

AEROSPACE TECHNOLOGY INSTITUTE
(A Company Limited by Guarantee)

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 30 SEPTEMBER 2020

BALANCE SHEET
AS AT 30 SEPTEMBER 2020

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Intangible assets	4		62,552		75,857
Tangible assets	5		136,107		127,498
			<u>198,659</u>		<u>203,355</u>
Current assets					
Debtors: amounts falling due within one year	6	3,087,948		2,256,430	
Cash at bank and in hand	7	4,824,500		4,069,486	
		<u>7,912,448</u>		<u>6,325,916</u>	
Creditors: amounts falling due within one year	8	(8,111,107)		(6,529,271)	
Net current liabilities			<u>(198,659)</u>		<u>(203,355)</u>
Total assets less current liabilities			<u>-</u>		<u>-</u>
Net assets			<u>-</u>		<u>-</u>
Capital and reserves					
Profit and loss account			-		-
			<u>-</u>		<u>-</u>

AEROSPACE TECHNOLOGY INSTITUTE

(A Company Limited by Guarantee)

REGISTERED NUMBER: 08707779

BALANCE SHEET (CONTINUED)

AS AT 30 SEPTEMBER 2020

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr G Elliott

Director

Date: 1 March 2021

The notes on pages 3 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

1. General information

The Aerospace Technology Institute is a private company limited by guarantee incorporated in England and Wales. The registered office and the principal place of business is Martell House, University Way, Cranfield, Bedford, MK43 0TR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Turnover

Turnover represents income from government grant funding and industrial contributions. Grants are recognised as receivable at fair value when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and that the grant will be received.

Grants are classified as either relating to revenue or assets.

Grants relating to revenue are recognised as income in turnover on a systematic basis over the period in which the Company recognises the related costs for which the grant was intended to compensate. Grant income received from BEIS (the Department for Business, Energy and Industrial Strategy) during the year consists of funding for the ATI Pilot Accelerator, as well as the main ATI grant.

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs is recognised in income in the period in which it becomes receivable.

Grants relating to asset are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it is recognised as deferred income and not deducted from the carrying amount of the asset.

Industrial contributions are received to fund at least half of the Aerospace Technology Institute's expenses over the life of the grant in line with the conditions of the grant offer letter between the Aerospace Technology Institute and BEIS

Industrial contributions are recognised as receivable when the lead partner of the project has a signed Innovate UK grant offer letter (and signed Aerospace Technology Institute framework agreement), has an agreed project spend forecast and the project has commenced; at this point the Company is contractually entitled to the income.

Where industrial contributions recognised as being receivable are in excess of the expenditure for which the contributions were intended to compensate, the excess is included in deferred income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis. The Directors have considered relevant information, including the annual budget, forecast future cash flows and the impact of subsequent events in making their assessment. The COVID-19 pandemic and the ensuing economic shutdown had limited impact on the company's operations. The business effectively shifted staff to homeworking while continuing to deliver essential tasks and the R&D portfolio. In response to the COVID-19 pandemic, the Directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considered the effectiveness of available measures to assist in mitigating the impact. A number of these mitigation actions were adopted by the ATI programme and the year has seen continued strong demand for grant funding, underpinning the Institute's industrial revenues for several years.

The statement of financial position shows net current liabilities of £198,659 as at 30 September 2020. This figure includes £7,278,548 of deferred income including deferred grant income from the Department for Business, Energy & Industrial Strategy (BEIS) and deferred industrial contributions. The net current asset position of the Company at the reporting date excluding these amounts is £7,079,889 which includes net cash balances of £4,824,500. The directors have prepared forecasts covering a period of at least one year from the anticipated date of the financial statements being approved and are satisfied that the Company will be able to meet all debts as they fall due for the foreseeable future.

2.4 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.5 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Computer software	-	over 1 - 10 years
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2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- over the remaining lease term
Fixtures, fittings & equipment	- 3 to 5 years
Computer equipment	- 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

2. Accounting policies (continued)

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Employees

The average monthly number of employees, including directors, during the year was 34 (2019 - 33).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

4. Intangible assets

	Computer software £
Cost	
At 1 October 2019	124,031
At 30 September 2020	<u>124,031</u>
Amortisation	
At 1 October 2019	48,174
Charge for the year on owned assets	13,305
At 30 September 2020	<u>61,479</u>
Net book value	
At 30 September 2020	<u><u>62,552</u></u>
At 30 September 2019	<u><u>75,857</u></u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020

5. Tangible fixed assets

	Leasehold improvements £	Fixtures, fittings & equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 October 2019	134,426	101,289	110,117	345,832
Additions	41,244	9,927	24,719	75,890
Disposals	-	-	(24,655)	(24,655)
At 30 September 2020	175,670	111,216	110,181	397,067
Depreciation				
At 1 October 2019	80,726	69,883	67,725	218,334
Charge for the year on owned assets	24,687	17,862	24,732	67,281
Disposals	-	-	(24,655)	(24,655)
At 30 September 2020	105,413	87,745	67,802	260,960
Net book value				
At 30 September 2020	70,257	23,471	42,379	136,107
At 30 September 2019	53,700	31,406	42,392	127,498

6. Debtors

	2020 £	2019 £
Trade debtors	1,376,472	403,575
Prepayments and accrued income	1,062,954	1,053,674
Grants receivable	648,522	799,181
	3,087,948	2,256,430

AEROSPACE TECHNOLOGY INSTITUTE**(A Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2020**

7. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	4,824,500	4,069,486

8. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	247,667	510,430
Deferred income	7,278,548	5,543,834
Other taxation and social security	89,811	91,552
Other creditors	26,178	23,490
Accruals	468,903	359,965
	<u>8,111,107</u>	<u>6,529,271</u>

9. Company status

The Company is limited by guarantee and consequently does not have share capital. The liability of the members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the Company on winding up such amounts as may be required not exceeding £1 per member. At 30 September 2020 there were 3 members (2019: 3).

10. Auditor's information

The auditor's report on the financial statements for the year ended 30 September 2020 was unqualified.

The audit report was signed by Atul Kariya FCCA (Senior Statutory Auditor) on behalf of MHA MacIntyre Hudson.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.