CENTRE FOR ENGINEERING AND MANUFACTURING EXCELLENCE

England & Wales · Charity number 1133396

Details

Status	Registered
Legal form	Charitable company
Company number	04238862
Registered	2009-12-30
Register	View on the Charity Commission register

Contact

Address	Marsh Way Rainham RM13 8EU
Phone	02085965193
Email	info@ceme.co.uk
Website	www.ceme.co.uk

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Activities

Objects: THE OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED ("THE OBJECTS") ARE THE PROMOTION FOR THE PUBLIC BENEFIT OF URBAN OR RURAL REGENERATION IN SELECTED AREAS OF SOCIAL AND ECONOMIC DEPRIVATION IN THE BOROUGHS OF TOWER HAMLETS, HACKNEY, NEWHAM, GREENWICH, BEXLEY, BARKING & DAGENHAM, HAVERING, THURROCK, WALTHAM FOREST, REDBRIDGE, LEWISHAM, ENFIELD, HARINGAY AND DARTFORD (TOGETHER THE "BOROUGHS") BY ALL OR ANY OF THE FOLLOWING MEANS:3.1. THE ADVANCEMENT OF EDUCATION, TRAINING OR RE-TRAINING;3.2. THE RELIEF OF UNEMPLOYMENT IN SUCH WAYS AS MAY BE THOUGHT FIT, INCLUDING ASSISTANCE TO FIND EMPLOYMENT;3.3. THE PROVISION OF TECHNICAL ASSISTANCE, BUSINESS ADVICE OR CONSULTANCY IN ORDER TO PROVIDE TRAINING AND EMPLOYMENT OPPORTUNITIES FOR PEOPLE IN NEED WHO ARE RESIDENT IN OR WORKING IN THE BOROUGHS THROUGH HELP:(I) IN SETTING UP THEIR OWN BUSINESS, OR(II) TO EXISTING BUSINESSES3.4. THE CREATION OF TRAINING AND EMPLOYMENT OPPORTUNITIES FOR THOSE IN NEED BY THEPROVISION OF WORKSPACE, BUILDINGS AND/OR LAND FOR USE ON FAVOURABLE TERMS;3.5. THE MAINTENANCE, IMPROVEMENT OR PROVISION OF PUBLIC AMENITIES;3.6. THE PROVISION OF PUBLIC HEALTH FACILITIES WHERE NEEDED;3.7. THE DEVELOPMENT OF THE CAPACITY AND SKILLS OF MEMBERS OF THE DISADVANTAGEDCOMMUNITY IN THE BOROUGHS IN SUCH A WAY THAT THEY ARE BETTER ABLE TO IDENTIFY, ANDHELP MEET, THEIR NEEDS AND TO PARTICIPATE MORE FULLY IN SOCIETY;3.8. THE ESTABLISHMENT CARRYING ON AND CONDUCT OF A CENTRE OF EXCELLENCE FORMANUFACTURING AND ENGINEERING IN DAGENHAM, ESSEX AS A CENTRE FOR THE PROVISION OFINDUSTRIAL, COMMERCIAL, SCIENTIFIC AND TECHNOLOGICAL EDUCATION TRAINING OR RE-TRAINING;3.9. SUCH OTHER MEANS AS MAY FROM TIME TO TIME BE AGREED BY THE MEMBERS SUBJECT TO THE PRIOR CONSENT OF THE CHARITY COMMISSION FOR ENGLAND & WALES.

Activities: CEME is a stunning education and business park in Rainham, east London. CEME provides skills, creates jobs and supports businesses that are revitalising London's industrial heartland. CEME brings together a range of organisations to deliver education, training and skills for students at school and college and provides routes into employment in local businesses.

Classification

- **How:** Provides Buildings/facilities/open Space, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research
- **What:** Education/training, The Prevention Or Relief Of Poverty, Economic/community Development/employment
- **Who:** Children/young People, The General Public/mankind

Geography

- **Area of benefit:** THE BOROUGHS OF TOWER HAMLETS, HACKNEY, NEWHAM, GREENWICH, BEXLEY, BARKING & DAGENHAM, HAVERING, THURROCK, WALTHAM FOREST, REDBRIDGE, LEWISHAM, ENFIELD, HARINGAY AND DARTFORD.
- Barking And Dagenham
- Havering
- Thurrock

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Finances

Period end	Income	Expenditure	Assets	Employees
2024-12-31	£4,643,608	£4,658,098	£21,767,586	22
2023-12-31	£4,373,496	£4,887,981	£21,782,076	24
2022-12-31	£4,156,655	£4,665,899	£22,296,561	24
2021-12-31	£3,912,270	£4,166,089	£22,805,805	24
2020-12-31	£3,511,150	£3,777,344	£23,059,624	22

Trustees

Name	Role	Appointed
Valerie Ellen Le Vaillant	Chair	2020-01-01
Alessandro Attanasio		2020-02-07
Benyoucef Houheche		2023-11-20
Eman Martin Vignerte		2024-04-01
Gavin Cooper		2024-05-01
Ian Philip Fitzpatrick		2023-12-08
Neil Stubbings		2019-02-08
Noorzaman Rashid		2022-04-01
Rajeev Verma		2024-05-01
Richard Hutchins		2023-04-01
Simon Theobald		2024-05-03

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CENTRE FOR ENGINEERING AND MANUFACTURING EXCELLENCE

England & Wales - Charity number 1133396

Accounts

Company Registration Number: 04238862
Charity Registration Number: 1133396

Centre for Engineering and Manufacturing Excellence Limited

Annual Report and Accounts

for the year ended

31 December 2024

Centre for Engineering and Manufacturing Excellence Limited
Annual Report and Accounts

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Centre for Engineering and Manufacturing Excellence Limited
Chair and Chief Executive's outlook

CEME is in year two of its new and progressive strategy (2023-28), and many positive strides have been made during the 2024 year under review. In order to promote and enhance our charitable objectives, we have continued to explore opportunities and strategic partnerships in a rapidly changing, and often uncertain, socio- economic and political environment.

CEME has been accepted for a grant application of £73M from Donor Advised Fund, the dedicated fund will be secured once the deposit of £15M is paid. The funds will be used over a period of 10 years on various project from Greens Skills Development, Sustainable Construction & Retrofitting, Clean Energy Innovations, Economic Growth & Local Entrepreneurship and Sustainable Transport Solutions.

CEME's profile and reputation in the local community and beyond has been heightened as we have engaged with major industrial and academic stakeholders, not least in the Green Tech arena where we have been instrumental as a 'change maker' organisation in applying for significant external investment funding.

CEME's forward strategy is bold, ambitious and seeks to position the organisation as a community asset that can act as a catalyst for economic well-being and prosperity. We seek to achieve this through supporting business growth (particularly in Green Tech), skills development and working with partners to promote economic regeneration in themes that are important to the region.
We have three main Strategic Priorities:

- To be a catalyst for economic regeneration in the Thames Estuary;
- To be an accelerator for Green Tech contributing to Net Zero;
- To be a champion for inclusive Business Growth through skills development.

Whilst we are now acknowledged as a valuable 'facilitator and connector' within the region, the outcomes of these ambitions will take time to reach fruition. CEME's greatest challenges remain the requirement for investment funding, and recruiting expertise in the circular economy, green tech skills and innovation.

Our core business is robust, with over 90% occupancy rates amongst our tenant community. In response to the strong demand for new facilities, in early 2025, we will create thirty-five new, fit-for-purpose workspaces. In September 2024, we were delighted to welcome Barclays Bank who established one of their 'Eagle Labs' within the main campus, providing free financial advice and guidance to our clients as part of CEME's contribution to the re-generation of the local economy.

CEME's Business Growth Academy (BGA) with over 1,300 members has become recognised as an established and flourishing initiative for learning and business growth and development. All our BGA activities are free at the point of delivery, and we fund 90% of the costs from our core budget.

Our Skills for Growth project for SEGRO, combined with our own projects, have enabled CEME to deliver just over £2m Social Return On Investment (independently measured using the Thrive system).

As part of our commitment to the creation of an Environment Social Governance (ESG) Policy, CEME has prioritised the evolution of a sustainability strategy and action plan to be completed in 2025 and we are investigating relevant ISO accreditations linked to the delivery of Sustainability Goals SDGs.

During the year, our Solar Array panels were completely replaced at a cost of £800k providing 727MW for the first year and 20,175MW over the period of 30 years. The solar Array is expected to reduce CEME's Electricity charges by £180k in the first full year of operation, and £1,380k over the long term, reducing our Carbon emission by 3,380 tonnes over the array's life time.

We want to give a special thank you to our Trustees : Judith Armitt, Findlay Macalpine and Barak Moaz, that have left CEME after many years of help and support.

We were pleased to see several new Trustees join the Board last year, including Ian Fitzgerald, Eman Martin-Vignerte, Rajeev Verma,Simon Theobald and Gavin Cooper bringing with them a rich range of skills and experience to guide CEME's strategic vision.

Last but not least during 2024 CEME was independently accredited as a Great Place to Work. Whilst we are proud of this achievement, we continue to become even better.



Valerie Ellen Le Vaillant OBE,
Chair
Date: 7th July 2025



Dr Noorzaman Rashid,
Chief Executive
Date:)th July 2025

Centre for Engineering and Manufacturing Excellence Limited
Legal And Administrative Information

BOARD OF TRUSTEES

Name	Changes since last audited accounts	Organisation Represented
Valerie Ellen Le Vaillant (Chair)		
Noorzaman Rashid (Chief Executive Officer)		
Benyoucef Houheche (Finance Director)		
Ian Philip Fitzpatrick		
Richard Kingsley Hutchins		
Geoffrey Richman		Ford Motor Company
Judith Armitt	Resigned 30/04/2024	
Findlay Macalpine	Resigned 18/10/2024	
Barak Maoz	Resigned 30/04/2024	
Neil Andrew Stubbings		London Borough of Havering
Alessandro Attanasio		Ford Motor Company
Gavin Michael Ronald Cooper	Appointed 01/05/2024	Ford Motor Company
Eman Martin Vignerte	Appointed 01/04/2024	
Simon David James Theobald	Appointed 03/05/2024	
Rajeev Verma	Appointed 01/05/2024	

SECRETARY

Michael Wood

REGISTERED AND PRINCIPAL OFFICE
CEME Campus
Marsh Way
Rainham, Essex
RM13 8EU

COMPANY NUMBER
04238862 (England and Wales)

CHARITY REGISTRATION NUMBER
1133396 (England and Wales)

AUDITORS
HaysMac LLP
10 Queen Street Place
London
EC4R 1AG

BANKERS
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

SOLICITORS
Forsters LLP
31 Hill Street
London
W1J 5LS

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

The Trustees of the Centre for Engineering and Manufacturing Excellence Limited (hereafter known as CEME Limited) are, under Charity Law, the Charity's Trustees and Directors of the charitable company.

The Trustees of CEME Limited present their Annual Report and Directors' Report for the year ended 31 December 2024 in accordance with the provisions of the Charities Act 2011 and the Companies Act 2006, together with the audited Financial Statements for th year.

Charitable Objects
The objects for which the company is established ("the objects") are the promotion for the public benefit of urban or rural regeneration in selected areas of social and economic deprivation in the Boroughs of Tower Hamlets, Hackney, Newham, Greenwich, Bexley, Barking & Dagenham, Havering, Thurrock, Waltham Forest, Redbridge, Lewisham, Enfield, Haringey and Dartford (together the "boroughs").

Review of Strategic Aims and Key Objective

CEME is committed to creating economic prosperity and social well-being in the sectors and communities it serves, by creating an innovative environment in which business growth is accelerated (particularly in the Green Tech arena); encouraging new employment opportunities and facilitating education, training and development activities for local stakeholders.

During the year under review, CEME has continued to develop existing industry, public sector and education partnerships, and has forged several new ones related to the green economy. We work with partner organisations to deliver a service that, through experience, we know supports increased business success and growth for our clients.CEME provides the local community with office and lab spaces, machine workshops, prototyping facilities, in addition to business and funding skills and apprenticeship opportunities.

As part of our core values, we are committed to providing the very best inspirational service in terms of training and skills and business growth development.

CEME Values : Inspiring. Inclusive. Innovative. Open and Honest.

- We will be Inspiring helping people to achieve more;
- We will be Inclusive involving everyone regardless of who they are;
- We will be Innovative, exploring thinking that will change the world and how we live;
- We will be Open and Honest, displaying the highest levels of integrity in all that we do.

CEME has the aspiration and ambition to act as a catalyst for economic regeneration, to be an accelerator for Green Tech and to continue to champion inclusive business growth. We have adopted new values to help drive behaviours and attitudes, designed to position CEME to be more engaging with its communities and local stakeholder organisations with similar aspirations.

CEME is more than an inspirational environment for business and learning – it is a dynamic contributor to business growth helping businesses based at CEME to grow faster than the national average. The creation of our Business Growth Academy (BGA) has further developed during the year, with 1300 participants benefiting from the added value which CEME can provide to entrepreneurs, start-ups and innovative businesses.

By working with organisations such as the Thames Estuary Growth Board, Thames Freeport and Local London we are in an optimal position to help our business community benefit from regional regeneration and the economic infrastructure delivered by these organisations and Green Tech initiatives, including the evolving hydrogen energy ecosystem.

CEME's business campus has been chosen as the preferred site for a £29m development for a Hydrogen Living Lab enabling us to act as a catalyst for economic regeneration, skills development and job creation. We look forward to working with partners to realise this opportunity.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

Overview

Since its inception in 2003, CEME has continued to deliver a positive economic impact in East London and the wider Thames Estuary area. We bring together employers, educators, skills, and training organisations in a unique and effective way, delivering faster and more ambitious business growth, and providing upskilling and training of local stakeholders. Our aim is for companies to grow faster, on and off the campus, and for local residents to benefit and participate in this growth, as employees, business owners and as customers and suppliers of CEME.

Skillnet have been running the Ford Motor Company Apprenticeship Programme from CEME for 10 years, utilising a number of the engineering workshop and classroom facilities to deliver the training scheme. From September 2025, this programme will be ending and CEME is investing £1.5m to create thirty-five new, fit-for-purpose workspaces to be made available to local businesses.

From its East London Campus CEME hosts a range of public and private organisations delivering:

- Commercial business training
- Small business support and development
- Training and education in business and related studies
- Apprenticeships and related education in engineering and technology sectors
- Training for the public sector
- A technology start-up innovation centre
- A world class event space operation
- Supporting inward investment missions to the region

Public Benefit

CEME's Board of Trustees regularly monitor and review the success of the organisation in achieving its aim to create faster enterprise growth leading to increased levels of employment in the communities it serves.

The Trustees confirm that they adhere, observe and monitor the guidance as published by the Charity Commission under section 4 of the Charities Act 2011 when reviewing the charity's aims and objectives in planning future activities.

The Trustees confirm, in the light of the guidance, that these aims fully meet the applicable public benefit tests, and that the activities of the Charity, described in this report under four specific aims, are undertaken in pursuit of those aims.

The Trustees have reviewed the charitable activities set out within the RR2 activities under the Promotion of Urban and Rural Regeneration for public benefit in areas of social and economic deprivation, as recognised by the Charity Commission.

What CEME does

On its East London campus CEME offers good quality, high specification accommodation for training solutions providers. In addition to technical classrooms and facilities, CEME provides its customers with extensive engineering and technical workshops and labs equipped with a range of engineering and product design, test and development equipment.

CEME also operates an Innovation Centre and a Launchpad start up centre on the campus (under a lease provided by the GLA), providing high-quality office and workshop space to support early-stage growth and start-up businesses.CEME aims to provide these customers with a one-stop shop for business support services and advice, all aimed at accelerating growth. During the year, Barclays Bank established one of its 'Eagle Hubs' at the main campus, providing free advice and guidance to CEME clients which has been greatly welcomed by the businesses concerned.

The Launchpad Centre is aimed at supporting start-ups and very early-stage growth organisations. This offer includes co-working, hot desk, fixed desk and small office spaces to let for customers. Our aim is to remove barriers to encourage more start-ups to maximise opportunities to the fullest extent. The Launchpad customers also benefit from a tailored business programme to support accelerated growth.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

CEME's dedicated Event space is a contemporary venue offering innovative and flexible solutions for meetings requirements from a high-tech conference auditorium, the CEME POD theatre to small meeting/training rooms, conference, exhibition and outdoor space. The flexibility and adaptability of the space offering is attractive both to existing and new clients, in addition to their dedicated work spaces.
Our mix of private and public sector activities serves to create an outstanding offer for the local community. CEME works with a range of schools, Further Education Colleges and Universities in a variety of ways all aimed at improving the opportunities and aspirations of the local communities which CEME serves.

The Gateway to Skills programme continues to serve the needs of local schools. In 2014, CEME established Elutec, a University Technical College (UTC) in partnership with University College London (UCL) and Ford and we welcome students onto the campus for work experience and placements every year.

In addition to the 100 plus businesses operating on the campus, a diverse mix of business delegates regularly attend training and seminars in the Event Space as part of our Business Growth Academy.

Achievements and Performance

Aim 1: Provide education, training and re-training opportunities and work experience

Education

The London School of Academics (LSA), an award-winning provider of teacher training education, continues to flourish at CEME. LSA growth plans have now developed such that plans are underway to register for university status. LSA is particularly active in providing teaching career training leading to high quality employment opportunities for course participants, many of whom come to the programmes unemployed.

Apprenticeships

CEME is home to the Ford Motor Company engineering apprentice programme (FAP), which enjoyed another very successful year. As mentioned above, this programme will end in September 2025 and an innovative plan is in place to transform the current space for the benefit of the local community.

Technical Training

During the year CEME hosted a wide range of technical training in its workshops and practical classrooms including Integrated Manufacturing Skills, multiskilling (electrical for mechanical and mechanical for electrical), electronics modules, welding, programmable logic control programming and testing and engineering health and safety.

Aim 2: Help unemployed people find employment

CEME continues to host assessment centres for the recruitment of a variety of employment opportunities including apprentices, entry level technical and safety training/certification for sectors such as the construction and rail, newly qualified teachers, medical staff and a host of other employment activities.

Aim 3: Provide support to businesses where it leads to training and employment opportunities for

The CEME Innovation Centre provides office and workshop space and related services to SMEs on flexible terms that enable them to take up accommodation without the risk of prohibitive lease payments should they suffer a financial downturn. In addition, a wide range of business support services is provided to support accelerated growth.

During 2024, the Innovation Centre continued to support small businesses by providing office space and tailored business support to over 50 companies, an increase from 40 in 2023. Throughout the year, the Centre maintained an impressive average occupancy rate of over 95%, up from 90% in the previous year. As in past years, several tenants experienced significant growth, eventually outgrowing the Innovation Centre and expanding their operations.

Report of the Trustees

The Launchpad building is designed to support early-stage businesses by providing flexible workspace solutions tailored to their needs, including virtual offices, hot-desking, and small office spaces. In 2024, we welcomed three new small businesses, added 12 virtual office clients, and secured four new hot-desk or fixed-desk rentals, further enhancing our support for growing enterprises.

Aim 4: Provide land and buildings on favourable terms to businesses in order to create training and employment opportunities for unemployed people

The Innovation Centre provides a valuable resource to local businesses and entrepreneurs. The Centre provides high-quality accommodation and support services on a simple 'the price you see is the price you pay' model offering to start-up businesses with an affordable and low risk accommodation solution.

This highly attractive offering continues to meet strong demand, maintaining occupancy levels above 95% throughout the year. In response to growing customer needs, additional units were introduced in 2024. Looking ahead, we are planning the development of a Green Tech Hub (GTH), which will provide additional units in 2025 to support the increasing demand for small business spaces while fostering sustainable and innovative enterprises in the local area.

For businesses that are not yet ready for a physical office, CEME offers a 'virtual tenancy' service. This provides companies with a professional front desk presence at the Innovation Centre, along with access to meeting rooms. Throughout the year, this service has supported numerous local micro-businesses, enabling them to establish a credible business presence. Currently, CEME is home to over 60 virtual businesses, reflecting the strong demand for flexible workspace solutions.

CEME FUTURE STRATEGY

During 2024, CEME further developed its strategy for growth, working with a range of industry and academic partners in applying for external funding, including bids related to developing a hydrogen living lab on the campus in partnership with the UCL and MTC. Discussions have been held with Thames Freeport to explore ways in which CEME can act as a facilitator hub in the wider Thames Estuary in collaboration with partners.

CEME's 'Gateway to Skills' programme resumed in 2024, with over 1,000 secondary school students coming on campus to learn about STEM (Science, Technology , Engineering , Mathematics) subjects and to encourage students to consider careers within these subjects.

At CEME we work in partnership with regional and local government, local and national or international employers and private developers to understand the local economic landscape and regeneration aims and needs. Using the influential capital of commerce, the social capital of local government and the physical capital of supportive places, our aim is to facilitate partnerships that will deliver sustainable projects designed to meet the specific ambitions of our local communities.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Financial Statements for the year ending 31 December 2024 comply with current statutory requirements, the Memorandum and Articles of Association and the Charities SORP FRS102.

Centre for Engineering and Manufacturing Excellence Limited (trading as CEME") is constituted as a company limited by guarantee (registration number 04238862) and is governed by its Memorandum and Articles of Association CEME was registered as a charity (registration number 1133396) in December 2009.

CEME Enterprise Limited, a registered company (number 7115923) incorporated on 5 January 2010 as a wholly-owned subsidiary of CEME Limited was made non trading on 31December 2023.

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees
Board of Trustees

The Board of Trustees, who are also Directors of the charity for the purposes of the Companies Act, have overall responsibility for the direction, management and control of the charity. As discussed below, some of these activities are delegated to sub-committees of the Board. Overall, operational management of CEME is delegated to the Excecutive Officers.

The Board is subject to a maximum of 12 and a minimum of 8 directors. Under the articles of association, the composition of the board is as follows:

- Three directors appointed by members of CEME:
  - One representative director nominated by Ford Motor Company
  - One representative director nominated by Havering College of Further and Higher Education and Barking and Dagenham College (BDC), or their successor body;
  - One representative director nominated by the London Borough of Havering

- Additional directors appointed by the board, with specific expertise
  - Non-executive directors as required to provide expert advice on subject areas of relevance to CEME such as skills and education, business development, regeneration initiatives, manufacturing, engineering and technology to the Board.

- One non-executive director to act as Chairman

- Two executive directors, being the Chief Executive Officer and Finance Director.

A Non-Executive Director may hold office for an initial period of three years, renewable on a mutually agreed basis.

Typically, the Board meets on four to six occasions per year. New Directors are inducted through a formal induction process, which includes a comprehensive briefing with the Chief Executive Officer and a site visit, in addition to a number of other initiatives and in person and online governance training.

The Trustees review and monitor the financial performance of the Charity; foreseeable significant events and risks are analysed and their possible financial impact is investigated with corrective action being taken, as necessary.

Throughout the year, the Trustees continued to monitor the effectiveness and overall terms of reference of its sub-committees, to ensure adherence to best governance practice in the sector.

The Board appoints members of the Audit Committee, Nominations Committee and the Remuneration Committee. The Audit Committee (which usually meets at least three times a year) and the Remuneration Committee, comprise Trustees with relevant skills and experience.

The Remuneration Committee supports the Board in reviewing and setting the remuneration of the Executive Directors. The remuneration procedure is discharged by the Chair. The Nomination Committee reviews candidates for the appointment to the Board making recommendations for the Board’s consideration and approval.

CEME’s approach to remuneration is designed to ensure it attracts and retains the talented and motivated people we need to achieve our vision and deliver our strategic goals. It is applied consistently across the organisation. We aim to pay fair and competitively in the not-for-profit sector, within the context of affordability and considering the complexity of each role.

CEME links pay to performance and provides salary progression for those who deliver exceptional performance. The level of remuneration is benchmarked to organisations in the area of similar size type and complexity. External independent consultants carry out benchmarking on a regular basis, The Chief Executive and the Board, as appropriate, then agree renumeration levels.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

The Trustees are aware of the Charity Governance Code published in 2017, which sets out the principles and recommended practice for good governance within the sector. The Trustees regularly discuss best practice at Board meetings and are satisfied that the Charity applies the principles of the Code within its current governance arrangements.

Related Parties

CEME operates a wholly owned subsidiary CEME Enterprise Limited, this is a commercial organisation that conducts the Conference Centre business and hence is a related party to the charity (CEME Limited). This company was not trading from the 31st December 2023 due to a decline in the commercial events business.

CEME is under the common control of Ford Motor Company, the London Borough of Havering, Havering College of Further Education, Barking and Dagenham College (or their successor body). The company's Articles member of CEME. As a member of CEME they have the right to appoint a Director to the CEME Board, as noted above.

The Greater London Assembly (GLA) rents to CEME the land on which CEME Centre of Excellence is sited on a 125-year lease at a peppercorn rent. It also leases the Innovation Centre on a 125-year lease at a peppercorn rent. The ultimate freeholder of the land is the Ford Motor Company.

FINANCIAL REVIEW

Trading Performance

CEME's principal income is derived from fees charged to users of the facility. CEME provides a fully provisioned teaching environment for providers of education and skills and tailored office space and support to businesses.

CEME operates a number of buildings on its park, including the main building that accommodates providers for skills and education and office space, as well as the conference centre. Other buildings include a wholly devoted Innovation Centre. CEME's revenue for the year was *£4,643,608* and the *adjusted loss is £14,490 (the loss includes a depreciation charge of £868,995). Prior year revenue was £4,376,496 and adjusted loss of £514,485 (the loss includes a depreciation charge of £878,672).*

Reserves Policy

Total funds held at 31 December 2024 amounted to *£21,767,586 made out of £13,169,123 restricted funds and £8,598,463 unrestricted funds.* Unrestricted Income Funds of £8,598,463 consist of tenant's income less operating results incurred to date.

Restricted Income Funds consist of grants received for restricted purposes (full list of the grants is contained in note 21 of the accounts) and amounted to *£13,169,123 at 31 December 2024* , Capital grants are used to fund building works and the acquisition of new teaching equipment.

The Trustees have reviewed their reserves policy during the course of the year and set the reserves policy that

- Reserves to be maintained at a level, which ensures that the organisation's core activity could continue during a period of two months following a time when revenue falls to zero. and
- Maintain a proportion of reserves in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

The Trustees believe it is necessary to hold reserves of two months' unrestricted expenditure equating *to £592K at 31 December 2024* . The Trustees regularly monitor the cash position and resources available to CEME to achieve its operational goals and are satisfied that current cash flows and the agreed overdraft facility is sufficient to provide adequate working capital.

Report of the Trustees

At the balance sheet date, the Group held unrestricted funds totalling *£8,598,463 with net current liabilities of £182,261 (2023: £194,351); the cash component is £1,200,068. Free reserves are calculated as unrestricted funds less tangible fixed assets and loans to procure fixed assets and tenant's deposits. At the Balance Sheet date, CEME had free reserves of £822k. CEME has prepared a 12months forecast with detailed operating plans including cashflows and is satisfied that with the cash reserves and its bank overdraft facility, it has appropriate reserves.*

Going Concern

CEME has delivered a strong financial performance and has enjoyed an encouraging start to 2025 with record levels of tenant occupancy on the campus. The Event space remains a major part of the offering at CEME. The cash position remains strong and this is forecast to be the case throughout 2025.

At the time of making this assessment, occupancy across the campus is strong and the evidence of the last twelve months has suggested that CEME is ideally placed for customers seeking high-quality business space in the vicinity of East London, accessible by car and offering a secure and safe environment. *Anticipated occupancy levels in 2025 provides a reasonable assurance of stable performance and steady cashflows to meet working capital needs and servicing debt on a timely basis.*

The cash position at the end of February 2025 was £1,444k. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various levels of income and planned expenditure.

CEME has a cash balance at the year-end of £1,200k (2023 £1,391k) and it has an overdraft facility of £400K that has been in place since May 2015 and which has never been utilised due to its strong cash position and continued demand of its accommodation and related services.

Management believes that CEME has adequate financial resources and are well placed to manage identified significant business risks.

The Directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future. The Financial Statements have, therefore, been prepared on the basis that the Charity is a going concern.

Risk Management and Internal Control

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to manage the strategic and operational risks the Charity is, and could be, exposed to. Processes in place regarding risk management and internal controls include the following:

· The Audit Committee is responsible for monitoring the effectiveness of the internal controls and reports to the Board the results of such monitoring. This is achieved through:

o CEME's systems of financial control, risk management and compliance
o the nature and scope of the external audit, and any matters raised, for the attention of Management.
o the need for the internal audit, any changes to audit plans to take account of emerging risks and new areas of business as appropriate.

· The systems of control operated within CEME are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

o Five-year plan and cash flow forecast
o Annual business plan, budget and cash flow forecast
o Regular consideration by the Trustees of actual results compared with budgets, forecasts and trends,
o Cash flow and reserves levels
o Segregation of duties
o Identification of, and management of, risks
o Regular review of financial procedures.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

The Trustees, in partnership with the Senior Management Team, play a key role in the identification, evaluation and monitoring of major risks to which CEME is exposed. CEME has robust risk management and monitoring processes in place to assist in the strategic and operational management of the organisation. The risks are monitored through a risk register that is updated and reviewed on a regular basis. The risk register looks at risks and assesses the impact on CEME based on the following criteria financial, strategic, reputational and operational. It also identifies detection methods, preventative and recovery controls.

CEME recognises the value and importance of effective risk management. CEME practices a culture of risk management that permeates all levels and operational functions of the organisation. To support this, additional components of the risk management framework include:

· The requirement for all staff and managers to prepare comprehensive project related risk assessment and management documentation for all new initiatives, which mandates an assessment of risk.

· New development opportunities requiring investment of the organisations resources including capital investment undergo a feasibility analysis, including an assessment of risk.

· CEME's Trustees have established a target for the levels of reserves held, to mitigate the impact on the organisation of the risks that do materialise.

CEME is committed to its risk management processes, and Senior Managers and Trustees are continuing to develop and refine risk management and control processes, which are both, appropriate to the organisation and whose effect can be measured. The table below provides key risks and the actions that are undertaken to manage the risks. CEME also maintains a full risk register that identifies the risks, detection controls, prevention controls and recovery controls. This is formally reviewed on a regular basis.

Risk	Management
Economic pressures, Competition and Major	Annual budgeting ongoing management
Client behaviour change	reporting, plus monitoring of financial performance
	Review of existing pipeline plus marketing as deemed necessary.
	The ongoing evaluation of longer term strategy
	that targets the diversification of income from
	new and additional clients.
Incidents that may impact/ damage reputation	Proactive detection, monitoring, investigating
or negative impact operations including cyber	and reporting of adverse incidents or events.
security, fraud and major incidents.	Use of risk register is employed.
	Continued programme to drive IT.
	Improvements and strengthen infrastructure
	and protection of data.
Substantial reduction in key client business leading to reduced	Monitor of current key client business against monthly forecast,
profitability.	Increase marketing for the aim to strengthen the sales pipe line and find
	alternatives as required.
CEME Strategy and activities not fully focused	Monitor and record public benefit activities and
to meet Charity Commission RR2 criteria.	keep the level of regeneration activities above
	any required level.
Economic Downturn - due to the national and international	Monitor the economic indicators in the
influences	rental market especially in comparing to competitors

Centre for Engineering and Manufacturing Excellence Limited

Statement of trustees' responsibilities

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

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and 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 (FRS102);
- make judgments 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;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Disclosure of Information to Auditors Insofar as each of the trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Signed on behalf of the Board

Valerie E. Le Vaillant

Valerie Ellen Le Vaillant OBE,
Trustee
Date 7th July 2025

Centre for Engineering and Manufacturing Excellence Limited

Independent Auditors' Report

Opinion

We have audited the financial statements of the Centre for Engineering and Manufacturing Excellence for the year ended 31 December 2024 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the group’s and the charitable company’s affairs as at 31 December 2024 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- The information given in the report of the trustees (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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the trustees (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and considered other factors such as GDPR, health and safety legislation, tax legislation and employment legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls and completeness and cut off income. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion,

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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.



Richard Weaver
Senior Statutory Auditor
For and on behalf of
HaysMac LLP
Statutory Auditor
10 Queens Street Place London EC4R 1AG
Date 8 July 2025

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Statement of Financial Activities
for the Year Ended 31 December 2024 (incorporating income and expenditure accounts)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2024 £	Total 2023 £
Income from					
Other trading activities	3	2,819,092	-	2,819,092	2,563,972
Investment income		8,868	-	8,868	4
Charitable activities					
Skills & education and business support accommodation and related services	4	1,714,007	-	1,714,007	1,738,487
Segro funding		101,641	-	101,641	71,033
Total Income		**4,643,608**	**-**	**4,643,608**	**4,373,496**
Expenditure on					
Raising funds	5	816,108	-	816,108	657,716
Charitable activities					
Skills & education accommodation and support services	6	3,387,444	316,834	3,704,278	4,158,880
Skills delivery and business support		-	137,712	137,712	71,385
Total cost of charitable activities		3,387,444	454,546	3,841,990	4,230,265
Total expenditure	8	**4,203,552**	**454,546**	**4,658,098**	**4,887,981**
Net income/ (expenditure)		440,056	(454,546)	(14,490)	(514,485)
Net movement in funds		440,056	(454,546)	(14,490)	(514,485)
RECONCILIATION OF FUNDS					
Total funds brought forward at 1 January		8,158,407	13,623,669	21,782,076	22,296,561
Total funds carried forward at 31 December		8,598,463	13,169,123	21,767,586	21,782,076

Centre for Engineering and Manufacturing Excellence Limited
Charity and Group Balance sheets
as at 31 December 2024

	Notes	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
FIXED ASSETS		**22,824,172**	**22,456,388**	**22,810,585**	**22,442,801**
Tangible Fixed Assets	12	22,788,570	22,423,590	22,773,983	22,409,003
Intangible Assets		35,602	32,798	35,602	32,798
Investments	13	-	-	1,000	1,000
CURRENT ASSETS		**1,712,387**	**1,803,371**	**1,712,387**	**1,775,254**
Debtors	15	512,319	412,601	512,319	439,778
Cash at bank and in hand		1,200,068	1,390,770	1,200,068	1,335,476
CREDITORS: amounts falling due within one year	16	**1,894,648**	**1,997,722**	**1,894,648**	**1,969,605**
NET CURRENT (LIABILITIES)		**(182,261)**	**(194,351)**	**(182,261)**	**(194,351)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,641,911**	**22,262,037**	**22,628,324**	**22,248,450**
CREDITORS: amounts falling due after more than one year	17	**874,325**	**479,961**	**874,325**	**479,961**
Net Assets		**21,767,586**	**21,782,076**	**21,753,999**	**21,768,489**
Funds of the Charity					
Unrestricted income funds	20	8,598,463	8,158,407	8,584,876	8,144,820
Restricted income funds	21	13,169,123	13,623,669	13,169,123	13,623,669
Funds of the Charity		**21,767,586**	**21,782,076**	**21,753,999**	**21,768,489**

The notes on pages 21 to 33 form part of these financial statement.
Company Registration Number : 04238862
The net result for the year reported within the financial activities of the parent charity was a deficit of £14,490 (2023: deficit £805,440).

Approved and authorised for issue on behalf of the Board and signed on their behalf by:

Valerie E. Le Vaillant

Valerie Ellen Le Vaillant OBE,
Chair
Date: 7th July 2025

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Cash Flow Statement
for the Year Ended 31 December 2024

	Notes	2024 £	2023 £
Cash flow from operating activities:			
Net cash (used in)/provided by operating activities	**1**	718,120	83,189
Cash flow from investing activities			
Dividends, interest and rents from investments		8,868	-
Purchase of property, plant and equipment		(1,237,914)	(101,039)
Proceeds from sale of plant and equipment		(1,135)	-
Net cash provided by (used in) investing activities		(512,061)	(17,850)
Cash flows from financing activities:			
Repayment of borrowing		(295,903)	(443,330)
Finance lease Interest paid		(147,820)	(55,574)
Cash inflows from new borrowing		765,082	325,000
Net cash provided by financing activities		321,359	(173,904)
Change in cash and cash equivalents in reporting period		(190,702)	(191,754)
Cash and cash equivalents at the beginning of the reporting period		1,390,770	1,582,524
Cash and cash equivalents at the end of the reporting period		1,200,068	1,390,770

	2024 £	2023 £
Note 1: Reconciliation of net (expenditure) to net cash flow from operating activities		
Net (expenditure) for the reporting period (as per the statement of financial activities)	(14,490)	(514,489)
Adjustments for:		
Depreciation and amortisation charges	868,995	885,503
Finance lease Interest paid	147,820	55,574
Dividends, interest and rents from investments	(8,868)	-
Loss on the sale of fixed assets	1,135	1,234
Decrease in debtors	(92,518)	(89,318)
(Decrease)/ Increase in creditors	(183,954)	(255,315)
Net cash provided by operating activities	718,120	83,189

1. CHARITY INFORMATION

CEME is a company limited by guarantee (registered number 04238862) which is incorporated and domiciled in England. It is also registered as a charity with the Charity Commission (registered number 1133396). The address of the registered office is CEME Campus, Marsh Way, Rainham, Essex RM13 8EU.

2. ACCOUNTING POLICIES

Basic of accounting

The accounts (financial statements) have been prepared under the historical cost convention in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

CEME Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Financial statements of CEME Limited and its subsidiary company are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'.

In accordance with section 408 of the Companies Act 2006, no individual statement of financial Activities has been presented for the parent company, Centre for Engineering and Manufacturing Excellence Limited.

Preparation of Accounts on a Going concern basis

After making appropriate inquiries, the trustees have a reasonable expectation that CEME has adequate resources (strong cash balances) to continue its operational existence for the foreseeable future in the case of any decline in demands. We believe that there are no material uncertainties that casts doubt over CEME's ability to continue in operation. The accounts have therefore been prepared on the basis that CEME satisfies the going concern assumption.

We have set out in the Trustees Report a review of financial performance, the charity's reserves position and the management actions. We believe that we have adequate financial resources and are well placed to manage these economic risks. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various sources of income and planned expenditure.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.

The accounts have therefore been prepared on the basis that the charity is a going concern basis.

Functional and Presentation currency

The functional currency of CEME Limited and its subsidiary is considered to be pounds (£) sterling because that is the currency of the primary economic environment in which the charity/group operates. The consolidated financial statements are also presented in pounds sterling.

Income
Income for Skills & Education business support, Accommodation and Related Services represents amounts invoiced, net of Value Added Tax, for the provision of training facilities, business incubation facilities and related supportive activities.

Income from operating leases is recognised in the period to which the rental income and support services relates and to the extent to which the company becomes entitled to the income under a tenancy lease agreement.

Where income for goods and services provided is received in advance of the goods or services being provided by the Centre for Engineering and Manufacturing Excellence Ltd the amount prepaid is deferred.

On receipt, donated professional services 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 of equivalent economic benefit in the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related assets.

Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where estimations have been made include:

- Tangible Assets – the useful economic life of assets used in calculating depreciation
- Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

CEME Limted has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise overdrafts, trade and other creditors.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. The majority of overheads have been apportioned on the basis of headcount because that is the main driver of costs in the charity.

CEME initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining
support costs together with the governance costs are apportioned between raising funds and the charitable activities undertaken (see note 8) in the year.

Governance costs are costs associated with the strategic as opposed to day to day management of the charity's activities.

TANGIBLE ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost or valuation less depreciation.

Donated assets valued at £2,500 or over are recognised at market value as determined by an independent valuation when title is passed to CEME.

Purchased assets with a cost of £1,500 or over are recognised at historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:
- Long Leasehold buildings and improvements thereto over 50 years
- Plant, Machinery and equipment over 4 to 10 years
- Office Furniture over 4 years

INTANGIBLE ASSETS AND DEPRECIATION

Intangible fixed assets are non-monetary fixed assets that do not have physical substance but are identifiable and are controlled by the Charity through custody or legal rights. An intangible asset is recognised when it is separable or arises from contractual or other legal rights and if it is probable that its expected future economic benefits will flow to the Charity, and if its cost or value can be measured reliably. Intangible fixed assets costing more than £1,500 are capitalised.

Intangible assets are measured initially at cost and subsequently at cost less impairment and less any accumulated amortisation. The residual value of intangible fixed assets is nil when calculating the charge for amortisation unless reliable evidence exists to the contrary. Amortisation of intangible fixed assets is charged as an expense to the relevant statement of financial activities (SoFA) category reflecting the use of the asset.

Intangible assets are amortised on a straight-line basis over their useful economic lives. If the useful life cannot be estimated reliably it is presumed to be no more than five years. Amortisation commences when an intangible asset is available for use.

Intangible assets represents software costs which is amortised at 20% per annum.

Intangible assets are only reviewed for impairment if there are indicators that the asset may be impaired.

INVESTMENTS
Investments in subsidiary companies of Centre for Engineering and Manufacturing Excellence Limited, are stated at cost.

FUND ACCOUNTING
Due to the constraints of law and donor imposed restrictions the charity segregates its funds between restricted funds and unrestricted funds. Unrestricted funds represent the accumulated surplus on income and expenditure and are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity (see Report of the Trustees). Designated funds are funds that have been set aside out of unrestricted funds by the Board for a specific purpose, with the balance constituting the charity's General Reserves. There are no designated funds at present.

Where funds are received under contracts to run government funded programmes they are classified as restricted. When the service is provided, if any surplus arises this becomes unrestricted with agreement from the fund provider. Restricted funds represent income received where the donor has imposed restrictions as to how the monies shall be spend. The nature and purpose of the restricted funds are also set out in Note 21 to the financial statements.

LEASES
Where assets are financed by agreements that give rights approximating to ownership ('finance leases and hire purchase contracts'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum finance payments payable during the finance term. The corresponding finance commitments are shown as obligations to the provider of finance.

Finance payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities on a straight line basis.

All other leases are 'operating leases' and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term. There are no operating leases at present.

PENSIONS CONTRIBUTIONS
The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the charitable company during the year.

	2024	2023
	£	£
3. Other Trading Activities		
Rent	2,306,771	2,134,337
Conference Centre	292,774	169,449
Support Services	219,547	260,186
	2,819,092	2,563,972

CHARITABLE ACTIVITIES

4. SKILLS & EDUCATION AND BUSINESS SUPPORT ACCOMMODATION AND RELATED SERVICES

	2024	2023
	£	£
Further Education and Apprentices		
Space and Learning Support	643,104	579,862
Business Incubation Centre	787,062	769,511
Cafeteria	28,505	166,353
Launchpad	184,824	157,556
Training Centre	70,512	65,205
	1,714,007	1,738,487

5. RAISING FUNDS	2024	2023
	£	£
Conference Centre	223,658	(16,427)
Support costs	234,947	322,179
Space, IT and Shared Services	310,556	290,183
Telephone and Franking recharges	12,411	10,591
Car park cost	14,449	25,281
Governance costs	20,087	25,909
	816,108	657,716

Taxation - CEME is registered as a charity and as such is entitled to the exemptions under sections 466 to 493 Corporation Tax Act 2010. The company can claim all VAT incurred except where incurred on running costs of government funded programmes. These programmes are run on a reimbursement basis and therefore the cost of the irrecoverable VAT is coved by the grant funding.

6. SKILLS & EDUCATION ACCOMMODATION AND SUPPORT SERVICES	2024	2023
	£	£
Direct costs	2,361,219	2,567,183
Depreciation of building and founding asset infrastructure	662,056	662,056
Support costs	629,352	863,018
Governance costs	51,651	66,623
	3,704,278	4,158,880

7. GOVERNANCE COSTS	2024	2023
	£	£
Fees payable to the group's auditors for the audit of the group's annual accounts	22,500	29,000
Fees payable to the group's auditors for other work	2,500	8,000
Taxation fee payable in respect of the subsidiary	-	1,470
Trustee expenses, recruitment and insurance[1]	3,805	5,995
Board and committee support costs[2]	42,933	48,067
	71,738	92,532

1 Travel expenses incurred by Trustees in respect of CEME meetings amounted to £2,289 (2023: £1,479) during the year. The number of Trustees receiving expense reimbursement during the year was 5 (2023: 3). Trustee indemnity insurance cost £1,516 (2023: £1,516).

Key Management Personnel

2 The key management personnel of the charity comprise the trustees, the Chief Executive and the Finance Director.
Executive Directors were remunerated for acting in that role under the authority of CEME's memorandum and articles of association.

These costs reflect the pay and non pay costs of the CEO and Finance Director relating to preparation for and attendance at trustee meetings, and the pay and non pay costs of Non Executive Directors.
Valerie Le Vaillant was paid £15,225 plus a pension of £990 for her services as a Chair. A non executive director, Dr Ritchard Hutchins (T/A Rawdon Mercia), was paid £4,000 for performing that role. Payments to non-executive directors are made under the authority of CEME's memorandum and articles of association.

Key personal management remuneration as follows: pay £226,731 (2023 : £220,302), pension £14,738 (2023 : £11,692), employers NI £37,352 (2023 : £28,668) and other benefit £6,000 (2023: £3,351) . Bonus paid re 2023 £60,483, Bonus accrued re 2024 £86,866 (2023 : £78,619).

8. TOTAL EXPENDITURE

	Direct Cost	Support Costs			Governance Cost	Total 2024
		Management	Finance	HR		£
Raising funds	561,074	117,813	108,936	8,198	20,087	816,108
Skills & education accommodation and support services	3,023,275	315,586	291,805	21,961	51,651	3,704,278
Skills delivery and business support	137,712	-	-	-		137,712
	3,722,061	433,399	400,741	30,159	71,738	4,658,098

	2023
	£
Raising funds	657,716
Skills & education accommodation and support services	4,158,880
Skills delivery and business support	71,385
	4,887,981

9. STAFF NUMBERS AND COSTS

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2024	2023
	No.	No.
Operations	17	20
Governance	2	1
Support	3	3
	22	24

The aggregate payroll costs of these persons were as follows:	2024	2023
	£	£
Wages and salaries	1,058,314	910,596
Social security costs	113,598	92,845
Other pension costs	58,221	50,261
	1,230,133	1,053,702

Those receiving employee benefits (excluding employer pension contribution)in the following ranges were:

	2024	2023
	No.	No.
£60,001−£70,000	2	2
£80,001−£90,000	1	1
£100,001−£110,000	1	-
£200,001−£210,000	1	1

Pensions contributions made on behalf of employees earning in excess of £60,000 per annum were £26,880 (2023: £19,437).

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

10. RELATED PARTY TRANSACTIONS

In the opinion of the directors the following were related parties of CEME: Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College, London Borough of Havering, and the London Development Agency. CEME transacted with the related parties during the year as follows:

	2024 Group £	2023 Group £
Regeneration programme funding:		
London Development Agency	-	-
For facilities rental and provision of core services by the Group:		
Ford Motor Company	-	-
London Borough of Havering	70,512	73,990
Barking and Dagenham College	-	-
For goods and services provided by the Group:		
Ford Motor Company	-	-
London Borough of Havering	49,863	34,058
Barking and Dagenham College	-	-
For goods and services provided to the Group:		
Ford Motor Company	-	-
The balances (owed by) / due to the Group at 31 December were as follows:		
Ford Motor Company	-	72
Barking and Dagenham College	-	-
London Borough of Havering	(5,214)	6,027
Havering College	-	-

The nature of the relationships with related parties was as follows:
London Borough of Havering
Right of approval to changes in CEME's strategic plan and corporate governance structure:
London Development Agency

During the year CEME Ltd has recharged CEME Enterprise Ltd (Subsidiary) cost of £ Nil (2023 : £282,226) made out of costs paid on behalf of CEME Enterprise totalling £ Nil (2023 : £253,447 plus rent and services provided by CEME Ltd totalling £ Nil (2023 : £28,749) excluding VAT, at year end the outstanding amount owed to CEME Ltd from CEME Enterprise Ltd was £ Nil (2023 : £70,027). CEME Enterprise Ltd was not trading during the year.

The Conference Centre includes £ Nil (2023 : £28,749) of apportioned costs for facility and IT. The apportionment has been calculated on the basis of volume of space utilised.
There were no related party transactions in 2024 .Key management personnel (KMP) and Trustees expenses renumeration is disclosed in notes 11 and 11 respectively

11. NET EXPENDITURE

	2024 £	2023 £
The net expenditure is stated after charging		
Fees payable to the charity's auditors for the audit of the charity's annual accounts	14,500	21,000
Fees payable to the charity's auditors for the audit of the charity's subsidiary pursuant to legislation	8,000	8,000
Total audit fees	22,500	29,000
Taxation fees for the subsidiary	-	1,475
Total fees payable	22,500	30,475

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Depreciation of tangible fixed assets	856,097	878,672	856,097	869,461
Amortisation of Intangible fixed assets	12,898	6,831	12,898	6,831
Rental costs relating to operating leases:				
Photocopy machines	-	-	-	-
(Loss) on disposal of fixed assets	-	-	-	-

12. TANGIBLE FIXED ASSETS

	Group		
	Long Leasehold Buildings	Plant, Equipment and Motor Vehicles	Total
	£	£	£
Cost			
1 January 2024	36,168,737	6,377,413	42,546,150
Additions	333,350	888,862	1,222,212
Disposals	-	(3,890)	(3,890)
31 December 2024	36,502,087	7,262,385	43,764,472
Depreciation			
1 January 2024	14,229,866	5,892,694	20,122,560
Charge in the year	712,682	143,415	856,097
Disposals	-	(2,755)	(2,755)
31 December 2024	14,942,548	6,033,354	20,975,902
Net book value			
31 December 2024	21,559,539	1,229,031	22,788,570
31 December 2023	21,938,871	484,719	22,423,590

	CHARITY		
	Long Leasehold Buildings	Plant, Equipment and Motor Vehicles	Total
	£	£	£
Cost			
1 January 2024	36,168,737	6,166,055	42,334,792
Additions	333,350.00	888,862	1,222,212
Disposals	-	(3,890)	(3,890)
31 December 2024	36,502,087	7,051,027	43,553,114
Depreciation			
1 January 2024	14,229,866	5,695,923	19,925,789
Charge in the year	712,682	143,415	856,097
Disposals	-	(2,755)	(2,755)
31 December 2024	14,942,548	5,836,583	20,779,131
Net book value			
31 December 2024	21,559,539	1,214,444	22,773,983
31 December 2023	21,938,871	470,132	22,409,003

The net book value of plant and machinery includes £2,148,860 (2023 : £1,183,117) in respect of assets held under finance leases. The depreciation charge on these assets was £124,339 (2023: £136,762).

The long leasehold buildings are constructed on land leased by the Ford Motor Company Limited to The London Development Agency (see also Note 12) and sub-let by the London Development Agency to the Centre for Engineering and Manufacturing Excellence Ltd (CEME). The lease and the sub-lease expire in the year 2127.

In addition to use by CEME and its subsidiary company to operate activities such as the conference centre, and the Gateway to Skills Centre, the property assets are let out under operating lease agreements and short term rentals.

INTANGIBLE FIXED ASSETS (Group and Charity)	Software
	£
Cost	
1 January 2024	62,960
Additions	15,702
Disposals	-
31 December 2024	78,662
Depreciation	
1 January 2024	30,162
Charge in the year	12,898
Disposals	-
31 December 2024	43,060
Net book value	
31 December 2024	35,602
31 December 2023	32,798

13. INVESTMENTS

	Group	**Charity** Shares in group undertakings and participating interests
	£	£
Investment in subsidiaries	-	1,000

CEME owns 100% of the issued shares of CEME Enterprise Ltd.

14. TRADING SUBSIDIARIES

Net expenditure of CEME before consolidation of the trading subsidiaries was £Nil (2023 : £383,551).

The results for CEME Enterprise Limited (company number 07115923) are shown below. CEME Enterprise runs the conference centre at CEME. Net liabilities of the company were £Nil (2023 : £407,302) at year end.

CEME Enterprise Limited	**2024**	**2023**
	£	**£**
Total income	-	169,449
Government grant	-	-
Cost of sales	-	(232,600)
Gross Profit/(Loss)	-	(63,151)
Administration costs	-	354,102
Interest receivable	-	-
Loss before taxation	-	290,951

	2024	**2023**
	£	**£**
Fixed Assets		
Tangible Assets	14,587	14,587
Current Assets		
Debtors	42,850	42,850
Prepayment	-	-
Cash at bank and in hand	55,294	55,294
Creditors: amounts falling due within one year		
Creditors	98,144	98,144
Net Current Liabilities	-	0
Total Asset Less Current Liabilities		
Net Liabilities	14,587	14,587
Capital and Reserves		
Share Capital	1,000	1,000
Retained Earnings	13,587	13,587
	14,587	14,587

	Group		Charity	
15. DEBTORS	**2024**	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
Due within one year:				
Trade debtors	161,795	217,813	161,795	174,963
Amounts owed by group undertakings	-	-	-	70,027
Other debtors and prepayments	350,524	194,788	350,524	194,788
	512,319	412,601	512,319	439,778

CEME Ltd has secured an overdraft facility of £400,000 with Barclays bank. This is secured on net debtors.

	Group		Charity	
16. CREDITORS & LOAN : amounts falling due within one year	**2024**	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
Trade creditors	543,221	319,653	543,221	311,817
Deferred Income	95,831	332,670	95,831	332,670
Obligations under finance lease and hire purchase contracts	166,401	183,992	166,401	183,992
CBILoan	66,779	61,333	66,779	61,333
Amounts owed to group undertakings	-	-	-	-
Other taxes and social security	67,889	145,077	67,889	137,121
Other creditors and accruals	954,527	954,997	954,527	942,672
	1,894,648	1,997,722	1,894,648	1,969,605

	Group		Charity	
Movement on deferred income (Due with in one year)	**2024**	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
Deferred income brought forward	239,645	384,803	239,645	384,803
Realised during the year	(1,197,686)	(1,310,951)	(1,197,686)	(1,310,951)
Deferred during the year	1,053,872	1,258,818	1,053,872	1,258,818
Deferred income carried forward	95,831	332,670	95,831	332,670

Deferred income relates to rental income received in advance of the period to which it relates.

	Group		Charity	
17. CREDITORS & LOAN : amounts falling due after more than one year	**2024**	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
Deferred income	-	93,025	-	93,025
Obligations under finance leases and hire purchase agreements	826,542	272,374	826,542	272,374
CBILoan	47,783	114,562	47,783	114,562
Total creditors falling due after more than 1 yr	874,325	479,961	874,325	479,961

CBILoan terms are 5 years with the first payment during Jul 2021 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free. CBILoan was paid off during the year.

CBILoan 2 terms are 5 years with the first payment during Jul 2022 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free.

18. COMMITMENTS UNDER OPERATING AND FINANCE LEASES	**Group**		**Charity**	
	2024	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
Future minimum **operating lease** payments are as follows:				
Plant and machinery:				
-Within one year	11,158	11,080	11,158	11,080
-Between one and five years	38,227	37,837	38,227	37,837

Future minimum **finance lease** payments are as follows:	**Group**		**Charity**	
	2024	**2023**	**2024**	**2023**
Building, Furniture, Plant and machinery:	**£**	**£**	**£**	**£**
-Within one year	166,401	183,992	166,401	183,992
-Between one and five years	826,542	272,374	826,542	272,374

The London Development Agency rent the land on which the CEME centre of excellence is sited on a 125 year lease to CEME at a peppercorn rent. This lease excludes the Innovation Centre and expires in more than five years.

The London Development Agency rent the Innovation Centre land on a 125 year lease to CEME at a peppercorn rent. This lease expires in more than five years.

19. RENTAL OPERATING LEASES	**2024**	**2023**	**2024**	**2023**
	£	**£**	**£**	**£**
The future minimum lease rental income due from tenants operating leases are as follows:				
-not later than one year;	3,015,523	3,040,857	3,015,523	3,040,857
-later than one year and not later than five years	1,092,176	3,333,166	1,092,176	3,333,166
-later than five years;	-	253,753	-	253,753

20. STATEMENT OF FUNDS

	Balance 1 Jan 24	**Income**	**Expenditure**	**Balance 31 Dec 24**
Unrestricted Income Funds				
General funds	8,158,407	4,643,608	(4,203,552)	8,598,463
Restricted Income Funds	13,623,669	-	(454,546)	13,169,123
Total	21,782,076	4,643,608	(4,658,098)	21,767,586

2023 Comparative	Balance 1 Jan 23	Income	Expenditure	Balance 31 Dec 23
Unrestricted Income Funds				
General funds	8,218,347	4,373,496	(4,433,436)	8,158,407
Restricted Income Funds	14,078,214	-	(454,545)	13,623,669
	22,296,561	4,373,496	(4,887,981)	21,782,076

21. STATEMENT OF RESTRICTED FUNDS

	Balance 1 Jan 24	Expenditure	Balance 31 Dec 24
Capital and revenue costs of the Gateway to Skills Centre[2]	37,946	(1,134)	36,812
Capital and revenue costs of the Gateway for Business programme[3]	14,996	(457)	14,539
SRB 5 Capital - Delivery plan[1]	3,201,711	(107,923)	3,093,788
SRB IT Capital[1]	626,066	(21,067)	604,999
DTI[1]	2,434,958	(81,983)	2,352,975
Innovative Clusters Fund[1]	522,130	(17,600)	504,530
LDA grant for erection of campus and acquisition of teaching equipment[1]	3,589,367	(117,084)	3,472,283
ERDF Objectives11 [1]	2,169,106	(73,117)	2,095,989
LSC Capital[1]	586,010	(19,753)	566,257
NTI Capital[1]	432,021	(14,428)	417,593
Department for Communities and Local Government HSSMI[4]	9,358	-	9,358
	13,623,669	(454,546)	13,169,123

1 These grants were contributions to the capital building and infrastructure setup costs of the CEME campus.
2 These grants were provided to equip the Gateway to Skills Education centre.
3 This grant was provided to equip the Gateway for Business small business support programme.
4 This grant provides funding for the High Speed Sustainable Manufacturing Institute. HSSMI is a division of CEME with a purpose of conducting leading edge manufacturing research with an aim of improving efficiency of manufacturers and supply chain companies. The remainder of £9,358 will be paid to HSSMI once CEME receives a funding request.

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	13,159,765	9,628,805	22,788,570
Intangible fixed assets	-	35,602	35,602
Current assets	9,358	1,703,029	1,712,387
Current liabilities	-	(1,894,648)	(1,894,648)
Creditors falling due after one year	-	(874,325)	(874,325)
At 31 Dec 2024	13,169,123	8,598,463	21,767,586

Comparative 2023

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	13,614,311	8,809,279	22,423,590
Intangible fixed assets	-	32,798	32,798
Current assets	9,358	1,794,013	1,803,371
Current liabilities	-	(1,997,722)	(1,997,722)
Creditors falling due after one year	-	(479,961)	(479,961)
At 31 Dec 2023	13,623,669	8,158,407	21,782,076

22. CONTROL

CEME is under the common control of Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College and London Borough of Havering. The company's Articles of Association dated 2 January 2010 state that each of the above is a member of CEME.

23. COMPARATIVE SOFA BY FUND		Unrestricted Funds £	Restricted Funds £	Total 2023 £
INCOME				
Income from generated funds				
Other trading activities	3	2,563,972	-	2,563,972
Investment income		4	-	4
Income from charitable activities		-		-
Skills & education and business support accommodation and related services	4	1,738,487	-	1,738,487
Segro funding		71,033	-	71,033
Total income		4,373,496	-	4,373,496
		-		-
		-		-
Expenditure on Raising funds	5	657,716	-	657,716
Charitable Activities		-		-
Skills & education accommodation and support services	6	3,775,720	383,160	4,158,880
Skills delivery and business support		-	71,385	71,385
Total expenditure	8	4,433,436	454,545	4,887,981
Net (expenditure)		(59,940)	(454,545)	(514,485)
RECONCILIATION OF FUNDS				
Total funds brought forward at 1 January		8,218,347	14,078,214	22,296,561
Total funds carried forward at 31 December		8,158,407	13,623,669	21,782,076

CENTRE FOR ENGINEERING AND MANUFACTURING EXCELLENCE

England & Wales - Charity number 1133396

Accounts

Company Registration Number: 04238862
Charity Registration Number: 1133396

Centre for Engineering and Manufacturing Excellence Limited

Annual Report and Accounts

for the year ended

31 December 2023



Centre for Engineering and Manufacturing Excellence Limited
Annual Report and Accounts

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Centre for Engineering and Manufacturing Excellence Limited
Chair and Chief Executive's outlook

At the end of 2022, businesses were feeling optimistic about the future despite a prolonged period of uncertainty, and occupancy rates at CEME were still a healthy 80%.

Overwhelmingly, the main points of conversations soon became the invasion of Ukraine and the impact on the cost-of-living crisis and confidence as a result of looming inflationary costs. For CEME rising energy costs had a significant but manageable impact on our cashflow. We have used brokers to help identify the most advantageous pricing for fixed periods.

CEME needed to look at sustainable long- term growth with some certainty in how we structured and managed our business now and for the future and, after a lot of hard work, we are delighted to report CEME exceeded its profit before tax target by nearly 30%. This was the outcome of a complete review of our approach to facilities management, operating costs, and in particular management restructure and implementation of a new CRM system. A newly appointed Business Growth Director and almost entirely new commercial team has increased occupancy from 80% to 96%. However, we have seen a trend of firms with larger office and workshop spaces looking to downsize which may impact the business in 2024. CEME's aim is to achieve operational excellence. By achieving this, we can create new opportunities to manage additional facilities on behalf of others and, by adding our USP to the management service - CEME can help drive economic regeneration through job creation and social impact.

CEME has begun its journey to achieve "Best Place to Work" accreditation, and this has already helped improve staff retention and collaboration across the business, leading to efficiencies and cost savings. In and amongst the changes a new employee benefits package has received a 90% plus approval rating from all staff.

We have exited from a contract with Lexington who were running our cafeteria. Whilst they provided an excellent service, it was only viable because of a subsidy from CEME, which was unsustainable. We are looking for a cost neutral solution in 2024.

The new CRM system has helped CEME to streamline its sales activity, invoicing and debt management contributing to further efficiencies and improved cashflow.

The restructuring of the Senior Management Team means that we are quite lean and so risks continue to be assessed and with our ambition to create CEME 2 in the near future we are considering how best to increase our staffing through apprenticeships.

We have focused on internal resources for maintenance to save costs with the creation of a specialist role that continues to reduce our costs for planned preventative maintenance. A new plan is being prepared to manage dilapidation costs in an achievable way.

Our new 5-year strategy 2023 - 2028 described three clear outward facing objectives, to act as a:
(i) Catalyst for economic regeneration
(ii) Accelerator for Green-tech businesses focused on reducing carbon emissions and achieving Net Zero
(iii) Champion for inclusive business growth

CEME's Business Growth Academy now has 1,500 members and is fast becoming recognised as a vibrant and valuable platform to learn and be inspired about business growth. During 2023 we ran four key events attended by 60-80 participants each, and a series of online and in person learning events on everything from generating sales to e-commerce and cyber security.

Our Skills for Growth project for SEGRO, combined with our own projects, has helped CEME to deliver just over £1m worth of social value impact (independently measured) using the Thrive system.

During 2023 we received significant delegations led by Government agencies from Kenya, South Africa and Holland reflecting the influence we are having through sharing the CEME ambitions to create economic prosperity.

In 2023, we appointed Dr Richard Hutchins as our new Chair of Audit following Keyvan Djamarani ending his 10 years of service on the Board, for which we are grateful. Keyvan's wise counsel, friendship and support is appreciated greatly. In 2024, a further 3 trustees will step down Judith Armitt following 12 years of service, and Barak Maoz and Findlay MacAlpine, who both will have served two terms (6 years.) Their service has been invaluable, and CEME has benefitted greatly from their skills and experience. In 2024 we will appoint 3 new trustees to align more closely with our strategic objectives and skill needs to achieve these.

We are looking forward to a strong 2024 with some exciting partnerships on the horizon.

Valerie Ellen Le Vaillant (Nee Owen

Valerie Owen OBE,
Chair

Dr Noorzaman Rashid,
Chief Exective

Centre for Engineering and Manufacturing Excellence Limited
Legal And Administrative Information

BOARD OF TRUSTEES

Name	Changes since last audited accounts	Organisation Represented
Valerie Ellen Le Vaillant (Chair)		
Noorzaman Rashid (Chief Executive Officer)		
Benyoucef Houheche (Finance Director)	Appointed 20/11/2023	
Ian Philip Fitzpatrick	Appointed 08/12/2023	
Richard Kingsley Hutchins	Appointed 01/04/2023	
Geoffrey Richman		Ford Motor Company
Judith Armitt		
Keyvan Djamarani	Resigned 31/12/2022	
Findlay Macalpine		
Barak Maoz		
Neil Andrew Stubbings		London Borough of Havering
Alessandro Attanasio		Ford Motor Company

SECRETARY

Michael Wood

REGISTERED AND PRINCIPAL OFFICE
CEME Campus
Marsh Way
Rainham, Essex
RM13 8EU

COMPANY NUMBER
04238862 (England and Wales)

CHARITY REGISTRATION NUMBER
1133396 (England and Wales)

AUDITORS
Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

BANKERS
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

SOLICITORS
Forsters LLP
31 Hill Street
London
W1J 5LS

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

The Trustees of the Centre for Engineering and Manufacturing Excellence Limited (hereafter known as CEME Ltd.) are the charity's Trustees under charity law and the directors of the charitable company. The Trustees of CEME Ltd. present their Annual Report for the year ended 31 December 2023 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report together with the audited financial statements for the year.

Charitable Objects
The objects for which the company is established ("the objects") are the promotion for the public benefit of urban or rural regeneration in selected areas of social and economic deprivation in the Boroughs of Tower Hamlets, Hackney, Newham, Greenwich, Bexley, Barking & Dagenham, Havering, Thurrock, Waltham Forest, Redbridge, Lewisham, Enfield, Haringey and Dartford (together the "boroughs").

Review of Strategic Aims and Key Objective

The CEME Vision is a world where engineering, technology, design and manufacturing businesses improve life and wellbeing.

CEME is committed to creating prosperity in the sectors and communities it serves, through the creation of an environment where business growth is accelerated, creating new employment opportunities, facilitating training and development activities to help local residents develop the skills, aptitude and attitude needed to secure and thrive in those new jobs.

CEME are embedded in, and proud to support the UK manufacturing, engineering and technology sectors. CEME look for opportunities to create economic prosperity and growth in areas that may be overlooked, or worse still avoided, because the challenge to create economic growth appears to be unlikely to achieve. CEME believes that regeneration though economic growth is possible when stakeholders come together to create inspiring projects.

We achieve amazing outcomes through forming effective partnerships with key stakeholders from industry and the public sector to create inspiring projects that serve the communities within their locality. We work with partner organisations to deliver a service that, through experience, we know supports increased business success and growth for our customers.

We provide customers with offices, lab space, machine workshops, prototyping facilities, business and funding skills, apprenticeships and more.

CEME's promise is to always do its best to live our values in providing our customers with an inspirational environment for learning and business growth, we know it works, and our customers businesses grow faster as a result.

CEME Values

Inspiring. Inclusive. Innovative. Open and Honest.

CEME is more than an inspirational environment for business and learning – it's a dynamic contributor to business growth helping businesses based at CEME to grow faster than the national average. The creation of our Business Growth Academy is a perfect example of how through learning, collaboration and networking we add value for entrepreneurs, start-ups and innovative businesses.

Our mission is to inspire inclusive business growth, contributing to economic prosperity.

By working with organisations such as the Thames Estuary Growth Board, Thames Freeport and Local London we are in an optimal position to help our business community benefit from regional regeneration and the economic infrastructure delivered by the Thames Freeport and the evolving hydrogen energy ecosystem. CEME business campus has been chosen as the preferred site for a £29m development for a Hydrogen Living Lab enabling us to act as a catalyst for economic regeneration, skills development and job creation. We look forward to working with partners to realise this opportunity.

Our values reset in 2022 define our ambitions and aspirations to act as a catalyst for economic regeneration, accelerator for Greentech and very importantly to champion inclusive business growth. We have adopted new values to help drive behaviours ,attitude and position CEME to be more engaging with our communities and local stakeholder organisations with similar aspirations.

We will be **Inspiring** helping people to achieve more

We will be **Inclusive** involving everyone regardless of who they are

We will be **Innovative**, exploring thinking that will change the world and how we live.

We will be **Open and Honest**, displaying the highest levels of integrity in all that we do.

Overview

CEME continues to deliver a positive economic impact in East London and the wider Thames Estuary area since its opening in 2003. CEME brings together employers, educators, skills, and training organisations in a unique and effective way – delivering faster business growth with upskilling and training of local residents. The outcome we strive for is companies growing faster, being more ambitious, finding, and developing local talent. Companies grow faster; on and off the campus and local residents participate in this growth, as employees, as business owners and as customers and suppliers of CEME.

"Skillnet have been running the Ford Motor Company Apprenticeship Programme from CEME for 10 years, utilising a number of the engineering workshop and classroom facilities to deliver Apprentice training. CEME provides an ideal space to introduce technical engineering education in a safe and clean working environment that places a significant emphasis on the Health, Safety and wellbeing of its tenants.

From its East London Campus CEME hosts a range of public and private organisations delivering:

- Commercial business training
- Small business support and development
- Training and education in business and related studies
- Apprenticeships and related education in engineering and technology sectors
- Training for the public sector
- A technology start-up innovation centre
- A world class event space operation
- Supporting inward investment missions to the region

Public Benefit

CEME's Board of Trustees regularly monitor and review the success of the organisation in achieving its aim to create faster enterprise growth leading to increased levels of employment in the communities it serves. The Trustees confirm that they adhere, observe and monitor the guidance as published by the Charity Commission under section 4 of the Charities Act 2011 when reviewing the charity's aims and objectives and in planning future activities. The Trustees confirm, in the light of the guidance, that these aims; fully meet the applicable public benefit tests and that the activities of the charity, described in this report under four specific aims, are undertaken in pursuit of those aims.

The Trustees review the activities set out within the RR2 activities under the Promotion of Urban and Rural Regeneration for public benefit in areas of social and economic deprivation. The Charity Commission as a charitable purpose recognised this.

What CEME does

On its East London campus CEME offers good quality, high specification accommodation for training solutions providers. In addition to technical classrooms and facilities, CEME provides its customers with extensive engineering and technical workshops and labs equipped with a range of engineering and product design, test and development equipment.

CEME also operates an Innovation centre and a Launchpad start up centre on the campus, providing high quality office and workshop space to support early stage growth and start-up businesses. CEME aims to provide these customers with a one-stop shop for business support services and advice, all aimed at accelerating growth.

Report of the Trustees

The Launchpad Centre is aimed at supporting start-ups and very early stage growth organisations. This offer includes co-working, hot desk, fixed desk and small office spaces to let for customers. Our aim is to remove barriers to encourage more start-ups to exploit opportunities to the fullest extent. The Launchpad customers also benefit from a tailored business programme to support accelerated growth.

CEME has a dedicated Event space customer offering, from simple rooms for two or more people, to executive board rooms and the futuristic POD theatre where organisations can host a wide range of meetings and events. The flexibility of space offering has been attractive in past years and continues to attract new and existing clients as they can easily flex up and down in terms of space on the campus, using event space as on tap additional space to office accommodation. The event space offer is carefully "woven into" the CEME offer – bringing local business owners onto the campus and in the process helping raise their own aspirations for business growth. The Launchpad Centre also offers a range of tailored products and services to a wide range of public and private clients.

Our mix of private and public sector activities serves to create an outstanding offer for the local community. CEME works with local education institutions, schools, Further Education in Colleges and Universities in a variety of ways all aimed at improving the opportunities and aspirations of the local communities CEME serves. The Gateway to Skills programme will returned to the benefit of local schoolchildren from April 2022 after an absence of two years due to the pandemic. CEME established Elutec, a University Technical College (UTC) in partnership with University College London (UCL) and Ford in 2014 and we welcome students onto the campus for work experience and placements every year. In addition to the 100 plus businesses operating on the campus , a diverse mix of business delegates regularly attend training and seminars in the Event Space as part of our Business Growth Academy.

Achievements and Performance

Aim 1: Provide education, training and re-training opportunities and work experience
Education

The London School of Academics (LSA), an award-winning provider of teacher training education that continues to flourish at CEME. LSA growth plans have now developed such that plans are underway to acquire a University status. LSA is particularly active in providing teaching career training leading to high quality employment opportunities for course participants, many of whom come to the programmes unemployed.

In 2023 the Event Space at CEME welcomed around 5,000 delegates purely for the purpose of education and training across 600 learner days. In 2023 CEME worked closely with Barking and Dagenham college and the Smallpeice Trust.

The event space is an ultra-modern events and meetings venue offering innovative and flexible solutions for meetings requirements from a high-tech conference auditorium, the CEME POD theatre to small meeting/training rooms, conference, exhibition and outdoor space.
A downturn in room hire for meetings following the Pandemic has resulted in CEME converting many of these rooms as offices for rental.

Apprenticeships

CEME is home to the Ford Motor Company engineering apprentice programme (FAP), which enjoyed another very successful year.

Technical Training

During the year CEME hosted a wide range of technical training in its workshops and practical classrooms including Integrated Manufacturing Skills, multiskilling (electrical for mechanical and mechanical for electrical), electronics modules, welding, programmable logic control programming and testing and engineering health and safety.

Aim 2: Help unemployed people find employment

CEME continues to host assessment centres for the recruitment of a variety of employment opportunities including apprentices, entry level technical and safety training/certification for sectors such as the construction and rail, newly qualified teachers, medical staff and a host of other employment activities.

Aim 3: Provide support to businesses where it leads to training and employment opportunities for unemployed people.

The CEME Innovation Centre provides office and workshop space and related services to SMEs on flexible terms that enable them to take up accommodation without the risk of prohibitive lease payments should they suffer a financial downturn. In addition, a wide range of business support services is provided to support accelerated growth.

During 2023 the CEME Innovation Centre provided office space and business support for over 40 small businesses. The Innovation Centre has had an average occupancy of over 90% during the year. In keeping with previous years, several tenants expanded during the year, effectively outgrowing the Innovation Centre. Launchpad building is geared towards fledgling businesses and offer from virtual office to hot desking to small offices based on the requirements of the business.

Aim 4: Provide land and buildings on favourable terms to businesses in order to create training and employment opportunities for unemployed people

The CEME Innovation Centre provides a valuable resource to local businesses and entrepreneurs. The centre provides high quality accommodation and support services on a simple 'the price you see is the price you pay' model offering to start-up businesses with an affordable and low risk accommodation solution. This attractive offering is evidently meeting a need and continued to enjoy occupancy levels in excess of 90% over the year. We will bring additional smaller units online in 2024 to meet a growing customer demand.

For businesses, which are too small to afford an office in a business centre, CEME offers a 'virtual tenancy'. This service enables a business to have a front desk services at the Innovation Centre and use its meeting rooms. The Innovation Centre supports many local micro-businesses with this service throughout the year. CEME is host to over 40 virtual businesses.

LOOKING AHEAD at CEME

During 2023 CEME developed a new strategy for growth. The underpinning pillars of the strategy meant to grow responsibly, with a focus on new activities that deliver a positive impact and sustainable performance without compromising being an environmental exemplar. This is how we operate the campus and the buildings when forming the new partnerships. In 2024 working with partners we will continue to make funding bids to develop a hydrogen living lab on Campus in partnership with the UCL and MTC. The newly emerging Thames Freeport is a wonderful opportunity for CEME to deliver a success in the wider Thames Estuary in collaboration with partners.

In April 2024 our Gateway to Skills programme will resume which will see another 1,000 early secondary students come to CEME to learn about STEM (Science , Technology , Engineering , Mathematics) and to encourage these students to consider careers within these subjects.

At CEME we work in partnership with regional and local government, local and national or international employers and private developers to understand the local economic landscape and regeneration aims and needs. Using the influential capital of commerce, the social capital of local government and the physical capital of supportive places our aim is to pull together partnerships to deliver ambitious projects to meet the specific ambitions of a community.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Charities SORP FRS102.

Centre for Engineering and Manufacturing Excellence Limited (trading as CEME") is constituted as a company limited by guarantee (registration number 04238862) and is governed by its Memorandum and Articles of Association CEME was registered as a charity (registration number 1133396) in December 2009.

CEME Enterprise Limited a registered company number 7115923 incorporated on 5 January 2010 a wholly owned subsidiary of CEME has stoped trading on 31st December 2023 as our commercial Events business has been wound down.
The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

Board of Trustees

The Board of Trustees, who are also directors of the charity for the purposes of the Companies Act, have overall responsibility for the direction, management and control of the charity. As discussed below, some of these activities are delegated to sub-committees of the Board. Overall, operational management of CEME is delegated to the Executive Officers.

The Board is subject to a maximum of 12 and a minimum of 8 directors. Under the articles of association, the composition of the board is as follows:

- Three directors appointed by members of CEME:
- o One representative director nominated by Ford Motor Company
- o One representative director nominated by Havering College of Further and Higher Education and Barking and Dagenham College (BDC)

- o One representative director nominated by the London Borough of Havering

Additional directors appointed by the board, with specific expertise

- One senior independent non-executive Director to provide business and commercial expertise
- Additional non-executive directors as required to provide expert advice on subject areas of relevance to CEME such as skills and education, business development, regeneration initiatives, and manufacturing, engineering and technology to the Board
- One non-executive director to act as Chairman
- Two executive directors, being the Chief Executive Officer and Chief Financial Officer

The directors appointed by members are senior executives in those organisations. Ford is represented by a senior executive of Ford Britain. The colleges by the College Principal & CEO and the London Borough of Havering by its Director of Neighbourhoods.

A director may hold that office for an initial period of three years, this is renewable on a mutually agreed basis.

Typically, the board meets four to six times per year. New directors are inducted through a formal induction process, which includes a comprehensive briefing with the Chief Executive Officer and a site visit in addition to a number of other initiatives and in person and on-line training.
The Trustees review and monitor the financial performance of the Charity, foreseeable significant events and risks are analysed and their possible financial impact is investigated with corrective action taken as necessary.

Throughout the year, the Trustees continued to monitor the effectiveness and overall terms of reference for the sub committees, to ensure they are following best practice in the sector.

The Board appoints members of the Audit Committee, Nominations Committee and the Remuneration Committee. The Audit Committee, which usually meets three times a year and the Remuneration Committee are made up of Trustees with relevant skills and experience. The Remuneration Committee supports the Board in reviewing and setting the remuneration of the executive directors. The remuneration procedure is discharged by the chair. The Nomination Committee reviews candidates for the appointment to the Board making recommendation to the board on the appointments.

CEME's approach to remuneration is designed to ensure we attract and retain the talented and motivated people we need to achieve our vision and deliver our strategic goals. It is applied consistently across the organisation. We aim to pay fair and competitively in the not for profit sector within the context of affordability and considering the complexity of each role. CEME links pay to performance and provides salary progression for those who deliver exceptional performance. The level of remuneration is benchmarked to organisations in the area of similar size type and complexity. External independent consultants carry out, on a regular basis, the benchmarking. The Chief Executive and the board as appropriate then agree the remuneration.

The Trustees are aware of the Charity Governance Code published in 2017, which sets out the principles and recommended practice for good governance within the sector. The Trustees regularly discuss best practice at CEME Board Meetings and are satisfied that the Charity applies the principles of the code within its current Governance arrangements. A board self-evaluation exercise is carried out annually. The Chair carries out an appraisal with each trustee annually and the Senior Independent Director will carry out a review of the Chairs performance seeking feedback from each Trustee.

Related Parties

CEME operates a wholly owned subsidiary CEME Enterprise Limited, this is a commercial organisation that conducts the Conference Centre business and hence is a related party to the charity (CEME Ltd).This company was made dormant on 31st December 2023 due to a decline in the commercial events business following Covid.

CEME is under the common control of Ford Motor Company, London Borough of Havering, Havering College of Further Education, Barking and Dagenham College. The companies Article of Association as amended in October 2019 state that each of the above is a member of CEME. As a member of CEME they have the right to appoint a director to CEME board which are noted in the section above. The Greater London Assembly rents to CEME the land on which CEME Centre of Excellence is sited on a 125-year lease at a peppercorn rent. It also leases the Innovation Centre on a 125-year lease at a peppercorn rent. The ultimate freeholder is the Ford Motor Company.

FINANCIAL REVIEW

Trading Performance

CEME's principal income is derived from fees charged to users of the facility. CEME provides a fully provisioned teaching environment for providers of education and skills and tailored office space and support services to businesses. This income is augmented by revenues from a trading subsidiary that runs a conference centre at CEME. These revenues are disclosed as "Income" on the Consolidated Statement of Financial Activities.

CEME operates a number of buildings on its park, the main building that accommodates the providers for skills and education and office space as well as the conference centre. Other buildings include a wholly devoted Innovation centre. CEME's revenue for the year was £4,373,496 and the adjusted loss is £514,485 (the loss includes a depreciation charge of £878,672). Prior year revenue was £4,156,655 and adjusted loss of £509,244 (the loss includes a depreciation charge of £904,848).

As mentioned above, the event space business is run through a wholly owned trading subsidiary named CEME Enterprise Ltd. Revenues for the year was £169,449 with a profit of £290,951, Intercompany amount written off was £421,889 as CEME Enterprise Ltd is not able to pay the outstanding debt.. Prior year revenue £303,293 with a loss of £73,857. The accommodation costs for the conference centre are in line with rates paid by major clients in other parts of the building.

Reserves Policy

Total funds held at 31 December 2023 amounted to £21,782,076 made out of £13,623,669 restricted funds and £8,158,407 unrestricted fund.

Unrestricted Income Funds of £8,158,407consist of tenant's income less operating results incurred to date.

Restricted Income Funds consist of grants received for restricted purposes (full list of the grants is contained in note 21 of the accounts) and amounted to £13,623,669 at 31 December 2023, Capital grants are used to fund building works and the acquisition of new teaching equipment.

The Trustees have reviewed their reserves policy during the course of the year and set the reserves policy that requires:

- Reserves to be maintained at a level, which ensures that the organisation's core activity could continue during a period of two months following a time when revenue falls to zero.
- Maintain a proportion of reserves in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

Report of the Trustees

The Trustees believe it is necessary to hold reserves of two months' unrestricted expenditure equating to £619K at 31 Dec 2023. The Trustees regularly monitor the cash position and resources available to CEME to achieve its operational goals and are satisfied that current cash flows and the agreed overdraft facility is sufficient to provide adequate working capital. At the balance sheet date, the group held unrestricted funds totaling £8,158,407 with net current liabilities of £194,351 (2022: £307,420); the cash component is £1,390,770. Free reserves are calculated as unrestricted funds less tangible fixed assets and loans to procure fixed assets and tenant's deposits. At the Balance Sheet date, CEME had free reserves of £784k. CEME has prepared a 12months forecast with detailed operating plans including cashflows and is satisfied that with the cash reserves and its bank overdraft facility that it has appropriate reserves.

Going Concern

CEME has delivered a strong financial performance and has enjoyed an encouraging start to 2024 with record levels of tenant occupancy on the campus. The Event space, which has undergone a restructure in 2023 remains a major part of the offering at CEME. Under the control of the Business Development Director there is an encouraging positive start to 2024. Cash position remains strong and is forecast throughout 2024.

At the time of making this assessment occupancy across the campus is strong and the evidence of the last twelve months have suggested that CEME is ideally placed for customers seeking high quality business space in the vicinity of East London, accessible by car and offering a secure and safe environment. The anticipated occupancy in 2024 provides a reasonable assurance of stable performance and steady cashflows to meet working capital needs and servicing debt on a timely basis.

Cash position at the end of April 2024 was £1,512k . The cash includes £325k to purchase the Launchpad from GLA during 2024. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various levels of income and planned expenditure.

CEME has a cash balances at the year-end of £1,391k (2022 £1,583k) and it has an overdraft facility of £400K that has been in place since May 2015 and which has never been utilised due to its strong cash position and continued demand of its accommodation and related services.

Management believe that CEME has adequate financial resources and are well placed to manage these significant business risks.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.
The accounts have therefore been prepared on the basis that the charity is a going concern.

Risk Management and Internal Control

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to manage the strategic and operational risks the Charity is, and could be, exposed to. Processes in place regarding risk management and internal controls include the following:

- The Audit Committee is responsible for monitoring the effectiveness of the internal controls and reports to the Board the results of such monitoring. This is achieved through:
  - CEME's systems of financial control, risk management and compliance
  - the nature and scope of the external audit, and any matters raised, for the attention of Management.
  - the need for the internal audit, any changes to audit plans to take account of emerging risks and new areas of business as appropriate.

- The systems of control operated within CEME are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:
  - Five-year plan and cash flow forecast
  - Annual business plan, budget and cash flow forecast
  - Regular consideration by the Trustees of actual results compared with budgets, forecasts and trends,
  - Cash flow and reserves levels

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

- Segregation of duties
- Identification of, and management of, risks
- Regular review of financial procedures.

The Trustees, in partnership with the Executive Committee (EXCO), play a key role in the identification, evaluation and monitoring of major risks to which CEME is exposed. CEME has robust risk management and monitoring processes in place to assist in the strategic and operational management of the organisation. The risks are monitored through a risk register that is updated and reviewed on a regular basis. The risk register looks at risks and assesses the impact on CEME based on the following criteria financial, strategic, reputational and operational. It also identifies detection methods, preventative and recovery controls.

CEME recognises the value and importance of effective risk management. CEME practices a culture of risk management that permeates all levels and operational functions of the organisation. To support this, additional components of the risk management framework include:

- The requirement for all staff and managers to prepare comprehensive project related risk assessment and management documentation for all new initiatives, which mandates an assessment of risk.
- New development opportunities requiring investment of the organisations resources including capital investment undergo a feasibility analysis, including an assessment of risk.
- CEME's Trustees have established a target for the levels of reserves held, to mitigate the impact on the organisation of the risks that do materialise.

CEME is committed to its risk management processes, and Senior Managers and Trustees are continuing to develop and refine risk management and control processes, which are both, appropriate to the organisation and whose effect can be measured. The table below provides key risks and the actions that are undertaken to manage the risks. CEME also maintains a full risk register that identifies the risks, detection controls, prevention controls and recovery controls. This is formally reviewed on a regular basis.

Risk	Management
Economic pressures, Competition and Major Client behaviour change	Annual budgeting ongoing management reporting, plus monitoring of financial performance. Review of existing pipeline plus marketing as deemed necessary. The ongoing evaluation of longer-term strategy that targets the diversification of income from new and additional clients
Incidents that may impact/damage reputation or negative impact operations including cyber security, fraud and major incidents	Proactive detection, monitoring investigating and reporting of adverse incidents or events. Use of risk register is employed. Continued programme to drive IT improvements and strengthen infrastructure and protection of data.
Economic Downturn - due to the national and international	Monitor the economic indicators in the rental market and comparing to competitors.
CEME Strategy and activities not fully focused to meet Charity Commission RR2 criteria.	Monitor and record public benefit activities and keep the level of regeneration activities above any required level.

Centre for Engineering and Manufacturing Excellence Limited

Statement of trustees' responsibilities

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

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and 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 (FRS102);
- make judgments 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;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Disclosure of Information to Auditors Insofar as each of the trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Signed on behalf of the Board

Valerie Ellen Le Vaillant (Nee Owen

Valerie Le Vaillant
Trustee
Date 18.06.2024

Centre for Engineering and Manufacturing Excellence Limited

Independent Auditors' Report

Opinion

We have audited the financial statements of the Centre for Engineering and Manufacturing Excellence for the year ended 31 December 2023 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2023 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- The information given in the report of the trustees (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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the trustees (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and considered other factors such as GDPR, health and safety legislation, tax legislation and employment legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls and completeness and cut off income. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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.



Richard Weaver
Senior Statutory Auditor
For and on behalf of
Haysmacintyre LLP
Statutory Auditor

10 Queens Street Place London EC4R 1AG

Date 19 June 2024

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Statement of Financial Activities
for the Year Ended 31 December 2023 (incorporating income and expenditure accounts)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Income from					
Other trading activities	3	2,563,972	-	2,563,972	2,454,044
Investment income		4	-	4	21
Charitable activities					
Skills & education and business support accommodation and related services	4	1,738,487	-	1,738,487	1,695,623
Segro funding		71,033	-	71,033	6,967
Total Income		**4,373,496**		**4,373,496**	**4,156,655**
Expenditure on					
Raising funds	5	657,716		657,716	936,005
Charitable activities					
Skills & education accommodation and support services	6	3,775,720	383,160	4,158,880	3,722,437
Skills delivery and business support		-	71,385	71,385	7,457
Total cost of charitable activities		3,775,720	454,545	4,230,265	3,729,894
Total expenditure	8	**4,433,436**	**454,545**	**4,887,981**	**4,665,899**
Net income/ (expenditure)		(59,940)	(454,545)	(514,485)	(509,244)
Net movement in funds		(59,940)	(454,545)	(514,485)	(509,244)
RECONCILIATION OF FUNDS					
Total funds brought forward at 1 January		8,218,347	14,078,214	22,296,561	22,805,805
Total funds carried forward at 31 December		8,158,407	13,623,669	21,782,076	22,296,561

Centre for Engineering and Manufacturing Excellence Limited
Charity and Group Balance sheets
as at 31 December 2023

	Notes	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
FIXED ASSETS		**22,456,388**	**23,242,080**	**22,442,801**	**23,219,282**
Tangible Fixed Assets	12	22,423,590	23,231,251	22,409,003	23,207,453
Investments	13	-	-	1,000	1,000
CURRENT ASSETS		**1,803,371**	**1,905,807**	**1,775,254**	**2,163,860**
Debtors	15	412,601	323,283	439,778	766,341
Cash at bank and in hand		1,390,770	1,582,524	1,335,476	1,397,519
CREDITORS: amounts falling due within one year	16	**1,997,722**	**2,213,227**	**1,969,605**	**2,171,118**
NET CURRENT (LIABILITIES)		**(194,351)**	**(307,420)**	**(194,351)**	**(7,258)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,262,037**	**22,934,660**	**22,248,450**	**23,212,024**
CREDITORS: amounts falling due after more than one year	17	**479,961**	**638,099**	**479,961**	**638,099**
Net Assets		**21,782,076**	**22,296,561**	**21,768,489**	**22,573,925**
Funds of the Charity					
Unrestricted income funds	20	8,158,407	8,218,347	8,144,820	8,495,711
Restricted income funds	21	13,623,669	14,078,214	13,623,669	14,078,214
Funds of the Charity		**21,782,076**	**22,296,561**	**21,768,489**	**22,573,925**

The notes on pages 21 to 33 form part of these financial statement.
Company Registration Number : 04238862
The net result for the year reported within the financial activities of the parent charity was a deficit of £805,440 (2022: deficit £454,137).

Approved and authorised for issue on behalf of the Board and signed on their behalf by:

Valerie Ellen Le Vaillant (Nee Owen

Valerie Le Vaillant
Trustee
Date: 18.06.24

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Cash Flow Statement
for the Year Ended 31 December 2023

	Notes	2023 £	2022 £
Cash flow from operating activities:			
Net cash (used in)/provided by operating activities	1	83,189	575,970
Cash flow from investing activities			
Purchase of property, plant and equipment		(101,039)	(146,761)
Net cash provided by (used in) investing activities		(17,850)	429,209
Cash flows from financing activities:			
Repayment of borrowing		(443,330)	(361,437)
Finance lease Interest paid		(55,574)	(52,590)
Cash inflows from new borrowing		325,000	73,833
Net cash provided by financing activities		(173,904)	(340,194)
Change in cash and cash equivalents in reporting period		(191,754)	89,015
Cash and cash equivalents at the beginning of the reporting period		1,582,524	1,493,509
Cash and cash equivalents at the end of the reporting period		1,390,770	1,582,524

	2023 £	2022 £
Note 1: Reconciliation of net (expenditure) to net cash flow from operating activities		
Net (expenditure) for the reporting period (as per the statement of financial activities)	(514,489)	(509,244)
Adjustments for:		
Depreciation and amortisation charges	885,503	911,680
Finance lease Interest paid	55,574	52,590
Loss on the sale of fixed assets	1,234	-
Decrease in debtors	(89,318)	(11,355)
(Decrease)/ Increase in creditors	(255,315)	132,299
Net cash provided by operating activities	83,189	575,970

1. CHARITY INFORMATION

CEME is a company limited by guarantee (registered number 04238862) which is incorporated and domiciled in England. It is also registered as a charity with the Charity Commission (registered number 1133396). The address of the registered office is CEME Campus, Marsh Way, Rainham, Essex RM13 8EU.

2. ACCOUNTING POLICIES

Basic of accounting

The accounts (financial statements) have been prepared under the historical cost convention in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

CEME Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Financial statements of CEME Limited and its subsidiary company are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'.

In accordance with section 408 of the Companies Act 2006, no individual statement of financial Activities has been presented for the parent company, Centre for Engineering and Manufacturing Excellence Limited.

Preparation of Accounts on a Going concern basis

After making appropriate inquiries, the trustees have a reasonable expectation that CEME has adequate resources (strong cash balances) to continue its operational existence for the foreseeable future in the case of any decline in demands. We believe that there are no material uncertainties that casts doubt over CEME's ability to continue in operation. The accounts have therefore been prepared on the basis that CEME satisfies the going concern assumption.

We have set out in the Trustees Report a review of financial performance, the charity's reserves position and the management actions. We believe that we have adequate financial resources and are well placed to manage these economic risks. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various sources of income and planned expenditure.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.

The accounts have therefore been prepared on the basis that the charity is a going concern basis.

Functional and Presentation currency

The functional currency of CEME Limited and its subsidiary is considered to be pounds (£) sterling because that is the currency of the primary economic environment in which the charity/group operates. The consolidated financial statements are also presented in pounds sterling.

Income

Income for Skills & Education business support, Accommodation and Related Services represents amounts invoiced, net of Value Added Tax, for the provision of training facilities, business incubation facilities and related supportive activities.

Income from operating leases is recognised in the period to which the rental income and support services relates and to the extent to which the company becomes entitled to the income under a tenancy lease agreement.

Where income for goods and services provided is received in advance of the goods or services being provided by the Centre for Engineering and Manufacturing Excellence Ltd the amount prepaid is credited to Deferred Income.

On receipt, donated professional services 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 of equivalent economic benefit in the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.

Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where estimations have been made include:

- Tangible Assets – the useful economic life of assets used in calculating depreciation
- Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

CEME Limted has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise overdrafts, trade and other creditors.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. The majority of overheads have been apportioned on the basis of headcount because that is the main driver of costs in the charity.

CEME initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining
support costs together with the governance costs are apportioned between raising funds and the charitable activities undertaken (see note 8) in the year.

Governance costs are costs associated with the strategic as opposed to day to day management of the charity's activities.

TANGIBLE ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost or valuation less depreciation.

Donated assets valued at £2,500 or over are recognised at market value as determined by an independent valuation when title is passed to CEME.

Purchased assets with a cost of £1,500 or over are recognised at historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:
- Long Leasehold buildings and improvements thereto over 50 years
- Plant, Machinery and equipment over 4 to 10 years
- Office Furniture over 4 years

INTANGIBLE ASSETS AND DEPRECIATION

Intangible fixed assets are non-monetary fixed assets that do not have physical substance but are identifiable and are controlled by the Charity through custody or legal rights. An intangible asset is recognised when it is separable or arises from contractual or other legal rights and if it is probable that its expected future economic benefits will flow to the Charity, and if its cost or value can be measured reliably. Intangible fixed assets costing more than £1,500 are capitalised.

Intangible assets are measured initially at cost and subsequently at cost less impairment and less any accumulated amortisation. The residual value of intangible fixed assets is nil when calculating the charge for amortisation unless reliable evidence exists to the contrary. Amortisation of intangible fixed assets is charged as an expense to the relevant statement of financial activities (SoFA) category reflecting the use of the asset.

Intangible assets are amortised on a straight-line basis over their useful economic lives. If the useful life cannot be estimated reliably it is presumed to be no more than five years. Amortisation commences when an intangible asset is available for use.

Intangible assets represents software costs which is amortised at 20% per annum.

Intangible assets are only reviewed for impairment if there are indicators that the asset may be impaired.

INVESTMENTS

Investments in subsidiary companies of Centre for Engineering and Manufacturing Excellence Limited, are stated at cost.

FUND ACCOUNTING

Due to the constraints of law and donor imposed restrictions the charity segregates its funds between restricted funds and unrestricted funds. Unrestricted funds represent the accumulated surplus on income and expenditure and are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity (see Report of the Trustees). Designated funds are funds that have been set aside out of unrestricted funds by the Board for a specific purpose, with the balance constituting the charity's General Reserves. There are no designated funds at present.

Where funds are received under contracts to run government funded programmes they are classified as restricted. When the service is provided, if any surplus arises this becomes unrestricted with agreement from the fund provider. Restricted funds represent income received where the donor has imposed restrictions as to how the monies shall be spend. The nature and purpose of the restricted funds are also set out in Note 21 to the financial statements.

LEASES

Where assets are financed by agreements that give rights approximating to ownership ('finance leases and hire purchase contracts'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum finance payments payable during the finance term. The corresponding finance commitments are shown as obligations to the provider of finance.

Finance payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities on a straight line basis.

All other leases are 'operating leases' and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term. There are no operating leases at present.

PENSIONS CONTRIBUTIONS

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the charitable company during the year.

	2023	2022
	£	£
3. Other Trading Activities		
Rent	2,134,337	1,923,576
Conference Centre	169,449	303,293
Support Services	260,186	227,175
	2,563,972	2,454,044

CHARITABLE ACTIVITIES

4. SKILLS & EDUCATION AND BUSINESS SUPPORT ACCOMMODATION AND RELATED SERVICES

	2023	2022
	£	£
Further Education and Apprentices		
Space and Learning Support	579,862	544,452
Business Incubation Centre	769,511	745,538
Cafeteria	166,353	189,146
Launchpad	157,556	151,282
Training Centre	65,205	65,205
	1,738,487	1,695,623

5. RAISING FUNDS	2023	2022
	£	£
Conference Centre	(16,427)	463,048
Support costs	322,179	152,158
Space, IT and Shared Services	290,183	262,598
Telephone and Franking recharges	10,591	9,889
Car park cost	25,281	21,082
Governance costs	25,909	27,230
	657,716	936,005

Taxation - CEME is registered as a charity and as such is entitled to the exemptions under sections 466 to 493 Corporation Tax Act 2010. The company can claim all VAT incurred except where incurred on running costs of government funded programmes. These programmes are run on a reimbursement basis and therefore the cost of the irrecoverable VAT is coved by the grant funding.

6. SKILLS & EDUCATION ACCOMMODATION AND SUPPORT SERVICES	2023	2022
	£	£
Direct costs	2,567,183	2,581,615
Depreciation of building and founding asset infrastructure	662,056	663,217
Support costs	863,018	407,586
Governance costs	66,623	70,019
	4,158,880	3,722,437

7. GOVERNANCE COSTS	2023	2022
	£	£
Fees payable to the group's auditors for the audit of the group's annual accounts	29,000	27,000
Fees payable to the group's auditors for other work	8,000	7,000
Taxation fee payable in respect of the subsidiary	1,470	1,375
Trustee expenses, recruitment and insurance[1]	5,995	17,010
Board and committee support costs[2]	48,067	44,864
	92,532	97,249

1 Travel expenses incurred by Trustees in respect of CEME meetings amounted to £1,479 (2022: £1,981) during the year. The number of Trustees receiving expense reimbursement during the year was 3 (2022: 2). Trustee indemnity insurance cost £1,516 (2022: £1,444).

Key Management Personnel

2 The key management personnel of the charity comprise the trustees, the Chief Executive and the Finance Director. Executive Directors were remunerated for acting in that role under the authority of CEME's memorandum and articles of association.

These costs reflect the pay and non pay costs of the CEO and Finance Director relating to preparation for and attendance at trustee meetings, and the pay and non pay costs of Non Executive Directors.
Valerie Le Vaillant was paid £15,000 for her services as a Chair. A non executive director, Dr Keyvan Djamarani, was paid £1,800 for performing that role. Payments to non-executive directors are made under the authority of CEME's memorandum and articles of association.

Key personal management remuneration as follows: pay £220,302 (2022 : £101,449), pension £11,692 (2022 : 6,594), employers NI £28,668 (2022 : £5,718) and other benefit £3,351 (2022: £2,250) . Bonus accrued £78,619 (2022 : £nil).

8. TOTAL EXPENDITURE

	Direct Cost	Support Costs			Governance Cost	Total 2023
		Management	Finance	HR		£
Raising funds	309,628	191,901	122,229	8,049	25,909	657,716
Skills & education accommodation and support services	3,229,239	514,044	327,414	21,560	66,623	4,158,880
Skills delivery and business support	71,385	-	-	-		71,385
	3,610,252	705,945	449,643	29,609	92,532	4,887,981

	2022
	£
Raising funds	936,005
Skills & education accommodation and support services	3,722,437
Skills delivery and business support	7,547
	4,665,899

9. STAFF NUMBERS AND COSTS

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2023 No.	2023 No.
Operations	20	20
Governance	1	1
Support	3	3
	24	24

	2023	2023
The aggregate payroll costs of these persons were as follows:	£	£
Wages and salaries	910,596	842,751
Social security costs	92,845	92,839
Other pension costs	50,261	47,580
	1,053,702	983,170

Those receiving employee benefits (excluding employer pension contribution)in the following ranges were:

	2023 No.	2022 No.
£60,001-£70,000		
£60,001-£70,000	2	2
£70,001-£80,000	-	2
£80,001-£90,000	1	1
£120,001- £130,000	-	1
£200,001-£210,000	1	-

Pensions contributions made on behalf of employees earning in excess of £60,000 per annum were £19,437 (2022: £24,257).

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

10. RELATED PARTY TRANSACTIONS

In the opinion of the directors the following were related parties of CEME: Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College, London Borough of Havering, and the London Development Agency. CEME transacted with the related parties during the year as follows:

	2023 Group £	2022 Group £
Regeneration programme funding:		
London Development Agency	-	-
For facilities rental and provision of core services by the Group:		
Ford Motor Company	-	93,249
London Borough of Havering	73,990	81,808
Barking and Dagenham College	-	-
For goods and services provided by the Group:		
Ford Motor Company	-	46,760
London Borough of Havering	34,058	38,115
Barking and Dagenham College	-	-
For goods and services provided to the Group:		
Ford Motor Company	-	-
The balances (owed by) / due to the Group at 31 December were as follows:		
Ford Motor Company	72	1,352
Barking and Dagenham College	-	-
London Borough of Havering	6,027	3,479
Havering College	-	-

The nature of the relationships with related parties was as follows:
London Borough of Havering
Right of approval to changes in CEME's strategic plan and corporate governance structure:
London Development Agency

During the year CEME Ltd has recharged CEME Enterprise Ltd (Subsidiary) cost of £282,226 (2022 : £355,553) made out of costs paid on behalf of CEME Enterprise totalling £253,477 (2022 : £321,777 plus rent and services provided by CEME Ltd totalling £28,749 (2022 : £33,776) excluding VAT, at year end the outstanding amount owed to CEME Ltd from CEME Enterprise Ltd was £70,027 (2022 : £501,549). Amount of £421,889 was written off during the year as irrecovrable from CEME Enterprise Ltd.

The Conference Centre includes £28,749 (2022 : £33,776) of apportioned costs for facility and IT. The apportionment has been calculated on the basis of volume of space utilised.

There were no related party transactions in 2023 or in 2022.Key management personnel (KMP) and Trustees expenses renumeration is disclosed in notes 11 and 11 respectively

11. NET EXPENDITURE

	2023 £	2022 £
The net expenditure is stated after charging		
Fees payable to the charity's auditors for the audit of the charity's annual accounts	21,000	20,000
Fees payable to the charity's auditors for the audit of the charity's subsidiary pursuant to legislation	8,000	7,000
Total audit fees	29,000	27,000
Taxation fees for the subsidiary	1,475	1,375
Total fees payable	30,475	28,375

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Depreciation of tangible fixed assets	878,672	904,848	869,461	891,602
Amortisation of Intangible fixed assets	6,831	6,832	6,831	6,832
Rental costs relating to operating leases:				
Photocopy machines			-	-
(Loss) on disposal of fixed assets	-	-	-	-

12. TANGIBLE FIXED ASSETS

	Group		
	Long Leasehold Buildings	Plant, Equipment and Motor Vehicles	Total
	£	£	£
Cost			
1 January 2023	36,138,410	6,345,202	42,483,612
Additions	30,327	41,918	72,245
Disposals	-	(9,707)	(9,707)
31 December 2023	36,168,737	6,377,413	42,546,150
Depreciation			
1 January 2023	13,517,830	5,734,531	19,252,361
Charge in the year	712,036	166,636	878,672
Disposals	-	(8,473)	(8,473)
31 December 2023	14,229,866	5,892,694	20,122,560
Net book value			
31 December 2023	21,938,871	484,719	22,423,590
31 December 2022	22,620,580	610,671	23,231,251

	CHARITY		
	Long Leasehold Buildings	Plant, Equipment and Motor Vehicles	Total
	£	£	£
Cost			
1 January 2023	36,138,410	6,133,844	42,272,254
Additions	30,327.00	41,918	72,245
Disposals	-	(9,707)	(9,707)
31 December 2023	36,168,737	6,166,055	42,334,792
Depreciation			
1 January 2023	13,517,830	5,546,971	19,064,801
Charge in the year	712,036	157,425	869,461
Disposals	-	(8,473)	(8,473)
31 December 2023	14,229,866	5,695,923	19,925,789
Net book value			
31 December 2023	21,938,871	470,132	22,409,003
31 December 2022	22,620,580	586,873	23,207,453

The net book value of plant and machinery includes £1,183,117 (2022 : £1,341,374) in respect of assets held under finance leases. The depreciation charge on these assets was £136,762 (2022: £184,034).

The long leasehold buildings are constructed on land leased by the Ford Motor Company Limited to The London Development Agency (see also Note 12) and sub-let by the London Development Agency to the Centre for Engineering and Manufacturing Excellence Ltd (CEME). The lease and the sub-lease expire in the year 2127.

In addition to use by CEME and its subsidiary company to operate activities such as the conference centre, and the Gateway to Skills Centre, the property assets are let out under operating lease agreements and short term rentals.

INTANGIBLE FIXED ASSETS (Group and Charity)	Software £
Cost	
1 January 2023	34,160
Additions	28,800
Disposals	-
31 December 2023	62,960
Depreciation	
1 January 2023	23,331
Charge in the year	6,831
Disposals	-
31 December 2023	30,162
Net book value	
31 December 2023	32,798
31 December 2022	10,829

13. INVESTMENTS

	Group	Charity Shares in group undertakings and participating interests
	£	£
Investment in subsidiaries	-	1,000

CEME owns 100% of the issued shares of CEME Enterprise Ltd.

14. TRADING SUBSIDIARIES

Net expenditure of CEME before consolidation of the trading subsidiaries was £383,551 (2022 : £454,133).

The results for CEME Enterprise Limited (company number 07115923) are shown below. CEME Enterprise runs the conference centre at CEME. Net liabilities of the company were £407,302 (2022 : £276,364) at year end.

CEME Enterprise Limited	2023 £	2022 £
Total income	169,449	303,293
Government grant	-	-
Cost of sales	(232,600)	(269,534)
Gross Profit/(Loss)	(63,151)	33,759
Administration costs	354,102	(107,616)
Interest receivable	-	-
Loss before taxation	290,951	(73,857)

	2023 £	2022 £
Fixed Assets		
Tangible Assets	14,587	23,798
Current Assets		
Debtors	42,850	58,491
Prepayment	-	-
Cash at bank and in hand	55,294	185,005
Creditors: amounts falling due within one year		
Creditors	98,144	543,658
Net Current Liabilities	-	(300,162)
Total Asset Less Current Liabilities		
Net Liabilities	14,587	(276,364)
Capital and Reserves		
Share Capital	1,000	1,000
Retained Earnings	13,587	(277,364)
	14,587	(276,364)

15. DEBTORS	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Due within one year:				
Trade debtors	217,813	183,175	174,963	124,684
Amounts owed by group undertakings	-	-	70,027	501,549
Other debtors and prepayments	194,788	140,108	194,788	140,108
	412,601	323,283	439,778	766,341

CEME Ltd has secured an overdraft facility of £400,000 with Barclays bank. This is secured on net debtors.

16. CREDITORS & LOAN : amounts falling due within one year	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Trade creditors	319,653	531,953	311,817	511,468
Deferred Income	332,670	384,803	332,670	384,803
Obligations under finance lease and hire purchase contracts	183,992	192,207	183,992	192,207
CBILoan	61,333	106,332	61,333	106,332
Amounts owed to group undertakings	-	-	-	-
Other taxes and social security	145,077	101,821	137,121	90,041
Other creditors and accruals	954,997	896,111	942,672	886,267
	1,997,722	2,213,227	1,969,605	2,171,118

Movement on deferred income (Due with in one year)	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Deferred income brought forward	384,803	363,079	384,803	363,079
Realised during the year	(1,310,951)	(1,371,477)	(1,310,951)	(1,371,477)
Deferred during the year	1,258,818	1,393,201	1,258,818	1,393,201
Deferred income carried forward	332,670	384,803	332,670	384,803

Deferred income relates to rental income received in advance of the period to which it relates.

17. CREDITORS & LOAN : amounts falling due after more than one year	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Deferred income	93,025	186,049	93,025	186,049
Obligations under finance leases and hire purchase agreements	272,374	147,429	272,374	147,429
CBILoan	114,562	304,621	114,562	304,621
Total creditors falling due after more than 1 yr	479,961	638,099	479,961	638,099

CBILoan terms are 5 years with the first payment during Jul 2021 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free. CBILoan was paid off during the year.

CBILoan 2 terms are 5 years with the first payment during Jul 2022 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free.

18. COMMITMENTS UNDER OPERATING AND FINANCE LEASES	Group 2023	Group 2022	Charity 2023	Charity 2022
	£	£	£	£
Future minimum **operating lease** payments are as follows:				
Plant and machinery:				
-Within one year	11,080	1,044	11,080	1,044
-Between one and five years	37,837	5,220	37,837	5,220

Future minimum **finance lease** payments are as follows:	Group 2023	Group 2022	Charity 2023	Charity 2022
Building, Furniture, Plant and machinery:	£	£	£	£
-Within one year	183,992	192,207	183,992	192,207
-Between one and five years	272,374	147,429	272,374	147,429

The London Development Agency rent the land on which the CEME centre of excellence is sited on a 125 year lease to CEME at a peppercorn rent. This lease excludes the Innovation Centre and expires in more than five years.

The London Development Agency rent the Innovation Centre land on a 125 year lease to CEME at a peppercorn rent. This lease expires in more than five years.

19. RENTAL OPERATING LEASES	2023	2022	2023	2022
	£	£	£	£
The future minimum lease rental income due from tenants operating leases are as follows:				
-not later than one year;	3,040,857	2,680,416	3,040,857	2,680,416
-later than one year and not later than five years	3,333,166	2,118,693	3,333,166	2,118,693
-later than five years;	253,753	-	253,753	-

20. STATEMENT OF FUNDS

	Balance 1 Jan 23	Income	Expenditure	Balance 31 Dec 23
Unrestricted Income Funds				
General funds	8,218,347	4,373,496	(4,433,436)	8,158,407
Restricted Income Funds	14,078,214	-	(454,545)	13,623,669
Total	22,296,561	4,373,496	(4,887,981)	21,782,076

2020 Comparative	Balance 1 Jan 22	Income	Expenditure	Balance 31 Dec 22
Unrestricted Income Funds				
General funds	8,273,045	4,156,655	(4,211,353)	8,218,347
Restricted Income Funds	14,532,760	-	(454,546)	14,078,214
	22,805,805	4,156,655	(4,665,899)	22,296,561

21. STATEMENT OF RESTRICTED FUNDS

	Balance 1 Jan 23	Expenditure	Balance 31 Dec 23
Capital and revenue costs of the Gateway to Skills Centre[2]	39,080	(1,134)	37,946
Capital and revenue costs of the Gateway for Business programme[3]	15,453	(457)	14,996
SRB 5 Capital - Delivery plan[1]	3,309,634	(107,923)	3,201,711
SRB IT Capital[1]	647,133	(21,067)	626,066
DTI[1]	2,516,941	(81,983)	2,434,958
Innovative Clusters Fund[1]	539,730	(17,600)	522,130
LDA grant for erection of campus and acquisition of teaching equipment[1]	3,706,451	(117,084)	3,589,367
ERDF Objectives11 [1]	2,242,222	(73,116)	2,169,106
LSC Capital[1]	605,763	(19,753)	586,010
NTI Capital[1]	446,449	(14,428)	432,021
Department for Communities and Local Government HSSMI[4]	9,358	-	9,358
	14,078,214	(454,545)	13,623,669

1 These grants were contributions to the capital building and infrastructure setup costs of the CEME campus.
2 These grants were provided to equip the Gateway to Skills Education centre.
3 This grant was provided to equip the Gateway for Business small business support programme.
4 This grant provides funding for the High Speed Sustainable Manufacturing Institute. HSSMI is a division of CEME with a purpose of conducting leading edge manufacturing research with an aim of improving efficiency of manufacturers and supply chain companies. The remainder of £9,358 will be paid to HSSMI once CEME receives a funding request.

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	13,614,311	8,809,279	22,423,590
Intangible fixed assets	-	32,798	32,798
Current assets	9,358	1,794,013	1,803,371
Current liabilities	-	(1,997,722)	(1,997,722)
Creditors falling due after one year	-	(479,961)	(479,961)
At 31 Dec 2021	13,623,669	8,158,407	21,782,076

Comparative 2022

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	14,068,856	8,404,308	22,473,164
Intangible fixed assets	-	10,829	10,829
Current assets	9,358	1,896,449	1,905,807
Current liabilities	-	(2,213,227)	(2,213,227)
Creditors falling due after one year	-	(638,099)	(638,099)
At 31 Dec 2020	14,078,214	7,460,260	21,538,474

22. CONTROL

CEME is under the common control of Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College and London Borough of Havering. The company's Articles of Association dated 2 January 2010 state that each of the above is a member of CEME.

23. COMPARATIVE SOFA BY FUND		Unrestricted Funds £	Restricted Funds £	Total 2022 £
INCOME				
Income from generated funds				
Other trading activities	3	2,454,044	-	2,454,044
Investment income		21	-	21
Income from charitable activities		-		-
Skills & education and business support accommodation and related services	4	1,695,623	-	1,695,623
Segro funding		6,967	-	6,967
Total income		4,156,655	-	4,156,655
		-		-
		-		-
Expenditure on Raising funds	5	936,005	-	936,005
Charitable Activities		-		-
Skills & education accommodation and support services	6	3,275,348	447,089	3,722,437
Skills delivery and business support		-	7,457	7,457
Total expenditure	8	4,211,353	454,546	4,665,899
Net (expenditure)		(54,698)	(454,546)	(509,244)
RECONCILIATION OF FUNDS				
Total funds brought forward at 1 January		8,273,045	14,532,760	22,805,805
Total funds carried forward at 31 December		8,218,347	14,078,214	22,296,561

CENTRE FOR ENGINEERING AND MANUFACTURING EXCELLENCE

England & Wales - Charity number 1133396

Accounts

Company Registration Number: 04238862
Charity Registration Number: 1133396

Centre for Engineering and Manufacturing Excellence Limited

Annual Report and Accounts

for the year ended

31 December 2022



Centre for Engineering and Manufacturing Excellence Limited
Annual Report and Accounts

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Centre for Engineering and Manufacturing Excellence Limited
Chairs Foreword

The CEME Board has built an excellent partnership with our new CEO Noorzaman Rashid who began work with us in April 2022. Following the footsteps of a successful CEO with a 15-year tenure was not an easy act to follow. However, the energy and pace Noorzaman has brought to CEME has enabled us to enjoy renewed relationships with important partners across the region, most notably the Thames Estuary Growth Board, Thames Freeport and Local London reinforcing our commitment to creating prosperity for everyone in the region

The Board has met regularly throughout the year and held a particularly successful strategy day. This has led to the creation of a new 5-year strategy with 3 overarching priorities. The first is to focus on being a **catalyst for economic regeneration.** The very successful launch of our Business Growth Academy providing businesses with free marketing, legal and financial advice with free online training and in-person networking events is a very good example of how CEME has been supporting businesses to grow and prosper.

Our second new strategic priority is to act as an **accelerator for greentech businesses,** focused on innovative product development and manufacturing to reduce carbon emissions. A hugely successful summit on the contribution of hydrogen to the UK economy attended by over 250 participants led to CEME being nominated as the preferred site for a £29m project to create a hydrogen Living Lab focussed on research for HGV vehicles and river transport. We now need to rise to the challenge to materialise this opportunity over the lifetime of our new strategy.

CEME's third strategic priority is to **champion inclusive business growth.** As a result of this and our work in promoting future skills development for industry within the region CEME are increasingly being invited to contribute to skills strategies. The appointment of an Associate Director focussed on skills development has made a material difference to our reputation in this area and we are recognised as a preferred partner for grant funding and other funding streams available through the education sector and local authorities.

During 2022 CEME has reorganised the Events part of the business to ensure that value for money is delivered. This continues to be an area of challenge due to the down turn in the hospitality market, increased energy, food and labour costs as well as reduced footfall from 44,000 high per month to 29,000 post Covid. Appointment of Business Growth Director has accelerated sales and it is expected that CEME 1 will be close to capacity allowing management to look for opportunities to expand into CEME 2. The development of industrial workspaces on Courier Road adjacent to CEME is a potential opportunity for us to expand.

The root and branch review undertaken by HaysMacintyre in 2021/2022 is being implemented and that is beginning to deliver additional controls and efficiencies. I am delighted to report that CEME have successfully dealt with a 300% increase in energy costs during 2022 through careful management of our contracts and budgetary controls.

We successfully tendered for a new Solar PV array to all 3 building on our campus that will produce over 25% of all our energy on site. We selected a contractor and were in a position where we could submit a planning application, ready for installation in the summer of 2023. The current solar array is 20 years old and coming to the end of its life. Interestingly it was the largest solar array in London when it was first installed.

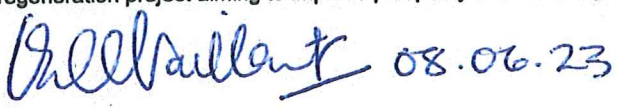
Another highlight during 2022 was our new strategic partnership with Quantum Group and Daikin, to establish a new Centre of Excellence for Renewables Training. The Centre will offer accredited training for utilities engineers, enabling them to upskill into Heat Pump, Solar, and sustainable water heating technologies, all of which are crucial to meet home retrofit works, and green construction methods for new builds.

On a personal note I'm delighted that CEME were able to sponsor an East London based female student through the Arkwright Engineering Scholarship, showcasing our support to develop tomorrow's engineers. In addition, we delivered fun and informative STEM and career sessions to over 500 school children through our Gateway to Skills STEM programme. Feedback from our school children showed that 64% of them would now consider a career in engineering and technology.

Under the leadership of our new chief executive Noorzaman Rashid and a strengthened Senior Leadership Team we are confident that despite the economic challenges facing us and similar businesses that we will have a good 2023.

CEME remains an ambitious regeneration project aiming to improve prosperity within the region.

Valerie Le Vaillant OBE
Chair, CEME



Centre for Engineering and Manufacturing Excellence Limited
Chief Executive's outlook

Having taken on the leadership reins of CEME in April 2021 I was delighted to engage with key stakeholders across the far East of London, South Essex and the Thames Estuary. This part of the SE of England provides enormous business opportunities that can contribute to the countries GDP and CEME has a special role to play as a catalyst for economic regeneration, accelerator for Greentech and champion of inclusive business growth. These three strategic objectives align with the aspirations of all infrastructure organisations within the region committed to job creation and economic prosperity. What will set CEME apart is our closeness to our local communities and the way we will measure and deliver social value.

Our new strategy launched in 2023 has been warmly welcomed by local authorities, The GLA, Thames Freeport and the Thames Estuary Growth Board who we will be working with hand in glove to meet the skills needs of the region, increasing the flow of talent to business and industry.

We have a significant challenge in attracting £29m funding with the TEGB and Thames Freeport to help create the first Hydrogen Living Lab focussed on HGVs and river transport on the CEME Business Campus. This strategic initiative is expected to come to fruition by the end of our 5-year strategy. The creation of such a research centre will attract other micro manufacturing businesses focussed on Greentech and sustainability. Working with Local London we will contribute to creating a strategy for Greentech skills development supported by NOCN Group one of the largest apprenticeship and training providers in the country.

Over the next 3 years the historic food, meat and poultry markets currently in London will move to Barking Docks. Working with the City of London Corporation and The London Borough of Barking and Dagenham we will explore opportunities for training and development through our Business Growth Academy BGA to help market traders modernise by embracing e-commerce. CU London is growing as a Higher Educational Force within East London we expect to develop a programme of Master classes with them to support entrepreneur's and start up business owners through our BGA.

Emerging out of the pandemic in 2022 we ran into the cost of living crisis, which inevitably impacted small businesses and start-ups. CEME's excellent support and continuous encouragement to our resident tenants resulted in less than a handful of tenants leaving the CEME business Campus. The impact of the Ukraine war continues to play an underlying role and in particular its impact on energy prices. These issues will continue to impact our profitability in 2023.

We now refer the CEME Business Campus as "CEME 1" as we have aspirations to work with other local authorities in particular The London Borough of Havering to identify opportunities where we can recreate similar business campuses.

CEME have a new Strategic Leadership team , who are energised to work at pace to make a difference to people's lives through creating "prosperity"

N. Rashid 8.6.23

Noorzaman Rashid
Chief Executive, CEME

Centre for Engineering and Manufacturing Excellence Limited
Legal And Administrative Information

BOARD OF TRUSTEES

Name	Changes since last audited accounts	Organisation Represented
Valerie Ellen Le Vaillant (Chair)		
Noorzaman Rashid (Chief Executive Officer)	Appointed 01/04/2022	
Chris Peter Rolls (Financial Director)	Appointed 01/05/2022 resigned 8/12/2022	
Geoffrey Richman		Ford Motor Company
Judith Armitt		
Keyvan Djamarani		
Yvonne Kelly	Resigned 28/02/2023	Barking & Dagenham College
Findlay Macalpine		
Barak Maoz		
Neil Andrew Stubbings		London Borough of Havering
Alessandro Attanasio		Ford Motor Company

SECRETARY

Chris Peter Rolls (Financial Director)	Appointed 01/05/2022 resigned 8/12/2022

REGISTERED AND PRINCIPAL OFFICE
CEME Campus
Marsh Way
Rainham, Essex
RM13 8EU

COMPANY NUMBER
04238862 (England and Wales)

CHARITY REGISTRATION NUMBER
1133396 (England and Wales)

AUDITORS
Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

BANKERS
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

SOLICITORS
Forsters LLP
31 Hill Street
London
W1J 5LS

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

The Trustees of the Centre for Engineering and Manufacturing Excellence Limited (hereafter known as CEME Ltd.) are the charity's Trustees under charity law and the directors of the charitable company. The Trustees of CEME Ltd. present their Annual Report for the year ended 31 December 2022 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report together with the audited financial statements for the year.

Charitable Objects
The objects for which the company is established ("the objects") are the promotion for the public benefit of urban or rural regeneration in selected areas of social and economic deprivation in the Boroughs of Tower Hamlets, Hackney, Newham, Greenwich, Bexley, Barking & Dagenham, Havering, Thurrock, Waltham Forest, Redbridge, Lewisham, Enfield, Haringey and Dartford (together the "boroughs").

Review of Strategic Aims and Key Objective

The CEME Vision is a world where engineering, technology, design and manufacturing businesses improve life and wellbeing

CEME is committed to creating prosperity in the sectors and communities it serves, through the creation of an environment where business growth is accelerated, creating new employment opportunities, facilitating training and development activities to help improve the changes that local residents develop the skills, aptitude and attitude needed to secure and thrive in those new jobs.

The CEME Mission is to "deliver prosperity in regeneration areas by creating business growth partnerships, partnerships and opportunities in manufacturing, engineering and technology."

CEME are embedded in, and proud to support the UK manufacturing, engineering and technology sectors. CEME look for opportunities to create economic prosperity and growth in areas that may be overlooked, or worse still avoided, because the challenge to create economic growth appears to be unlikely to achieve. CEME believes that regeneration though economic growth is possible when stakeholders come together to create inspiring projects.

We achieve amazing outcomes through forming effective partnerships with key stakeholders from industry and the public sector to create inspiring projects that serve the communities within their locality. We work with partner organisations to deliver a service that, through experience, we know supports increased business success and growth for our customers.

We provide customers with offices, lab space, machine workshops, prototyping facilities, business and funding skills, apprenticeships and more.

CEME's promise is to always do its best to live our values in providing our customers with an inspirational environment for learning and business growth, we know it works, and our customers businesses grow faster as a result.

CEME Values

Inspiring. Inclusive. Innovative. Open and Honest.

CEME is more than an inspirational environment for business and learning – it's a dynamic contributor to business growth helping businesses based at CEME to grow faster than the national average. The creation of our Business Growth Academy is a perfect example of how through learning, collaboration and networking we add value for entrepreneurs, start-ups and innovative businesses.

Our mission is to inspire inclusive business growth, contributing to economic prosperity.

By working with organisations such as the Thames Estuary Growth Board, we are in an optimal position to help our business community benefit from regional regeneration and the economic infrastructure delivered byt the Thames Freeport and the evolving hydrogen energy ecosystem. CEME business campus has been chosen as the preferred site for a £29m development for a Hydrogen Living Lab enabling us to act as a catalyst for economic regeneration, skills development and job creation. We look forward to working with partners to realise this opportunity.

Our values reset in 2022 define our ambitions and aspirations to act as a catalyst for economic regeneration, accelerator for Greentech and very importantly to champion inclusive business growth. We have adopted new values to help drive behaviours ,attitude and position CEME to be more engaging with our communities and local stakeholder organisations with similar aspirations.

We will be **Inspiring** helping people to achieve more

We will be **Inclusive** involving everyone regardless of who they are

We will be **Innovative**, exploring thinking that will change the world and how we live.

We will be **Open and Honest**, displaying the highest levels of integrity in all that we do.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

Overview
CEME continues to deliver a positive economic impact in East London and the wider Thames Estuary area since its opening in 2003. CEME brings together employers, educators, skills, and training organisations in a unique and effective way – delivering faster business growth with upskilling and training of local residents. The outcome we strive for is companies growing faster, being more ambitious, finding, and developing local talent. Companies grow faster; on and off the campus and local residents participate in this growth, as employees, as business owners and as customers and suppliers of CEME.

"Skillnet have been running the Ford Motor Company Apprenticeship Programme from CEME for 10 years, utilising a number of the engineering workshop and classroom facilities to deliver Apprentice training. CEME provides an ideal space to introduce technical engineering education in a safe and clean working environment that places a significant emphasis on the Health, Safety and wellbeing of its tenants.

From its East London Campus CEME hosts a range of public and private organisations delivering:

- Commercial business training
- Small business support and development
- Training and education in business and related studies
- Apprenticeships and related education in engineering and technology sectors
- Training for the public sector
- A technology start-up innovation centre
- A world class event space operation
- Supporting inward investment missions to the region

Public Benefit
CEME's Board of Trustees regularly monitor and review the success of the organisation in achieving its aim to create faster enterprise growth leading to increased levels of employment in the communities it serves. The Trustees confirm that they adhere, observe and monitor the guidance as published by the Charity Commission under section 4 of the Charities Act 2011 when reviewing the charity's aims and objectives and in planning future activities. The Trustees confirm, in the light of the guidance, that these aims; fully meet the applicable public benefit tests and that the activities of the charity, described in this report under four specific aims, are undertaken in pursuit of those aims.

The Trustees review the activities set out within the RR2 activities under the Promotion of Urban and Rural Regeneration for public benefit in areas of social and economic deprivation. The Charity Commission as a charitable purpose recognised this.

What CEME does

On its East London campus CEME offers good quality, high specification accommodation for training solutions providers. In addition to technical classrooms and facilities, CEME provides its customers with extensive engineering and technical workshops and labs equipped with a range of engineering and product design, test and development equipment.

CEME also operates an Innovation centre and a Launchpad start up centre on the campus, providing high quality office and workshop space to support early stage growth and start-up businesses. CEME aims to provide these customers with a one-stop shop for business support services and advice, all aimed at accelerating growth. East London Tech Circle and CeMEET are examples of the popular networking events that have grown in popularity.
The Launchpad Centre is aimed at supporting start ups and very early stage growth organisations. This offer includes co-working, hot desk, fixed desk and small office spaces to let for customers. Our aim is to remove barriers to encourage more start-ups to exploit opportunities to the fullest extent. The Launchpad customers also benefit from a tailored business programme to support accelerated growth.

CEME has a dedicated Event space customer offering, from simple rooms for two or more people, to executive board rooms and the futuristic POD theatre where organisations can host a wide range of meetings and events. The flexibility of space offering has been attractive in past years and continues to attract new and existing clients as they can easily flex up and down in terms of space on the campus, using event space as on tap additional space to office accommodation. The event space offer is carefully "woven into" the CEME offer – bringing local business owners onto the campus and in the process helping raise their own aspirations for business growth. The Launchpad Centre also offers a range of tailored products and services to a wide range of public and private clients.

CEME , as part of a public benefit initiative , hosts a Hydrogen refuelling station (HRS) on the campus, in partnership with ITM Power Trading Limited. This facility has been available to the public since 2016. In early 2022, we expect to complete a significant upgrade and expansion of this facility to welcome an increased number of customers utilising this facility. This marks the increased utilisation of this "greener fuel" in the UK.

The HRS and CEME's partnership with ITM Plc is an excellent example of high value manufacturing collaboration in the UK. The presence of an HRS production and fuelling facility on the CEME campus also serves as a significant technology demonstrator in the East of London drawing interest and visits from a wide range of interested parties.

Report of the Trustees

This mix of private and public sector activities serves to create an outstanding offer for the local community. CEME works with local education institutions, schools, Further Education in Colleges and Universities in a variety of ways all aimed at improving the opportunities and aspirations of the local communities CEME serves. The Gateway to Skills programme will return to the benefit of local schoolchildren from April 2022 after an absence of two years due to the pandemic. CEME established Elutec, a University Technical College (UTC) in partnership with University College London (UCL) and Ford in 2014 and we welcome students onto the campus for work experience and placements every year. In addition to the 100 plus businesses operating on the campus , a diverse mix of business delegates regularly attend training and seminars in the Event Space.

CEME further delivers programmes to help its customers to recruit, retain and develop talent; providing pathways for local employers to develop and support a well-trained workforce, generating business growth and ultimately job and wealth creation for the local area.

Achievements and Performance

Aim 1: Provide education, training and re-training opportunities and work experience

Education

The London School of Academics (LSA), an award-winning provider of teacher training education that continues to flourish at CEME. LSA growth plans have now developed such that plans are underway to acquire a University status. LSA is particularly active in providing teaching career training leading to high quality employment opportunities for course participants, many of whom come to the programmes unemployed.

In 2021 the Event Space at CEME welcomed around 5,000 delegates purely for the purpose of education and training across 600 learner days.

In 2022, we expect to work more closely with Barking and Dagenham college. The college have committed to helping us deliver our Gateway to Skills programme. They have also again committed to having a base at CEME to promote the Institute of Technology programme to local businesses in collaboration with CEME.

The event space is an ultra-modern events and meetings venue offering innovative and flexible solutions for meetings requirements from a high-tech conference auditorium, the CEME POD theatre to small meeting/training rooms, conference, exhibition and outdoor space.

Apprenticeships

CEME is home to the Ford Motor Company engineering apprentice programme (FAP), which enjoyed another very successful year. In 2022, the intake is expected to increase to create more opportunities to young people.

Technical Training

During the year CEME hosted a wide range of technical training in its workshops and practical classrooms including Integrated Manufacturing Skills, multiskilling (electrical for mechanical and mechanical for electrical), electronics modules, welding, programmable logic control programming and testing and engineering health and safety.

CEME is proud to be the home of Fast Line Training Services who deliver technical skills and training courses for the rail sector. In 2021 Fast line expanded their footprint further in order to deliver additional practical training courses in the CEME workshops.

Aim 2: Help unemployed people find employment

CEME continues to host assessment centres for the recruitment of a variety of employment opportunities including apprentices, entry level technical and safety training/certification for sectors such as the construction and rail, newly qualified teachers, medical staff and a host of other employment activities.

Aim 3: Provide support to businesses where it leads to training and employment opportunities for unemployed people.

The CEME Innovation Centre provides office and workshop space and related services to SMEs on flexible terms that enable them to take up accommodation without the risk of prohibitive lease payments should they suffer a financial downturn. In addition, a wide range of business support services is provided to support accelerated growth.

During 2022 the CEME Innovation Centre provided office space and business support for over 100 small businesses. The Innovation Centre has had an average occupancy of over 80% during the year. In keeping with previous years, several tenants expanded during the year, effectively outgrowing the Innovation Centre. Launchpad building is geared towards fledgling businesses and offer from virtual office to hot desking to small offices based on the requirements of the business. This building boasted an average occupancy of over 85% during the year

Aim 4: Provide land and buildings on favourable terms to businesses in order to create training and employment opportunities for unemployed people

The CEME Innovation Centre provides a valuable resource to local businesses and entrepreneurs. The centre provides high quality accommodation and support services on a simple 'the price you see is the price you pay' model offering to start-up businesses with an affordable and low risk accommodation solution. This attractive offering is evidently meeting a need and continued to enjoy occupancy levels in excess of 90% over the year. We will bring additional smaller units online in 2023 to meet a growing customer demand.

For businesses, which are too small to afford an office in a business centre, CEME offers a 'virtual tenancy'. This service enables a business to have a front desk services at the Innovation Centre and use its meeting rooms. The Innovation Centre supports many local micro-businesses with this service throughout the year.

LOOKING AHEAD at CEME

During 2022 CEME developed a new strategy for growth. The underpinning pillars of the strategy meant to grow responsibly, with a focus on new activities that deliver a positive impact and sustainable performance without compromising being an environmental exemplar. This is how we operate the campus and the buildings when forming the new partnerships. In 2023 we are planning to bid for funding to start a hydrogen-focussed innovation centre on Campus in partnership with the University of Kent and ITM Motive. The newly emerging Thames Freeport is a wonderful opportunity for CEME to deliver a success in the wider Thames Estuary in collaboration with partners.

In April 2022, our Gateway to Skills programme will resume which will see over 1,000 early secondary students come to CEME to learn about STEM (Science , Technology , Engineering , Mathematics) and to encourage these students to consider careers within these subjects.

At CEME we work in partnership with regional and local government, local and national or international employers and private developers to understand the local economic landscape and regeneration aims and needs. Using the influential capital of commerce, the social capital of local government and the physical capital of supportive places our aim is to pull together partnerships to deliver ambitious projects to meet the specific ambitions of a community.

The CEME model does not rely on external funding or support to deliver on its vision and charitable aims.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Charities SORP FRS102.

Centre for Engineering and Manufacturing Excellence Limited (trading as CEME") is constituted as a company limited by guarantee (registration number 04238862) and is governed by its Memorandum and Articles of Association CEME was registered as a charity (registration number 1133396) in December 2009.

CEME Enterprise Limited is a registered company number 7115923 incorporated on 5 January 2010 and is a wholly owned subsidiary of CEME.

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

Board of Trustees

The Board of Trustees, who are also directors of the charity for the purposes of the Companies Act, have overall responsibility for the direction, management and control of the charity. As discussed below, some of these activities are delegated to sub-committees of the Board. Overall, operational management of CEME is delegated to the Executive Officers.

The Board is subject to a maximum of 12 and a minimum of 8 directors. Under the articles of association, the composition of the board is as follows:

- Three directors appointed by members of CEME:
  - o One representative director nominated by Ford Motor Company
  - o One representative director nominated by Havering College of Further and Higher Education and Barking and Dagenham College (BDC)
  - o One representative director nominated by the London Borough of Havering

Additional directors appointed by the board, with specific expertise

- One senior independent non-executive Director to provide business and commercial expertise
- Additional non-executive directors as required to provide expert advice on subject areas of relevance to CEME such as skills and education, business development, regeneration initiatives, and manufacturing, engineering and technology to the Board
- One non-executive director to act as Chairman
- Two executive directors, being the Chief Executive Officer and Chief Financial Officer

The directors appointed by members are senior executives in those organisations. Ford is represented by a senior executive of Ford Britain. The colleges by the College Principal & CEO and the London Borough of Havering by its Director of Neighbourhoods.

A director may hold that office for an initial period of three years, this is renewable on a mutually agreed basis.

Typically, the board meets six to eight times per year. New directors are inducted through a formal induction process, which includes a comprehensive briefing with the Chief Executive Officer and a site visit in addition to a number of other initiatives.
The Trustees review and monitor the financial performance of the Charity, foreseeable significant events and risks are analysed and their possible financial impact is investigated with corrective action taken as necessary.

Throughout the year, the Trustees continued to monitor the effectiveness and overall terms of reference for the sub committees, to ensure they are following best practice in the sector.

The Board appoints members of the Audit Committee, Nominations Committee and the Remuneration Committee. The Audit Committee, which usually meets three times a year and the Remuneration Committee are made up of Trustees with relevant skills and experience. The Remuneration Committee supports the Board in reviewing and setting the remuneration of the executive directors. The remuneration procedure is discharged by the chair. The Nomination Committee reviews candidates for the appointment to the Board making recommendation to the board on the appointments.

CEME's approach to remuneration is designed to ensure we attract and retain the talented and motivated people we need to achieve our vision and deliver our strategic goals. It is applied consistently across the organisation. We aim to pay fair and competitively in the not for profit sector within the context of affordability and considering the complexity of each role. CEME links pay to performance and provides salary progression for those who deliver exceptional performance. The level of remuneration is benchmarked to organisations in the area of similar size type and complexity. External independent consultants carry out, on a regular basis, the benchmarking. The Chief Executive and the board as appropriate then agree the remuneration.

The Trustees are aware of the Charity Governance Code published in 2017, which sets out the principles and recommended practice for good governance within the sector. The Trustees regularly discuss best practice at CEME Board Meetings and are satisfied that the Charity applies the principles of the code within its current Governance arrangements. A board self-evaluation exercise is planned for early 2022 □

Related Parties

CEME operates a wholly owned subsidiary CEME Enterprise Limited, this is a commercial organisation that conducts the Conference Centre business and hence is a related party to the charity (CEME Ltd).

CEME is under the common control of Ford Motor Company, London Borough of Havering, Havering College of Further Education, Barking and Dagenham College. The companies Article of Association as amended in October 2019 state that each of the above is a member of CEME. As a member of CEME they have the right to appoint a director to CEME board which are noted in the section above. The Greater London Assembly rents to CEME the land on which CEME Centre of Excellence is sited on a 125-year lease at a peppercorn rent. It also leases the Innovation Centre on a 125-year lease at a peppercorn rent. The ultimate freeholder is the Ford Motor Company.

Report of the Trustees

FINANCIAL REVIEW

Trading Performance

CEME's principal income is derived from fees charged to users of the facility. CEME provides a fully provisioned teaching environment for providers of education and skills and tailored office space and support services to businesses. This income is augmented by revenues from a trading subsidiary that runs a conference centre at CEME. These revenues are disclosed as "Income" on the Consolidated Statement of Financial Activities.

CEME operates a number of buildings on its park, the main building that accommodates the providers for skills and education and office space as well as the conference centre. Other buildings include a wholly devoted Innovation centre. CEME's revenue for the year was £4,156,654 and the adjusted loss is £527,995 (the loss includes a depreciation charge of £911,680). Prior year revenue was £3,912,270 and adjusted loss of £253,819 (the loss includes a depreciation charge of £896,321).

As mentioned above, the event space business is run through a wholly owned trading subsidiary named CEME Enterprise Ltd. Revenues for the year of £303,293 with a loss of £73,857. Prior year revenue £413,183 with a profit of £84,863. The accommodation costs for the conference centre are in line with rates paid by major clients in other parts of the building. The event space is considered an important regeneration offering as part of the wider CEME model and impact objectives.

Reserves Policy

Total funds held at 31 December 2022 amounted to £22,296,561.

Unrestricted Income Funds consist of tenant's income less operating results incurred to date.

Restricted Income Funds consist of grants received for restricted purposes (full list of the grants is contained in note 21 of the accounts) and amounted to £14,078,214 at 31 December 2022, Capital grants are used to fund building works and the acquisition of new teaching equipment.

The Trustees have reviewed their reserves policy during the course of the year and set the reserves policy that requires:

- Reserves to be maintained at a level, which ensures that the organisation's core activity could continue during a period of two months following a time when revenue falls to zero.
- Maintain a proportion of reserves in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

The Trustees believe it is necessary to hold reserves of two months' unrestricted expenditure equating to £600K at 31 Dec 2022. The Trustees regularly monitor the cash position and resources available to CEME to achieve its operational goals and are satisfied that current cash flows and the agreed overdraft facility is sufficient to provide adequate working capital. At the balance sheet date, the group held unrestricted funds totalling £8,218,347 with net current liabilities of £307,420 (2021: £215,715); the cash component is £1,582,524. Free reserves are calculated as unrestricted funds less tangible fixed assets and loans to procure fixed assets and tenant's deposits. At the Balance Sheet date, CEME had free reserves of £479k. CEME has prepared a five year forecast with detailed operating plans including cashflows and is satisfied that with the cash reserves and its bank overdraft facility that it has appropriate reserves. The five year forecast taking into account Covid -19 shows the free reserves position strengthening over the five year forecast period with free reserves approximately £900k by the end of the plan.

Going Concern

CEME has delivered a strong financial performance and has enjoyed an encouraging start to 2023 with record levels of tenant occupancy on the campus. The Event space, which has undergone a restructure in 2022 remains a major part of the offering at CEME. Under the control of the Business Development Director there is an encouraging positive start to 2023. Cash position remains strong and is forecast throughout 2023.

At the time of making this assessment occupancy across the campus is strong and the evidence of the last twelve months have suggested that CEME is ideally placed for customers seeking high quality business space in the vicinity of East London, accessible by car and offering a secure and safe Covid 19 prepared environment. The anticipated occupancy in 2023 provides a reasonable assurance of stable performance and steady cashflows to meet working capital needs and servicing debt on a timely basis.

Cash position at the end of February 2023 was £925,573 . This reduction was primarily due to payment of outstanding rent (including previous years) for the Launchpad in February 2023 as a part of acquiring a long term lease from the GLA for this building. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various levels of income and planned expenditure.

CEME has a cash balances at the year-end of £1,583k (2021 £1,494k) and it has an overdraft facility of £400K that has been in place since May 2015 and which has never been utilised due to its strong cash position and continued demand of its accommodation and related services.

Management believe that CEME has adequate financial resources and are well placed to manage these significant business risks.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.
The accounts have therefore been prepared on the basis that the charity is a going concern.

Risk Management and Internal Control

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to manage the strategic and operational risks the Charity is, and could be, exposed to. Processes in place regarding risk management and internal controls include the following:

· The Audit Committee is responsible for monitoring the effectiveness of the internal controls and reports to the Board the results of such monitoring. This is achieved through:
- o CEME's systems of financial control, risk management and compliance
- o the nature and scope of the external audit, and any matters raised, for the attention of Management.
- o the need for the internal audit, any changes to audit plans to take account of emerging risks and new areas of business as appropriate.

· The systems of control operated within CEME are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:
- o Five-year plan and cash flow forecast
- o Annual business plan, budget and cash flow forecast
- o Regular consideration by the Trustees of actual results compared with budgets, forecasts and trends,
- o Cash flow and reserves levels
- o Segregation of duties
- o Identification of, and management of, risks
- o Regular review of financial procedures.

The Trustees, in partnership with the Executive Committee (EXCO), play a key role in the identification, evaluation and monitoring of major risks to which CEME is exposed. CEME has robust risk management and monitoring processes in place to assist in the strategic and operational management of the organisation. The risks are monitored through a risk register that is updated and reviewed on a regular basis. The risk register looks at risks and assesses the impact on CEME based on the following criteria financial, strategic, reputational and operational. It also identifies detection methods, preventative and recovery controls.

CEME recognises the value and importance of effective risk management. CEME practices a culture of risk management that permeates all levels and operational functions of the organisation. To support this, additional components of the risk management framework include:

· The requirement for all staff and managers to prepare comprehensive project related risk assessment and management documentation for all new initiatives, which mandates an assessment of risk.
· New development opportunities requiring investment of the organisations resources including capital investment undergo a feasibility analysis, including an assessment of risk.
· CEME's Trustees have established a target for the levels of reserves held, to mitigate the impact on the organisation of the risks that do materialise.

CEME is committed to its risk management processes, and Senior Managers and Trustees are continuing to develop and refine risk management and control processes, which are both, appropriate to the organisation and whose effect can be measured. The table below provides key risks and the actions that are undertaken to manage the risks. CEME also maintains a full risk register that identifies the risks, detection controls, prevention controls and recovery controls. This is formally reviewed on a regular basis.

Risk	Management
Economic pressures, Competition and Major Client behaviour change	Annual budgeting and ongoing management reporting, plus monitoring of financial performance. Review of existing pipeline plus targeted additional spend on sales and marketing as deemed necessary The ongoing evaluation of longer-term strategy that targets the diversification of income from new and additional clients.
Incidents that may impact/damage reputation or negatively impact operations including cyber security, fraud and major incidents	Proactive detection, monitoring investigating and reporting of adverse incidents or events. Use of risk register is employed, Continued programme to drive IT improvements and strengthen infrastructure and protection of data.
Substantial reduction in key conference centre client business leading to reduced profitability	Monitoring of current conference facility booking levels against monthly forecast and budgets. Review of current pipeline and increased marketing spend as required.
CEME strategy and activities not fully focused to meet Charity Commission RR2 criteria	Monitor and record public benefit activities and keep the level of regeneration activities above any required level.
Impact of Brexit - due to uncertainty following the exit from European Union	Monitor the activity levels of rental pipeline. Monitor the impact on the tenants business compared to previous periods.
Economic Downturn - due to the national and international influences	Monitor the economic Indicators especially the rental market especially in comparing to competitors.
Impact of Covid 19	Monitor the cash situation with the intention of saving cash. Seek to increase cash facilities i.e. grants, loans an government support. Work closely with customers to retain a sustainable business

Centre for Engineering and Manufacturing Excellence Limited

Statement of trustees' responsibilities

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

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and 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 (FRS102);
- make judgments 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;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Disclosure of Information to Auditors Insofar as each of the trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Signed on behalf of the Board



Valerie Le Vaillant
Trustee
Date 08.06.2023

Centre for Engineering and Manufacturing Excellence Limited

Independent Auditors' Report

Opinion

We have audited the financial statements of the Centre for Engineering and Manufacturing Excellence for the year ended 31 December 2022 which comprise the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated 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 Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2022 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- The information given in the report of the trustees (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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the trustees (which incorporates the strategic report and the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and considered other factors such as GDPR, health and safety legislation, tax legislation and employment legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to management override of controls and completeness and cut off income. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. 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.



Richard Weaver
Senior Statutory Auditor
For and on behalf of
Haysmacintyre LLP
Statutory Auditor

10 Queens Street Place London EC4R 1AG

Date 22 June 2023

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Statement of Financial Activities
for the Year Ended 31 December 2022 (incorporating income and expenditure accounts)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Income from					
Other trading activities	3	2,454,044	-	2,454,044	2,319,399
Investment income		21	-	21	51
Charitable activities					
Skills & education and business support accommodation and related services	4	1,695,623	-	1,695,623	1,592,820
Segro funding		6,967	-	6,967	-
Total Income		**4,156,655**	-	**4,156,655**	**3,912,270**
Expenditure on					
Raising funds	5	936,005	-	936,005	866,466
Charitable activities					
Skills & education accommodation and support services	6	3,275,348	447,089	3,722,437	3,299,133
Skills delivery and business support		-	7,457	7,457	490
Total cost of charitable activities		3,275,348	454,546	3,729,894	3,299,623
Total expenditure	8	**4,211,353**	**454,546**	**4,665,899**	**4,166,089**
Net income/ (expenditure)		(54,698)	(454,546)	(509,244)	(253,819)
Net movement in funds		(54,698)	(454,546)	(509,244)	(253,819)
RECONCILIATION OF FUNDS					
Total funds brought forward at 1 January		8,273,045	14,532,760	22,805,805	23,059,624
Total funds carried forward at 31 December		8,218,347	14,078,214	22,296,561	22,805,805

Centre for Engineering and Manufacturing Excellence Limited
Charity and Group Balance sheets
as at 31 December 2022

	Notes	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
FIXED ASSETS		**23,242,080**	**24,006,999**	**23,219,282**	**23,974,425**
Tangible Fixed Assets	12	23,231,251	23,989,338	23,207,453	23,955,764
Intangible Assets		10,829	17,661	10,829	17,661
Investments	13	-	-	1,000	1,000
CURRENT ASSETS		**1,905,807**	**1,805,438**	**2,163,860**	**2,006,238**
Debtors	15	323,283	311,928	766,341	543,911
Cash at bank and in hand		1,582,524	1,493,510	1,397,519	1,462,327
CREDITORS: amounts falling due within one year	16	**2,213,227**	**2,021,153**	**2,171,118**	**1,985,872**
NET CURRENT (LIABILITIES)		**(307,420)**	**(215,715)**	**(7,258)**	**20,366**
TOTAL ASSETS LESS CURRENT LIABILITIES		**22,934,660**	**23,791,284**	**23,212,024**	**23,994,791**
CREDITORS: amounts falling due after more than one year	17	**638,099**	**985,479**	**638,099**	**985,479**
Net Assets		**22,296,561**	**22,805,805**	**22,573,925**	**23,009,312**
Funds of the Charity					
Unrestricted income funds	20	8,218,347	8,273,045	8,495,711	8,476,552
Restricted income funds	21	14,078,214	14,532,760	14,078,214	14,532,760
Funds of the Charity		**22,296,561**	**22,805,805**	**22,573,925**	**23,009,312**

The notes on pages 21 to 33 form part of these financial statement.
Company Registration Number : 04238862
The net result for the year reported within the financial activities of the parent charity was a deficit of £454,137 (2021: deficit £338,682).

Approved and authorised for issue on behalf of the Board and signed on their behalf by:

Valerie Le Vaillant
Trustee 08.06.2023

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Cash Flow Statement
for the Year Ended 31 December 2022

	Notes	2022 £	2021 £
Cash flow from operating activities:			
Net cash (used in)/provided by operating activities	1	575,970	597,437
Cash flow from investing activities			
Purchase of property, plant and equipment		(146,761)	(293,106)
Net cash provided by (used in) investing activities		429,209	304,331
Cash flows from financing activities:			
Repayment of borrowing		(361,437)	(399,277)
Finance lease Interest paid		(52,590)	(74,202)
Cash inflows from new borrowing		73,833	249,965
Net cash provided by financing activities		(340,194)	(223,514)
Change in cash and cash equivalents in reporting period		89,015	80,817
Cash and cash equivalents at the beginning of the reporting period		1,493,509	1,412,692
Cash and cash equivalents at the end of the reporting period		1,582,524	1,493,509

	2022 £	2021 £
Note 1: Reconciliation of net (expenditure) to net cash flow from operating activities		
Net (expenditure) for the reporting period (as per the statement of financial activities)	(509,244)	(253,819)
Adjustments for:		
Depreciation and amortisation charges	911,680	896,321
Finance lease Interest paid	52,590	74,202
Decrease in debtors	(11,355)	35,319
(Decrease)/ Increase in creditors	132,299	(154,586)
Net cash provided by operating activities	575,970	597,437

1. CHARITY INFORMATION

CEME is a company limited by guarantee (registered number 04238862) which is incorporated and domiciled in England. It is also registered as a charity with the Charity Commission (registered number 1133396). The address of the registered office is CEME Campus, Marsh Way, Rainham, Essex RM13 8EU.

2. ACCOUNTING POLICIES

Basic of accounting

The accounts (financial statements) have been prepared under the historical cost convention in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

CEME Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Financial statements of CEME Limited and its subsidiary company are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'.

In accordance with section 408 of the Companies Act 2006, no individual statement of financial Activities has been presented for the parent company, Centre for Engineering and Manufacturing Excellence Limited.

Preparation of Accounts on a Going concern basis

After making appropriate inquiries, the trustees have a reasonable expectation that CEME has adequate resources (strong cash balances) to continue its operational existence for the foreseeable future in the case of any decline in demands. We believe that there are no material uncertainties that casts doubt over CEME's ability to continue in operation. The accounts have therefore been prepared on the basis that CEME satisfies the going concern assumption.

We have set out in the Trustees Report a review of financial performance, the charity's reserves position and the management actions. We believe that we have adequate financial resources and are well placed to manage these economic risks. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various sources of income and planned expenditure.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.

The accounts have therefore been prepared on the basis that the charity is a going concern basis.

Functional and Presentation currency

The functional currency of CEME Limited and its subsidiary is considered to be pounds (£) sterling because that is the currency of the primary economic environment in which the charity/group operates. The consolidated financial statements are also presented in pounds sterling.

Income
Income for Skills & Education business support, Accommodation and Related Services represents amounts invoiced, net of Value Added Tax, for the provision of training facilities, business incubation facilities and related supportive activities.

Income from operating leases is recognised in the period to which the rental income and support services relates and to the extent to which the company becomes entitled to the income under a tenancy lease agreement.

Where income for goods and services provided is received in advance of the goods or services being provided by the Centre for Engineering and Manufacturing Excellence Ltd the amount prepaid is credited to Deferred Income.

On receipt, donated professional services 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 of equivalent economic benefit in the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.

Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where estimations have been made include:

- Tangible Assets – the useful economic life of assets used in calculating depreciation
- Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

CEME Limted has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise overdrafts, trade and other creditors.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. The majority of overheads have been apportioned on the basis of headcount because that is the main driver of costs in the charity.

CEME initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining
support costs together with the governance costs are apportioned between raising funds and the charitable activities undertaken (see note 8) in the year.

Governance costs are costs associated with the strategic as opposed to day to day management of the charity's activities.

TANGIBLE ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost or valuation less depreciation.

Donated assets valued at £2,500 or over are recognised at market value as determined by an independent valuation when title is passed to CEME.

Purchased assets with a cost of £1,500 or over are recognised at historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:
- Long Leasehold buildings and improvements thereto over 50 years
- Plant, Machinery and equipment over 4 to 10 years
- Office Furniture over 4 years

INTANGIBLE ASSETS AND DEPRECIATION

Intangible fixed assets are non-monetary fixed assets that do not have physical substance but are identifiable and are controlled by the Charity through custody or legal rights. An intangible asset is recognised when it is separable or arises from contractual or other legal rights and if it is probable that its expected future economic benefits will flow to the Charity, and if its cost or value can be measured reliably. Intangible fixed assets costing more than £1,500 are capitalised.

Intangible assets are measured initially at cost and subsequently at cost less impairment and less any accumulated amortisation. The residual value of intangible fixed assets is nil when calculating the charge for amortisation unless reliable evidence exists to the contrary. Amortisation of intangible fixed assets is charged as an expense to the relevant statement of financial activities (SoFA) category reflecting the use of the asset.

Intangible assets are amortised on a straight-line basis over their useful economic lives. If the useful life cannot be estimated reliably it is presumed to be no more than five years. Amortisation commences when an intangible asset is available for use.

Intangible assets represents software costs which is amortised at 20% per annum.

Intangible assets are only reviewed for impairment if there are indicators that the asset may be impaired.

INVESTMENTS
Investments in subsidiary companies of Centre for Engineering and Manufacturing Excellence Limited, are stated at cost.

FUND ACCOUNTING
Due to the constraints of law and donor imposed restrictions the charity segregates its funds between restricted funds and unrestricted funds. Unrestricted funds represent the accumulated surplus on income and expenditure and are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity (see Report of the Trustees). Designated funds are funds that have been set aside out of unrestricted funds by the Board for a specific purpose, with the balance constituting the charity's General Reserves. There are no designated funds at present.

Where funds are received under contracts to run government funded programmes they are classified as restricted. When the service is provided, if any surplus arises this becomes unrestricted with agreement from the fund provider. Restricted funds represent income received where the donor has imposed restrictions as to how the monies shall be spend. The nature and purpose of the restricted funds are also set out in Note 21 to the financial statements.

LEASES
Where assets are financed by agreements that give rights approximating to ownership ('finance leases and hire purchase contracts'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum finance payments payable during the finance term. The corresponding finance commitments are shown as obligations to the provider of finance.

Finance payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities on a straight line basis.

All other leases are 'operating leases' and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term. There are no operating leases at present.

PENSIONS CONTRIBUTIONS
The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the charitable company during the year.

	2022	2021
	£	£
3. Other Trading Activities		
Rent	1,923,576	1,651,234
Conference Centre	303,293	413,183
Support Services	227,175	254,982
	2,454,044	2,319,399

CHARITABLE ACTIVITIES

4. SKILLS & EDUCATION AND BUSINESS SUPPORT ACCOMMODATION AND RELATED SERVICES

	2022	2021
	£	£
Further Education and Apprentices		
Space and Learning Support	544,452	557,210
Business Incubation Centre	745,538	715,938
Cafeteria	189,146	136,310
Launchpad	151,282	127,566
Training Centre	65,205	55,796
	1,695,623	1,592,820

5. RAISING FUNDS

	2022	2021
	£	£
Conference Centre	463,048	394,301
Support costs	152,158	159,408
Space, IT and Shared Services	262,598	256,764
Telephone and Franking recharges	9,889	16,208
Car park cost	21,082	10,709
Governance costs	27,230	29,076
	936,005	866,466

Taxation - CEME is registered as a charity and as such is entitled to the exemptions under sections 466 to 493 Corporation Tax Act 2010. The company can claim all VAT incurred except where incurred on running costs of government funded programmes. These programmes are run on a reimbursement basis and therefore the cost of the irrecoverable VAT is coved by the grant funding.

6. SKILLS & EDUCATION ACCOMMODATION AND SUPPORT SERVICES

	2022	2021
	£	£
Direct costs	2,581,615	2,131,896
Depreciation of building and founding asset infrastructure	663,217	669,061
Support costs	407,586	423,410
Governance costs	70,019	74,766
	3,722,437	3,299,133

7. GOVERNANCE COSTS

	2022	2021
	£	£
Fees payable to the group's auditors for the audit of the group's annual accounts	27,000	27,500
Fees payable to the group's auditors for other work	7,000	6,100
Taxation fee payable in respect of the subsidiary	1,375	1,375
Trustee expenses, recruitment and insurance[1]	17,010	29,814
Board and committee support costs[2]	44,864	39,052
	97,249	103,841

1 Travel expenses incurred by Trustees in respect of CEME meetings amounted to £1,981 (2021: £827) during the year. The number of Trustees receiving expense reimbursement during the year was 2 (2021: 2). Trustee indemnity insurance cost £1,444 (2021: £2,261).

Key Management Personnel

2 The key management personnel of the charity comprise the trustees, the Chief Executive and the Finance Director. Executive Directors were remunerated for acting in that role under the authority of CEME's memorandum and articles of association.

These costs reflect the pay and non pay costs of the CEO and Finance Director relating to preparation for and attendance at trustee meetings, and the pay and non pay costs of Non Executive Directors.
Valerie Le Vaillant was paid £15,000 for her services as a Chair. A non executive director, Dr Keyvan Djamarani, was paid £3,600 for performing that role. Payments to non-executive directors are made under the authority of CEME's memorandum and articles of association.

The Chief Executive, Noorzaman Rashid, started on 1st of April 2022 was remunerated as follows: pay £101,449, pension £6,594, employers NI £5,718 and other benefit £2,250. Mark William (CEO) resigned on the 13th of Jan 2022 was remunerated as follows: pay £4,682 (2021: £151,325), Bonus acrued £nil (2021 : £18,822), pension £8,893 (2021: £8,893), employers NI £418 (2021: £21,268) and other benefit of £107 (2021: £3,000).

The Finance Director, Chris Peter Rolls, started on the 1st of May 2022 and left on the 8th of Dec 2022, was remunerated as follows: pay £54,646, pension £3,552, employers NI £5,408.

8. TOTAL EXPENDITURE

	Direct Cost	Support Costs			Governance Cost	Total 2022
		Management	Finance	HR		£
Raising funds	756,617	68,385	78,033	5,740	27,230	936,005
Skills & education accommodation and support services	3,244,832	183,184	209,027	15,375	70,019	3,722,437
Skills delivery and business support	7,457	-	-	-		7,457
	4,008,906	251,569	287,060	21,115	97,249	4,665,899

	2021
	£
Raising funds	866,466
Skills & education accommodation and support services	3,299,133
Skills delivery and business support	490
	4,166,089

9. STAFF NUMBERS AND COSTS

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2022 No.	2021 No.
Operations	20	19
Governance	1	2
Support	3	3
	24	24

The aggregate payroll costs of these persons were as follows:	2022 £	2021 £
Wages and salaries	842,751	804,443
Social security costs	92,839	82,361
Other pension costs	47,580	56,043
	983,170	942,847

Those receiving employee benefits (excluding employer pension contribution)in the following ranges were:

	2022 No.	2021 No.
£60,001-£70,000	2	1
£60,001-£70,000	2	-
£70,001-£80,000	1	-
£80,001-£90,000	1	
£120,001- £130,000	-	1
£150,001-£160,000		

Pensions contributions made on behalf of employees earning in excess of £60,000 per annum were £24,257 (2021: £12,890).
The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.

10. RELATED PARTY TRANSACTIONS

In the opinion of the directors the following were related parties of CEME: Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College, London Borough of Havering, and the London Development Agency. CEME transacted with the related parties during the year as follows:

	2022 Group £	2021 Group £
Regeneration programme funding:		
London Development Agency	-	-
For facilities rental and provision of core services by the Group:		
Ford Motor Company	93,249	105,489
London Borough of Havering	81,808	62,821
Barking and Dagenham College	-	-
For goods and services provided by the Group:		
Ford Motor Company	46,760	6,027
London Borough of Havering	38,115	6,134
Barking and Dagenham College	-	-
For goods and services provided to the Group:		
Ford Motor Company	-	-
The balances (owed by) / due to the Group at 31 December were as follows:		
Ford Motor Company	1,352	(9,939)
Barking and Dagenham College	-	-
London Borough of Havering	3,479	(16,894)
Havering College	-	-

The nature of the relationships with related parties was as follows:
London Borough of Havering
Right of approval to changes in CEME's strategic plan and corporate governance structure:
London Development Agency

During the year CEME Ltd has recharged CEME Enterprise Ltd (Subsidiary) cost of £355,553 (2021 : £340,601) made out of costs paid on behalf of CEME Enterprise totalling £321,777 (2021 : £307,089) plus rent and services provided by CEME Ltd totalling £33,776 (2021 : £33,512) excluding VAT, at year end the outstanding amount owed to CEME Ltd from CEME Enterprise Ltd was £501,549 (2021 : £280,738).

The Conference Centre includes £33,776 (2021 : £33,512) of apportioned costs for facility and IT. The apportionment has been calculated on the basis of volume of space utilised.
There were no related party transactions in 2022 or in 2021.Key management personnel (KMP) and Trustees expenses renumeration is disclosed in notes 11 and 11 respectively

11. NET EXPENDITURE

	2022 £	2021 £
The net expenditure is stated after charging		
Fees payable to the charity's auditors for the audit of the charity's annual accounts	20,000	21,400
Fees payable to the charity's auditors for the audit of the charity's subsidiary pursuant to legislation	7,000	6,100
Total audit fees	27,000	27,500
Taxation fees for the subsidiary	1,375	1,375
Total fees payable	28,375	28,875

	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Depreciation of tangible fixed assets	904,848	13,545	891,602	-
Amortisation of Intangible fixed assets	6,832	9,667	6,832	9,667
Rental costs relating to operating leases:				
Photocopy machines			-	-
(Loss) on disposal of fixed assets	-	-	-	-

12. TANGIBLE FIXED ASSETS

	Group		
	Long Leasehold Buildings £	Plant, Equipment and Motor Vehicles £	Total £
Cost			
1 January 2022	36,138,410	6,198,441	42,336,851
Additions	-	146,761	146,761
Disposals	-	-	-
31 December 2022	36,138,410	6,345,202	42,483,612
Depreciation			
1 January 2022	12,805,684	5,541,829	18,347,513
Charge in the year	712,146	192,702	904,848
Disposals	-	-	-
31 December 2022	13,517,830	5,734,531	19,252,361
Net book value			
31 December 2022	22,620,580	610,671	23,231,251
31 December 2021	23,332,726	656,612	23,989,338

	CHARITY		
	Long Leasehold Buildings £	Plant, Equipment and Motor Vehicles £	Total £
Cost			
1 January 2022	36,138,410	5,990,553	42,128,963
Additions	0	143,291	143,291
Disposals	-	-	-
31 December 2022	36,138,410	6,133,844	42,272,254
Depreciation			
1 January 2022	12,805,684	5,367,515	18,173,199
Charge in the year	712,146	179,456	891,602
Disposals	-	-	-
31 December 2022	13,517,830	5,546,971	19,064,801
Net book value			
31 December 2022	22,620,580	586,873	23,207,453
31 December 2021	23,332,726	623,038	23,955,764

The net book value of plant and machinery includes £1,341,374 (2021 : £1,442,757) in respect of assets held under finance leases. The depreciation charge on these assets was £184,034 (2021: £153,315).

The long leasehold buildings are constructed on land leased by the Ford Motor Company Limited to The London Development Agency (see also Note 12) and sub-let by the London Development Agency to the Centre for Engineering and Manufacturing Excellence Ltd (CEME). The lease and the sub-lease expire in the year 2127.

In addition to use by CEME and its subsidiary company to operate activities such as the conference centre, and the Gateway to Skills Centre, the property assets are let out under operating lease agreements and short term rentals.

INTANGIBLE FIXED ASSETS (Group and Charity)	Software £
Cost	
1 January 2022	34,160
Additions	-
Disposals	-
31 December 2022	34,160
Depreciation	
1 January 2022	16,499
Charge in the year	6,832
Disposals	-
31 December 2022	23,331
Net book value	
31 December 2022	10,829
31 December 2021	17,661

13. INVESTMENTS

	Group	Charity Shares in group undertakings and participating interests
	£	£
Investment in subsidiaries	-	1,000

CEME owns 100% of the issued shares of CEME Enterprise Ltd.

14. TRADING SUBSIDIARIES

Net expenditure of CEME before consolidation of the trading subsidiaries was £454,133 (2021 : £338,682).

The results for CEME Enterprise Limited (company number 07115923) are shown below. CEME Enterprise runs the conference centre at CEME. Net liabilities of the company were £276,364 (2021 : £202,507) at year end.

CEME Enterprise Limited	2022 £	2021 £
Total income	303,293	413,183
Government grant	-	-
Cost of sales	(269,534)	(211,708)
Gross Profit	33,759	201,475
Administration costs	(107,616)	(116,619)
Interest receivable	-	7
Profit/(Loss) before taxation	(73,857)	84,863

	2022 £	2021 £
Fixed Assets		
Tangible Assets	23,798	33,574
Current Assets		
Debtors	58,491	40,561
Prepayment	-	-
Cash at bank and in hand	185,005	31,183
Creditors: amounts falling due within one year		
Creditors	543,658	307,825
Net Current Liabilities	(300,162)	(236,081)
Total Asset Less Current Liabilities		
Net Liabilities	(276,364)	(202,507)
Capital and Reserves		
Share Capital	1,000	1,000
Retained Earnings	(277,364)	(203,507)
	(276,364)	(202,507)

15. DEBTORS	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Due within one year:				
Trade debtors	183,175	217,072	124,684	168,317
Amounts owed by group undertakings	-	-	501,549	280,738
Other debtors and prepayments	140,108	94,856	140,108	94,856
	323,283	311,928	766,341	543,911

CEME Ltd has secured an overdraft facility of £400,000 with Barclays bank. This is secured on net debtors.

16. CREDITORS & LOAN : amounts falling due within one year	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Trade creditors	531,953	384,870	511,468	374,964
Deferred Income	384,803	363,079	384,803	363,079
Obligations under finance lease and hire purchase contracts	192,207	268,651	192,207	268,651
CBILoan	106,332	63,137	106,332	63,137
Other taxes and social security	101,821	68,082	90,041	52,033
Other creditors and accruals	896,111	873,334	886,267	864,008
	2,213,227	2,021,153	2,171,118	1,985,872

Movement on deferred income (Due with in one year)	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Deferred income brought forward	363,079	363,584	363,079	363,079
Realised during the year	(1,371,477)	(1,735,340)	(1,371,477)	(1,725,107)
Deferred during the year	1,393,201	1,622,285	1,393,201	1,612,557
Deferred income carried forward	384,803	250,529	384,803	250,529

Deferred income relates to rental income received in advance of the period to which it relates.

17. CREDITORS & LOAN : amounts falling due after more than one year	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Deferred income	186,049	279,073	186,049	279,073
Obligations under finance leases and hire purchase agreements	147,429	290,411	147,429	290,411
CBILoan	304,621	415,995	304,621	415,995
Total creditors falling due after more than 1 yr	638,099	985,479	638,099	985,479

CBILoan terms are 5 years with the first payment during Jul 2021 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free.

CBILoan 2 terms are 5 years with the first payment during Jul 2022 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free.

18. COMMITMENTS UNDER OPERATING AND FINANCE LEASES	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Future minimum **operating lease** payments are as follows:				
Plant and machinery:				
-Within one year	1,044	1,200	1,044	1,200
-Between one and five years	5,220	-	5,220	-

Future minimum **finance lease** payments are as follows:	Group 2022 £	Group 2021 £	Charity 2022 £	Charity 2021 £
Building, Furniture, Plant and machinery:				
-Within one year	192,207	268,651	192,207	268,651
-Between one and five years	147,429	290,411	147,429	290,411

The London Development Agency rent the land on which the CEME centre of excellence is sited on a 125 year lease to CEME at a peppercorn rent. This lease excludes the Innovation Centre and expires in more than five years.

The London Development Agency rent the Innovation Centre land on a 125 year lease to CEME at a peppercorn rent. This lease expires in more than five years.

19. RENTAL OPERATING LEASES	2022 £	2021 £	2022 £	2021 £
The future minimum lease rental income due from tenants operating leases are as follows:				
-not later than one year;	2,680,416	2,533,575	2,680,416	2,533,575
-later than one year and not later than five years	2,118,693	2,599,409	2,118,693	2,599,409
-later than five years;	-	-	-	-

20. STATEMENT OF FUNDS

	Balance 1 Jan 22	Income	Expenditure	Balance 31 Dec 22
Unrestricted Income Funds				
General funds	8,273,045	4,156,655	(4,211,353)	8,218,347
Restricted Income Funds	14,532,760	-	(454,546)	14,078,214
Total	22,805,805	4,156,655	(4,665,899)	22,296,561

2020 Comparative	Balance 1 Jan 21	Income	Expenditure	Balance 31 Dec 21
Unrestricted Income Funds				
General funds	8,072,318	3,912,270	(3,711,543)	8,273,045
Restricted Income Funds	14,987,306	-	(454,546)	14,532,760
	23,059,624	3,912,270	(4,166,089)	22,805,805

21. STATEMENT OF RESTRICTED FUNDS

	Balance 1 Jan 22	Expenditure	Balance 31 Dec 22
Capital and revenue costs of the Gateway to Skills Centre[2]	40,216	(1,136)	39,080
Capital and revenue costs of the Gateway for Business programme[3]	15,909	(456)	15,453
SRB 5 Capital - Delivery plan[1]	3,417,557	(107,923)	3,309,634
SRB IT Capital[1]	668,199	(21,066)	647,133
DTI[1]	2,598,924	(81,983)	2,516,941
Innovative Clusters Fund[1]	557,330	(17,600)	539,730
LDA grant for erection of campus and acquisition of teaching equipment[1]	3,823,535	(117,084)	3,706,451
ERDF Objectives11 [1]	2,315,338	(73,116)	2,242,222
LSC Capital[1]	625,516	(19,753)	605,763
NTI Capital[1]	460,878	(14,429)	446,449
Department for Communities and Local Government HSSMI[4]	9,358	-	9,358
	14,532,760	(454,546)	14,078,214

1 These grants were contributions to the capital building and infrastructure setup costs of the CEME campus.
2 These grants were provided to equip the Gateway to Skills Education centre.
3 This grant was provided to equip the Gateway for Business small business support programme.
4 This grant provides funding for the High Speed Sustainable Manufacturing Institute. HSSMI is a division of CEME with a purpose of conducting leading edge manufacturing research with an aim of improving efficiency of manufacturers and supply chain companies. The remainder of £9,358 will be paid to HSSMI once CEME receives a funding request.

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	14,068,856	9,162,395	23,231,251
Intangible fixed assets	-	10,829	10,829
Current assets	9,358	1,896,449	1,905,807
Current liabilities	-	(2,213,227)	(2,213,227)
Creditors falling due after one year	-	(638,099)	(638,099)
At 31 Dec 2021	14,078,214	8,218,347	22,296,561

Comparative 2021

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	14,523,402	9,465,936	23,989,338
Intangible fixed assets	-	17,661	17,661
Current assets	9,358	1,796,080	1,805,438
Current liabilities	-	(2,021,153)	(2,021,153)
Creditors falling due after one year	-	(985,479)	(985,479)
At 31 Dec 2020	14,532,760	8,273,045	22,805,805

22. CONTROL

CEME is under the common control of Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College and London Borough of Havering. The company's Articles of Association dated 2 January 2010 state that each of the above is a member of CEME.

23. COMPARATIVE SOFA BY FUND		Unrestricted Funds £	Restricted Funds £	Total 2021 £
INCOME				
Income from generated funds				
Other trading activities	3	2,319,399	-	2,319,399
Investment income		51	-	51
Income from charitable activities		-		-
Skills & education and business support accommodation and related services	4	1,592,820	-	1,592,820
Total income		3,912,270	-	3,912,270
		-		-
		-		-
Expenditure on Raising funds	5	866,466	-	866,466
Charitable Activities		-		-
Skills & education accommodation and support services	6	2,845,077	454,056	3,299,133
Skills delivery and business support		-	490	490
Total expenditure	8	3,711,543	454,546	4,166,089
Net (expenditure)		200,727	(454,546)	(253,819)
RECONCILIATION OF FUNDS				
Total funds brought forward at 1 January		8,072,318	14,987,306	23,059,624
Total funds carried forward at 31 December		8,273,045	14,532,760	22,805,805

CENTRE FOR ENGINEERING AND MANUFACTURING EXCELLENCE

England & Wales - Charity number 1133396

Accounts

Company Registration Number: 04238862
Charity Registration Number: 1133396

Centre for Engineering and Manufacturing Excellence Limited

Annual Report and Accounts

for the year ended

31 December 2021



Centre for Engineering and Manufacturing Excellence Limited
Annual Report and Accounts

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Centre for Engineering and Manufacturing Excellence Limited
Chairs Foreword

I write this note just a few weeks after all Covid-19 restrictions in England were lifted by the Government, so 2020-21 has been another extraordinary year in many ways!

But, despite the challenges, I am delighted to be able to look back on a remarkably positive year for CEME. Working together with our customers, and with a constant focus on best practice, Health and Safety measures, closely following UK government guidelines, we managed to keep the campus open and servicing our customers every single day.

Furthermore, we continued our wide ranging and ambitious plan to offer support to organisations in the healthcare, emergency services and related critical industries wherever we could. The CEME event space hosted major training programmes for emergency worker training, including new clients like the London Fire and Rescue service, the NHS and many more.

Throughout the pandemic, the CEME team ensured a safe campus and working environment for our employees, customers and visitors and this remains a key consideration as the UK moves into the 'new normal' following lengthy lockdowns. But, as I write this, I am pleased to confirm the Campus is close to 100% full and thriving. We have just recommenced face-to-face CeMeet business networking events, which are free to our own customers and to wider businesses in the local community, to help them grow faster through informal training and business development opportunities. This is a key part of our charitable social investment programme, which seeks to help drive economic development in east London.

The CEME board continued to meet regularly throughout the year and is further developing its strategy for future growth. Core themes to our new strategic plan include, to grow responsibly by developing new services and competencies to support our customers and our charitable aims and impact objectives. To inspire environmental change, with a dual focus on our own environmental performance and investment on the London campus, alongside developing services and space to support new environmental technology entrepreneurs to grow faster.

As part of this work, we were delighted to receive £75,000.00 funding from SEGRO to run a Gateway to Skills programme for local school students. This will lead to over 1000 students visiting CEME to participate in a STEM taster day over the period 2022-2024. CEME is also working with two partner organisations MAKE UK and The Data Analysis Bureau to develop a Digital Manufacturing Apprenticeship/Framework at Level 3/4A and is also exploring business opportunities in Apprenticeship End Point Assessments within our sector.

The recent government announcement of the first stage approval for a Thames Freeport, is another really exciting development that CEME expects to support, and we are working with the partners to achieve that aim. CEME is also supporting the development of a "Hydrogen Corridor" involving partners in Kent, Essex and London – this project is being led by the Thames Estuary Growth Board and is another example of the many opportunities on our doorstep.

After 15 years as the Chief Executive for CEME, Bill Williams stepped down from his role in January 2022. Bill achieved a great deal and, during his tenure, CEME went from strength to strength. On behalf of the Board, I thank Bill for his excellent service and wish him every success and happiness for the future.

CEME was and remains an ambitious regeneration project aiming to transform the manufacturing industry in the south-east, changing lives through business growth, and so the selection of a new CEO was an important task. I am delighted to report the Board appointed Noorzaman Rashid to the role from 1st April 2022. Noorzaman has knowledge of engineering and industry and brings a wealth of business experience to CEME. He looks forward to working across communities, regeneration, qualifications, and young people to further support the engineering and manufacturing sectors.

I reflect on the past year with a sense of pride for what has been achieved, gratitude to the board and wider CEME team, for their achievements and excitement for what lays ahead under the leadership of our new CEO, Noorzaman Rashid.



Valerie Le Vaillant OBE
Chair, CEME

Centre for Engineering and Manufacturing Excellence Limited
Chief Executive's outlook

As we emerged out of the cruellest parts of the pandemic in 2021 into 2022, business and industry have regrouped themselves to tackle the new realities that face them. Increasing cost of utilities, the NI increases, inflation and the impact of the situation in Ukraine will contribute to uncertainties for business planning and resourcing.

Companies of all sizes are grappling with the issues of flexible and hybrid working impacting their need for work-space. As a catalyst for business growth CEME's customers want to remain on the campus which they see as good for growing their businesses. Our point of difference in providing high quality flexible work- space with added support for new and start-up businesses continues to set us apart across the wider region.

Despite the challenges of the pandemic CEME staff worked tirelessly to keep the Campus open 24/7 with the highest levels of Covid-19 procedures in place to maximise health security whilst supporting our customers in any way we can providing confidence and assurance. This has resulted in the campus being close to 100% occupancy. Supporting key blue light services further helped CEME to make a positive contribution to tackling the challenges of the pandemic which we are very proud of.

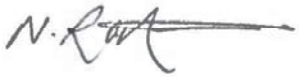
As we move forward we will further leverage our events space, which is significant contributing to income generation that can support our aim of changing lives through business growth.

The Governments Levelling Up agenda combined with our objectives of promoting economic regeneration whilst tackling deprivation has put CEME centre stage in the region. Working closely with neighbouring local authorities and those charged with regeneration we remain in a strong position to support growth along the Thames Estuary and from East London.

Whilst we have focussed on engineering and manufacturing, we acknowledge that the rapid evolution of technology, particularly in automation and the role of design are now more closely integrated than ever before. As a result, we will begin to engage more widely across these industries joining the dots to strengthen our cumulative efforts. The housing regeneration initiatives close to the campus is beginning to change the skyline another strong indicator of growth and prosperity within the region.

As I take on the reigns as CEME's new Chief Executive, I am confident that we will collaborate with partners nationally and regionally to make an increased contribution to tackling economic and social regeneration.

Working more closely with employers and industry leaders including the newly established Free Ports is a priority. The skills agenda and need for apprenticeships across the many strands of engineering provide CEME with a foothold to play a larger role in increasing the flow of talent to industry.



Noorzaman Rashid
Chief Executive, CEME

Centre for Engineering and Manufacturing Excellence Limited
Legal And Administrative Information

BOARD OF TRUSTEES

Name	Changes since last audited accounts	Organisation Represented
Valerie Ellen Le Vaillant (Chair)		
Mark Williams (Chief Executive Officer)	Resigned 13/01/2021	
Noorzaman Rashid (Chief Executive Officer)	Appointed 01/04/2022	
Geoffrey Richman		Ford Motor Company
Judith Armitt		
Keyvan Djamarani		
Yvonne Kelly		Barking & Dagenham College
Findlay Macalpine		
Barak Maoz		
Neil Andrew Stubbings		London Borough of Havering
Alessandro Attanasio		Ford Motor Company
K.K.Dherani (Chief Finance Officer)	Appointed 29/03/2021 - Resigned 05/07/2021	
Howard Bratter	Appointed 08/12/2020 - Resigned 16/03/2021	

SECRETARY

K.K.Dherani (Chief Finance Officer)	Appointed 29/03/2021 - Resigned 05/07/2021
Howard Bratter (Finance Director)	Appointed 08/12/2020 - Resigned 16/03/2021

REGISTERED AND PRINCIPAL OFFICE
CEME Campus
Marsh Way
Rainham, Essex
RM13 8EU

COMPANY NUMBER
04238862 (England and Wales)

CHARITY REGISTRATION NUMBER
1133396 (England and Wales)

AUDITORS
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

BANKERS
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

SOLICITORS
Forsters LLP
31 Hill Street
London
W1J 5LS

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

The Trustees of the Centre for Engineering and Manufacturing Excellence Limited (hereafter known as CEME Ltd.) are the charity's Trustees under charity law and the directors of the charitable company. The Trustees of CEME Ltd. present their Annual Report for the year ended 31 December 2021 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report together with the audited financial statements for the year.

Charitable Objects
The objects for which the company is established ("the objects") are the promotion for the public benefit of urban or rural regeneration in selected areas of social and economic deprivation in the Boroughs of Tower Hamlets, Hackney, Newham, Greenwich, Bexley, Barking & Dagenham, Havering, Thurrock, Waltham Forest, Redbridge, Lewisham, Enfield, Haringey and Dartford (together the "boroughs").

Review of Strategic Aims and Key Objective

The CEME Vision - Changing lives through business growth

CEME is committed to creating prosperity in the sectors and communities it serves, through the creation of an environment where business growth is accelerated, creating new employment opportunities, facilitating training and development activities to help improve the changes that local residents develop the skills, aptitude and attitude needed to secure and thrive in those new jobs.

The CEME Mission is to "deliver prosperity in regeneration areas by creating business growth partnerships, partnerships and opportunities in manufacturing, engineering and technology."

CEME are embedded in, and proud to support the UK manufacturing, engineering and technology sectors. CEME look for opportunities to create economic prosperity and growth in areas that may be overlooked, or worse still avoided, because the challenge to create economic growth appears to be unlikely to achieve. CEME believes that regeneration though economic growth is possible when stakeholders come together to create inspiring projects.

We achieve amazing outcomes through forming effective partnerships with key stakeholders from industry and the public sector to create inspiring projects that serve the communities within their locality. We work with partner organisations to deliver a service that, through experience, we know supports increased business success and growth for our customers.

We provide customers with offices, lab space, machine workshops, prototyping facilities, business and funding skills, apprenticeships and more.

CEME's promise is to always do its best to live our values in providing our customers with an inspirational environment for learning and business growth, we know it works, and our customers businesses grow faster as a result.

Three CEME Values

We developed our values working closely with customers, employees and stakeholders. At CEME, we believe that a fundamental ingredient of achieving our vision of changing lives through business growth is underpinned by how we do things as much as what we do for our customers. Our attitude, behaviour and decisions should be enacted through the lens of our values at all times, that is our goal.
We believe that our customers, our suppliers and our employee's experience of CEME consistently improves because we are constantly guided by our values in our decision making. We continuously learn from our mistakes, we improve any imperfections, and we are committed to regular review and continuous improvement to meet the high standards we have in living our values.

Presentation - CEME is passionate about first impressions. The impact and importance of the CEME environment in cultivating success for our customers is paramount to us. We endeavour to be immaculate in the presentation of the CEME campus, our facilities and our staff at all times.

WHY Presentation? We are a 5 Star hotel for business and learners. When our customers are seeking to impress investors, recruit new employees, secure funding, win new customers, partners or suppliers they should feel proud and excited to invite them at CEME.

Exceeding Expectations - CEME aims to impress all of our customers with the service they receive from our staff and partners. We will always try our best to be clear on what we promise to our customers and then give our best efforts to exceed our customers' expectations of that promise.

WHY Exceeding Expectations? We believe that no one comes to work to do a bad job! Frustration in business can often arise from a lack of clarity on what one person, or organisation, is doing for another. Taking time to be clear at the outset on your customer's expectations reduces misunderstandings, saving time and money. Then you work flat out to deliver ahead of those expectations.

Positive Attitude – At CEME we embrace enthusiasm, a can-do attitude, eagerness for improvement and constructive intent at all times. We strive to employ and work with optimistic colleagues, who use positive language and have a positive outlook.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

WHY Positive Attitude? It is a great way to live your life. We create a positive atmosphere at CEME by what we say and how we say it, we lift others, people love to be positive, we give them the opportunities and enthusiasm to do just that because it leads to happier people achieving even more, individually and collectively. Perhaps more importantly we believe this leads to more content and happier colleagues, customers and families.

Overview
CEME continues to deliver a positive economic impact in East London and the wider Thames Estuary area since its opening in 2003. CEME brings together employers, educators, skills, and training organisations in a unique and effective way – delivering faster business growth with upskilling and training of local residents. The outcome we strive for is companies growing faster, being more ambitious, finding, and developing local talent. Companies grow faster; on and off the campus and local residents participate in this growth, as employees, as business owners and as customers and suppliers of CEME.

Businesses located at CEME grow faster, which was evidenced by our 2020 Social Impact report. This independent report found that businesses on the CEME campus have job growth of 3.1% , more than seven times the national average . We ran 25 dedicated business support events, over 5,000 people were upskilled at CEME events space at over 370 events and an additional 27,000 people were upskilled at CEME by it's tenants. As a result in 2021 CEME customers created 97 jobs.

"Skillnet have been running the Ford Motor Company Apprenticeship Programme from CEME for 10 years, utilising a number of the engineering workshop and classroom facilities to deliver Apprentice training. CEME provides an ideal space to introduce technical engineering education in a safe and clean working environment that places a significant emphasis on the Health, Safety and wellbeing of its tenants. This has been particularly evident during our COVID-19 return to work plans which, with the support and collaboration of the CEME team, we have achieved successfully"Chris Kenny, Head of Delivery, Skillnet (Ford Apprenticeship Programme)

From its East London Campus CEME hosts a range of public and private organisations delivering:

- Commercial business training
- Small business support and development
- Training and education in business and related studies
- Apprenticeships and related education in engineering and technology sectors
- Training for the public sector
- A technology start-up innovation centre
- A world class event space operation
- Supporting inward investment missions to the region

Public Benefit
CEME's Board of Trustees regularly monitor and review the success of the organisation in achieving its aim to create faster enterprise growth leading to increased levels of employment in the communities it serves. The Trustees confirm that they adhere, observe and monitor the guidance as published by the Charity Commission under section 4 of the Charities Act 2011 when reviewing the charity's aims and objectives and in planning future activities. The Trustees confirm, in the light of the guidance, that these aims; fully meet the applicable public benefit tests and that the activities of the charity, described in this report under four specific aims, are undertaken in pursuit of those aims.

The Trustees review the activities set out within the RR2 activities under the Promotion of Urban and Rural Regeneration for public benefit in areas of social and economic deprivation. The Charity Commission as a charitable purpose recognised this.

What CEME does

On its East London campus CEME offers good quality, high specification accommodation for training solutions providers. In addition to technical classrooms and facilities, CEME provides its customers with extensive engineering and technical workshops and labs equipped with a range of engineering and product design, test and development equipment.

CEME also operates an Innovation centre and a Launchpad start up centre on the campus, providing high quality office and workshop space to support early stage growth and start-up businesses. CEME aims to provide these customers with a one-stop shop for business support services and advice, all aimed at accelerating growth. East London Tech Circle and CeMEET are examples of the popular networking events that have grown in popularity. Despite the challenges of Covid 19 , CEME still delivered a programme of business networking and support all delivered online. In person events returned to CEME in September 2021 and these services are aimed at helping business owners and managers grow faster .
The Launchpad Centre is aimed at supporting start ups and very early stage growth organisations. This offer includes co-working, hot desk, fixed desk and small office spaces to let for customers. Our aim is to remove barriers to encourage more start-ups to exploit opportunities to the fullest extent. The Launchpad customers also benefit from a tailored business programme to support accelerated growth.

Report of the Trustees

CEME has a dedicated Event space customer offering, from simple rooms for two or more people, to executive board rooms and the futuristic POD theatre where organisations can host a wide range of meetings and events. The flexibility of space offering has been really well received by customers during the Covid 19 Pandemic as they can easily flex up and down in terms of space on the campus, using event space as on tap additional space to office accommodation. The event space offer is carefully "woven into" the CEME offer – bringing local business owners onto the campus and in the process helping raise their own aspirations for business growth. The Launchpad Centre also offers a range of tailored products and services to a wide range of public and private clients.

CEME , as part of a public benefit initiative , hosts a Hydrogen refuelling station (HRS) on the campus, in partnership with ITM Power Trading Limited. This facility has been available to the public since 2016. In early 2022, we expect to complete a significant upgrade and expansion of this facility to welcome an increased number of customers utilising this facility. This marks the increased utilisation of this "greener fuel" in the UK.

The HRS and CEME's partnership with ITM Plc is an excellent example of high value manufacturing collaboration in the UK. The presence of an HRS production and fuelling facility on the CEME campus also serves as a significant technology demonstrator in the East of London drawing interest and visits from a wide range of interested parties.

This mix of private and public sector activities serves to create an outstanding offer for the local community. CEME works with local education institutions, schools, Further Education in Colleges and Universities in a variety of ways all aimed at improving the opportunities and aspirations of the local communities CEME serves. The Gateway to Skills programme will return to the benefit of local schoolchildren from April 2022 after an absence of two years due to the pandemic. CEME established Elutec, a University Technical College (UTC) in partnership with University College London (UCL) and Ford in 2014 and we welcome students onto the campus for work experience and placements every year. In addition to the 100 plus businesses operating on the campus , a diverse mix of business delegates regularly attend training and seminars in the Event Space.

CEME further delivers programmes to help its customers to recruit, retain and develop talent; providing pathways for local employers to develop and support a well-trained workforce, generating business growth and ultimately job and wealth creation for the local area.

Achievements and Performance

Aim 1: Provide education, training and re-training opportunities and work experience

Education

The London School of Academics (LSA), an award-winning provider of teacher training education that continues to flourish at CEME. LSA growth plans have now developed such that plans are underway to acquire a University status. LSA is particularly active in providing teaching career training leading to high quality employment opportunities for course participants, many of whom come to the programmes unemployed.

In 2021 the Event Space at CEME welcomed over 5,023 delegates purely for the purpose of education and training across 374 learner days.

In 2022, we expect to work more closely with Barking and Dagenham college. The college have committed to helping us deliver our Gateway to Skills programme. They have also again committed to having a base at CEME to promote the Institute of Technology programme to local businesses in collaboration with CEME.

The event space is an ultra-modern events and meetings venue offering innovative and flexible solutions for meetings requirements from a high-tech conference auditorium, the CEME POD theatre to small meeting/training rooms, conference, exhibition and outdoor space.

Apprenticeships

CEME is home to the Ford Motor Company engineering apprentice programme (FAP), which enjoyed another very successful year. In 2022, the intake is expected to increase to create more opportunities to young people.

Technical Training

During the year CEME hosted a wide range of technical training in its workshops and practical classrooms including Integrated Manufacturing Skills, multiskilling (electrical for mechanical and mechanical for electrical), electronics modules, welding, programmable logic control programming and testing and engineering health and safety.

CEME is proud to be the home of Fast Line Training Services who deliver technical skills and training courses for the rail sector. In 2021 Fast line expanded their footprint further in order to deliver additional practical training courses in the CEME workshops.

Aim 2: Help unemployed people find employment

CEME continues to host assessment centres for the recruitment of a variety of employment opportunities including apprentices, entry level technical and safety training/certification for sectors such as the construction and rail, newly qualified teachers, medical staff and a host of other employment activities. In 2022, a new web page will be released on the CEME website which will allow customers to advertise new job roles, to further stimulate our job creation targets.

Report of the Trustees

Aim 3: Provide support to businesses where it leads to training and employment opportunities for unemployed people.

The CEME Innovation Centre provides office and workshop space and related services to SMEs on flexible terms that enable them to take up accommodation without the risk of prohibitive lease payments should they suffer a financial downturn. In addition, a wide range of business support services is provided to support accelerated growth.

During 2021 the CEME Innovation Centre provided office space and business support for over 100 small businesses . In keeping with previous years, several tenants expanded during the year, effectively outgrowing the Innovation Centre. Some of these customers moved within the CEME campus to larger premises. One example is Vive Scooters a green-tech business, who has enjoyed huge growth since starting his business at CEME in 2020. Another is recruitment and training business Topaz, who outgrew their small studio in 2020, opting for a large service and expanding again at the end of 2021.

Aim 4: Provide land and buildings on favourable terms to businesses in order to create training and employment opportunities for unemployed people

The CEME Innovation Centre provides a valuable resource to local businesses and entrepreneurs. The centre provides high quality accommodation and support services on a simple 'the price you see is the price you pay' model offering to start-up businesses with an affordable and low risk accommodation solution. This attractive offering is evidently meeting a need and continued to enjoy occupancy levels in excess of 90% over the year. CEME created new small offices at the beginning of 2021, that were immediately let. We will bring additional smaller units online in 2022 to meet a growing customer demand.

For businesses, which are too small to afford an office in a business centre, CEME offers a 'virtual tenancy'. This service enables a business to have a front desk services at the Innovation Centre and use its meeting rooms. The Innovation Centre supports many local micro-businesses with this service throughout the year.

LOOKING AHEAD at CEME

During 2020 CEME developed a new strategy for growth. The underpinning pillars of the strategy meant to grow responsibly, with a focus on new activities that deliver a positive impact and sustainable performance without compromising being an environmental exemplar. This is how we operate the campus and the buildings when forming the new partnerships. In 2022 we are planning to bid for funding to start a hydrogen-focussed innovation centre on Campus in partnership with the University of Kent and ITM Motive. The newly emerging Thames Freeport is a wonderful opportunity for CEME to deliver a success in the wider Thames Estuary in collaboration with partners.

CEME is committed to supporting more and more "green-technology" organisations. We grew from 10% occupancy within Green technology to 17% at the end of 2021. We plan to hit 25% occupancy of "green technology" businesses by the end of 2023.

In April 2022, our Gateway to Skills programme will resume which will see over 1,000 early secondary students come to CEME to learn about STEM (Science , Technology , Engineering , Mathematics) and to encourage these students to consider careers within these subjects. Funding for this programme was secured for this project in late 2021.

At CEME we work in partnership with regional and local government, local and national or international employers and private developers to understand the local economic landscape and regeneration aims and needs. Using the influential capital of commerce, the social capital of local government and the physical capital of supportive places our aim is to pull together partnerships to deliver ambitious projects to meet the specific ambitions of a community.

The CEME model does not rely on external funding or support to deliver on its vision and charitable aims.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Charities SORP FRS102.

Centre for Engineering and Manufacturing Excellence Limited (trading as CEME") is constituted as a company limited by guarantee (registration number 04238862) and is governed by its Memorandum and Articles of Association CEME was registered as a charity (registration number 1133396) in December 2009.

CEME Enterprise Limited is a registered company number 7115923 incorporated on 5 January 2010 and is a wholly owned subsidiary of CEME.

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Centre for Engineering and Manufacturing Excellence Limited

Report of the Trustees

Board of Trustees

The Board of Trustees, who are also directors of the charity for the purposes of the Companies Act, have overall responsibility for the direction, management and control of the charity. As discussed below, some of these activities are delegated to sub-committees of the Board. Overall, operational management of CEME is delegated to the Executive Officers.

The Board is subject to a maximum of 12 and a minimum of 8 directors. Under the articles of association, the composition of the board is as follows:

- Three directors appointed by members of CEME:
- o One representative director nominated by Ford Motor Company
- o One representative director nominated by Havering College of Further and Higher Education and Barking and Dagenham College (BDC)

- o One representative director nominated by the London Borough of Havering

Additional directors appointed by the board, with specific expertise

- One senior independent non-executive Director to provide business and commercial expertise
- Additional non-executive directors as required to provide expert advice on subject areas of relevance to CEME such as skills and education, business development, regeneration initiatives, and manufacturing, engineering and technology to the Board
- One non-executive director to act as Chairman
- Two executive directors, being the Chief Executive Officer and Chief Financial Officer

The directors appointed by members are senior executives in those organisations. Ford is represented by a senior executive of Ford Britain. The colleges by the College Principal & CEO and the London Borough of Havering by its Director of Neighbourhoods.

A director may hold that office for an initial period of three years, this is renewable on a mutually agreed basis.

Typically, the board meets six to eight times per year. New directors are inducted through a formal induction process, which includes a comprehensive briefing with the Chief Executive Officer and a site visit in addition to a number of other initiatives.
The Trustees review and monitor the financial performance of the Charity, foreseeable significant events and risks are analysed and their possible financial impact is investigated with corrective action taken as necessary.

Throughout the year, the Trustees continued to monitor the effectiveness and overall terms of reference for the sub committees, to ensure they are following best practice in the sector.

The Board appoints members of the Audit Committee, Nominations Committee and the Remuneration Committee. The Audit Committee, which usually meets three times a year and the Remuneration Committee are made up of Trustees with relevant skills and experience. The Remuneration Committee supports the Board in reviewing and setting the remuneration of the executive directors. The remuneration procedure is discharged by the chair. The Nomination Committee reviews candidates for the appointment to the Board making recommendation to the board on the appointments.

CEME's approach to remuneration is designed to ensure we attract and retain the talented and motivated people we need to achieve our vision and deliver our strategic goals. It is applied consistently across the organisation. We aim to pay fair and competitively in the not for profit sector within the context of affordability and considering the complexity of each role. CEME links pay to performance and provides salary progression for those who deliver exceptional performance. The level of remuneration is benchmarked to organisations in the area of similar size type and complexity. External independent consultants carry out, on a regular basis, the benchmarking. The Chief Executive and the board as appropriate then agree the remuneration.

The Trustees are aware of the Charity Governance Code published in 2017, which sets out the principles and recommended practice for good governance within the sector. The Trustees regularly discuss best practice at CEME Board Meetings and are satisfied that the Charity applies the principles of the code within its current Governance arrangements. A board self-evaluation exercise is planned for early 2022 .

Related Parties

CEME operates a wholly owned subsidiary CEME Enterprise Limited, this is a commercial organisation that conducts the Conference Centre business and hence is a related party to the charity (CEME Ltd).

CEME is under the common control of Ford Motor Company, London Borough of Havering, Havering College of Further Education, Barking and Dagenham College. The companies Article of Association as amended in October 2019 state that each of the above is a member of CEME. As a member of CEME they have the right to appoint a director to CEME board which are noted in the section above. The Greater London Assembly rents to CEME the land on which CEME Centre of Excellence is sited on a 125-year lease at a peppercorn rent. It also leases the Innovation Centre on a 125-year lease at a peppercorn rent. The ultimate freeholder is the Ford Motor Company.

Report of the Trustees

FINANCIAL REVIEW

Trading Performance

CEME's principal income is derived from fees charged to users of the facility. CEME provides a fully provisioned teaching environment for providers of education and skills and tailored office space and support services to businesses. This income is augmented by revenues from a trading subsidiary that runs a conference centre at CEME. These revenues are disclosed as "Income" on the Consolidated Statement of Financial Activities.

CEME operates a number of buildings on its park, the main building that accommodates the providers for skills and education and office space as well as the conference centre. Other buildings include a wholly devoted Innovation centre. CEME's revenue for the year was £3,912,270 and the adjusted loss is £253,819 (the loss includes a depreciation charge of £896,321). Prior year revenue was £3,511,150 and adjusted loss of £266,194 (the loss includes a depreciation charge of £893,225).

As mentioned above, the event space business is run through a wholly owned trading subsidiary named CEME Enterprise Ltd. Revenues for the year of £413,183 with a profit of £84,863. Prior year revenue £312,720 with a profit of £372. The accommodation costs for the conference centre are in line with rates paid by major clients in other parts of the building. During 2021 the event space experienced a significant improvement in business following the staged relaxation of UK government restrictions. The event space is considered an important regeneration offering as part of the wider CEME model and impact objectives.

Reserves Policy

Total funds held at 31 December 2021 amounted to £22,805,805.

Unrestricted Income Funds consist of tenant's income less operating results incurred to date.

Restricted Income Funds consist of grants received for restricted purposes (full list of the grants is contained in note 21 of the accounts) and amounted to £14,532,760 at 31 December 2021, Capital grants are used to fund building works and the acquisition of new teaching equipment.

The Trustees have reviewed their reserves policy during the course of the year and set the reserves policy that requires:

- Reserves to be maintained at a level, which ensures that the organisation's core activity could continue during a period of two months following a time when revenue falls to zero.
- Maintain a proportion of reserves in a readily realisable form.

The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.

The Trustees believe it is necessary to hold reserves of two months' unrestricted expenditure equating to £600K at 31 Dec 2021. The Trustees regularly monitor the cash position and resources available to CEME to achieve its operational goals and are satisfied that current cash flows and the agreed overdraft facility is sufficient to provide adequate working capital. At the balance sheet date, the group held unrestricted funds totalling £8,273,045 with net current liabilities of £219,245 (2020: £390,662); the cash component is £1,493,510. Free reserves are calculated as unrestricted funds less tangible fixed assets and loans to procure fixed assets and tenant's deposits. At the Balance Sheet date, CEME had free reserves of £419k. CEME has prepared a five year forecast with detailed operating plans including cashflows and is satisfied that with the cash reserves and its bank overdraft facility that it has appropriate reserves. The five year forecast taking into account Covid -19 shows the free reserves position strengthening over the five year forecast period with free reserves approximately £900k by the end of the plan.

Going Concern

CEME has delivered a strong financial performance and has enjoyed an encouraging start to 2022 with record levels of tenant occupancy on the campus. Furthermore the Event space, which has remained open throughout the majority of 2021 has also an encouraging positive start to 2022. Cash position is stronger due to strong trading performances in 2020 and 2021 and supported by outstanding CBILS loans of £479K.

At the time of making this assessment occupancy across the campus is strong and the evidence of the last twelve months have suggested that CEME is ideally placed for customers seeking high quality business space in the vicinity of East London, accessible by car and offering a secure and safe Covid 19 prepared environment. Management expect the challenges of Covid 19 will continue to affect the 2022 financial performance but to a much less significant degree than in 2020 and 2021 . The anticipated occupancy in 2022 provides a reasonable assurance of stable performance and steady cashflows to meet working capital needs and servicing debt on a timely basis.

Cash position at the end of February 2022 was £1,225,011 . Whilst the impact of Covid 19 is slowing down in the United Kingdom, the management continues to monitor its cash position under stringent scenarios to manage any significant risk in an unlikely event e.g. another surge of Covid 19 impact in the near future. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various levels of income and planned expenditure.

CEME has a cash balances at the year-end of £1,494k (2020 £1,413k) and it has an overdraft facility of £400K that has been in place since May 2015 and which has never been utilised due to its strong cash position and continued demand of its accommodation and related services.

Management believe that CEME has adequate financial resources and are well placed to manage these significant business risks.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.
The accounts have therefore been prepared on the basis that the charity is a going concern.

Report of the Trustees

Risk Management and Internal Control

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to manage the strategic and operational risks the Charity is, and could be, exposed to. Processes in place regarding risk management and internal controls include the following:

· The Audit Committee is responsible for monitoring the effectiveness of the internal controls and reports to the Board the results of such monitoring. This is achieved through:
- o CEME's systems of financial control, risk management and compliance
- o the nature and scope of the external audit, and any matters raised, for the attention of Management.
- o the need for the internal audit, any changes to audit plans to take account of emerging risks and new areas of business as appropriate.

· The systems of control operated within CEME are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:
- o Five-year plan and cash flow forecast
- o Annual business plan, budget and cash flow forecast
- o Regular consideration by the Trustees of actual results compared with budgets, forecasts and trends,
- o Cash flow and reserves levels
- o Segregation of duties
- o Identification of, and management of, risks
- o Regular review of financial procedures.

The Trustees, in partnership with the Executive Committee (EXCO), play a key role in the identification, evaluation and monitoring of major risks to which CEME is exposed. CEME has robust risk management and monitoring processes in place to assist in the strategic and operational management of the organisation. The risks are monitored through a risk register that is updated and reviewed on a regular basis. The risk register looks at risks and assesses the impact on CEME based on the following criteria financial, strategic, reputational and operational. It also identifies detection methods, preventative and recovery controls.

CEME recognises the value and importance of effective risk management. CEME practices a culture of risk management that permeates all levels and operational functions of the organisation. To support this, additional components of the risk management framework include:

· The requirement for all staff and managers to prepare comprehensive project related risk assessment and management documentation for all new initiatives, which mandates an assessment of risk.
· New development opportunities requiring investment of the organisations resources including capital investment undergo a feasibility analysis, including an assessment of risk.
· CEME's Trustees have established a target for the levels of reserves held, to mitigate the impact on the organisation of the risks that do materialise.

CEME is committed to its risk management processes, and Senior Managers and Trustees are continuing to develop and refine risk management and control processes, which are both, appropriate to the organisation and whose effect can be measured. The table below provides key risks and the actions that are undertaken to manage the risks. CEME also maintains a full risk register that identifies the risks, detection controls, prevention controls and recovery controls. This is formally reviewed on a regular basis.

Risk	Management
Economic pressures, Competition and Major Client behaviour change	Annual budgeting and ongoing management reporting, plus monitoring of financial performance. Review of existing pipeline plus targeted additional spend on sales and marketing as deemed necessary The ongoing evaluation of longer-term strategy that targets the diversification of income from new and additional clients.
Incidents that may impact/damage reputation or negatively impact operations including cyber security, fraud and major incidents	Proactive detection, monitoring investigating and reporting of adverse incidents or events. Use of risk register is employed, Continued programme to drive IT improvements and strengthen infrastructure and protection of data.
Substantial reduction in key conference centre client business leading to reduced profitability	Monitoring of current conference facility booking levels against monthly forecast and budgets. Review of current pipeline and increased marketing spend as required.
CEME strategy and activities not fully focused to meet Charity Commission RR2 criteria	Monitor and record public benefit activities and keep the level of regeneration activities above any required level.
Impact of Brexit - due to uncertainty following the exit from European Union	Monitor the activity levels of rental pipeline. Monitor the impact on the tenants business compared to previous periods.
Economic Downturn - due to the national and international influences	Monitor the economic indicators especially the rental market especially in comparing to competitors.
Impact of Covid 19	Monitor the cash situation with the intention of saving cash. Seek to increase cash facilities i.e. grants, loans an government support. Work closely with customers to retain a sustainable business

Centre for Engineering and Manufacturing Excellence Limited

Statement of trustees' responsibilities

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

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and 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 (FRS102);
- make judgments 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;
- 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 adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Disclosure of Information to Auditors Insofar as each of the trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

Signed on behalf of the Board



Valerie Le Vaillant
Trustee
Date 16th MAY 2022

Centre for Engineering and Manufacturing Excellence Limited

Independent Auditors' Report

Opinion

We have audited the financial statements of the Centre for Engineering and Manufacturing Excellence for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper accounting records have not been kept; or
- the 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' exemptions in preparing the trustees' directors' report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 14, 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 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 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Independent Auditors' Report

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), health and safety legislation, taxation legislation, and employment legislation.

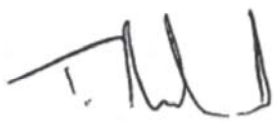
Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London
Date 31 May 2022

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Statement of Financial Activities
for the Year Ended 31 December 2021 (incorporating income and expenditure accounts)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Income from					
Other trading activities	3	2,319,399	-	2,319,399	2,109,146
Investment income		51	-	51	242
Charitable activities					
Skills & education and business support accommodation and related services	4	1,592,820	-	1,592,820	1,354,132
Government grant		-	-	-	47,630
Total Income		**3,912,270**	**-**	**3,912,270**	**3,511,150**
Expenditure on					
Raising funds	5	866,466	-	866,466	758,649
Charitable activities					
Skills & education accommodation and support services	6	2,845,077	454,056	3,299,133	3,018,205
Skills delivery and business support		-	490	490	490
Manufacturing research institute		-	-	-	0
Total cost of charitable activities		2,845,077	454,546	3,299,623	3,018,695
Total expenditure	8	**3,711,543**	**454,546**	**4,166,089**	**3,777,344**
Net income/ (expenditure)		200,727	(454,546)	(253,819)	(266,194)
Transfer between funds		-	-	-	-
Net movement in funds		200,727	(454,546)	(253,819)	(266,194)
RECONCILIATION OF FUNDS					
Total funds brought forward at 1 January		8,072,318	14,987,306	23,059,624	23,325,818
Total funds carried forward at 31 December		8,273,045	14,532,760	22,805,805	23,059,624

Centre for Engineering and Manufacturing Excellence Limited
Charity and Group Balance sheets
as at 31 December 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
FIXED ASSETS		**24,006,999**	**24,610,214**	**23,974,425**	**24,595,578**
Tangible Fixed Assets	12	23,989,338	24,585,721	23,955,764	24,570,085
Intangible Assets		17,661	24,493	17,661	24,493
Investments	13	-	-	1,000	1,000
CURRENT ASSETS		**1,805,438**	**1,759,939**	**2,006,238**	**2,017,378**
Debtors	15	311,928	347,247	543,911	667,358
Cash at bank and in hand		1,493,510	1,412,692	1,462,327	1,350,020
CREDITORS: amounts falling due within one year	16	**2,021,153**	**2,150,601**	**1,985,872**	**2,105,034**
NET CURRENT (LIABILITIES)		**(215,715)**	**(390,662)**	**20,366**	**(87,656)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**23,791,284**	**24,219,552**	**23,994,791**	**24,507,922**
CREDITORS: amounts falling due after more than one year	17	**985,479**	**1,159,928**	**985,479**	**1,159,928**
Net Assets		**22,805,805**	**23,059,624**	**23,009,312**	**23,347,994**
Funds of the Charity					
Unrestricted income funds	20	8,273,045	8,072,318	8,476,552	8,360,688
Restricted income funds	21	14,532,760	14,987,306	14,532,760	14,987,306
Funds of the Charity		**22,805,805**	**23,059,624**	**23,009,312**	**23,347,994**

The notes on pages 21 to 33 form part of these financial statement.

The net result for the year reported within the financial activities of the parent charity was a deficit of £338,682 (2020: deficit £266,566).

Approved and authorised for issue on behalf of the Board and signed on their behalf by:

16 May 2022

Valerie Le Vaillant
Trustee

Centre for Engineering and Manufacturing Excellence Limited
Consolidated Cash Flow Statement
for the Year Ended 31 December 2021

	Notes	2021 £	2020 £
Cash flow from operating activities:			
Net cash (used in)/provided by operating activities	1	597,437	630,114
Cash flow from investing activities			
Purchase of property, plant and equipment		(293,106)	(200,522)
Net cash provided by (used in) investing activities		304,331	429,592
Cash flows from financing activities:			
Repayment of borrowing		(399,277)	(255,015)
Finance lease Interest paid		(74,202)	(93,468)
Cash inflows from new borrowing		249,965	380,764
Net cash provided by financing activities		(223,514)	32,281
Change in cash and cash equivalents in reporting period		80,817	461,873
Cash and cash equivalents at the beginning of the reporting period		1,412,692	950,819
Cash and cash equivalents at the end of the reporting period		1,493,509	1,412,692

	2021 £	2020 £
Note 1: Reconciliation of net (expenditure) to net cash flow from operating activities		
Net (expenditure) for the reporting period (as per the statement of financial activities)	(253,819)	(266,194)
Adjustments for:		
Depreciation charges	896,321	893,225
Finance lease Interest paid	74,202	93,468
Loss on the sale of fixed assets	-	463
Decrease in debtors	35,319	17,873
(Decrease) in creditors	(154,586)	(108,721)
Net cash provided by operating activities	597,437	630,114

1. CHARITY INFORMATION

CEME is a company limited by guarantee (registered number 04238862) which is incorporated and domiciled in England. It is also registered as a charity with the Charity Commission (registered number 1133396). The address of the registered office is CEME Campus, Marsh Way, Rainham, Essex RM13 8EU.

2. ACCOUNTING POLICIES

Basic of accounting

The accounts (financial statements) have been prepared under the historical cost convention in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

CEME LIMITED meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Financial statements of CEME LIMITED and its subsidiary company are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'.

In accordance with section 408 of the Companies Act 2006, no individual statement of financial Activities has been presented for the parent company, Centre for Engineering and Manufacturing Excellence Limited.

Preparation of Accounts on a Going concern basis

After making appropriate inquiries following the global outbreak of Covid 19, the trustees have a reasonable expectation that CEME has adequate resources (strong cash balances) to continue its operational existence for the foreseeable future in the case of any decline in demands. We believe that there are no material uncertainties that casts doubt over CEME's ability to continue in operation. The accounts have therefore been prepared on the basis that CEME satisfies the going concern assumption.

We have set out in the Trustees Report a review of financial performance, the charity's reserves position and the management actions in response to the on going Covid 19 pandemic in 2021. We believe that we have adequate financial resources and are well placed to manage these economic risks. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various sources of income and planned expenditure.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.

The accounts have therefore been prepared on the basis that the charity is a going concern basis.

Functional and Presentation currency

The functional currency of CEME LIMITED and its subsidiary is considered to be pounds (£) sterling because that is the currency of the primary economic environment in which the charity/group operates. The consolidated financial statements are also presented in pounds sterling.

Income

Income for Skills & Education business support, Accommodation and Related Services represents amounts invoiced, net of Value Added Tax, for the provision of training facilities, business incubation facilities and related supportive activities.

Income from operating leases is recognised in the period to which the rental income and support services relates and to the extent to which the company becomes entitled to the income under a tenancy lease agreement.

Where income for goods and services provided is received in advance of the goods or services being provided by the Centre for Engineering and Manufacturing Excellence Ltd the amount prepaid is credited to Deferred Income.

On receipt, donated professional services 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 of equivalent economic benefit in the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Government grants are recognised on the performance model, when the charity has complied with any conditions attached to the grant and the grant will be received. The grant in connection to the job retention scheme has been recognised in the period to which the underlying furloughed staff costs was incurred. Included in income is an amount of £Nil (2020 : £47,630) in respect of the Coronavirus Job Retention Scheme.

Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.

Significant Judgements and Estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where estimations have been made include:

- Tangible Assets – the useful economic life of assets used in calculating depreciation
- Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments

CEME LIMITED has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise overdrafts, trade and other creditors.

Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of resources. The majority of overheads have been apportioned on the basis of headcount because that is the main driver of costs in the charity.

CEME initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining
support costs together with the governance costs are apportioned between raising funds and the charitable activities undertaken (see note 8) in the year.

Governance costs are costs associated with the strategic as opposed to day to day management of the charity's activities.

TANGIBLE ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost or valuation less depreciation.

Donated assets valued at £2,500 or over are recognised at market value as determined by an independent valuation when title is passed to CEME.

Purchased assets with a cost of £1,500 or over are recognised at historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:
- Long Leasehold buildings and improvements thereto over 50 years
- Plant, Machinery and equipment over 4 to 10 years
- Office Furniture over 4 years

INTANGIBLE ASSETS AND DEPRECIATION

Intangible fixed assets are non-monetary fixed assets that do not have physical substance but are identifiable and are controlled by the Charity through custody or legal rights. An intangible asset is recognised when it is separable or arises from contractual or other legal rights and if it is probable that its expected future economic benefits will flow to the Charity, and if its cost or value can be measured reliably. Intangible fixed assets costing more than £1,500 are capitalised.

Intangible assets are measured initially at cost and subsequently at cost less impairment and less any accumulated amortisation. The residual value of intangible fixed assets is nil when calculating the charge for amortisation unless reliable evidence exists to the contrary. Amortisation of intangible fixed assets is charged as an expense to the relevant statement of financial activities (SoFA) category reflecting the use of the asset.

Intangible assets are amortised on a straight-line basis over their useful economic lives. If the useful life cannot be estimated reliably it is presumed to be no more than five years. Amortisation commences when an intangible asset is available for use.

Intangible assets represents software costs which is amortised at 20% per annum.

Intangible assets are only reviewed for impairment if there are indicators that the asset may be impaired.

INVESTMENTS
Investments in subsidiary companies of Centre for Engineering and Manufacturing Excellence Limited, are stated at cost.

FUND ACCOUNTING
Due to the constraints of law and donor imposed restrictions the charity segregates its funds between restricted funds and unrestricted funds. Unrestricted funds represent the accumulated surplus on income and expenditure and are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity (see Report of the Trustees). Designated funds are funds that have been set aside out of unrestricted funds by the Board for a specific purpose, with the balance constituting the charity's General Reserves. There are no designated funds at present.

Where funds are received under contracts to run government funded programmes they are classified as restricted. When the service is provided, if any surplus arises this becomes unrestricted with agreement from the fund provider. Restricted funds represent income received where the donor has imposed restrictions as to how the monies shall be spend. The nature and purpose of the restricted funds are also set out in Note 21 to the financial statements.

LEASES
Where assets are financed by agreements that give rights approximating to ownership ('finance leases and hire purchase contracts'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum finance payments payable during the finance term. The corresponding finance commitments are shown as obligations to the provider of finance.

Finance payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities on a straight line basis.

All other leases are 'operating leases' and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term. There are no operating leases at present.

PENSIONS CONTRIBUTIONS
The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the charitable company during the year.

	2021	2020
	£	£
3. Other Trading Activities		
Rent	1,651,234	1,528,967
Conference Centre	413,183	291,300
Support Services	254,982	288,879
	2,319,399	2,109,146

CHARITABLE ACTIVITIES

4. SKILLS & EDUCATION AND BUSINESS SUPPORT ACCOMMODATION AND RELATED SERVICES

	2021	2020
	£	£
Further Education and Apprentices		
Space and Learning Support	557,210	486,025
Business Incubation Centre	715,938	600,624
Cafeteria	136,310	124,835
Launchpad	127,566	79,086
Training Centre	55,796	63,562
	1,592,820	1,354,132

5. RAISING FUNDS	2021	2020
	£	£
Conference Centre	394,301	354,492
Support costs	159,408	164,074
Space, IT and Shared Services	256,764	195,431
Telephone and Franking recharges	16,208	11,116
Car park cost	10,709	7,547
Governance costs	29,076	25,989
	866,466	758,649

Taxation - CEME is registered as a charity and as such is entitled to the exemptions under sections 466 to 493 Corporation Tax Act 2010. The company can claim all VAT incurred except where incurred on running costs of government funded programmes. These programmes are run on a reimbursement basis and therefore the cost of the unrecoverable VAT is passed on to the funder.

6. SKILLS & EDUCATION ACCOMMODATION AND SUPPORT SERVICES	2021	2020
	£	£
Direct costs	2,131,896	1,846,556
Depreciation of building and founding asset infrastructure	669,061	669,019
Support costs	423,410	435,801
Governance costs	74,766	66,829
	3,299,133	3,018,205

7. GOVERNANCE COSTS	2021	2020
	£	£
Fees payable to the group's auditors for the audit of the group's annual accounts	27,500	26,750
Fees payable to the group's auditors for other work	6,100	6,000
Taxation fee payable in respect of the subsidiary	1,375	-
Trustee expenses, recruitment and insurance[1]	29,814	21,675
Board and committee support costs[2]	39,052	38,393
	103,841	92,818

1 Travel expenses incurred by Trustees in respect of CEME meetings amounted to £827 (2020: £140) during the year. The number of Trustees receiving expense reimbursement during the year was 2 (2020: 1). Trustee indemnity insurance cost £2,261 (2020: £1,672).

Key Management Personnel

2 The key management personnel of the charity comprise the trustees, the Chief Executive and the Finance Director. Executive Directors were remunerated for acting in that role under the authority of CEME's memorandum and articles of association.

These costs reflect the pay and non pay costs of the CEO and Finance Director relating to preparation for and attendance at trustee meetings, and the pay and non pay costs of Non Executive Directors.
Valerie Le Vaillant was paid £15,000 for her services as a Chair. A non executive director, Dr Keyvan Djamarani, was paid £1,800 for performing that role. Payments to non-executive directors are made under the authority of CEME's memorandum and articles of association.

The Chief Executive, Mark Williams, was remunerated as follows: pay £133,233 (2020: £151,325), Bonus acrued £18,822 (2020 : £43,746), pension £8,893 (2020: £8,536), employers NI £21,268 (2020: £16,119) and other benefit of £3,000 (2020: £3,000).
The Finance Director, Howard Bratter, started on the 8th of Dec 2020 and left on the 16 March 2021, was remunerated in 2021 as follows: pay £18,090 (2020 : £5,885), pension £1,176 (2020 : £383), employers NI £2,201 (2020 : £711).
The Finance Director, Kishore Dherani , started on the 27th of March 2021 and left on the 15 Sep 2021, was remunerated in 2021 as follows: pay £35,534, pension £2,130, employers NI £3,258.

8. TOTAL EXPENDITURE

	Direct Cost	Support Costs			Governance Cost	Total 2021
		Management	Finance	HR		£
Raising funds	677,982	72,393	85,571	1,444	29,076	866,466
Skills & education accommodation and support services	2,800,957	192,286	227,288	3,836	74,766	3,299,133
Skills delivery and business support	490	-	-	-		490
	3,479,429	264,679	312,859	5,280	103,842	4,166,089

	2020
	£
Raising funds	758,649
Skills & education accommodation and support services	3,018,205
Skills delivery and business support	490
	3,777,344

9. STAFF NUMBERS AND COSTS

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2021 No.	2020 No.
Operations	19	17
Governance	2	2
Support	3	3
	24	22

The aggregate payroll costs of these persons were as follows:	2021 £	2020 £
Wages and salaries	804,443	688,974
Social security costs	82,361	69,018
Other pension costs	56,043	71,250
	942,847	829,242

Those receiving employee benefits (excluding employer pension contribution)in the following ranges were:

	2021 No.	2020 No.
£60,001-£70,000	1	-
£70,001-£80,000	-	1
£150,001-£160,000	1	-
£190,001-£200,000	-	1

Pensions contributions made on behalf of employees earning in excess of £60,000 per annum were £12,890 (2020: £12,761).
The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund.
During the year there were redundancy payments of £ Nil (2020 : £11,792), No amounts were outstanding at year end.

10. RELATED PARTY TRANSACTIONS

In the opinion of the directors the following were related parties of CEME: Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College, London Borough of Havering, and the London Development Agency. CEME transacted with the related parties during the year as follows:

	2021 Group £	2020 Group £
Regeneration programme funding:		
London Development Agency	-	-
For facilities rental and provision of core services by the Group:		
Ford Motor Company	105,489	87,125
London Borough of Havering	62,821	71,953
Barking and Dagenham College	-	-
For goods and services provided by the Group:		
Ford Motor Company	6,027	6,684
London Borough of Havering	6,134	17,721
Barking and Dagenham College	-	-
For goods and services provided to the Group:		
Ford Motor Company	-	-
The balances (owed by) / due to the Group at 31 December were as follows:		
Ford Motor Company	(9,939)	400
Barking and Dagenham College	-	-
London Borough of Havering	(16,894)	(411)
Havering College	-	-

The nature of the relationships with related parties was as follows:
London Borough of Havering
Right of approval to changes in CEME's strategic plan and corporate governance structure:
London Development Agency

During the year CEME Ltd has recharged CEME Enterprise Ltd (Subsidiary) cost of £340,601 (2020 : £258,000) made out of costs paid on behalf of CEME Enterprise totalling £307,089 (2020 : £225,013) plus rent and services provided by CEME Ltd totalling £33,512 (2020 : £32,987) excluding VAT, at year end the outstanding amount owed to CEME Ltd from CEME Enterprise Ltd was £280,738 (2020 : £391,726).

The Conference Centre includes £33,512 (2020 : £32,987) of apportioned costs for facility and IT. The apportionment has been calculated on the basis of volume of space utilised.

11. NET EXPENDITURE

	2021 £	2020 £
The net expenditure is stated after charging		
Fees payable to the charity's auditors for the audit of the charity's annual accounts	21,400	20,750
Fees payable to the charity's auditors for the audit of the charity's subsidiary pursuant to legislation	6,100	6,000
Total audit fees	27,500	26,750
Taxation fees for the subsidiary	1,375	6,000
Total fees payable	28,875	32,750

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Depreciation of tangible fixed assets	889,489	886,393	875,944	868,927
Amortisation of Intangible fixed assets	9,667	6,832	9,667	6,832
Rental costs relating to operating leases:				
Photocopy machines	-	1,200	-	1,200
(Loss) on disposal of fixed assets	-	(463)	-	(463)

12. TANGIBLE FIXED ASSETS

	Group		
	Long Leasehold Buildings	Plant, Equipment and Motor Vehicles	Total
	£	£	£
Cost			
1 January 2021	35,977,137	6,066,608	42,043,745
Additions	161,273	131,833	293,106
Disposals	-	-	-
31 December 2021	36,138,410	6,198,441	42,336,851
Depreciation			
1 January 2021	12,094,610	5,363,414	17,458,024
Charge in the year	711,074	178,415	889,489
Disposals	-	-	-
31 December 2021	12,805,684	5,541,829	18,347,513
Net book value			
31 December 2021	23,332,726	656,612	23,989,338
31 December 2020	23,882,527	703,194	24,585,721

	CHARITY		
	Long Leasehold Buildings	Plant, Equipment and Motor Vehicles	Total
	£	£	£
Cost			
1 January 2021	35,977,137	5,890,203	41,867,341
Additions	161,273	100,350	261,623
Disposals	-	-	-
31 December 2021	36,138,410	5,990,553	42,128,964
Depreciation			
1 January 2021	12,094,610	5,202,645	17,297,255
Charge in the year	711,074	164,870	875,944
Disposals	-	-	-
31 December 2021	12,805,684	5,367,515	18,173,199
Net book value			
31 December 2021	23,332,726	623,038	23,955,764
31 December 2020	23,882,527	687,558	24,570,085

The net book value of plant and machinery includes £1,442.757 (2020 : £1,352,993) in respect of assets held under finance leases. The depreciation charge on these assets was £153,315 (2020: £145,204).

The long leasehold buildings are constructed on land leased by the Ford Motor Company Limited to The London Development Agency (see also Note 12) and sub-let by the London Development Agency to the Centre for Engineering and Manufacturing Excellence Ltd (CEME). The lease and the sub-lease expire in the year 2127.

In addition to use by CEME and its subsidiary company to operate activities such as the conference centre, and the Gateway to Skills Centre, the property assets are let out under operating lease agreements and short term rentals.

INTANGIBLE FIXED ASSETS (Group and Charity)	Software £
Cost	
1 January 2021	34,160
Additions	-
Disposals	-
31 December 2021	34,160
Depreciation	
1 January 2021	6,832
Charge in the year	9,667
Disposals	-
31 December 2021	16,499
Net book value	
31 December 2021	17,661
31 December 2020	24,493

13. INVESTMENTS

	Group	Charity Shares in group undertakings and participating interests
	£	£
Investment in subsidiaries	-	1,000

CEME owns 100% of the issued shares of CEME Enterprise Ltd.

14. TRADING SUBSIDIARIES

Net expenditure of CEME before consolidation of the trading subsidiaries was £338,682 (2020 : £168,478).

The results for CEME Enterprise Limited (company number 07115923) are shown below. CEME Enterprise runs the conference centre at CEME. Net liabilities of the company were £280,738 (2020 : £281,370) at year end.

CEME Enterprise Limited	2021 £	2020 £
Total income	413,183	291,300
Government grant	-	21,420
Cost of sales	(211,708)	(223,322)
Gross Profit	201,475	89,398
Administration costs	(116,619)	(89,053)
Interest receivable	7	27
Profit/(Loss) before taxation	84,863	372

	2021 £	2020 £
Fixed Assets		
Tangible Assets	33,574	15,636
Current Assets		
Debtors	40,561	72,615
Prepayment	-	5,000
Cash at bank and in hand	31,183	62,672
Creditors: amounts falling due within one year		
Creditors	307,825	443,293
Net Current Liabilities	(236,081)	(303,006)
Total Asset Less Current Liabilities		
Net Liabilities	(202,507)	(287,370)
Capital and Reserves		
Share Capital	1,000	1,000
Retained Earnings	(203,507)	(288,370)
	(202,507)	(287,370)

15. DEBTORS	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Due within one year:				
Trade debtors	217,072	246,498	168,317	173,883
Amounts owed by group undertakings	-	-	280,738	397,726
Other debtors and prepayments	94,856	100,749	94,856	95,749
	311,928	347,247	543,911	667,358

CEME Ltd has secured an overdraft facility of £400,000 with Barclays bank. This is secured on net debtors.

16. CREDITORS & LOAN : amounts falling due within one year	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade creditors	384,870	296,074	374,964	287,807
Deferred Income	363,079	476,134	363,079	475,629
Obligations under finance lease and hire purchase contracts	268,651	370,507	268,651	370,507
CBILoan	63,137	29,167	63,137	29,167
Other taxes and social security	68,082	181,736	52,033	158,422
Other creditors and accruals	873,334	796,983	864,008	783,502
	2,021,153	2,150,601	1,985,872	2,105,034

Movement on deferred income (Due with in one year)	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Deferred income brought forward	476,134	494,797	475,629	485,080
Realised during the year	(1,735,340)	(1,787,263)	(1,725,107)	(1,774,405)
Deferred during the year	1,622,285	1,768,600	1,612,557	1,764,954
Deferred income carried forward	363,079	476,134	363,079	475,629

Deferred income relates to rental income received in advance of the period to which it relates.

17. CREDITORS & LOAN : amounts falling due after more than one year	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Deferred income	279,073	372,097	279,073	372,097
Obligations under finance leases and hire purchase agreements	290,411	566,998	290,411	566,998
CBILoan	415,995	220,833	415,995	220,833
Total creditors falling due after more than 1 yr	985,479	1,159,928	985,479	1,159,928

CBILoan terms are 5 years with the first payment during Jul 2021 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free.

CBILoan 2 terms are 5 years with the first payment during Jul 2022 (12month after the first drawdown), and a margin of 3%. The first 12 months are repayment and interest free.

18. COMMITMENTS UNDER OPERATING AND FINANCE LEASES	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Future minimum **operating lease** payments are as follows:				
Plant and machinery:				
-Within one year	1,200	1,200	1,200	1,200
-Between one and five years	-	2,400	-	2,400

Future minimum **finance lease** payments are as follows:	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Building, Furniture, Plant and machinery:				
-Within one year	268,651	370,507	268,651	370,507
-Between one and five years	290,411	566,998	290,411	566,998

The London Development Agency rent the land on which the CEME centre of excellence is sited on a 125 year lease to CEME at a peppercorn rent. This lease excludes the Innovation Centre and expires in more than five years.

The London Development Agency rent the Innovation Centre land on a 125 year lease to CEME at a peppercorn rent. This lease expires in more than five years.

19. RENTAL OPERATING LEASES	2021 £	2020 £	2021 £	2020 £
The future minimum lease rental income due from tenants operating leases are as follows:				
-not later than one year;	2,533,575	2,185,781	2,533,575	2,185,781
-later than one year and not later than five years	2,599,409	3,342,970	2,599,409	3,342,970
-later than five years;	-	-	-	-

20. STATEMENT OF FUNDS

	Balance 1 Jan 21	Income	Expenditure	Balance 31 Dec 21
Unrestricted Income Funds				
General funds	8,072,318	3,912,270	(3,711,543)	8,273,045
Restricted Income Funds	14,987,306	-	(454,546)	14,532,760
Total	23,059,624	3,912,270	(4,166,089)	22,805,805

2020 Comparative	Balance 1 Jan 20	Income	Expenditure	Balance 31 Dec 20
Unrestricted Income Funds				
General funds	7,883,966	3,511,150	(3,322,798)	8,072,318
Restricted Income Funds	15,441,852	-	(454,546)	14,987,306
	23,325,818	3,511,150	(3,777,344)	23,059,624

21. STATEMENT OF RESTRICTED FUNDS

	Balance 1 Jan 21	Expenditure	Balance 31 Dec 21
Capital and revenue costs of the Gateway to Skills Centre[2]	41,350	(1,134)	40,216
Capital and revenue costs of the Gateway for Business programme[3]	16,366	(457)	15,909
SRB 5 Capital - Delivery plan[1]	3,525,480	(107,923)	3,417,557
SRB IT Capital[1]	689,266	(21,067)	668,199
DTI[1]	2,680,907	(81,983)	2,598,924
Innovative Clusters Fund[1]	574,931	(17,601)	557,330
LDA grant for erection of campus and acquisition of teaching equipment[1]	3,940,619	(117,084)	3,823,535
ERDF Objectives11 [1]	2,388,454	(73,116)	2,315,338
LSC Capital[1]	645,269	(19,753)	625,516
NTI Capital[1]	475,306	(14,428)	460,878
Department for Communities and Local Government HSSMI[4]	9,358	-	9,358
	14,987,306	(454,546)	14,532,760

1 These grants were contributions to the capital building and infrastructure setup costs of the CEME campus.
2 These grants were provided to equip the Gateway to Skills Education centre.
3 This grant was provided to equip the Gateway for Business small business support programme.
4 This grant provides funding for the High Speed Sustainable Manufacturing Institute. HSSMI is a division of CEME with a purpose of conducting leading edge manufacturing research with an aim of improving efficiency of manufacturers and supply chain companies. The remainder of £9,358 will be paid to HSSMI once CEME receives a funding request.

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	14,523,402	9,465,936	23,989,338
Intangible fixed assets	-	17,661	17,661
Current assets	9,358	1,796,080	1,805,438
Current liabilities	-	(2,021,153)	(2,021,153)
Creditors falling due after one year	-	(985,479)	(985,479)
At 31 Dec 2021	14,532,760	8,273,045	22,805,805

Comparative 2020

Analysis of net assets between funds	Restricted Funds	Unrestricted Funds	Total Funds
Tangible fixed assets	14,977,948	9,607,773	24,585,721
Intangible fixed assets	-	24,493	24,493
Current assets	9,358	1,750,581	1,759,939
Current liabilities	-	(2,150,601)	(2,150,601)
Creditors falling due after one year	-	(1,159,928)	(1,159,928)
At 31 Dec 2020	14,987,306	8,072,318	23,059,624

22. CONTROL

CEME is under the common control of Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College and London Borough of Havering. The company's Articles of Association dated 2 January 2010 state that each of the above is a member of CEME.

23. COMPARATIVE SOFA BY FUND		Unrestricted Funds £	Restricted Funds £	Total 2020 £
INCOME				
Income from generated funds				
Other trading activities	3	2,109,146	-	2,109,146
Investment income		242	-	242
Income from charitable activities		-		-
Skills & education and business support accommodation and related services	4	1,354,132	-	1,354,132
Government grant		47,630	-	47,630
Total income		3,511,150	-	3,511,150
		-		-
		-		-
Expenditure on Raising funds	5	758,649	-	758,649
Charitable Activities		-		-
Skills & education accommodation and support services	6	2,564,149	454,056	3,018,205
Skills delivery and business support		-	490	490
Total expenditure	8	3,322,798	454,546	3,777,344
Net (expenditure)		188,352	(454,546)	(266,194)
RECONCILIATION OF FUNDS				
Total funds brought forward at 1 January		7,883,966	15,441,852	23,325,818
Total funds carried forward at 31 December		8,072,318	14,987,306	23,059,624

CENTRE FOR ENGINEERING AND MANUFACTURING EXCELLENCE

England & Wales - Charity number 1133396

Accounts

Annual Report 2020

Changing Lives Through **Business Growth**

Centre for Engineering and Manufacturing Excellence




STREET COFFEE

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Chairs Foreword

I write this note just over a year since the UK was hit by the Covid-19 Pandemic. I have to say that when I joined the CEME board as Chair in January of 2020, my thoughts on the year ahead were not quite how things turned out! It has been an extraordinary year in so many ways.

I am delighted to be able to look back on a remarkable year for CEME. Working closely with our customers with a constant focus on best practice Health and Safety measures and closely following UK government guidelines, we managed to keep the campus open and servicing our customers throughout.

Furthermore, we embarked on a wide ranging and ambitious plan to offer support to organisations in the healthcare, emergency services and related critical industries wherever we could. It is particularly pleasing that we became the home to a gold command centre for a significant NHS trust, serving London and the wider South East. The CEME event space hosted major training programs for emergency worker training, including the London Fire and Rescue service, the NHS and many more.

The CEME team moved quickly to ensure a safe campus and working environment for our employees, customers and visitors and this remains a key consideration as the UK moves through the stages of lockdown. At the same time a customer support helpline was set up advising small business's both on and off campus, on a range of topics including accessing government grants and support for business, best practice in health and safety, through to areas such as finding new customers/markets and critical cash flow planning.
The CEME board continued to meet regularly throughout the year and during the second half of 2020 we spent time developing a strategy for growth in the coming years. Core themes to our new strategic plan include to grow responsibly by developing new services and competencies to support our customers and our charitable aims and impact objectives. To inspire environmental change, with a dual focus on our own environmental performance and investment on the London campus, alongside developing services and space to support new environmental technology entrepreneurs to grow faster.
During 2020, and despite the pandemic, Barking and Dagenham College of Further Education, opened the new Institute of Technology (IOT), a venture in which CEME is a partner. In 2021, as this exciting new project develops, we look forward to working closely with the team there and establishing a presence at CEME.

Elutec, a University Technology College, we established in partnership with University College London (UCL) and Ford, has recently secured funding from the Department for Education, for some exciting new plans to grow and support young people in the area with an interest in technology and engineering at its Dagenham East location.

The recent government announcement of the first stage approval for a Thames Freeport, is another exciting development that CEME expects to support, and we are working with the partners to achieve that aim. CEME is also supporting the development of a "Hydrogen Corridor" involving partners in Kent, Essex, and London – this project is being led by the Thames Estuary Growth Board and is another example of the many opportunities on our doorstep.

As I said at the outset of this foreword, my first year of The Centre for Engineering and Manufacturing Excellence, has certainly not been quite as I had envisaged. I reflect back with a sense of pride for what has been achieved, with gratitude to the board and wider CEME team for their achievements and with much excitement for what lay ahead.

Valerie Owen OBE | Chair, CEME

> **I reflect back with a sense of pride** for what has been achieved, with gratitude...



Chief Executive's outlook

The opportunities to increase its social impact, deliver on its charitable objectives and build further on its financial performance are wide, varied and really exciting for CEME as I write.

The continued growth Eastwards of London and the ambitions of organisations such as the Thames Estuary Growth Board, are leading to numerous regeneration and economic growth projects and opportunities, perfectly aligned with CEME's purpose and ambitions.

The London Borough of Havering (LBH) has some exciting plans for economic development and CEME, as a significant anchor institution is working closely developing these in partnership. The new Beam Reach station, is due for completion in 2021/2, which will put the CEME campus a 20-minute commute to Fenchurch Street. This, on top of our bus terminus, will make CEME one of the best-connected business and skills campus in London.

Occupancy across the campus is at a record high, CEME is now host to over 100 organisations and our focus is on helping customers both on and off campus to grow faster, creating more opportunities, jobs, and economic prosperity. The need for CEME to continue to deliver positive outcomes and impact for the sectors and communities it serves, specifically the engineering and manufacturing sectors and the Thames Estuary residents, is as important now as it was when we started out in 2003. The levelling up agenda in the UK often makes the headlines, there is equally a levelling up in the London agenda. There has been great progress in East London, however, there remains levels of deprivation that need to be overcome, and CEME will play its part.

Flexible workspace is forecast to grow at rates between 25% and 50% per annum, as many employers move to a more blended approach to work and employment. CEME is perfectly placed, in terms of geography and experience to service customers looking for solutions. Furthermore, in times of economic slowdown the number of new business start-ups typically rise, we are already experiencing this. CEME, through its Launchpad Centre service and expertise, are brilliantly placed to support these customers.



CEME plan to launch some new services during 2021, linked to our impact ambitions and in response to customer demand. As I write, we are deep into planning to launch a technical apprenticeship evaluation and validation service. CEME are also developing a training and development product, aimed at supporting manufacturing institutions with the skills to fully exploit digital technologies across the broad spectrum of manufacturing operations and their supply chains.

> "we must be positive that there **is much to look forward to...**"

2020 was a year that CEME delivered outstanding outcomes, and one that, in that context, I look back on with a sense of immense pride, at what the team at CEME achieved during times of great challenge and stress. They were magnificent and I was humbled by their attitude and achievements. Equally, I recognise that organisational performance is hardly significant when considering the Covid 19 pandemic, the enormity of the loss of life and the many challenges this has placed on society.

That said, we must press on. As the UK and the rest world adapts to live with Covid 19, we must be positive that there is much to look forward to. It is in the aftermath of the pandemic, Brexit, and the anticipated recession, that I see maximum opportunity for CEME and its customers, changing lives through business growth.

Bill Williams MBA, FIET, MCIM
Chief Executive, CEME

The Essence of CEME

CEME exists to inspire business growth in areas of regeneration. We do this by developing successful commercial hubs through collaborative partnerships which leads to the creation of jobs, skills and business opportunities in the communities we serve.

We understand the value of the personal touch and how important this is at the beginning of a learning journey of personal and business growth. We deliver tailored business support, coaching and mentoring, as well as outreach programmes to engage young people in design and technology.

Our flagship project, the 19 acre purpose built site in Rainham, East London, has been instrumental in growing over 400 businesses and creating thousands of jobs.



Over

60 jobs

created by CEME and its customers in 2020


CEME is now
home to over
100
organisations



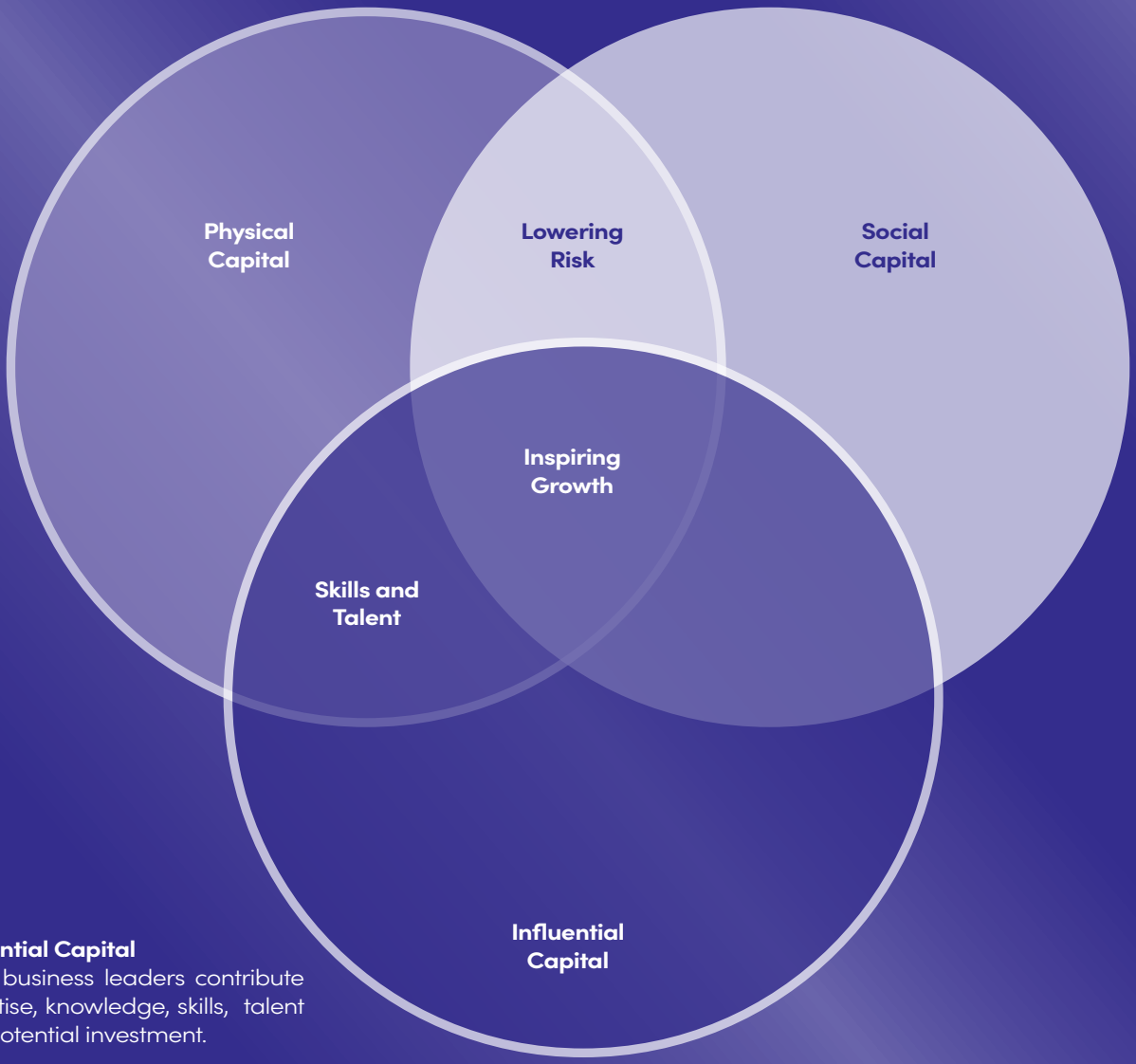
Together we're better.

The CEME Model

AT CEME we understand that each local area within the UK has different skills and needs, so we work in partnership with local government, LEPs and private developers to find and pull together exactly the right mix of talent to unlock prosperity.

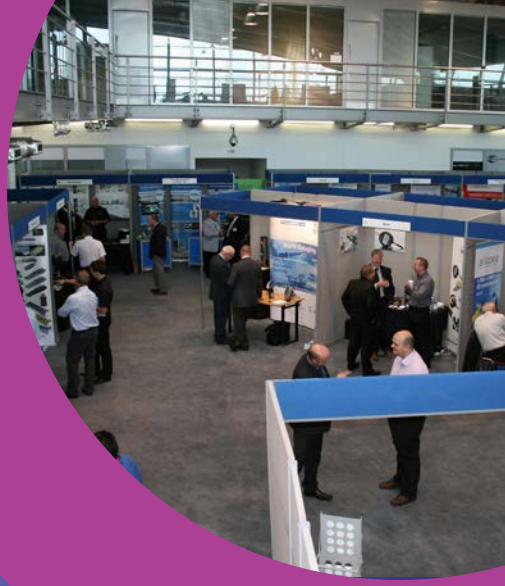
Physical Capital
Owners or investors create the spaces that provide access to support the delivery of inspiring environments where businesses and people can grow.

Social Capital
Local government offers insight and understanding into the needs and ambitions of the local community, as well as a talent pipeline through local educational institutions.



Influential Capital
Local business leaders contribute expertise, knowledge, skills, talent and potential investment.

Legal and Administrative Information



BOARD OF TRUSTEES

Name	Changes since last audited accounts	Organisation Represented
Valerie Ellen Le Vaillant (Chair)		
Mark Williams (Chief Executive Officer)		
Geoffrey Richman		Ford Motor Company
Judith Armitt		
Keyvan Djamarani		
Yvonne Kelly		Barking & Dagenham College
Findlay Macalpine		
Barak Maoz		
Neil Andrew Stubbings		London Borough of Havering
Alessandro Attanasio		Ford Motor Company
K.K. Dherani (Chief Finance Officer)	Appointed 29/03/2021 - Resigned 05/07/2021	
Wei Leng Pointen (Finance Director)	Appointed 19/12/2019 - Resigned 28/01/20	
Howard Bratter (Finance Director)	Appointed 08/12/2020 - Resigned 16/03/2021	

SECRETARY

K.K. Dherani (Chief Finance Officer)	Appointed 29/03/2021 - Resigned 05/07/2021	
Wei Leng Pointen (Finance Director)	Appointed 19/12/2019 - Resigned 28/01/20	
Howard Bratter (Finance Director)	Appointed 08/12/2020 - Resigned 16/03/2021	

REGISTERED AND PRINCIPAL OFFICE
CEME Campus
Marsh Way
Rainham, Essex
RM13 8EU

COMPANY NUMBER
04238862 (England and Wales)

CHARITY REGISTRATION NUMBER
1133396 (England and Wales)

AUDITORS
Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

BANKERS
Barclays Bank Plc
1 Churchill Place
London
E14 5HP

SOLICITORS
Forsters LLP
31 Hill Street
London
W1J 5LS


Pearson
POWER MATHS
Webaltes
SchoolPing
SCHOOL AUDIT
INVENTRY
SIGN IN SOLUTIONS

Report of the Trustees

The Trustees of the Centre for Engineering and Manufacturing Excellence Limited (hereafter known as CEME Ltd.) are the charity's Trustees under charity law and the directors of the charitable company. The Trustees of CEME Ltd. present their Annual Report for the year ended 31 December 2020 under the Charities Act 2011 and the Companies Act 2006, including the Directors' Report together with the audited financial statements for the year.

Charitable Objects
The objects for which the company is established ("the objects") are the promotion for the public benefit of urban or rural regeneration in selected areas of social and economic deprivation in the Boroughs of Tower Hamlets, Hackney, Newham, Greenwich, Bexley, Barking & Dagenham, Havering, Thurrock, Waltham Forest, Redbridge, Lewisham, Enfield, Haringey and Dartford (together the "boroughs").

Review of Strategic Aims and Key Objective

The CEME Vision - Changing lives through business growth
CEME is committed to creating prosperity in the sectors and communities it serves, through the creation of an environment where business growth is accelerated, creating new employment opportunities, facilitating training and development activities to help improve the changes that local residents develop the skills, aptitude and attitude needed to secure and thrive in those new jobs.

The CEME Mission is to "deliver prosperity in regeneration areas by creating business growth partnerships and opportunities in manufacturing, engineering and technology."

CEME are embedded in, and proud to support the UK manufacturing, engineering, and technology sectors. CEME look for opportunities to create economic prosperity and growth in areas that may be overlooked, or worse still avoided, because the challenge to create economic growth appears to be unlikely to achieve. CEME believes that regeneration though economic growth is possible when stakeholders come together to create inspiring projects.

We achieve amazing outcomes through forming effective partnerships with key stakeholders from industry and the public sector to create inspiring projects that serve the communities within their locality. We work with partner organisations to deliver a service that, through experience, we know supports increased business success and growth for our customers.

We provide customers with offices, lab space, machine workshops, prototyping facilities, business and funding skills, apprenticeships and more.

CEME's promise is to always do its best to live our values in providing our customers with an inspirational environment for learning and business growth, we know it works, and our customers businesses grow faster as a result.

Three CEME Values
We developed our values working closely with customers, employees, and stakeholders. At CEME, we believe that a fundamental ingredient of achieving our vision of changing lives through business growth is underpinned by how we do things as much as what we do for our customers. Our attitude, behaviors and decisions should be always enacted through the lens of our values, that is our goal.

We believe that our customers, our suppliers and our employee's experience of CEME consistently improves because we are constantly guided by our values in our decision making. We continuously learn from our mistakes, we improve any imperfections, and we are committed to regular review and continuous improvement to meet the high standards we have in living our values.

Presentation - CEME is passionate about first impressions. The impact and importance of the CEME environment in cultivating success for our customers is paramount to us. We endeavor to be immaculate in the presentation of the CEME campus, our facilities and our staff always.

WHY Presentation? We are a 5 Star hotel for business and learners. When our customers are seeking to impress investors, recruit new employees, secure funding, win new customers, partners or suppliers they should feel proud and excited to invite them at CEME.

Exceeding Expectations - CEME aims to impress all our customers with the service they receive from our staff and partners. We will always try our best to be clear on what we promise to our customers and then give our best efforts to exceed our customers' expectations of that promise.

WHY Exceeding Expectations? We believe that no one comes to work to do a bad job! Frustration in business can often arise from a lack of clarity on what one person, or organisation, is doing for another. Taking time to be clear at the outset on your customer's expectations reduces misunderstandings, saving time and money. Then you work flat out to deliver ahead of those expectations.

Positive Attitude – At CEME we embrace enthusiasm, a can-do attitude, eagerness for improvement and constructive intent at all times. We strive to employ and work with optimistic colleagues, who use positive language and have a positive outlook.

WHY Positive Attitude?
It is a great way to live your life. We create a positive atmosphere at CEME by what we say and how we say it, we lift others, people love to be positive, we give them the opportunities and enthusiasm to do just that because it leads to happier people achieving even more, individually and collectively. Perhaps more importantly we believe this leads to more content and happier colleagues, customers and families.



Over

3,500

delegates were welcomed at Events space @ CEME at over 400 learner days


Businesses
grow
by more than double the national average at CEME Campus

Overview

CEME continues to deliver a positive economic impact in East London and the wider Thames Estuary area since its opening in 2003. CEME brings together employers, educators, skills, and training organisations in a unique and effective way – delivering faster business growth with upskilling and training of local residents. The outcome we strive for is companies growing faster, being more ambitious, finding, and developing local talent. Companies grow faster; on and off the campus and local residents participate in this growth, as employees, as business owners and as customers and suppliers of CEME.



CEME reported that, through an independent Social Return on Investment assessment, on average companies were growing faster on the CEME campus, growing at more than double the national average (3.1% versus Office of National Statistics (ONS) figure of 1%). During 2020 CEME was proud to support several critical industries in the Healthcare and Logistics sectors. Amid the grip of the pandemic CEME was hosting critical worker training events at scale (NHS Vaccine Delivery, Fire, and rescue service, plus many more) in conjunction with supporting many of its customers to continue trading their operations.

"CEME has done a remarkable job at keeping nesses operating and safe. Having the extra security ilding to check everyone is wearing a mask is brilliant, as still all adjusting to wearing one, so I commend CEME. The ness of the building is commendable; The professiona taff at CEME is commendable; the training of essential s t CEME is commendable; the customer service at CEME ndable. I am at peace knowing that all my staff are safe s awful pandemic at CEME." Sheila Singh, Founder, Londo f Academics - January 2021

Public Benefit

CEME's Board of Trustees regularly monitor and review the success of the organisation in achieving its aim to create faster enterprise growth leading to increased levels of employment in the communities it serves. The Trustees confirm that they adhere, observe and monitor the guidance as published by the Charity Commission under section 4 of the Charities Act 2011 when reviewing the charity's aims and objectives and in planning future activities. The Trustees confirm, in the light of the guidance, that these aims; fully meet the applicable public benefit tests and that the activities of the charity, described in this report under four specific aims, are undertaken in pursuit of those aims.

The Trustees review the activities set out within the RR2 activities under the Promotion of Urban and Rural Regeneration for public benefit in areas of social and economic deprivation. The Charity Commission as a charitable purpose recognised this.

> The outcome we strive for is companies **growing faster, being more ambitious...**

What CEME does

On its East London campus CEME offers good quality, high specification accommodation for training solutions providers. In addition to technical classrooms and facilities, CEME provides its customers with extensive engineering and technical workshops and labs equipped with a range of engineering and product design, test and development equipment.

CEME also operates an Innovation centre and a Launchpad start up centre on the campus, providing high quality office and workshop space to support early-stage growth and start-up businesses. CEME aims to provide these customers with a one-stop shop for mentoring, business support services and advice, all aimed at accelerating growth. East London Tech Circle and CeMEET are examples of the popular networking events that have grown in popularity. Despite the challenges of Covid 19 CEME still delivered a programme of business networking and support all delivered online. These services are aimed at helping business owners and managers grow faster subject to UK Government guidance a full programme of face-to-face meetings and events are planned from May 2021.

The Launchpad Centre is aimed at supporting startups and very early-stage growth organisations. This offer includes co-working, hot desk, fixed desk and small office spaces to let for customers. Our aim is to remove barriers to encourage more start-ups to exploit opportunities at the maximum. The Launchpad customers also benefit from a tailored business programme to support accelerated growth.

From its East London Campus CEME hosts a range of public and private organisations delivering:

- **Commercial business training.**
- **Small business support and development.**
- **Training and education in business and related studies.**
- **Apprenticeships and related education in engineering and technology sectors.**
- **Training for the public sector.**
- **A technology start-up innovation centre.**
- **A world class event space operation.**
- **Supporting inward investment missions to the region.**

CEME has a dedicated Event space customer offering, from simple rooms for two or more people, to executive board rooms and the futuristic POD theatre where organisations can host a wide range of meetings and events. The flexibility of space offering has been well received by customers during the Covid 19 Pandemic as they can easily flex up and down in terms of space on the campus, using event space as on tap additional space to office accommodation. The event space offer is carefully "woven into" the CEME offer – bringing local business owners onto the campus and in the process helping raise their own aspirations for business growth. The Launchpad Centre also offers a range of tailored products and services to a wide range of public and private clients.

CEME as part of public benefit hosts a Hydrogen refueling station (HRS) on the campus, in partnership with ITM Power Trading Limited. This facility has been available to the public since 2016. In early 2021, following detailed discussions commenced in 2019 we expect to complete a significant upgrade and expansion of this facility to welcome an increased number of customers utilising this facility.

The HRS and CEME's partnership with ITM Plc is an excellent example of high value manufacturing collaboration in the UK. The presence of an HRS production and fueling facility on the CEME campus also serves as a significant technology demonstrator in the East of London drawing interest and visits from a wide range of interested parties

This mix of private and public sector activities serves to create an outstanding offer for the local community. CEME works with local education institutions, schools, Further Education in Colleges and Universities in a variety of ways all aimed at improving the opportunities and aspirations of the local communities CEME serves. The Gateway to Skills programme is planning to deliver programmes to local schoolchildren during 2021 after a year of no activity in 2020. CEME established Elutec, a University Technical College (UTC) in partnership with University College London (UCL) and Ford in 2014 and we welcome students onto the campus for work experience and placements every year. In addition to the 100 plus business's operating on the campus and too a diverse mix of business delegates regularly attend training and seminars in the Event Space.

CEME further delivers programmes to help its customers to recruit, retain and develop talent; providing pathways for local employers to develop and support a well-trained workforce, generating business growth and ultimately job and wealth creation for the local area.

Achievements and Performance

Aim 1: **Provide education, training and re-training opportunities and work experience**

Education

The London School of Academics (LSA), an award-winning provider of teacher training education that continues to flourish at CEME. LSA growth plans have now developed such that plans are underway to acquire a university status. LSA is particularly active in providing teaching career training leading to high quality employment opportunities for course participants, many of whom come to the programmes unemployed.

In 2020 the Event Space at CEME welcomed over 3666 delegates purely for the purpose of education and training across 414 learner days.

The event space is an ultra-modern events and meetings venue offering innovative and flexible solutions for meetings requirements from a high-tech conference auditorium, the CEME POD theatre to small meeting/ training rooms, conference, exhibition, and outdoor space.

Apprenticeships

CEME is home to the Ford Motor Company engineering apprentice programme (FAP), which enjoyed another very successful year. During 2020 the FAP increased its intake numbers to over 30 new apprentices in the year split into both a higher and degree apprentice programme. Numbers are expected to increase again in 2021.

Technical Training

During the year CEME hosted a wide range of technical training in its workshops and practical classrooms including Integrated Manufacturing Skills, multi-skilling (electrical for mechanical and mechanical for electrical), electronics modules, welding, programmable logic control programming and testing and engineering health and safety.

CEME is proud to be the home of Fast Line Training Services who deliver technical skills and training courses for the rail sector. In 2021 Fast line will expand their footprint further to deliver additional practical training courses in the CEME workshops.

Aim 2: **Help unemployed people find employment**

CEME continues to host assessment centres for the recruitment of a variety of employment opportunities including apprentices, entry level technical and safety training/certification for sectors such as the construction and rail, newly qualified teachers, medical staff, and a host of other employment activities.

> CEME has a dedicated **Event space customer offering...**





Over
230
businesses supported at CEME Business Support events

Over
20,000
people were upskilled at CEME during 2020

Aim 3: **Provide support to businesses where it leads to training and employment opportunities for unemployed people.**

The CEME Innovation Centre provides office and workshop space and related services to SMEs on flexible terms that enable them to take up accommodation without the risk of prohibitive lease payments should they suffer a financial downturn. In addition, a wide range of business support services is provided to support accelerated growth.

During 2020 the CEME Innovation Centre provided office space and business support for around 100 small businesses both on site and virtual tenants. In keeping with previous years, several tenants expanded during the year, effectively outgrowing the Innovation Centre. Some of these customers moved within the CEME campus to larger premises. Two examples include Mitnija, an international Construction specialist who doubled their space and entered into a longer-term lease agreement. Excalibre Technologies also took on a workshop which was double the size of their previous space and long-term office space, both on a lease.

Aim 4: **Provide land and buildings on favourable terms to businesses in order to create training and employment opportunities for unemployed people**

The CEME Innovation Centre provides a valuable resource to local businesses and entrepreneurs. The centre provides high quality accommodation and support services on a simple 'the price you see is the price you pay' model offering to start-up businesses with an affordable and low risk accommodation solution. This attractive offering is evidently meeting a need and continued to enjoy occupancy levels in excess of 90% over the year. CEME will bring additional smaller units online in 2021 to meet a growing customer demand.

For businesses, which are too small to afford an office in a business centre, CEME offers a 'virtual tenancy'. This service enables a business to have a front desk services at the Innovation Centre and use its meeting rooms. The Innovation Centre supports many local micro-businesses with this service throughout the year.



LOOKING AHEAD at CEME

During 2020 CEME developed a new strategy for growth. The underpinning pillars of the strategy meant to grow responsibly, with a focus on new activities that deliver a positive impact and sustainable performance without compromising being an environmental exemplar. This is how we operate the campus and the buildings when forming the new partnerships. In 2021 we aim to build on the collaboration around Hydrogen as a fuel source and develop new partnerships. The newly emerging Thames Freeport is a wonderful opportunity for CEME to deliver a success in the wider Thames Estuary in collaboration with partners.

At CEME we work in partnership with regional and local government, local and national or international employers and private developers to understand the local economic landscape and regeneration aims and needs. Using the influential capital of commerce, the social capital of local government and the physical capital of supportive places our aim is to pull together partnerships to deliver ambitious projects to meet the specific ambitions of a community.
The CEME model does not rely on external funding or support to deliver on its vision and charitable aims.

> During 2020 the CEME Innovation Centre provided office space and **business support for around 100 small businesses**

STRUCTURE, GOVERNANCE AND MANAGEMENT

The financial statements comply with current statutory requirements, the Memorandum and Articles of Association and the Charities SORP FRS102.

Centre for Engineering and Manufacturing Excellence Limited (trading as CEME") is constituted as a company limited by guarantee (registration number 04238862) and is governed by its Memorandum and Articles of Association CEME was registered as a charity (registration number 1133396) in December 2009.

CEME Enterprise Limited is a registered company number 7115923 incorporated on 5 January 2010 and is a wholly owned subsidiary of CEME.

The charity had no fundraising activities requiring disclosure under S162A of the Charities Act 2011.

Board of Trustees

The Board of Trustees, who are also directors of the charity for the purposes of the Companies Act, have overall responsibility for the direction, management, and control of the charity. As discussed below, some of these activities are delegated to sub-committees of the Board. Overall, operational management of CEME is delegated to the Executive Officers.

The Board is subject to a maximum of 12 and a minimum of 8 directors. Under the articles of association, the composition of the board is as follows:

Three directors appointed by members of CEME:

- **One representative director nominated by Ford Motor Company.**
- **One representative director nominated by Havering College of Further and Higher Education and Barking and Dagenham College (BDC).**
- **One representative director nominated by the London Borough of Havering.**

Additional directors appointed by the board, with specific expertise

- **One senior independent non-executive Director to provide business and commercial expertise.**
- **Additional non-executive directors as required to provide expert advice on subject areas of relevance to CEME such as skills and education, business development, regeneration initiatives, and manufacturing, engineering and technology to the Board.**
- **One non-executive director to act as Chairman.**
- **Two executive directors, being the Chief Executive Officer and Chief Financial Officer.**

The directors appointed by members are senior executives in those organisations. Ford is represented by a senior executive of Ford Britain. The colleges by the College Principal & CEO and the London Borough of Havering by its Director of Neighbourhoods.

A director may hold that office for an initial period of three years, this is renewable on a mutually agreed basis.

Typically, the board meets six to eight times per year. New directors are inducted through a formal induction process, which includes a comprehensive briefing with the Chief Executive Officer and a site visit in addition to a number of other initiatives.

The Trustees review and monitor the financial performance of the Charity, foreseeable significant events and risks are analysed and their possible financial impact is investigated with corrective action taken as necessary.
Throughout the year, the Trustees continued to monitor the effectiveness and overall terms of reference for the sub committees, to ensure they are following best practice in the sector.



The Board appoints members of the Audit Committee, Nominations Committee and the Remuneration Committee. The Audit Committee, which usually meets four times a year and the Remuneration Committee are made up of Trustees with relevant skills and experience. The Remuneration Committee supports the Board in reviewing and setting the remuneration of the executive directors. The remuneration procedure is discharged by the chair. The Nomination Committee reviews candidates for the appointment to the Board making recommendation to the board on the appointments.

CEME's approach to remuneration is designed to ensure we attract and retain the talented and motivated people we need to achieve our vision and deliver our strategic goals. It is applied consistently across the organisation. We aim to pay fair and competitively in the not-for-profit sector within the context of affordability and considering the complexity of each role. CEME links pay to performance and provides salary progression for those who deliver exceptional performance. The level of remuneration is benchmarked to organisations in the area of similar size type and complexity. External independent consultants carry out, on a regular basis, the benchmarking. The Chief Executive and the board as appropriate then agree the remuneration.



The Trustees are aware of the Charity Governance Code published in 2017, which sets out the principles and recommended practice for good governance within the sector. The Trustees are satisfied that the Charity applies the principles of the code within its current Governance arrangements. In January 2021 all Trustees in appointment attended a half day briefing event on good governance, the subject of governance and skills and best practice is regularly discussed at CEME board meetings. A board self-evaluation exercise is planned for 2021.

Related Parties

CEME operates a wholly owned subsidiary CEME Enterprise Limited, this is a commercial organisation that conducts the Conference Centre business and hence is a related party to the charity (CEME Ltd).

CEME is under the common control of Ford Motor Company, London Borough of Havering, Havering College of Further Education, Barking and Dagenham College. The companies Article of Association as amended in October 2019 state that each of the above is a member of CEME. As a member of CEME they have the right to appoint a director to CEME board which are noted in the section above. The Greater London Assembly rents to CEME the land on which CEME Centre of Excellence is sited on a 125-year lease at a peppercorn rent. It also leases the Innovation Centre on a 125-year lease at a peppercorn rent. The ultimate freeholder is the Ford Motor Company.

FINANCIAL REVIEW

Trading Performance

CEME's principal income is derived from fees charged to users of the facility. CEME provides a fully provisioned teaching environment for providers of education and skills and tailored office space and support services to businesses. This income is augmented by revenues from a trading subsidiary that runs a conference centre at CEME. These revenues are disclosed as "Income" on the Consolidated Statement of Financial Activities.

> The event space is considered an important regeneration **offering as part of the wider CEME model and impact objectives.**

CEME operates a number of buildings on its park, the main building that accommodates the providers for skills and education and office space as well as the conference centre. Other buildings include a wholly devoted Innovation centre. CEME's revenue for the year was £3,511,150 and the adjusted loss is £266,194 (the loss includes a depreciation charge of £893,225). Prior year revenue was £3,992,887 and adjusted loss of£572,545 (the loss includes a depreciation charge of £913,162).

As mentioned above, the event space business is run through a wholly owned trading subsidiary named CEME Enterprise Ltd. Revenues for the year of £312,720 with a profit of £372. Prior year revenue £600,551 with a loss of £59,786. The accommodation costs for the conference centre are in line with rates paid by major clients in other parts of the building. During 2020 the event space experienced a downturn due to UK government restrictions. The event space is considered an important regeneration offering as part of the wider CEME model and impact objectives.

Reserves Policy

Total funds held on 31 December 2020 amounted to £23,059,624. Unrestricted Income Funds consist of tenant's income fewer operating results incurred to date.

Restricted Income Funds consist of grants received for restricted purposes (full list of the grants is contained in note 21 of the accounts) and amounted to £14,987,306 on 31 December 2020, Capital grants are used to fund building works and the acquisition of new teaching equipment.

The Trustees have reviewed their reserves policy during the course of the year and set the reserves policy that requires:

- **Reserves to be maintained at a level, which ensures that the organisation's core activity could continue during a period of two months following a time when revenue falls to zero.**
- **Maintain a proportion of reserves in a readily realisable form.**
- **The calculation of the required level of reserves is an integral part of the organisation's planning, budget and forecast cycle.**

The Trustees believe it is necessary to hold reserves of two months unrestricted expenditure equating to £600K at 31 Dec 2020. The Trustees regularly monitor the cash position and resources available to CEME to achieve its operational goals and are satisfied that current cash flows and the agreed overdraft facility is sufficient to provide adequate working capital. At the balance sheet date, the group held unrestricted funds totalling £8,072,318 with net current liabilities of £390,662 (2019: £832,286); the cash component is £1,412,692. Free reserves are calculated as unrestricted funds less tangible fixed assets and loans to procure fixed assets and tenant's deposits. At the Balance Sheet date, CEME had free reserves of £264k. CEME has prepared a five year forecast with detailed operating plans including cashflows and is satisfied that with the cash reserves and its bank overdraft facility that it has appropriate reserves. The five year forecast considering Covid -19 shows the free reserves position strengthening over the five year forecast period with free reserves approximately £1,300k by the end of the plan.





Going Concern

CEME has delivered a strong financial performance and has enjoyed an encouraging start to 2021 with record levels of enquiries for business space and services on the campus. Furthermore, the Event space, which has remained open throughout the majority of 2020 has also an encouraging positive start to 2021. Cash position is much stronger than in previous years due to a strong trading performance in 2020 and supported by CBILS loan of £250K.

At the time of making this assessment occupancy across the campus is strong and the evidence of the last 6 months have suggested that CEME is ideally placed for customers seeking high quality business space in the vicinity of East London, accessible by car and offering a secure and safe Covid 19 prepared environment. Management expects the challenges of Covid 19 will continue to affect the 2021 financial performance however CEME performance in 2020 and anticipated occupancy in 2021 together with government ongoing support provides a reasonable assurance of stable performance and steady cashflows to meet working capital needs and servicing debt on a timely basis.

Cash position at the end of February 2021 was £1,126,193 against the budget of £894,316, whilst Covid 19 impact is indicating slowing down in the United Kingdom, the management continues to monitor its cash position under stringent scenarios to manage any significant risk in an unlikely event e.g. another surge of Covid 19 impact in the near future. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various levels of income and planned expenditure.

> CEME has delivered a strong financial **performance and has enjoyed an encouraging start to 2021**

CEME has a cash reserves at the year-end of £1,413k (2019 £951k) and it has an overdraft facility of £400K that has been in place since May 2015, and which has never been utilised due to its strong cash position and continued demand of its accommodation and related services.

Management believes that CEME has adequate financial resources and are well placed to manage these significant business risks.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.

The accounts have therefore been prepared on the basis that the charity is a going concern.

Risk Management and Internal Control

The Trustees have overall responsibility for ensuring that the organisation operates an appropriate system of controls, financial and otherwise, to manage the strategic and operational risks the Charity is, and could be, exposed to. Processes in place regarding risk management and internal controls include the following:

The Audit Committee is responsible for monitoring the effectiveness of the internal controls and reports to the Board the results of such monitoring. This is achieved through:

- **CEME's systems of financial control, risk management and compliance.**
- **The nature and scope of the external audit, and any matters raised, for the attention of Management.**
- **The need for the internal audit, any changes to audit plans to take account of emerging risks and new areas of business as appropriate.**

The systems of control operated within CEME are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

- **Five-year plan and cash flow forecast.**
- **Annual business plan, budget and cash flow forecast.**
- **Regular consideration by the Trustees of actual results compared with budgets, forecasts and trends.**
- **Cash flow and reserves levels.**
- **Segregation of duties.**
- **Identification of, and management of, risks.**
- **Regular review of financial procedures.**

The Trustees, in partnership with the Executive Committee (EXCO), play a key role in the identification, evaluation and monitoring of major risks to which CEME is exposed. CEME has robust risk management and monitoring processes in place to assist in the strategic and operational management of the organisation. The risks are monitored through a risk register that is updated and reviewed on a regular basis. The risk register looks at risks and assesses the impact on CEME based on the following criteria financial, strategic, reputational and operational. It also identifies detection methods, preventative and recovery controls.

CEME recognises the value and importance of effective risk management. CEME practices a culture of risk management that permeates all levels and operational functions of the organisation. To support this, additional components of the risk management framework include:

- **The requirement for all staff and managers to prepare comprehensive project related risk assessment and management documentation for all new initiatives, which mandates an assessment of risk.**
- **New development opportunities requiring investment of the organisation's resources including capital investment undergo a feasibility**
- **CEME's Trustees have established a target for the levels of reserves held, to mitigate the impact on the organisation of the risks that do materialise.**

CEME is committed to its risk management processes, and Senior Managers and Trustees are continuing to develop and refine risk management and control processes, which are both, appropriate to the organisation and whose effect can be measured. The table below provides key risks and the actions that are undertaken to manage the risks. CEME also maintains a full risk register that identifies the risks, detection controls, prevention controls and recovery controls. This is formally reviewed on a regular basis.



Risk	Management
Economic pressures, Competition and Major Client behaviour change	Annual budgeting and ongoing management reporting, plus monitoring of financial performance. Review of existing pipeline plus targeted additional spend on sales and marketing as deemed necessary The ongoing evaluation of longer-term strategy that targets the diversification of income from new and additional clients.
Incidents that may impact/damage reputation or negatively impact operations including cyber security, fraud and major incidents	Proactive detection, monitoring investigating and reporting of adverse incidents or events. Use of risk register is employed, Continued programme to drive IT improvements and strengthen infrastructure and protection of data.
Substantial reduction in key conference centre client business leading to reduced profitability	Monitoring of current conference facility booking levels against monthly forecast and budgets. Review of current pipeline and increased marketing spend as required.
CEME strategy and activities not fully focused to meet Charity Commission RR2 criteria	Monitor and record public benefit activities and keep the level of regeneration activities above any required level.
Impact of Brexit - due to uncertainty following the exit from European Union	Monitor the activity levels of rental pipeline. Monitor the impact on the tenant's business compared to previous periods.
Economic Downturn - due to the national and international influences	Monitor the economic Indicators especially the rental market especially in comparing to competitors.
Impact of Covid 19	Monitor the cash situation with the intention of saving cash. Seek to increase cash facilities i.e. grants, loans an government support. Work closely with customers to retain a sustainable business


CONSTRUCTION ISSUE
MR AND MRS REYNOLDS AT:
EBENHOW, CHURCH ROAD, RAMSDEN BELLOUSE, BILLERICAY, CM11 1RR
PROPOSED WORKS TO:
EBENHOW, CHURCH ROAD, RAMSDEN BELLOUSE, BILLERICAY.
PROPOSED ENGINEERS ROOF STRUCTURE LAYOUT
Part 2 of 2
SINEERS STRUCTURAL ROOF LAYOUT

Statement of trustees' responsibilities

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

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 the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and 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 (FRS102).**
- **Make judgments 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.**
- **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 adequate accounting records...**

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, 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 and the provisions of the charity's constitution.

They are also responsible for safeguarding the assets of the charity and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Disclosure of Information to Auditors Insofar as each of the trustees of the charitable company at the date of approval of this report is aware there is no relevant audit information (information needed by the charity's auditor in connection with preparing the audit report) of which the charity's auditor is unaware. Each trustee has taken all of the steps that he/she should have taken as a trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.



Signed on behalf of the Board
Mark Williams
Trustee




Websites
Ofsted compliant, mobile responsive & easy to manage websites
SchoolPing
Revolutionise the way your school communicates
Zen Educate
Charging schools less. Giving teachers more.
ZenEducate

Independent Auditors' Report

Opinion

We have audited the financial statements of the Centre for Engineering and Manufacturing Excellence for the year ended 31 December 2020 which comprise the Consolidated Statement of Financial Activities, Group and Charity Balance Sheets, Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Opinion on financial statements

In our opinion the financial statements:

Give a true and fair view of the state of the group's and the charitable company's affairs as at 31 December 2020 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's or the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditors' Report

Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our 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 have been prepared in accordance with applicable legal requirements.**

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and charitable company and their 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 in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- **Adequate and proper accounting records have not been kept; or**
- **The 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' exemptions in preparing the trustees' directors' report.**

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 15, 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 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 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company and group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006, the Charities Act 2011 together with the Charities SORP (FRS 102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's and the group's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company and the group for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR), health and safety legislation, taxation legislation, and employment legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.
We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within income recognition, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Audit Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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



Tim Redwood
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

29 July 2021



Consolidated Statement of Financial Activities

for the Year Ended 31 December 2020 (incorporating income and expenditure accounts)

	Notes	Unrestricted funds £	Restricted fund £	Total 2020 £	Total 2019 £
Income from					
Other trading activities	3	2,109,146	-	2,109,146	2,380,882
Investment income		242	-	242	767
Charitable activities					
Skills & education and business support accommodation and related services	4	1,354,132	-	1,354,132	1,611,238
Government grant		47,630	-	47,630	-
Total Income		**3,511,150**	**-**	**3,511,150**	**3,992,887**
Expenditure on					
Raising funds	5	758,649	-	758,649	1,018,827
Charitable activities				-	-
Skills & education accommodation and support services	6	2,564,149	454,056	3,018,205	3,529,448
Skills delivery and business support		-	490	490	17,157
Total cost of charitable activities		2,564,149	454,546	3,018,695	3,240,043
Total expenditure	8	**3,322,798**	**454,546**	**3,777,344**	**4,565,432**
Net income/ (expenditure)		188,352	(454,546)	(266,194)	(572,545)
Transfer between funds		-	-	-	
Net movement in funds		188,352	(454,546)	(266,194)	(572,545)

RECONCILIATION OF FUNDS

Total funds brought forward at 1 January Total funds	7,883,966	15,441,852	23,325,818	23,898,363
carried forward at 31 December	8,072,318	14,987,306	23,059,624	23,325,818

Charity and Group Balance sheets

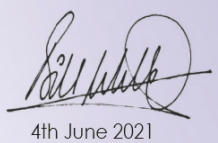
as at 31 December 2020

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
FIXED ASSETS		**24,610,214**	**25,303,380**	**24,595,578**	**25,271,278**
Tangible Fixed Assets	12	24,585,721	25,272,055	24,570,085	25,238,953
Intangible Assets		24,493	31,325	24,493	31,325
Investments	13	-	-	1,000	1,000
CURRENT ASSETS		**1,759,939**	**1,315,939**	**2,017,378**	**1,569,964**
Debtors	15	347,247	365,120	667,358	672,006
Cash at bank and in hand		1,412,692	950,819	1,350,020	897,958
CREDITORS:					
amounts falling due within one year	16	**2,150,601**	**2,148,225**	**2,105,034**	**2,081,406**
NET CURRENT (LIABILITIES)		**(390,662)**	**(832,286)**	**(87,656)**	**(511,442)**
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,219,552**	**24,471,094**	**24,507,922**	**24,759,836**
CREDITORS:					
amounts falling due after more than one year	17	**1,159,928**	**1,145,276**	**1,159,928**	**1,145,276**
Net Assets		**23,059,624**	**23,325,818**	**23,347,994**	**23,614,560**
Funds of the Charity					
Unrestricted income funds	20	8,072,318	7,883,966	8,360,688	8,172,708
Restricted income funds	21	14,987,306	15,441,852	14,987,306	15,441,852
Funds of the Charity		**23,059,624**	**23,325,818**	**23,347,994**	**23,614,560**

The notes on pages 31 to 43 form part of these financial statements

The net result for the year reported within the financial activities of the parent charity was a deficit of £266,194 (2019: deficit £512,759).

Approved and authorised for issue on behalf of the Board and signed on their behalf by:



4th June 2021

Mark Williams (CEO)
Trustee

Consolidated Cash Flow Statement

for the Year Ended 31 December 2020

	Notes	2020 £	2019 £
Cash flow from operating activities:			
Net cash (used in)/provided by operating activities Cash flow from investing activities	1	630,114	51,520
Purchase of property, plant and equipment		(200,522)	(407,564)
Net cash provided by (used in) investing activities		429,592	(356,044)
Cash flows from financing activities:			-
Repayment of borrowing		(255,015)	(385,822)
Finance lease Interest paid		(93,468)	(93,196)
Cash inflows from new borrowing		380,764	455,404
Net cash provided by financing activities		**32,281**	**(23,614)**
Change in cash and cash equivalents in reporting period		461,873	(379,658)
Cash and cash equivalents at the beginning of the reporting period		**950,819**	**1,330,477**
Cash and cash equivalents at the end of the reporting period		**1,412,692**	**950,819**

Note 1: Reconciliation of net (expenditure) to net cash flow from operating activities	2020 £	2019 £
Net (expenditure) for the reporting period (as per the statement of financial activities)	**(266,194)**	**(572,545)**
Adjustments for:		
Depreciation charges	893,225	913,162
Finance lease Interest paid	93,468	93,196
Loss on the sale of fixed assets	463	57
Decrease in debtors	17,873	157,572
(Decrease) in creditors	(108,721)	(539,922)
Net cash provided by operating activities	**630,114**	**51,520**

Notes to the financial statements

for the year ended 31 December 2020

1 CHARITY INFORMATION

CEME is a company limited by guarantee (registered number 04238862) which is incorporated and domiciled in England. It is also registered as a charity with the Charity Commission (registered number 1133396). The address of the registered office is CEME Campus, Marsh Way, Rainham, Essex RM13 8EU.

2 ACCOUNTING POLICIES

Basic of accounting

The accounts (financial statements) have been prepared under the historical cost convention in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015.

CEME LIMITED meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

The Financial statements of CEME LIMITED and its subsidiary company are consolidated, on a line-by-line basis, to produce the Group financial statements. The consolidated entity is referred to as 'the Group'.

In accordance with section 408 of the Companies Act 2006, no individual statement of financial Activities has been presented for the parent company, Centre for Engineering and Manufacturing Excellence Limited.

Preparation of Accounts on a Going concern basis

After making appropriate inquiries following the global outbreak of Covid 19, the trustees have a reasonable expectation that CEME has adequate resources (strong cash balances) to continue its operational existence for the foreseeable future in the case of any decline in demands. We believe that there are no material uncertainties that casts doubt over CEME's ability to continue in operation. The accounts have therefore been prepared on the basis that CEME satisfies the going concern assumption.

We have set out in the Trustees Report a review of financial performance, the charity's reserves position and the management actions in response to the ongoing Covid 19 pandemic in 2021. We believe that we have adequate financial resources and are well placed to manage these economic risks. Our immediate planning process, including financial projections, has taken into consideration the current economic climate and uncertainty and its potential impact on the various sources of income and planned expenditure.

The directors, having considered cash flows, income streams and operations believe that CEME has adequate resources to continue in operational existence for the foreseeable future.

The accounts have therefore been prepared on the basis that the charity is a going concern basis.

Functional and Presentation currency

The functional currency of CEME LIMITED and its subsidiary is considered to be pounds (£) sterling because that is the currency of the primary economic environment in which the charity/group operates. The consolidated financial statements are also presented in pounds sterling.

Income
Income for Skills & Education business support, Accommodation and Related Services represents amounts invoiced, net of Value Added Tax, for the provision of training facilities, business incubation facilities and related supportive activities.

Income from operating leases is recognised in the period to which the rental income and support services relates and to the extent to which the company becomes entitled to the income under a tenancy lease agreement.

Where income for goods and services provided is received in advance of the goods or services being provided by the Centre for Engineering and Manufacturing Excellence Ltd the amount prepaid is credited to Deferred Income.

On receipt, donated professional services 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 of equivalent economic benefit in the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Government grants are recognised on the performance model, when the charity has complied with any conditions attached to the grant and the grant will be received. The grant in connection to the job retention scheme has been recognised in the period to which the underlying furloughed staff costs was incurred. Included in income is an amount of £47,630 in respect of the Coronavirus Job Retention Scheme.

Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.

Significant Judgements and Estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The areas in the financial statements where estimations have been made include:

- **Tangible Assets – the useful economic life of assets used in calculating depreciation.**
- **Amortisation of Capital Grants: Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated in accordance with the stated depreciation policy, with the related grant being released from Restricted Reserves to Unrestricted Reserves over the expected useful life of the related fixed assets.**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Financial instruments
CEME LIMITED has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade and other debtors excluding prepayments. Financial liabilities held at amortised cost comprise overdrafts, trade and other creditors.



Expenditure

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to that category.

Where costs cannot be directly attributed to particular headings, they have been allocated to activities on a basis consistent with use of resources. The majority of overheads have been apportioned on the basis of headcount because that is the main driver of costs in the charity.

CEME initially identifies the costs of its support functions. It then identifies those costs which relate to the governance function. Having identified its governance costs, the remaining support costs together with the governance costs are apportioned between raising funds and the charitable activities undertaken (see note 8) in the year.

Governance costs are costs associated with the strategic as opposed to day to day management of the charity's activities.

TANGIBLE ASSETS AND DEPRECIATION

Fixed assets are stated at historical cost or valuation less depreciation.

Donated assets valued at £2,500 or over are recognised at market value as determined by an independent valuation when title is passed to CEME.

Purchased assets with a cost of £500 or over are recognised at historical cost when purchased.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

- Long Leasehold buildings and improvements thereto over 50 years.
- Plant, Machinery and equipment over 4 to 10 years.
- Office Furniture over 4 years.

INTANGIBLE ASSETS AND DEPRECIATION

Intangible fixed assets are non-monetary fixed assets that do not have physical substance but are identifiable and are controlled by the Charity through custody or legal rights. An intangible asset is recognised when it is separable or arises from contractual or other legal rights and if it is probable that its expected future economic benefits will flow to the Charity, and if its cost or value can be measured reliably. Intangible fixed assets costing more than £500 are capitalised.

Intangible assets are measured initially at cost and subsequently at cost less impairment and less any accumulated amortisation. The residual value of intangible fixed assets is nil when calculating the charge for amortisation unless reliable evidence exists to the contrary. Amortisation of intangible fixed assets is charged as an expense to the relevant statement of financial activities (SoFA) category reflecting the use of the asset.

Intangible assets are amortised on a straight-line basis over their useful economic lives. If the useful life cannot be estimated reliably it is presumed to be no more than five years. Amortisation commences when an intangible asset is available for use.

Intangible assets represents software costs which is amortised at 20% per annum.

Intangible assets are only reviewed for impairment if there are indicators that the asset may be impaired.

INVESTMENTS
Investments in subsidiary companies of Centre for Engineering and Manufacturing Excellence Limited, are stated at cost.

FUND ACCOUNTING
Due to the constraints of law and donor imposed restrictions the charity segregates its funds between restricted funds and unrestricted funds. Unrestricted funds represent the accumulated surplus on income and expenditure and are available for use at the discretion of the Board in pursuing the general charitable objectives of the charity (see Report of the Trustees). Designated funds are funds that have been set aside out of unrestricted funds by the Board for a specific purpose, with the balance constituting the charity's General Reserves. There are no designated funds at present.

Where funds are received under contracts to run government funded programmes they are classified as restricted. When the service is provided, if any surplus arises this becomes unrestricted with agreement from the fund provider. Restricted funds represent income received where the donor has imposed restrictions as to how the monies shall be spend. The nature and purpose of the restricted funds are also set out in Note 21 to the financial statements.

LEASES
Where assets are financed by agreements that give rights approximating to ownership ('finance leases and hire purchase contracts'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum finance payments payable during the finance term. The corresponding finance commitments are shown as obligations to the provider of finance.

Finance payments are treated as consisting of capital and interest elements, and the interest is charged to the Statement of Financial Activities on a straight line basis.

All other leases are 'operating leases', and the annual rentals are charged to the Statement of Financial Activities on a straight line basis over the lease term. There are no operating leases at present.

PENSIONS CONTRIBUTIONS
The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contributions payable by the charitable company during the year.



3. Other Trading Activities

	2020 £	2019 £
Rent	1,528,967	1,487,764
Conference Centre	291,300	600,551
Support Services	288,879	292,567
	2,109,146	**2,380,882**

4. Skills & Education And Business Support Accommodation And Related Services

	2020 £	2019 £
Further Education and Apprentices	486,025	500,400
Space and Learning Support Business Incubation Centre	600,624	655,278
Cafeteria	124,835	296,982
Launchpad	79,086	95,649
Training Centre	63,562	62,929
	1,354,132	**1,611,238**

5. Raising Funds

	2020 £	2019 £
Conference Centre	354,492	575,800
Support costs	164,074	146,183
Space, IT and Shared Services Telephone and Franking recharges	195,431	251,817
Car Park cost	11,116	15,414
Governance costs	7,547	4,658.00
	25,989	24,955
	758,649	**1,018,827**

Taxation - CEME is registered as a charity and as such is entitled to the exemptions under sections 466 to 493 Corporation Tax Act 2010. The company can claim all VAT incurred except where incurred on running costs of government funded programmes. These programmes are run on a reimbursement basis and therefore the cost of the unrecoverable VAT is passed on to the funder.

6. Skills & Education Accommodation And Support Services

	2020 £	2019 £
Direct costs	1,846,556	2,407,968
Depreciation of building and founding asset infrastructure		
Support costs	669,019	669,028
Governance costs	435,801	388,283
	66,829	64,169
	3,018,205	**3,529,448**

7. Governance Costs

	2020 £	2019 £
Fees payable to the group's auditors for the audit of the group's annual accounts	26,750	26,100
Taxation fee payable in respect of the subsidiary	6,000	6,000
Trustee expenses, recruitment and insurance[1]	21,675	27,301
Board and committee support costs[2]	38,393	29,723
	92,818	**89,124**

[1] Travel expenses incurred by Trustees in respect of CEME meetings amounted to £140 (2019: £933) during the year. The number of Trustees receiving expense reimbursement during the year was 1 (2019: 2). Trustee indemnity insurance cost £1,675 (2019: £1,002).

Key Management Personnel

2 The key management personnel of the charity comprise the trustees, the Chief Executive and the Finance Director. Executive Directors were remunerated for acting in that role under the authority of CEME's memorandum and articles of association.

These costs reflect the pay and non-pay costs of the CEO and Finance Director relating to preparation for and attendance at trustee meetings, and the pay and non-pay costs of Non-Executive Directors.

Valerie Le Vaillant was paid £15,000 for her services as a Chair. A non-executive director, Dr Keyvan Djamarani, was paid £3,000 for performing that role. Payments to non-executive directors are made under the authority of CEME's memorandum and articles of association.

The Chief Executive, Mark Williams, was remunerated as follows: pay £151,325 (2019: £131,325), Bonus £43,746 (2019: £Nil), pension £8,536 (2019: £8,044), employers NI £16,119 (2019: £12,207) and other benefit of £3,000 (2019: £3,000).

The Finance Director, Howard Bratter, started on the 8th of Dec 2020 and left on the 16 March 2021, was remunerated in 2020 as follows: pay £5,885, pension £383, employers NI £711.

Fees of £13,000 plus VAT were paid to Wei Leng Pointen during the year in her role as Finance Director.

8. Total Expenditure

	Direct Cost	Support Costs			Governance Cost	Total 2020
		Management	Finance	HR		
	£	£	£	£	£	£
Raising funds	568,586	75,033	87,550	1,491	25,989	758,649
Skills & education accommodation and support services	2,515,575	199,299	232,543	3,959	66,829	3,018,205
Skills delivery and business support	490	-	-	-		490
	3,084,651	**274,332**	**320,093**	**5,450**	**92,818**	**3,777,344**

	2019 £
Raising funds	1,018,827
Skills & education accommodation and support services	3,529,448
Skills delivery and business support	17,157
	4,565,432

9. Staff Numbers And Costs

By activity	2020 No.	2019 No.
	17	21
Operations	2	2
Governance	3	3
Support	**22**	**26**

The aggregate payroll costs of these persons were as follows:	2020 £	2019 £
Wages and salaries	688,974	901,086
Social security costs	69,018	89,911
Other pension costs	71,250	51,157
	829,242	**1,042,154**

Those receiving employee benefits (excluding employer pension contribution) in the following ranges were:	2020 No.	2019 No.
£70,001–£80,000	1	1
£100,001–£110,000	-	1
£130,001–£140,000	-	1
£190,001–£200,000	1	-

Pension contributions made on behalf of employees earning in excess of £60,000 per annum were £12,761 (2019: £17,195). The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund. During the year there were redundancy payments of £11,792 (2019: £ 5,775), there was no termination payment (2019: £ 5,000). No amounts were outstanding at year end.

10. Related Party Transactions

In the opinion of the directors the following were related parties of CEME: Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College, London Borough of Havering, and the London Development Agency. CEME transacted with the related parties during the year as follows:

	2020 £	2019 £
For facilities rental and provision of core services by the Group:		
Ford Motor Company	87,125	91,260
London Borough of Havering	71,953	71,901
For goods and services provided by the Group:		
Ford Motor Company	6,684	7,535
London Borough of Havering	17,721	37,652
The balances (owed by) / due to the Group at 31 December were as follows:		
Ford Motor Company	400	(25,453)
London Borough of Havering	(411)	2,978

The nature of the relationships with related parties was as follows:
London Borough of Havering
Right of approval to changes in CEME's strategic plan and corporate governance structure:
London Development Agency

During the year CEME Ltd has recharged CEME Enterprise Ltd (Subsidiary) cost of £258,000 made out of cost paid on behalf of CEME Enterprise totalling £225,013 plus rent and services provided by CEME Ltd totalling £32,987 excluding VAT, at year end the outstanding amount owed to CEME Ltd from CEME Enterprise Ltd was £391,726.

The Conference Centre includes £32,987 (2019: £188,995) of apportioned costs for facility and IT. The apportionment has been calculated on the basis of volume of space utilised.

11. Net Expenditure

	2020 £	2019 £
The net expenditure is stated after charging		
Fees payable to the charity's auditors for the audit of the charity's annual accounts	20,750	20,100
Fees payable to the charity's auditors for the audit of the charity's subsidiary pursuant to legislation	6,000	6,000
Total audit fees	26,750	26,100
Taxation fees for the subsidiary	6,000	6,000
Total fees payable	32,750	32,100

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Depreciation of tangible fixed assets	886,393	910,327	868,927	883,660
Amortisation of Intangible fixed assets	6,832	2,835	6,832	2,835
Rental costs relating to operating leases:				
Photocopy machines	1,200	1,200	1,200	1,200
(Loss) on disposal of fixed assets	(463)	(58)	(463)	(58)

12. Tangible Fixed Assets

	Group		
	Long Leasehold Buildings	Plant Equipment and Motor Vehicles	Total
Cost	£	£	£
1 January 2020	35,949,745	5,922,788	41,872,533
Additions	27,392	173,130	200,522
Disposals	-	(29,310)	(29,310)
31 December 2020	35,977,137	6,066,608	42,043,745
Depreciation			
1 January 2020	11,385,994	5,214,484	16,600,478
Charge in the year	708,616	177,777	886,393
Disposals	-	(28,847)	(28,847)
31 December 2020	12,094,610	5,363,414	17,458,024
Net book value			
31 December 2020	23,882,527	703,194	24,585,721
31 December 2019	24,563,751	708,304	25,272,055

	Charity		
	Long Leasehold Buildings	Plant Equipment and Motor Vehicles	Total
Cost	£	£	£
1 January 2020	35,949,745	5,746,383	41,696,128
Additions	27,392	173,130	200,522
Disposals	-	(29,310)	(29,310)
31 December 2020	35,977,137	5,890,203	41,867,341
Depreciation			
1 January 2020	11,385,994	5,071,181	16,457,175
Charge in the year	708,616	160,311	868,927
Disposals	-	(28,847)	(28,847)
31 December 2020	12,094,610	5,202,645	17,297,255
Net book value			
31 December 2020	23,882,527	687,558	24,570,085
31 December 2019	24,563,751	675,202	25,238,953

The net book value of plant and machinery includes £1,352,993 (2019: £1,368,098) in respect of assets held under finance leases. The depreciation charge on these assets was £145,204 (2019: £131,887). The long leasehold buildings are constructed on land leased by the Ford Motor Company Limited to The London Development Agency (see also Note 12) and sub-let by the London Development Agency to the Centre for Engineering and Manufacturing Excellence Ltd (CEME). The lease and the sub-lease expire in the year 2127. In addition to use by CEME and its subsidiary company to operate activities such as the conference centre, and the Gateway to Skills Centre, the property assets are let out under operating lease agreements and short term rentals.

Intangible Fixed Assets (Group And Charity)

	Software £
Cost	
1 January 2020	34,160
Additions	-
Disposals	-
31 December 2020	34,160
Depreciation	
1 January 2020	2,835
Charge in the year	6,832
Disposals	-
31 December 2020	9,667
Net book value	
31 December 2020	24,493
31 December 2019	31,325

13. Investments

	Group	Charity
		Shares in group undertakings and participating interests
	£	£
Investment in subsidiaries	-	1,000

CEME owns 100% of the issued shares of CEME Enterprise Ltd.

14. Trading Subsidiaries

Net expenditure of CEME before consolidation of the trading subsidiaries was £168,478 (2019: £512,759).
The results for CEME Enterprise Limited (company number 07115923) are shown below. CEME Enterprise runs the conference centre at CEME. Net liabilities of the company were £281,370 at year end.

CEME Enterprise Limited	**2020 £**	**2019 £**
Total income	291,300	600,551
Government grant	21,420	
Cost of sales	(223,322)	(523,030)
Gross Profit	**89,398**	**77,521**
Administration costs	(89,053)	(137,480)
Interest receivable	27	173
Profit/(Loss) before taxation	**372**	**(59,786)**

	2020 £	**2019 £**
Fixed Assets		
Tangible Assets	15,636	33,102
Current Assets		
Debtors	72,615	56,695
Prepayment	5,000	6,000
Cash at bank and in hand	62,672	52,861
Creditors: amounts falling due within one year		
Creditors	443,293	430,400
Net Current Liabilities	(303,006)	(320,844)
Total Asset Less Current Liabilities		
Net Liabilities	**(287,370)**	**(287,742)**
Capital and Reserves	1000	1000
Share Capital	(288,370)	(288,742)
Retained Earnings	**(287,370)**	**(287,742)**

15. Debtors

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Due within one year:	246,498	258,002	173,883	207,307
Trade debtors	-	-	397,726	363,581
Amounts owed by group undertakings	100,749	107,118	95,749	101,118
Other debtors and prepayments	347,247	365,120	667,358	672,006

CEME Ltd has secured an overdraft facility of £400,000 with Barclays bank. This is secured on net debtors.

16. Creditors & LOAN: Amounts Falling Due Within One Year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	296,074	399,516	287,807	387,523
Deferred Income	476,134	494,797	475,629	485,080
Obligations under finance lease and hire purchase contracts	370,507	381,602	370,507	381,602
CBI Loan	29,167	-	29,167	-
Other taxes and social security	181,736	116,865	158,422	83,146
Other creditors and accruals	796,983	755,445	783,502	744,055
	2,150,601	2,148,225	2,105,034	2,081,406

Movement on deferred income (Due within one year)	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Deferred income brought forward	494,797	501,540	485,080	500,110
Realised during the year	(178.7263)	(1,851,138)	(1,774,405)	(1,824,577)
Deferred during the year	178,6600	1,844,395	1,764,954	1,809,547
Deferred income carried forward	476,134	494,797	475,629	485,080

Deferred income relates to rental income received in advance of the period to which it relates.

17. Creditors & LOAN: Amounts Falling Due After More Than One Year

	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Deferred income	372,097	465,122	372,097	465,122
Obligations under finance leases and hire purchase agreements	566,998	680,154	566,998	680,154
CBI Loan	220,833	-	220,833	-
Total creditors falling due after more than 1 yr.	1,159,928	1,145,276	1,159,928	1,145,276

CBI Loan terms are 5 years with the first payment during Jul 2021 (12 month after the first draw down), and a margin of 3%. The first 12 months are repayment and interest free.

18. Commitments Under Operating And Finance Leases

Future minimum operating lease payments are as follows:	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Plant and machinery:				
Within one year	1,200	1,200	1,200	1,200
Between one and five years	2,400	3,600	2,400	3,600

Future minimum finance lease payments are as follows:	Group		Charity	
	2020 £	2019 £	2020 £	2019 £
Building, Furniture, Plant and machinery:				
Within one year	370,507	381,602	370,507	381,602
Between one and five years	566,998	680,154	566,998	680,154

The London Development Agency rent the land on which the CEME centre of excellence is sited on a 125 year lease to CEME at a peppercorn rent. This lease excludes the Innovation Centre and expires in more than five years.

The London Development Agency rent the Innovation Centre land on a 125 year lease to CEME at a peppercorn rent. This lease expires in more than five years.

19. Rental Operating Leases

The future minimum lease rental income due from tenants operating leases are as follows:	2020 £	2019 £	2020 £	2019 £
Not later than one year;	2,185,781	2,342,778	2,185,781	2,342,778
Later than one year and not later than five years	3,342,970	4,527,515	3,342,970	4,527,515
Later than five years	-	195,000	-	195,000

20. Statement Of Funds

	Balance 1 Jan 20	Income	Expenditure	Balance 31 Dec 20
Unrestricted Income Funds				
General funds	7,883,966	3,511,150	(3,322,798)	8,072,318
Restricted Income Funds	15,441,852	-	(454,546)	14,987,306
	23,325,818	3,511,150	(3,777,344)	23,059,624

2019 Comparative	Balance 1 Jan 20	Income	Expenditure	Balance 31 Dec 20
Unrestricted Income Funds				
General funds	8,001,857	3,992,887	(4,110,778)	7,883,966
Restricted Income Funds	15,896,506	-	(454,654)	15,441,852
	23,898,363	3,992,887	(4,565,432)	23,325,818

21. Statement Of Restricted Funds

	Balance 1 Jan 20 £	Expenditure £	Balance 31 Dec 20 £
Capital and revenue costs of the Gateway to Skills Centre[2]	42,485	(1,135)	41,350
Capital and revenue costs of the Gateway for Business programme[3]	16,823	(457)	16,366
SRB 5 Capital - Delivery plan[1]	3,633,403	(107,923)	3,525,480
SRB IT Capital[1]	710,332	(21,066)	689,266
DTI[1]	2,762,891	(81,984)	2,680,907
Innovative Clusters Fund[1]	592,531	(17,600)	574,931
LDA grant for erection of campus and acquisition of teaching equipment[1]	4,057,703	(117,084)	3,940,619
ERDF Objectives11 [1]	2,461,570	(73,116)	2,388,454
LSC Capital[1]	665,022	(19,753)	645,269
NTI Capital[1]	489,734	(14,428)	475,306
Department for Communities and Local Government HSSMI[4]	9,358	-	9,358
	15,441,852	(454,546)	14,987,306

[1] These grants were contributions to the capital building and infrastructure setup costs of the CEME campus.
[2] These grants were provided to equip the Gateway to Skills Education centre.
[3] This grant was provided to equip the Gateway for Business small business support programme.
[4] This grant provides funding for the High Speed Sustainable Manufacturing Institute. HSSMI is a division of CEME with a purpose of conducting leading edge manufacturing research with an aim of improving efficiency of manufacturers and supply chain companies. The remainder of £9,358 will be paid to HSSMI once CEME receives a funding request.

Analysis of net assets between funds	Restricted Funds £	Unrestricted Funds £	Total Funds £
Tangible fixed assets	14,977,948	9,607,773	24,585,721
Intangible fixed assets	-	24,493	24,493
Current assets	9,358	1,750,581	1,759,939
Current liabilities	-	(2,150,601)	(2,150,601)
Creditors falling due after one year	-	(1,159,928)	(1,159,928)
At 31 Dec 2020	14,987,306	8,072,318	23,059,624

Analysis of net assets between funds	Restricted Funds £	Unrestricted Funds £	Total Funds £
Tangible fixed assets	15,432,494	9,839,561	25,272,055
Intangible fixed assets	-	31,325	31,325
Current assets	9,358	1,306,581	1,315,939
Current liabilities	-	2,148,225)	(2,148,225)
Creditors falling due after one year	-	(1,145,276)	(1,145,276)
At 31 Dec 2019	15,441,852	7,883,966	23,325,818

22. Control

CEME is under the common control of Ford Motor Company, Havering College of Further and Higher Education, Barking and Dagenham College and London Borough of Havering. The company's Articles of Association dated 2 January 2010 state that each of the above is a member of CEME.

23. Comparative Sofa By Fund

		Unrestricted Funds £	Restricted Funds £	Total 2019 £
INCOME				
Income from generated funds				
Other trading activities	3	2,380,882	-	2,380,882
Investment income		767	-	767
Income from charitable activities				
Skills & education and business support accommodation and related services	4	1,611,238	-	1,611,238
Total income		**3,992,887**	**-**	**3,992,887**
Expenditure on Raising funds	5	1,018,827	-	1,018,827
Charitable Activities				-
Skills & education accommodation and support services	6	3,091,951	437,497	3,529,44
Skills delivery and business support			17,157	17,157
Total expenditure	8	**4,110,778**	**(454,654)**	**4,565,432**
Net expenditure		(117,891)	(454,654)	(572,545)
RECONCILIATION OF FUNDS				
Total funds brought forward at 1 January		8,001,857	15,896,506	23,898,363
Total funds carried forward at 31 December		7,883,966	15,441,852	23,325,818

