16	(265,951)	(273,303)
Net current liabilities		<u>(250,133)</u>	<u>(195,507)</u>
Total assets less current liabilities		<u>(250,033)</u>	<u>(184,208)</u>
Creditors falling due after more than one year		-	-
Net liabilities		<u>(250,033)</u>	<u>(184,208)</u>
Funds:			
Restricted income funds	18	(59,621)	(34,338)
Unrestricted income funds	18	(190,412)	(149,870)
Total deficit		<u>(250,033)</u>	<u>(184,208)</u>

As permitted by s408 Companies Act 2006, the charity has not presented its own profit and loss account and related notes as it prepares group accounts. The Charity's deficit for the year was £65,825 (2018: £308,333).

These financial statements were prepared in accordance with the provisions applicable to companies' subject to the small companies' regime.

These financial statements were approved by the members of the Board of Trustees on 19.12.2019 and are signed on their behalf by:



Mr P A Simpson
Director

The notes on pages 13 to 23 form part of these financial statements.

THE MANUFACTURING INSTITUTE
CONSOLIDATED AND CHARITY'S STATEMENT OF CASH FLOWS
YEAR ENDED 31 MARCH 2019

	Note	Group 2019 £	Charity 2019 £	Group 2018 £	Charity 2018 £
Cash used in operating activities	22	<u>(245,243)</u>	<u>(28,486)</u>	<u>195,561</u>	<u>(63,464)</u>
Income taxes paid		<u>(12,506)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in operating activities		<u>(257,749)</u>	<u>(28,846)</u>	<u>195,561</u>	<u>(63,464)</u>
Increase/(decrease) in cash and cash equivalents in the year		<u>(257,749)</u>	<u>(28,486)</u>	<u>195,561</u>	<u>(63,464)</u>
Cash and cash equivalents at the beginning of the year		<u>323,116</u>	<u>27,096</u>	<u>127,555</u>	<u>90,560</u>
Total cash and cash equivalents at the end of the year		<u>65,367</u>	<u>(1,390)</u>	<u>323,116</u>	<u>27,096</u>
Relating to:					
Cash at bank and in hand		67,171	414	323,116	27,096
Bank overdrafts		(1,804)	(1,804)	-	-
		<u>65,367</u>	<u>(1,390)</u>	<u>323,116</u>	<u>27,096</u>

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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.

The financial statements are prepared in Sterling which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest £1, unless stated otherwise.

Going concern

The group has made a surplus of £8,703 (2018: deficit - £312,225) for the year ended 31 March 2019 and has a total deficit of funds of £494,611 (2018: £503,314) as at that date. The trustees have reviewed the group's forecast results and cash flows for the foreseeable future and consider these to be satisfactory. The company is supported by its parent company, The Growth Company Limited, and this support is expected to continue for the foreseeable future. The Trustees have received written confirmation of this support. The Trustees are therefore satisfied that the charity can meet its obligations as and when they fall due, and accordingly the going concern basis of preparation is appropriate for these financial statements.

Company status

The company is a company limited by guarantee and registered in England and Wales, the company number and address is listed on page 1. The members of the company are the Trustees named on page 1. In the event of the company being wound up, the liability in respect of the guarantee is limited to £1 per member of the company.

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 408 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 £68,825 (2018: £308,333).

INCOME

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the items of income have been met, it is probable that the income will be received, and the amount can be measured reliably.

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income from charitable activities

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

Contract income and course fees

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

1. Accounting Policies (continued)

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.

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 and Plant & 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 purpose within the objects of the charity. Restrictions arise when specified by a funder.

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

1. Accounting Policies (continued)

Tax status

As a charity the company is exempt from tax on income and gains falling within Chapter 3 Part 11 Corporation Taxes Act 2010 or s256 of the Taxation of Chargeable Gains Act 1992 to the extent that these are applied to its charitable objects. All expenditure where relevant is included gross of any irrecoverable VAT.

2. 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.

Estimation is used in relation to the allocation of payroll costs between charitable and trading activities according to the estimated split of time spent on the various activities by the members of that work across both.

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.

3. Prior year adjustment

During the current financial year the directors have reviewed the presentation of group balances and have found an error with the presentation. In the prior year group balances were recognised grossed up with both the debtor and the creditor recognised. As these balances will be settled on a net basis as a right of set off exists, the balances have been restated on a net basis. This has had no impact on net liabilities but has caused a decrease in debtors and creditors of £817,370. This impacts the charity only and there is no impact on the group financial statements.

4. 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:

	2019	2018
	£	£
Income	40,939	119,675
Expenditure on charitable activities	(106,764)	(428,008)
Net expenditure	(65,825)	(308,333)
Total funds brought forward	(184,208)	124,125
Total (deficit) / funds carried forward	(250,033)	(184,208)
Represented by:		
Restricted income funds	(59,621)	(34,338)
Unrestricted income funds	(190,412)	(149,870)
	(250,033)	(184,208)

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

5. Income from charitable activities

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Education and training course fees	485,493	-	485,493	593,017
Fab Labs	-	27,172	27,172	34,137
Makeit programme	65,084	-	65,084	35,340
CEF project	-	-	-	25,647
	<u>550,577</u>	<u>27,172</u>	<u>577,749</u>	<u>688,141</u>

In 2019, of the total income from charitable activities, £550,577 (2018: £654,115) was to unrestricted funds and £27,172 (2018: £34,026) was to restricted funds.

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 was 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.

6. Income from other activities - commercial trading

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Practitioner advisory services	1,151,050	-	1,151,050	352,237
	<u>1,151,050</u>	<u>-</u>	<u>1,151,050</u>	<u>352,237</u>

In 2019, of the total income from other activities, £1,151,050 (2018: £352,237) was to unrestricted funds and £nil (2018: £nil) was to restricted funds.

Practitioner advisory services consist of a variety of Consultancy interventions to help manufacturing companies improve the efficiency of their operations.

7. Analysis of expenditure on charitable activities

	Education and training	Fab Labs	Makeit	Total
	£	£	£	£
Delivery	252,639	7,668	41,399	301,706
Marketing	61,642	225	-	61,867
Payroll	254,139	31,574	-	285,713
Direct establishment costs	204,799	215	-	205,013
Depreciation/profit on disposals	-	11,199	-	11,199
Support costs (see note 9)	114,789	115	-	114,904
Governance (see note 10)	15,130	1,458	-	16,588
	<u>903,598</u>	<u>52,454</u>	<u>41,399</u>	<u>997,451</u>

Of the £997,451 expenditure in 2019 (2018: £993,424), £944,997 was charged to unrestricted funds (2018: £819,167) and £52,454 to restricted funds (2018: £174,257).

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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 £	Total £
Costs	(903,598)	(52,454)	(41,399)	(997,451)
Revenue from charitable activities	485,493	27,172	65,084	577,749
Net expenditures funded from other income and reserves	<u>(418,105)</u>	<u>(25,282)</u>	<u>23,685</u>	<u>(419,702)</u>

9. Analysis of support costs

	Staff Costs £	Establishment Costs £	Financial Costs £	Total £
Costs	<u>14,665</u>	<u>32,466</u>	<u>70,907</u>	<u>118,305</u>

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.

10. Governance costs

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Legal and professional costs	460	1,458	1,918	14,214
Audit fees - audit	11,280	-	11,280	8,150
- non-audit fees	3,850	-	3,850	3,850
	<u>15,130</u>	<u>1,458</u>	<u>16,588</u>	<u>26,214</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

	2019 £	2018 £
This is stated after charging:		
Auditors' remuneration		
- audit of the charity's financial statements	7,220	5,300
- audit of the subsidiaries' financial statements	4,060	2,850
Other governance related fees	5,768	14,214
Operating lease costs		
- land and buildings	28,899	31,891
- other	-	5,727
Depreciation	<u>11,199</u>	<u>24,265</u>

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

12. Staff costs and emoluments

Total staff costs were as follows:

	2019 £	2018 £
Wages and salaries	489,621	554,358
Social security costs	53,416	57,671
Other pension costs	35,980	39,285
	<u>579,017</u>	<u>651,314</u>

Particulars of employees

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

	2019 No.	2018 No.
Administrative	<u>11</u>	<u>17</u>

Emoluments for higher paid employees fell into the following bands:

	2019 No.	2018 No.
£60,000 - £70,000	1	2
£70,000 - £80,000	<u>-</u>	<u>1</u>

The Trustees received no remuneration nor were they reimbursed any expenses during the year (2018: £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.

The key management personnel of the group comprise the trustees, the Operations Director and the Head of the Commercial Operations. The total employee benefits of the key management personnel were £94,108 (2018: £93,379).

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

13. Tangible fixed assets

Group	Plant and equipment £	Office equipment £	Office furniture £	Short leasehold improvements £	Total £
Cost					
At 1 April 2018 and 31 March 2019	673,734	174,454	57,272	85,119	990,579
Depreciation					
At 1 April 2018	673,734	165,180	57,272	83,194	979,380
Charge for the year	-	9,274	-	1,925	11,199
At 31 March 2019	673,734	174,454	57,272	85,119	990,579
Net Book value					
At 31 March 2019	-	-	-	-	-
At 31 March 2018	-	9,274	-	1,925	11,199
Charity	Plant and equipment £	Office equipment £	Office furniture £	Short leasehold improvements £	Total £
Cost					
At 1 April 2018 and 31 March 2019	58,362	30,847	1,187	40,777	131,173
Depreciation					
At 1 April 2018	55,008	25,594	1,187	38,185	119,974
Charge for the year	3,354	5,253	-	2,592	11,199
At 31 March 2019	58,442	30,847	1,187	40,777	131,173
Net Book value					
At 31 March 2019	-	-	-	-	-
At 31 March 2018	3,354	5,253	-	2,592	11,199

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.

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

14. Investments

Cost

At 1 April 2018 and 31 March 2019

£

100

Net book value

At 31 March 2019 and 31 March 2018

100

At 31 March 2019 the company had the following interest in subsidiary undertakings:

Company name	Company number	Class of share capital held	Holding
TMI Enterprises Limited	05774175	Ordinary	100%
TPMI (Trading) Limited	03004124	Ordinary*	100%
TMI Practitioner Services Limited	05774920	Ordinary*	100%

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 is a dormant company.

* Investment is directly held through TMI Enterprises Limited

Aggregate capital and reserves

	2019 £	2018 £
TMI Enterprises Limited	(2,328)	(2,328)
TPMI (Trading) Limited	(152,156)	(152,044)
TMI Practitioner Services Limited	(419,000)	(553,000)

Deficit for the year

TMI Enterprises Limited	-	-
TPMI (Trading) Limited	-	-
TMI Practitioner Services Limited	134,000	(386,000)

15. Debtor

	2019		2018	
	Group	Charity	Group	Charity As restated
	£	£	£	£
Trade debtors	439,570	-	141,628	7,294
Amounts due from group undertakings	17,734	-	-	34,458
Other debtors	14,360	13,575	-	-
Prepayments and accrued income	218,550	1,829	41,224	1,500
Corporation tax recoverable	12,702	-	-	-
	<u>702,916</u>	<u>15,404</u>	<u>182,852</u>	<u>43,252</u>

16. Creditors: amounts falling due within one year

	2019		2018	
	Group	Charity	Group	Charity As restated
	£	£	£	£
Bank loans and overdraft	1,804	1,804	-	-
Trade creditors	46,705	3,609	69,504	11,461
Taxation and social security	77,165	-	28,700	24,689
Other creditors and accruals	201,326	2,626	89,082	9,349
Amounts owed to subsidiary undertakings	867,240	257,912	686,090	204,912
Deferred income	70,458	-	154,553	22,892
	<u>1,264,698</u>	<u>265,951</u>	<u>1,027,929</u>	<u>273,303</u>

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

17. Deferred income

	2019 £	2019 £	2018 £	2018 £
	Group £	Charity £	Group £	Charity £
Balances as at 1 April 2018	154,553	22,892	424,926	50,985
Amount released to income earned	(619,939)	(22,892)	(1,021,030)	(103,305)
Amount deferred in year	535,844	-	750,657	75,212
Balance as at 31 March 2019	<u>70,458</u>	<u>-</u>	<u>154,553</u>	<u>22,892</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 after 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.

18. Analysis of charitable funds

Analysis of movements in unrestricted funds

	Balance at 1 April 2018 £	Incoming resources £	Outgoing resources £	Balance at 31 March 2019 £
Group				
General funds	<u>(469,573)</u>	<u>1,701,627</u>	<u>(1,667,642)</u>	<u>(435,588)</u>
Charity				
General funds	<u>(149,870)</u>	<u>13,769</u>	<u>(54,311)</u>	<u>(190,412)</u>

Analysis of movements in restricted funds

	Balance at 1 April 2018 £	Incoming resources £	Outgoing resources £	Balance at 31 March 2019 £
Group				
Fab Lab Altrincham	<u>(33,741)</u>	<u>27,172</u>	<u>(52,454)</u>	<u>(59,023)</u>
	<u>(33,741)</u>	<u>27,172</u>	<u>(52,454)</u>	<u>(59,023)</u>
Charity				
Fab Lab Altrincham	<u>(34,338)</u>	<u>27,171</u>	<u>(52,404)</u>	<u>(59,621)</u>

Restricted fund
Fab Lab Altrincham

Description, nature and purpose of funds

To provide publicly available, state of the art, photocopying and manufacturing workshop in Ellesmere Port and Altrincham respectively.

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

19. Analysis of group and charity net assets between funds

Consolidated

	Restricted funds	Unrestricted funds	Total funds
	£	£	£
Tangible fixed assets	-	-	-
Cash at bank and in hand	65,367	-	65,367
Other net current liabilities	(124,390)	(435,588)	(559,978)
Total net liabilities	(59,023)	(435,588)	(494,611)

Analysis of group net assets between funds – 2018

	Restricted funds	Unrestricted funds	Total funds
	£	£	£
Tangible fixed assets	3,774	7,425	11,199
Cash at bank and in hand	323,116	-	323,116
Other net current liabilities	(360,631)	(476,998)	(837,629)
Total net liabilities	(33,741)	(469,573)	(503,314)

Charity

	Restricted funds	Unrestricted funds	Total funds
	£	£	£
Tangible fixed assets	100	-	100
Cash at bank and in hand	(1,390)	-	(1,390)
Other net current liabilities	(58,331)	(190,412)	(248,743)
Total net liabilities	(59,621)	(190,412)	(250,033)

Analysis of company net assets between funds – 2018

	Restricted funds	Unrestricted funds	Total funds
	£	£	£
Tangible fixed assets	-	11,299	11,299
Cash at bank and in hand	-	27,096	27,096
Other net current assets	(34,338)	(188,265)	(222,603)
Total net liabilities	(34,338)	(149,870)	(184,208)

20. Related parties

During the year, the total costs incurred by The Growth Company Limited on behalf of The Manufacturing Institute totalled £189k (2018: £702k). At the balance sheet date the total amount due to the Growth Company Limited was £867k (2018: £686k).

21. Ultimate parent company and controlling party

The trustees consider the ultimate parent and controlling party undertaking to be The Growth Company Limited, a company incorporated in the United Kingdom.

The Growth Company Limited is the ultimate parent and is the largest group for which consolidated accounts including The Manufacturing Institute Limited are prepared. The consolidated accounts of The Growth Company Limited are available from its registered office at Lee House, 90 Great Bridge Street, Manchester, M1 5JW.

THE MANUFACTURING INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2019

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

	2019		2018	
	Group	Charity	Group	Charity As restated
	£	£	£	£
Net movement in funds	8,703	(65,825)	(312,225)	(308,333)
Add back depreciation charge	11,199	11,199	24,265	12,531
Add back loss on disposal of fixed assets	-	-	-	-
Deduct interest income shown in investing activities	-	-	-	-
Decrease in stock	7,448	7,448	9,966	9,966
Decrease/(increase) in debtors	(507,558)	27,848	205,270	771,627
Increase in creditors	234,965	(9,156)	268,285	(549,255)
Net cash used in operating activities	(245,243)	(28,486)	195,561	(63,464)