

2023 ANNUAL REPORT AND FINANCIAL STATEMENTS

THE WELDING INSTITUTE
REGISTERED COMPANY
NO. 00405555



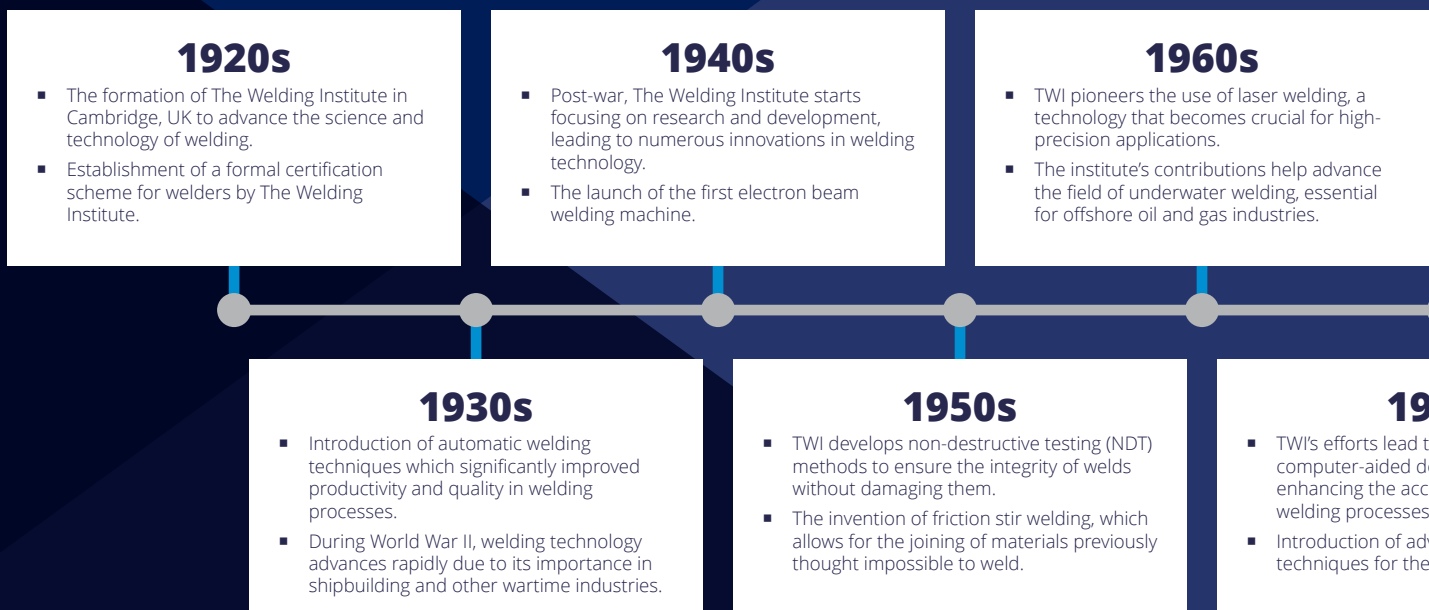
100 YEAR
ANNIVERSARY

CELEBRATING 100 YEARS

2023 marked the centenary year of The Welding Institute. From its small beginnings as a meeting of 20 men in London the Institute and its subsidiaries have grown beyond recognition to become a modern world leading independent research and technology organisation that supports its members in the fields of welding, joining and allied technologies.

WELDING INSTITUTE DIVERSITY, EQUALITY AND INCLUSION CHARTER LAUNCHED

In celebration of The Institutes centenary year on 20 October 2023, Members of The Welding Institute attended the launch of the new Charter for Diversity, Equality and Inclusion. The event was hosted by Dr Claire Kimpton (Chair of Professional Board) and, in the presence of the President Julia King, Baroness Brown of Cambridge, Members showed their support for an open and all-inclusive organisation that aims to provide equality of opportunity to all, irrespective of grade or experience. Our President, committee and working group chairs signed a specially created charter document, which sets out and outlines our commitment.



RIVERBOAT JAZZ CRUISE



ANNUAL DINNER

This year saw several events to celebrate our 100th anniversary, including a special centenary dinner at King's College in Cambridge. The evening was a celebration of The Institute and was an excellent way to meet contacts from our wide Industrial and Professional Memberships, our academic partners and TWI's own staff. 123 people attended the event, including 50 people from The Welding Institute, who all got to hear a speech from Baroness Brown.



The Welding Institute celebrated the 100th anniversary of the Institute of Welding Engineers with a riverboat cruise on the Thames, organised by the London and Kent Branches.

80 Professional Members, family members and guests attended, including TWI Research Director, Paul Woollin, TWI Group Manager for Marketing, Mike Emmett, London Branch Programme Secretary, Alan Denney and London Branch President, Eric Martin, who each gave a speech whilst cruising along the river.

1980s

- The launch of the world's first robotic welding systems, increasing automation in manufacturing.
- Establishment of the TWI Technology Centre to focus on cutting-edge research in materials joining.

2000s

- TWI expands globally, opening branches in Asia and the Middle East to better serve international markets.
- Significant advancements in the welding of high-strength, low-alloy steels, important for the automotive industry.

2020s

- TWI launches online Technical Group events, adapting to new communication methods post-pandemic.
- The institute celebrates its 100th anniversary, marking a century of contributions to welding and materials science.

70s

the development of
sign (CAD) for welding,
racy and efficiency of

anced welding
nuclear industry.

1990s

- TWI introduces the first comprehensive welding engineering degree program in partnership with universities.
- The development of hybrid laser-arc welding, combining the benefits of both processes for superior performance.

2010s

- Innovations in welding materials and processes to support renewable energy sectors like offshore wind energy.
- Development of additive manufacturing techniques using welding technologies, paving the way for 3D metal printing.

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COMPANY INFORMATION

CHAIR

Humbert Mozzi

INTERIM CHIEF EXECUTIVE

David Wrathmall

HONORARY PRESIDENT

Dame Julia King

REGISTERED NUMBER

00405555

REGISTERED OFFICE

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Granta Park
Great Abington
Cambridge CB21 6AL

INDEPENDENT AUDITORS

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Chartered Accountants & Statutory Auditor
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Cambridge CB4 0FY

BANKERS

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Market Place
Saffron Walden
Essex CB10 1HR

A large, glowing fiber optic cable cross-section is the central focus of the image. The cable is cut in half, revealing a dense core of orange-gold fibers. A bright light source at the top of the core creates a starburst effect, with light rays radiating through the fibers. The background is dark, with a blue diagonal line running from the top left to the bottom right, separating the dark blue outer shell of the cable from the glowing inner core. The overall aesthetic is high-tech and futuristic.

MEMBERS OF COUNCIL

MEMBERS OF COUNCIL

The Members of Council at the date of approval of these accounts were:

NAME	MEMBERSHIP CATEGORY	FIRST ELECTION TO MEMBERSHIP CATEGORY
Ali Alshawaf	Industrial	29/09/2022
Annelise Fournier	Co-opted	05/04/2022
Christopher Palmer	Industrial	25/07/2024
Claire Kimpton (Vice Chair)	Professional	16/09/2020
Daniel Clark	Professional	29/04/2021
David Panni	Industrial	24/03/2021
Duncan Steel	Industrial	24/03/2021
Gareth Hopkin	Professional	24/03/2021
Graham Holloway	Professional	24/06/2022
Humbert Mozzi (Chair)	Co-opted	17/03/2020
Joseph McGee	Professional	15/04/2023
Michael Skyrme	Professional	01/12/2020
Morton Laust Torp	Co-opted	12/08/2024
Peter Stones	Professional	24/03/2021
Rob Mitchell	Industrial	25/07/2024
Simon Webster	Co-opted	18/03/2020
Zeeshan Farooq Lodhi	Industrial	10/01/2024

GROUP STRATEGIC REPORT



INTRODUCING THE WELDING INSTITUTE

The Welding Institute group (the Group) is a world leading independent research and technology organisation that supports its members in the fields of welding, joining and allied technologies. Established in 1923 (originally as The Institution of Welding Engineers), the Group has a long-standing reputation for excellence in solving problems in manufacturing, fabrication and whole-life integrity management technologies.

The Group operates in the UK and in multiple international locations across Central Asia, the Middle East, the Indian Subcontinent and the Far East. With a successful international training and examinations network, the Group takes technical and practical know-how to regions that are looking to develop local expertise.

The core business of engineering consulting services, research and training is delivered and administered primarily through The Welding Institute's UK operating subsidiary, TWI Ltd. The Group has a first-class reputation for service through its teams of internationally respected consultants, scientists, engineers and support

staff. The Group has a UK investment property portfolio that is managed by its subsidiary, Granta Park Estates Ltd.

The Group is committed to quality, health and safety, and environmental management. The Group's management systems are independently certified by Lloyds Register Quality Assurance to BS EN ISO 9001 for Quality Management Systems, as well as for Health and Safety (BS ISO 45001) and Environment (BS EN ISO 14001).

The Welding Institute holds Scientific Research Association status, which allows the company to take advantage of some of the benefits of a charitable organisation.

The Welding Institute devotes 75% of its income to research, which is carried out for the benefit of our members and society.



STRATEGIC OBJECTIVES

STRATEGIC OBJECTIVES

Our vision is to push the boundaries of technology through collaboration and innovation to provide our Members with the expertise necessary to meet the challenges of tomorrow. We are a world leader in joining, materials and structural integrity. We develop our people, capabilities and networks to provide Members and stakeholders with independent and authoritative support, innovation and expertise.

To accomplish our strategic objectives, we apply our core values of Teamwork, Innovation and Expertise, Taking Responsibility, Customer Focus, Adaptability and Inclusion. Our vision, which was set in 2020, has been progressively developed and built upon over the course of 2023 and focusses on the following priorities:

1. Improving our focus and performance on Health, Safety, Environment and Diversity & Inclusion.
2. The stable and reliable generation of cash from profits needed to invest in the Group's future sustainability.
3. Building closer relationships with our key members and adding greater value to their operations, either individually through Single Client Projects or collectively through the very popular and effective Joint Industry Projects.

4. Targeting specific Group generated knowledge and technologies for exploitation.
5. Targeting high growth markets through our overseas subsidiaries around: Training in India, South East Asia, Middle East and Central Asia; Consultancy in China, Japan and USA.
6. Exploiting the Group's property portfolio to provide underlying stability for the wider business.

The metrics used to judge our success in these endeavours are set over five years, with annual milestones around these key strategic areas:

- Health Safety and Environment (delivering a zero harm culture)
- Diversity and Inclusion
- Technology Leadership
- Customer Satisfaction
- Governance
- Financial Performance
- Maximising the value of our Property Portfolio



CHAIR REPORT

CHAIR REPORT



Humbert Mozzi - Chair

Chair's Statement: Reflection on 100 years of excellence

As Chair of The Welding Institute, it is a privilege to lead during this landmark year, celebrating our 100th anniversary. This milestone not only honours our legacy of innovation and excellence but also emphasizes our ability to adapt and meet the evolving needs of our global membership.

Leadership transition and future vision

The past year has been pivotal, marked by strategic leadership changes aimed at strengthening our team. These changes are designed to build on our rich heritage and position the Institute for future growth and impact. Our leadership remains committed to steering the Institute into its next century with a focus on sustainable growth.

Financial overview

The Group remains financially strong, with total capital and reserves amounting to £179 million. Despite reporting a loss before tax of £5.1 million in 2023, which includes an unrealised loss of £1.8 million from the revaluation of our investment property portfolio and £4.4 million in depreciation charges, we have made strategic investments of £7.5 million in operational assets and £1.9 million in our investment property portfolio. We have also made significant strides towards becoming debt-free, with a notable

early repayment of £5.2 million on one of our debt facilities, with full repayment expected by the end of 2024.

Commitment to sustainability and innovation

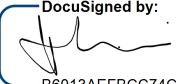
We have made significant progress in sustainability, with a strong focus on energy transition, particularly the use of hydrogen. Our commitment to climate action and net-zero emissions by 2050 is reflected in our increased investments in hydrogen laboratories and our members' growing engagement with these initiatives.

Acknowledgment of our staff

The dedication and adaptability of our staff are central to our success. Throughout 2023, they have maintained high standards of excellence while embracing new technologies and flexible working practices. Their hard work is deeply appreciated and vital to our continued achievements.

Looking forward

As we close 2023 on a strong financial footing, I am optimistic about the future. I extend my gratitude to our stakeholders, members, and staff for their unwavering trust and support. Together, we will continue to deliver impactful and sustainable solutions that make a significant difference in people's lives.

DocuSigned by:

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Humbert Mozzi

25 September 2024

A photograph of a business meeting. In the foreground, a person's hand is seen pointing at a document with various charts and graphs. In the background, another person is holding a document with a large question mark. The scene is overlaid with a dark blue diagonal shape.

FINANCIAL RESULTS

FINANCIAL RESULTS



Leonie Stewart - Finance Director

The results of the company are set out on page 50 and show turnover of £73.2m (2022 £66.8m), loss before tax of £5.1m (2022: loss of £13.4) and a total comprehensive loss of £8.4m (2022: total comprehensive loss of £27.4m).

The turnover was generated across four main classes of business; membership subscriptions accounted for 9% of the turnover, engineering consulting accounted for 46% of turnover, training, examinations and certification for 38% of turnover and net rents receivable accounted for 7% of turnover.

The total comprehensive loss of £8.4m (2022: loss of £27.4m) includes £1.8m of unrealised fair value losses (2022: losses of £10.2m) in respect of investment property, £1.1m of unrealised fair value losses (2022: losses of £7.3m) in respect of the revaluation of operational property and a £0.1m loss (2022: £10.5m loss) on the revaluation of the Defined Benefit pension scheme.

As at 31 December 2023 the Balance Sheet total was £179m (2022: £188m). The material contributory factors to the reduction in the balance sheet total are a reduction in cash balances (£17m) which has been offset by an overall increase in value in total fixed assets (£1.5m) and a reduction in creditors due within more than one year (£10m).

PROFIT AND LOSS RESULTS

TURNOVER

The nature of The Welding Institute operations are summarised under "Introducing The Welding Institute" on page 9. The Group saw an increase in turnover from £66.8m in 2022 to £73.2m in 2023. This increase is driven by an increase in revenue from single client projects together with increases in revenue from the international training business.

The majority of Group turnover (46%) is from engineering consulting, derived from Single Client and Collaborative projects. Single Client Projects are work that we carry out for our members. Collaborative projects are industrial research projects which are subsidised with internal funding from The Welding Institute and funding from government (the European Commission and UKRI).

Of the Group's turnover the majority of the revenue (72%) is derived from TWI Ltd which carries out the core business of engineering consulting services, research and training. The remainder of the Group's turnover is generated from other UK subsidiaries (7%) and revenue from the non-UK subsidiaries accounted for 21%.

OTHER OPERATING INCOME

The Welding Institute holds Scientific Research Association status and is accordingly entitled to certain government incentives. The Group qualifies for Research and Development tax credits, which amounted to £1.8m (2022: £1.9m). Details of other Government Grants are provided in note 5.

FINANCING AND CASH

The Group's cash position decreased to £47.8m (2022: £65.5m). Cash outflow from operating activities was £2.7m (2022: outflow of £19.1m), from investing activities was a cash outflow of £9.4m (2022: outflow of £14.1m) and from financing activities was a cash outflow of £4.9m (2022: £0.66m).

The Group operates a loan held by GPE2 Limited, a property subsidiary of the Company, with Coutts & Co. This loan is secured over tenanted investment property. It is intended that this loan will be repaid in full by the end of 2024.

BALANCE SHEET POSITION

As at 31 December 2023 the balance sheet total of the Group was £179m (2022: £188m). As at the year-end the Group's property portfolio was revalued by external property valuers. The combined valuation of the freehold and investment property portfolios declined in the year by £2.9m.

The balance sheet shows a net current assets position of £39.1m (2022: £59.4m). The main reason for this reduction is due to a reduction in cash balances during the year. The reduction in cash during the year has been driven by the continued investment into the Group's property (cash outflow from investing activities of £9.4m) and the repayment of one of the Coutts loan facilities during the year (cash outflow of £5.2m). The Group still continues to hold significant cash reserves and, as at 31 December 2023 held cash balances of £47.8m (2022: £65.5m), which will provide a solid foundation for the existing operations and the potential to pursue growth opportunities should they arise. As a result, the Group is well positioned for the year ahead.

DEFINED BENEFIT PENSION PLAN

The Employer (TWI Ltd) meets the costs of administration and investment management of The Welding Institute Defined Benefit Pension scheme. The FRS 102 deficit increased from £15m in 2022 to £15.7m in 2023. This increase in liability was largely driven by changes in market rates. Further analysis and disclosures in relation to the year-end obligation can be found in note 28 of these financial statements.

On 1 January 2000, all The Welding Institute employees were transferred to TWI Ltd and the Pension Trustees agreed that the full liability for the scheme be transferred to TWI Ltd; this has been reflected in the audited financial statements for both entities where no deficit/liability has been booked in the financial statements of The Welding Institute. A guarantee remains in place between The Welding Institute as parent and TWI Ltd to provide support if required.

The last triennial valuation was for the period ended 31 December 2019. The recovery plan (as agreed with the Trustees and Pension Regulator) remains unchanged however, following the voluntary contribution of £16.8m from The Welding Institute in 2021, no further cash payments under the current contribution schedule are required until 2025. TWI Ltd closed the defined benefit pension scheme to future accruals in Sep 2020.



FINANCIAL

HOW TO USE: Enter your budget for each category in the Summary by Category table below. Enter transactions on the Transactions table to see how your actual spending compares to your budget.

Difference	Actual	Budget
	THB110.00	THB100.00
	THB144.25	THB150.00
	THB80.00	THB220.00
	THB65.00	THB100.00
	THB20.00	THB100.00
	THB100.00	THB100.00
	THB150.00	THB150.00
	THB100.00	THB100.00
	THB202.75	THB200.00
	THB97.25	THB100.00

Contribution	Actual	Budget
	THB150	THB150
	THB150	THB150
	THB150	THB150
	THB150	THB150
	THB150	THB150
	THB150	THB150
	THB150	THB150
	THB150	THB150
	THB150	THB150
	THB150	THB150

PRINCIPAL RISKS AND UNCERTAINTIES

PRINCIPAL RISKS AND UNCERTAINTIES

Effective Risk Management is fundamental to achieving the strategic objectives of the business. In 2023, Group management continued to develop a comprehensive risk management framework and reporting mechanism. Group management continually reviews its risk management structure to ensure that the risks are managed within an acceptable risk appetite. The Group has a low appetite for contextual risks. Our business operations and activities have a balanced geographic and thematic spread to set overall risk levels at low. There are certain projects funded by different government bodies and Institutes, where the Group operates in challenging contexts; but the risk bar for the Group remains low due to its operational approach and policies and procedures.

Risk is inherent in the challenging context in which we operate, so we aim to find an acceptable balance between the cost of managing the risks, and the likely cost and impacts if the risks materialize, as well as the cost of not acting. The Group calculates an overall rating of an identified risk by assessing the likelihood and impact.


The Executive Board review the risk register on monthly basis and Council review the risk register as part of the quarterly agenda. The major risks the Group is currently facing are summarised below:

RISK	NATURE OF RISK	MANAGEMENT OF RISK
Governance Risk	<ul style="list-style-type: none"> * Expansion of business and failure to adhere to statutory requirements of UK and non-UK subsidiaries. * Sudden change in regulatory requirements i.e. sanctions, export control and trade laws. * Risk of delay or failure in submission of and/or accuracy of statutory reports to appropriate authorities. 	<p>To mitigate those governance related risks, the Group is proactively reviewing its governance framework, group policies and procedures to ensure compliance with international and local legislation, where applicable.</p> <p>A policy framework to standardise the creation, adoption and implementation of policies across the organisation is being developed. This includes a review of existing policies, gap analysis, creation and implementation of new policies.</p>
Operational Risk	<ul style="list-style-type: none"> * Disruptions in supply chains. * A shortage of supply in the employment market. * High turnover of technical and professional staff. * Disruption due to breakdown or dysfunctional equipment, machines and tools. 	<p>To mitigate these risks, the Group has policies and procedures to ensure business continuity without disruption. Group staff who have responsibility for operational activities regularly review these risks to maintain the supply chain by engaging alternative suppliers, service providers and third parties. Training and succession planning are part of our risk mitigation framework.</p>

RISK	NATURE OF RISK	MANAGEMENT OF RISK
Financial Risks	The volatility of the current economic environment, political unrest and the complexity of the regulatory environment create uncertainties and put pressure on activity levels, profitability and cash flow.	The Group has financial and accounting systems that are designed to ensure accuracy and transparency. The Finance department creates detailed monthly financial reports showing performance against budget and forecast for Executive Board, and reports regularly to Council, Finance and General Purposes Committee, and Audit Committee who provide oversight of Group operations. This allows informed decisions and mitigating actions to be taken where appropriate. The Finance department carry out gap analysis, and also develop and implement new policies to strengthen existing controls.
Fraud - Bribery & Corruption	<ul style="list-style-type: none"> * Risk of fraud and misrepresentation by customers, suppliers and third parties. * Risk of bribery and corruption while dealing with government officials, third parties, suppliers and service providers. 	The Group has a policy of zero tolerance towards fraud, bribery, corruption, misrepresentation and misconduct. The business has comprehensive policies in place that form part of employee contracts in addition to this the Group has implemented mandatory fraud training that all staff are required to complete. Third party whistle blowing channels are established where employees, clients, Members and other third parties can report incidents of misconduct and non-compliance.
Health – Safety - Environment	The Group’s work can be hazardous and requires appropriate controls.	The Group is an accredited organization for ISO 9001, 14001 and 45001 standards to mitigate risks of health and safety, handling and storage of hazardous material and monitoring of high-risk operational activities to prevent incidents. Monthly health and safety incident reports are presented to the directors and appropriate actions taken. All employees undergo training in Health and Safety on joining the business.

RISK	NATURE OF RISK	MANAGEMENT OF RISK
People and Culture Risks	The Group's success is built on the quality of its people and their work. People risk is the risk that ensues if the Group fails to provide a supportive and collegiate culture.	<p>The risk is mitigated through:</p> <ul style="list-style-type: none"> * effective recruitment * effective management and development programs * promoting diversity and inclusion throughout the business * wellbeing policies and processes * appropriate remuneration and benefits <p>The Group has also implemented a new continuous feedback cycle during the year. The results of this process are used by the executive team to ensure that the Group continues to provide a supportive and collegiate culture.</p>
Information Management, IT & Security Risk	Data and information systems are at threat from unauthorised access, inappropriate use, disclosure, disruption to operations, modification, or accidental and/or deliberate destruction.	The Group's Chief Security Officer has implemented a security framework that includes enhanced information security policies. This framework provides greater information security assurance to Group technology users and those third parties for whom we carry out sensitive work. The Group has developed a set of policies and procedures along with robust mandatory training to create awareness for its management, staff and related parties. The Group's systems are accredited under Cyber Essentials Plus, this is tested and renewed annually.
Global Operations Risk	Consistent Corporate Governance management, policies and procedures required to ensure global harmonisation around legislation, regulation and culture	Global businesses take responsibility for risk management within their respective operating entities. The management team of each operating entity includes appropriate representation from the Group.
Reputational Risk	Reputational risk is the risk of failure to meet customer, supplier, members and employee expectations as a result of any event, behaviour, action or inaction, either by the Group itself, our employees or those with whom we are associated, that may cause stakeholders to form a negative view of the Group.	Our policies ensure reputational risk matters are managed in a consistent manner and align with the Group's strategic priorities. Our Legal and Governance team have developed control and oversight standards to effectively manage reputational risk and are supported by procedures across our global businesses and functions.

In addition to the principal risks and uncertainties above, the Group faces other risks that include but are not limited to: increased competition; failure to retain, or loss of, customer contracts; customer concentration; technology leadership; counterparty risk; risk of adverse valuation of operational and investment properties; changes in legislation or regulations relating to trading, taxation or accounting practice.



KEY PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS

OUR KEY PERFORMANCE INDICATORS (KPI'S) ARE SELECTED TO MONITOR BOTH FINANCIAL AND OPERATIONAL PERFORMANCE

These indicators provide a detailed focus on the key elements of the business and measure progress against the Group's strategic objectives. A balanced score card is reviewed by the executive team on a periodic basis which is used to monitor and assess the achievement of these KPIs. This scorecard is used to determine actions and performance targets to ensure that the KPIs below are achieved.



DETAILED KPI'S ARE SET AROUND:

Health Safety and Environment - reducing emissions, delivering the HS&E culture action plan, maintaining RoSPA Gold for TWI Ltd, having more than 95% of our Management completing the IOSH Managing Safely course.

People and Culture - having greater than 25% of women in leadership positions, improving engagement scores on the annual staff satisfaction survey, reducing the gender pay gap, implementing a mentor program and revising progression (career path) frameworks.

Governance and Compliance - delivery of the compliance framework.

Technology - delivery of the technology roadmap.

Customer Satisfaction - Increasing customer satisfaction and enhancing professional membership benefits.

Financial - meeting targets related to turnover, profit, cash generation and rental returns.



ENVIRONMENTAL, SOCIAL, GOVERNANCE

ENVIRONMENTAL, SOCIAL, GOVERNANCE

ENVIRONMENTAL

The most carbon intensive areas of Group operations are the consumption of electricity and business travel. The Welding Institute is committed to understanding and reducing its environmental impacts year on year.

As 79% of the Group operations are within the UK (based on turnover), the data for this reporting is based on the UK consumption. TWI Ltd represents 91% of the UK operations.

Annually TWI Ltd reports on its greenhouse gas emissions and participates in the Energy Savings Opportunity Scheme (ESOS) from which a number of recommendations for improving energy efficiency have been implemented across its facilities. The Executive Board supports the company's goals and initiatives with regard to reducing adverse impacts on the environment. In 2023 we have considered the group's approach to climate change and have continued to implement additional measures that contribute to the reduction of our impact on the environment.

TWI Ltd supports a number of different environmental sectors and is working with large companies and small and medium sized entities (SMEs) to help drive technological improvements and innovation in these areas. Growth areas for TWI Ltd include pioneering research in geothermal resources to improve the efficiency of geothermal heat and power systems, supporting the automotive and aerospace industries through various e-mobility solutions and its continued provision of technical support for the renewables sector including research into concentrating solar power (CSP). TWI Ltd will continue to take an active role in managing its own environmental impact as well as influencing the wider industry through our expertise and the advice that we provide to our customers.

EMISSIONS AND CARBON ENERGY

This is the fourth year of mandatory reporting under SECR. The Welding Institute have however reported energy and emissions now for several years and 2019 has been chosen as a base year. Between 2019 and 2023 there has been a reduction in gross emissions of 1,266.22 tonnes of CO₂e which accounts for a 25.4 % decrease. Emissions from natural gas have decreased year-on-year with a reduction of 292 tonnes of CO₂e from the 2019 base year. Whilst electricity consumption has been decreasing year-on-year from 2019 to 2022, there was an increase of 21% in 2023 when compared to 2022. However there has still been a reduction in consumption when compared to 2019 by 11%. Emissions from air travel are returning to pre-COVID-19 levels due to increased overseas projects. In FY2021 emissions had reduced by 96%. From 2021 to 2023 emissions have risen and are now 8.4% below 2019 levels.

Activities relating to travel include air, rail, company owned vehicles, employee-owned vehicles, hire cars and taxis on business use are included in the reporting.

QUANTIFICATION AND REPORTING METHODOLOGY

HM Government Environmental Reporting Guidelines: including streamlined energy and carbon reporting guidance (March 2021) has been used for the collation of data sources and reporting of emissions. UK Government GHG Conversion Factors for Company Reporting has been used for the reporting of emissions, using the 2023 version.

Fugitive emissions from refrigerants adopts the screening method in annex C of the guidance.

ORGANISATIONAL BOUNDARY

The financial boundary of the business has been used to determine the reporting boundary.

OPERATIONAL SCOPE

Measurements include mandatory scope 1, 2 and 3 emissions. Negligible estimates have been made with the collation of data. Optional scope 3 emissions have also been included in the reporting.

EXCLUSIONS

There are no data exclusions in this reporting period.

BASE YEAR

The base year is chosen as 2019. This year represents a typical year for the business operations against which changes can be monitored. The recalculation policy is to review the base year against current reported emissions for relevant changes which meet a significance threshold value of 5% of base year emissions. In this report we have included carbon reporting statistics for the current year, prior year and base year.

TARGET SETTING & RESPONSIBILITIES

The target is to reduce gross scope 1, 2 and 3 emissions in tonnes of CO₂e per £100,000 turnover and per FTE used by 2% per year against the chosen base year of 2019. The performance against target will be reviewed periodically.

INTENSITY MEASUREMENT

The reporting metrics chosen are gross scope 1, 2, and 3 emissions in tonnes of per £100,000 turnover and Full Time Equivalent (FTE) members of staff, as these best reflect business activities. The intensity measurement will be reported each year, with comparison made against previous year's performance. The gross emissions per £100,000 reduced by over 31% and the emissions per FTE reduced by 19% compared with 2019.

CARBON OFFSETTING

Electricity purchased on a green contract from October 2022 has been included within the report.

ENERGY EFFICIENCY ACTIONS

As part of TWI's commitment to reducing its environmental impact, it announced in its 5-year strategy in 2021 for 2022-2026, the goals of reducing its carbon footprint by 25% by 2025 and being carbon neutral by 2035.

In the last quarter of 2023, the senior leadership team included into the corporate plan the goal to reduce carbon emissions by developing a 5 year plan for implementation from 2025.

The consumption of electricity still remains the most carbon intensive area for TWI, and accounts for around 50% of TWI's carbon footprint.

TWI switched to a zero carbon, 100% renewable electricity supply in October 2022, and this agreement was renewed in 2023, with electricity supplied from Hydro, Solar PV and Wind renewable sources.

In line with ESOS, energy audits were conducted at all of our four UK locations in 2023, providing suggested measures and actions that will help reduce TWI's energy usage.

The 'Hybrid Working Policy' which gives staff the flexibility to work from home remains in place, helping to reduce the impact of commuting. Staff also continue to use video conferencing technologies, which reduces the need for travel between regional offices, as well as to customer sites.

In addition to this, at the beginning of quarter 2 in 2023, TWI introduced a new electric car salary sacrifice scheme for staff. Allowing more staff the opportunity to commute to work while reducing their emissions.

2023 CARBON REPORTING STATISTICS

SCOPE 1 CO2E (TONNES)		2023	2022	2019
Natural gas consumption		508.89	513.91	800.48
Company cars (essential car users)		7.91	37.56	21.38
Pool cars		1.91	1.41	109.18
LPG		1.47	1.07	0.63
Refrigeration and air condition equipment		-	339.08	48.65
Site maintenance – red diesel		0.21	0.36	1.30
Total Scope 1		520.39	893.39	981.62
SCOPE 2 CO2E (TONNES)		2023	2022	2019
Electricity		1,866.63	1,381.92	2,583.90
Total Scope 2		1,866.63	1,381.92	2,583.90
SCOPE 3 CO2E (TONNES)		2023	2022	2019
Electricity T & D losses		161.49	126.41	219.37
Hire vehicles for business use		91.63	179.56	97.68
Taxi and chauffeur		8.43	7.38	19.71
Personal lease cars - business use		2.69	5.14	9.49
Employee owned cars – business use		89.97	123.42	N/A
Domestic and international flights		938.66	416.15	1024.72
Rail travel		2.88	3.70	29.79
Potable water		1.31	1.73	4.65
Waste water		0.06	0.03	0.07
Waste		27.60	9.53	6.96
Total Scope 3 CO2e (tonnes)		1,324.72	873.05	1,412.44
TOTAL CO2E SCOPE 1, 2, 3 GROSS EMISSIONS (TONNES)		3,711.74	3,148.36	4,977.96
INTENSITY METRICS		2023	2022	2019
Intensity Metric Measure (£100,000 turnover)		718	682.59	659
Intensity Metric Measure (FTE)		544	564	590
Intensity Metric (gross emissions) tCO2e/£100,000 turnover		5.17	4.60	8.44
Intensity Metric (gross emissions) tCO2e/FTE		6.82	5.56	7.55
ENERGY CONSUMPTION (EXCLUSIONS)		2023	2022	2019
KWh		16,566,227	19,683,388	19,927,491
INTENSITY METRIC (NET EMISSIONS)		2023	2022	2019
Scope 1, 2, 3 emissions (gross) tCO2e		3,730.93	3,148.38	4,975.73
Carbon Offsets		1,866.63	473.01	2,467.45
Scope 1, 2, 3 emissions (net) tCO2e		1,845.11	2,675.37	2,508.28
Intensity Metric (net emissions) tCO2e/£100,000 turnover		2.57	3.92	3.81
Intensity Metric (net emissions) tCO2e/FTE		3.39	4.74	4.26



CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Our societal impact is a fundamental part of the Group's principles, and underpins our activities across all jurisdictions where we operate. Our approach forms the basis of our decisions by focussing on business ethics and compliance, people and culture, and community involvement.

We aim to foster openness, sustainability, and respect. We value everyone and strive to work as one team. We invest significantly in our people and their working environment by creating and maintaining a safe and healthy working environment and ensuring their ongoing professional and personal development.

We strive to create workplaces in which there is mutual trust and respect and where every person feels responsible for the performance and reputation of our Group. We work towards achieving a diverse workforce, recruiting, employing and promoting people only on the basis of objective criteria and the qualifications and abilities needed for the job to be performed.

We encourage our people to give something back to their local communities, whether it is time, effort or a financial contribution. It's important that we play our part to build a better world for current and future generations.

The Group has supported a number of charities during 2023 and provided donations to: The National Autistic Society, Parkinsons UK, The Kite Trust and Crisis as well as supporting a local rugby team and sponsoring staff partaking in Movember.

Our support is delivered through initiatives that support local communities and those in need. We welcome initiatives from all sources, but especially those from our own people.

On a discretionary basis, the Group operates a

scheme to match charitable donations raised by employees up to a specified limit. Charitable donations related to this programme were similar to the prior year. The Group also makes donations to local foodbanks and health-related charities local to our sites specifically to support local communities facing hardship.

The Group is committed to our Corporate Social Responsibilities (CSR) across all of our sites in the UK and globally, including:

- Corporate (organisational) governance
- Human rights
- Labour and fair employment practices
- Health, safety and environmental best practice
- Fair operating practices
- Consumer issues
- Community involvement and development

As we seek to address challenges faced by our Members to meet sustainability demands while minimising the use of resources and environmental impacts, we recognise that exact challenges can differ between industries and have been investing our efforts to inspire and deliver the next generation of skilled engineers.

While interacting with local communities to support and promote engineering in schools, colleges and universities, we have also been working closely with industry, government, academia and other stakeholders to create initiatives such as the International Skills Enhancement Programme (ISEP) and the National Structural Integrity Research Centre (NSIRC).

£48 MILLION INVESTED BACK INTO TWI R&D FACILITIES AND EQUIPMENT

The Group has invested £48.4m since 2018 into improving our facilities across the UK and upgrading the equipment that is available for use in Industrial Member projects.

As a non-profit distributing enterprise, TWI has reinvested income into our facilities, improving and expanding the working environment at our sites in Port Talbot, Middlesbrough and Great Abington near Cambridge.

This includes an investment in new equipment to allow us to remain on the cutting-edge of technology and provide a world-beating service to our customers working in industries including nuclear, electrification, new energy, construction and infrastructure, advanced manufacturing, aerospace, defence, and more.

The investment into new technology and infrastructure has been made achievable by advances made over the last four years that have seen the Group's net worth grow from £57 million (as restated) in 2018 to £179 million in 2023.

We have expanded our capabilities for structural integrity, characterisation and non-destructive testing of welds and additive manufactured parts as well as the assessment of materials in harsh environments. This includes a new permeation rig that can help assess the lifetime of materials, including polymers, while also monitoring their potential environmental impact.

Our modelling and simulation facilities have also been developed further, allowing for virtual testing to be undertaken for purposes such as structural integrity ahead of any physical testing, thereby reducing costs for our customers.

TWI testing has also been advanced for aggressive environments, including the assessment of pipelines with our bespoke full-scale testing system for materials in sour environments. In addition we provide corrosion testing services, drawing upon our knowledge and expertise alongside practical problem-solving skills. These testing services are proving particularly important for new and emerging technologies in energy, such as hydrogen.

We can also deliver manufacturing and in-service inspection using robotic systems capable of offering continuous and highly repeatable inspection at a reduced cost, while our new generation of cobots are able to work safely alongside humans in-situ.

TWI is, of course, well known for welding and joining processes such as electron beam, laser joining and a range of different friction processes and additive manufacture. These services have also seen investments, including the installation of a new electron beam machine.

INTERNATIONAL SKILLS ENHANCEMENT PROGRAMME (ISEP)

The Group initiated ISEP to provide a programme that delivered international impact by tackling in-country skills shortages and reduce occupational fatalities by bringing engineering-related skills and education to disadvantaged and under-represented groups in various parts of the world.

This not only creates a safety-skilled workforce for industry and reduces engineering failure rates but, through improving health and safety at work, reduces workplace accidents, injuries and fatalities. ISEP also improves job prospects and career progression for disadvantaged and under-represented groups.

Through ISEP, the Group has been providing vocational training, alongside Lloyd's Register Foundation, to people in South and East Asia through the 'SEASEP' programme, as well as to India. The second phase of the programme is now well underway and is operating in four international regions (Indonesia, India, Thailand and the Philippines)

Phase two is a 3 year programme to continue to deliver societal impacts including improved safety of physical assets, fewer people being harmed or killed in workplace accidents, delivering a higher proportion of female trainees and other underrepresented groups and ensuring safer infrastructure growth across South East Asia.

The response to ISEP has been overwhelming, with many industries and engineering colleges taking up the offer to provide the programme, with funding support for course fees offered alongside the training itself, providing theory and practical sessions through classroom-based and online teaching, followed by an examination.

NATIONAL STRUCTURAL INTEGRITY RESEARCH CENTRE (NSIRC)

2023 marked NSIRC's 11th anniversary, since being established by TWI Ltd, Lloyd's Register Foundation and BP to bridge the gap between industry and academia, and deliver a new model for the training and development of future generations of engineering leaders.

Working with TWI Industrial Members, NSIRC is able to target real-world challenges, needs and opportunities in areas including smart manufacturing, materials and coatings innovation, the circular economy, automation, data science, digitalisation and robotics, as well as environmental concerns with low carbon technologies, hydrogen, zero waste manufacture, and the drive towards Net Zero.

2023 saw NSIRC embark on significant expansion plans with the launch of NSIRC International, the objective of which is to extend NSIRC's pioneering industry-academia model out to university partners internationally.

Some highlights of the NSIRC programme during 2023 included the following:


- NSIRC expands into Thailand where a student will be conducting industry focussed research in collaboration with King Mongkut's University of Technology, Sirindhorn International Thailand German Graduate school of Engineering (TGGS), TWI and Lloyds register foundation

- Manchester Metropolitan University and Chulalongkorn University sign a memorandum of understanding with TWI.

- NSIRC welcomes first students in Greece. The new international centre 'NSIRC Greece' will be based at the office of TWI Hellas in Athens, and is the latest location to open it's doors to industrial PhD research.

- The Indian Institute of Technology Madras signs a memorandum of understanding with TWI working together to establish a new NSIRC international in India.

Many of those who have passed through the NSIRC programme have gone on to prestigious research and engineering roles with companies including DNV, Tesla, Scottish Power, PA Consulting, Three UK, Rolls Royce, Subsea 7, P2i, Nuclear AMRC, and Dyson, among others.



BOARD DECISION MAKING - SECTION 172 STATEMENT

BOARD DECISION MAKING

All Members of Council are registered Directors of The Welding Institute and recognise their duty to act in good faith, and in a manner which would most likely promote the success of the group for the benefit of its members as a whole. When making decisions, the directors consider the interests of all key stakeholder groups and seek to arrive at decisions which do not adversely impact those groups as a whole. For the purpose of decision making, the directors have identified a number of key stakeholder groups, have evaluated their interests and have engaged with and responded to those stakeholders during the year.

The Companies (Miscellaneous Reporting) Regulations 2018 require qualifying companies to publish a statement explaining how the directors have had regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 in performing their duties under section 172. In accordance with section 172, the Directors confirm that they have acted in the way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its shareholders as a whole. The paragraphs below identify key stakeholders and provide examples of how the Directors have had regard to the matters set out in section 172(1)(a) to (f) of the Act.

S172(1)(A) - THE LIKELY LONG TERM CONSEQUENCES OF DECISIONS

The Directors regularly consider the long term consequences of the Board's decisions and actions. As an example of this following the sale of the zone 2 land in prior years and the resulting increase in the Group's cash resources the Directors' have, as part of the overall strategy of the Group, carefully considered how best to invest these resources to ensure that the Group can successfully provide the expertise necessary to meet the challenges of tomorrow.

S172(1)(B) - THE INTERESTS OF THE COMPANY'S EMPLOYEES

The interests of Group employees have been key to decisions made by the Directors, and were paramount throughout the year. During the year the Company carried out a number of staff engagement surveys the results of which were presented to the Directors' in order to ensure that the Directors' continue to make decisions with the employees interests at the heart of those decisions.

S172(1)(C) - THE NEED TO FOSTER BUSINESS RELATIONSHIPS WITH SUPPLIERS, CUSTOMERS AND OTHERS

The Directors have regard to the need to foster good relationships with customers through, for example, the implementation of key account management, the development and improvement of service offerings, and the on going review and strengthening of the Group's Quality Assurance procedures. The Directors take into account the need for good business relationships with suppliers when reviewing key and critical supplier lists, and supplier payment terms.

S172(1)(D) - THE IMPACT OF THE COMPANY'S OPERATIONS ON THE COMMUNITY AND THE ENVIRONMENT

The Directors are conscious of the importance of investing in and caring for the physical environments and communities in which TWI operates. These initiatives are detailed in our

Directors Report under Environmental, Social and Governance.

S172(1)(E) - THE DESIRABILITY OF MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

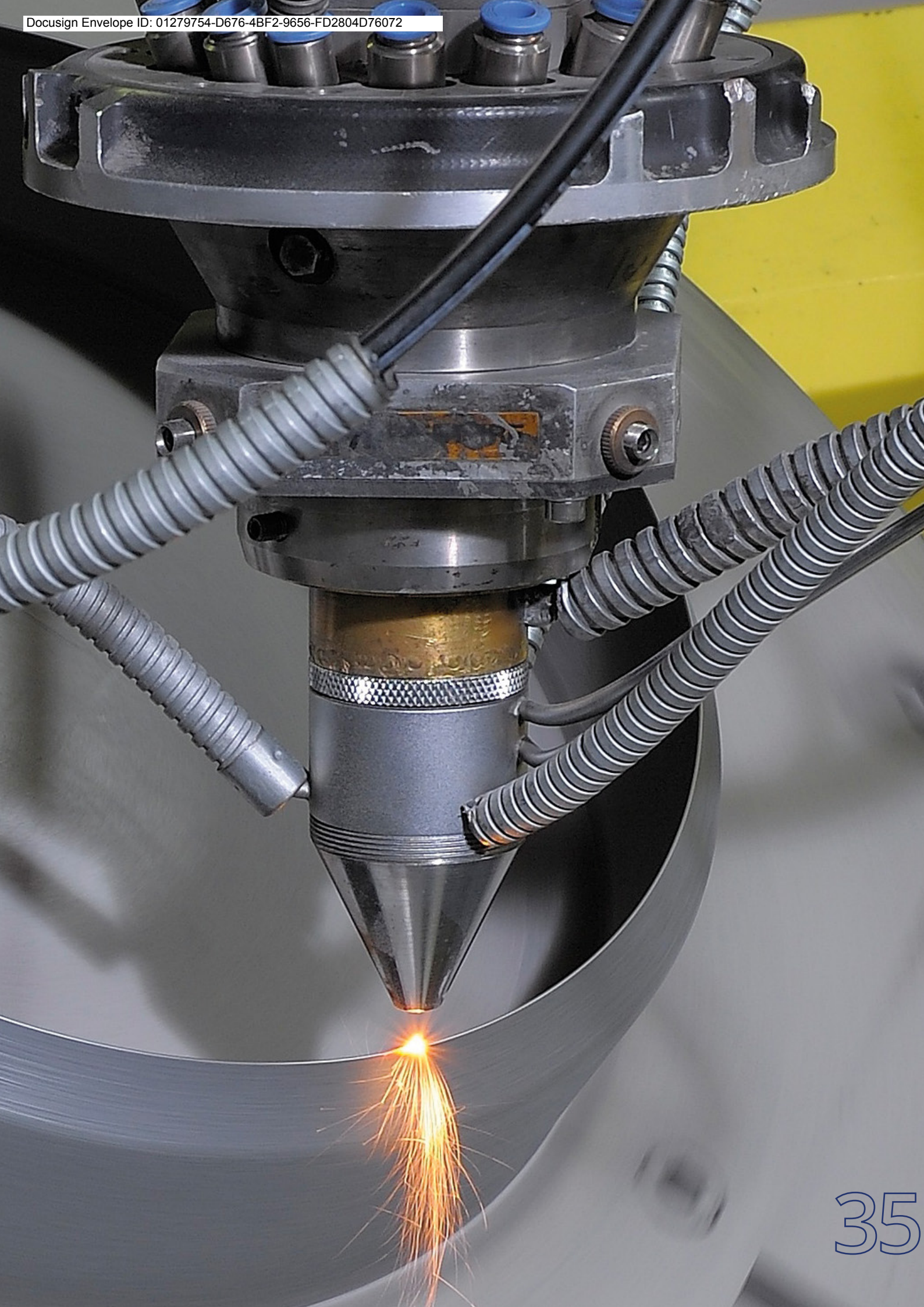
The Directors are committed to high standards of business conduct throughout the Company and take into account the desirability of maintaining its reputation for the same in their decision making. To support this the company has initiated a policy review and consolidation to provide our stakeholders on clear guidelines for our operations.

S172(1)(F) - THE NEED TO ACT FAIRLY AS BETWEEN SHAREHOLDERS

Due to the governance nature of The Welding Institute, the Directors ensure that there are regular, formal meetings with the various committees and representatives of its Group.

When acting between shareholders, Directors will weigh up all relevant factors and consider which course of action best enables delivery of our strategy through the long-term, taking into consideration the impact on stakeholders.







COUNCILS REPORT

COUNCILS REPORT

HONORARY OFFICERS AND MEMBERS OF COUNCIL

The Members of Council serving at the date of signing this statement are shown at the start of the document.

Members of Council who served during 2023 who are no longer Council Members at the date of approval of these financial statements are as follows:

NAME	MEMBERSHIP CATEGORY	FIRST ELECTION TO MEMBERSHIP CATEGORY	DATE RESIGNED
Abdullah Alsharani	Industrial	23/06/2022	01/12/2023
Ammer Jadoon	Industrial	13/09/2021	31/01/2023
Amy Kinbrum	Industrial	03/07/2021	28/09/2023
Andrew Low	Professional	17/03/2020	17/03/2023
David Wrathmall	Co-opted	17/03/2020	17/03/2023
Eva Karlsson Carruthers	Industrial	28/09/2022	16/03/2023
Ian Perryman	Professional	01/06/2020	03/07/2024
Kamran Mahmood	Co-opted	19/04/2021	02/04/2024
Laura Hughes	Co-opted	17/03/2020	14/11/2023
Peter Stirling	Industrial	13/07/2020	28/09/2023
Qing Liu	Industrial	29/09/2020	17/03/2023

HONORARY OFFICERS AND MEMBERS OF COUNCIL

FINANCE AND GENERAL PURPOSES COMMITTEE

The Members of the Finance and General Purposes Committee serving at the date of signing this statement are as follows:

Chair

Humbert Mozzi

Members

Claire Kimpton

Kamran Mahmood

Peter Stones

Simon Webster

David Panni

The following Members of the Finance and General Purposes Committee completed their terms of office or resigned after 1 Jan 2023

Ammer Jadoon



HONORARY OFFICERS AND MEMBERS OF COUNCIL

AUDIT COMMITTEE

The Audit Committee meets at least twice a year and is responsible for reviewing financial and non-financial controls, evaluating areas of risk, considering regulatory and accounting requirements for the group, and overseeing relationships with external auditors.

At the date of signing this statement the members of the Audit Committee are:

Chair

Annelyse Fournier

Members

David Panni

Gareth Hopkin

Chris Palmer

The following Members of the Audit Committee completed their terms of office or resigned after 1 Jan 2023

David Wrathmall

Laura Hughes

Kamran Mahmood



EMPLOYMENT POLICIES

The Group and Company seeks to ensure that every employee, without exception, is treated equally and fairly and that all employees are aware of their responsibilities to the Group and Company. The Group and Company is responsive to the needs of its employees and provides full support to our disabled colleagues. This includes ensuring that robust and reasonable adjustments are made to their working environments in order to ensure that we continue to retain and attract the best talent.

POST BALANCE SHEET EVENTS

There have been no post balance sheet events that warrant disclosure in these financial statements.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and Group for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies for the company's financial statements and then apply them consistently;

- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

GOING CONCERN STATEMENT

The Directors' have assessed the continued appropriateness of preparing these financial statements on the going concern basis.

The disclosure within accounting policy 2.2 sets out the matters considered by the Directors' in performing this assessment.

Based on this assessment the Directors' remain satisfied that the Company has sufficient resources to meet its ongoing obligations as and when they fall due and that it is appropriate for these financial statements to be prepared on the going concern basis

DIRECTORS INDEMNITIES

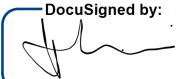
The Directors have the benefit of an indemnity provision contained in the Articles. The Directors have also been granted a qualifying third party indemnity provision which was in force throughout the financial year and remains in force. In addition, throughout the year the Company purchased and maintained Directors' and Officers' liability insurance in respect of itself and for its Directors and Officers.

DISCLOSURE OF INFORMATION TO AUDITORS

The directors confirm that:

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

This report was approved by the board and signed on its behalf by:

DocuSigned by:

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Humbert Mozzi

Chair

Date: 25 September 2024



A photograph of a business meeting around a wooden table. Several people are visible, with their hands and arms in focus. They are looking at and pointing to various documents and charts on the table. One person is using a white calculator. The scene is brightly lit, suggesting an indoor office environment with large windows in the background. A large, dark blue diagonal overlay covers the bottom-left portion of the image, containing the title text.

INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE WELDING INSTITUTE

OPINION

We have audited the financial statements of The Welding Institute (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023, which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the institute balance sheet, the consolidated statement of changes in equity, the institute statement of changes in equity, 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).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements 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 and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

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

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as impacts of inflation and interest rates on the UK commercial property market, wage inflation and investment in research, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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 group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

MATTER ON WHICH WE ARE REQUIRED TO REPORT UNDER THE COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 42, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent 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. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:


- We obtained an understanding of the legal and regulatory frameworks applicable to the group and the industry in which it operates. We determined that the following laws and regulations were most significant; UK GAAP (FRS102), Companies Act 2006 and the relevant tax compliance regulations in the jurisdictions in which the group operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements, including laws and regulations relating to employment matters, health and safety, data security and protection;
- We obtained an understanding of how the group is complying with those legal and regulatory frameworks by making inquiries of management. We corroborated our inquiries through our examination of board minutes and risk register;
- We enquired of management, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud. The group's management has not noted any matters of non-compliance with laws and regulations or fraud that were communicated with the audit team. We corroborated this through procedures such as unusual journals testing, assessing controls and assessing the relevant governance procedures;

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- It is the engagement partner's assessment that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. Assessment of the appropriateness of the collective capabilities of the engagement team included the consideration of the engagement team's understanding and experience of, and practical experience with engagements of a similar nature and complexity including appropriate training;
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit; and
- We communicated with component auditors to request identification of any instances of non-compliance with laws and regulations that could give rise to a material misstatement of the group financial statements.

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

USE OF OUR REPORT

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

DocuSigned by:

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 Paul Brown

Senior Statutory Auditor
 for and on behalf of Grant Thornton UK LLP
 Statutory Auditor, Chartered Accountants
 Cambridge

Date: 25-Sep-24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REGISTERED NUMBER: 00405555
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Note	£000	£000
Turnover	4	73,164	66,804
Cost of sales		(46,668)	(45,245)
GROSS PROFIT		26,496	21,559
Administrative expenses		(33,386)	(30,053)
Other operating income	5	4,658	4,493
Other operating charges		(1,068)	950
OPERATING LOSS	7	(3,300)	(3,051)
Unrealised loss on revaluation of investment property	6	(1,847)	(10,169)
Interest receivable and similar items	11	1,043	590
Interest payable and similar expenses	11	(287)	(678)
Other finance costs	12	(754)	(81)
LOSS BEFORE TAX		(5,145)	(13,389)
Tax on (loss)/profit	13	(2,244)	467
LOSS FOR THE FINANCIAL YEAR		(7,389)	(12,922)
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Unrealised deficit on revaluation of tangible fixed assets	14	(1,146)	(7,279)
Deferred tax on revaluation of tangible fixed assets	24	287	1,820
Actuarial gains/(losses) on defined benefit pension scheme	28	181	(10,465)
Movement of deferred tax relating to pension gains/(losses)	28	(45)	2,616
Movement on foreign exchange reserve		(245)	(1,173)
TOTAL OTHER COMPREHENSIVE LOSS FOR THE YEAR		(968)	(14,481)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(8,357)	(27,403)

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of comprehensive income.

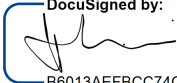
The notes on pages 60 to 89 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

REGISTERED NUMBER: 00405555
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

		2023	2022
	Note	£000	£000
FIXED ASSETS			
Tangible assets	14	113,871	112,425
Investment in Associates	15	8	8
Investment property	16	75,484	75,400
Total Fixed Assets		189,363	187,833
CURRENT ASSETS			
Debtors: amounts falling due after more than one year	17	5,657	6,033
Debtors: amounts falling due within one year	17	31,344	32,379
Cash at bank and in hand	18	47,822	65,491
TOTAL CURRENT ASSETS		84,823	103,903
Creditors: amounts falling due within one year	19	(45,726)	(44,496)
NET CURRENT ASSETS		39,097	59,407
TOTAL ASSETS LESS CURRENT LIABILITIES		228,460	247,240
Creditors: amounts falling due after more than one year	20	(9,031)	(19,982)
PROVISIONS FOR LIABILITIES			
Deferred tax	24	(23,749)	(23,805)
Onerous provisions	23	(765)	(791)
Pension liability	28	(15,656)	(15,046)
NET ASSETS		179,259	187,616
CAPITAL AND RESERVES			
Freehold property revaluation reserve		59,277	60,136
Foreign exchange reserve		419	664
Profit and loss account		119,563	126,816
TOTAL SHAREHOLDERS FUNDS		179,259	187,616

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2024.

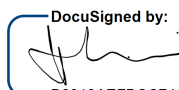
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Humbert Mozzi
 Chair

The notes on pages 60 to 89 form part of these financial statements.

**INSTITUTE BALANCE SHEET
AS AT 31 DECEMBER 2023**

		2023	2022
	Note	£000	£000
FIXED ASSETS			
Investments	15	10,358	10,358
CURRENT ASSETS			
Debtors: amounts falling due within one year	17	44,533	56,664
Creditors: amounts falling due within one year	19	(9,888)	(10,400)
NET CURRENT ASSETS		34,645	46,264
NET ASSETS		45,003	56,622
CAPITAL AND RESERVES			
Profit and loss account brought forward		56,622	66,753
Loss for the year		(11,619)	(10,131)
Profit and loss carried forward		45,003	56,622
TOTAL SHAREHOLDERS FUNDS		45,003	56,622

The Institute has applied the exemption available under Companies Act 2006 s408 and has not presented an individual Statement of Comprehensive Income. The Institute's loss for the year was £11,619,000 (2022: loss of £10,131,000). The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 September 2024.

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Humbert Mozzi

Chair

The notes on pages 60 to 89 form part of these financial statements.





CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Freehold Property Revaluation Reserve	Foreign Exchange Reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2023	60,136	664	126,816	187,616
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year			(7,389)	(7,389)
Movement on foreign exchange reserve		(245)		(245)
Actuarial losses on pension scheme (net of deferred tax)			136	136
Loss on revaluation of freehold property	(1,146)			(1,146)
Deferred tax on revaluation	287			287
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(859)	(245)	(7,253)	(8,357)
AT 31 DECEMBER 2023	59,277	419	119,563	179,259

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

	Revaluation Reserve	Foreign Exchange Reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2022	65,595	1,837	147,587	215,019
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year	-	-	(12,922)	(12,922)
Movement on foreign exchange reserve	-	(1,173)	-	(1,173)
Actuarial losses on pension scheme (net of deferred tax)	-	-	(7,849)	(7,849)
Loss on revaluation of freehold property	(7,279)	-	-	(7,279)
Deferred tax on revaluation	1,820	-	-	1,820
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(5,459)	(1,173)	(20,771)	(27,403)
AT 31 DECEMBER 2022	60,136	664	126,816	187,616

The notes on pages 60 to 89 form part of these financial statements.

INSTITUTE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Profit and loss account	Total equity
	£000	£000
AT 1 JANUARY 2022	66,753	66,753
Loss for the year ended 31 December 2022	(10,131)	(10,131)
AT 1 JANUARY 2023	56,622	56,622
Loss for the year ended 31 December 2023	(11,619)	(11,619)
AT 31 DECEMBER 2023	45,003	45,003

The notes on pages 60 to 89 form part of these financial statements.





CONSOLIDATED STATEMENT OF CASHFLOWS

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

		2023	2022
	Note	£000	£000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the financial year		(7,389)	(12,922)
ADJUSTMENTS FOR:			
Depreciation of tangible assets	14	4,448	5,278
Loss on disposal of tangible assets	14	75	109
Interest receivable and similar items	11	(1,043)	(590)
Interest payable and similar expenses	11	287	678
Taxation charge	13	2,244	(467)
Taxation paid		(303)	(1,667)
Decrease in stocks		-	-
Decrease/(increase) in debtors	17	1,310	(4,186)
Decrease in creditors	19	(5,693)	(13,818)
Increase/(decrease) in provisions	23	(57)	(184)
Net interest on defined benefit liability	28	754	81
Contributions to defined benefit plan	28	-	-
Net fair value losses recognized in P&L	16	1,847	10,169
Foreign exchange differences		794	(1,557)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		(2,726)	(19,076)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets	14	(7,460)	(9,692)
Purchase of investment properties	16	(1,931)	(4,434)
Investment in Associated Companies		-	-
Net Proceeds on Sale of Investment Land	16	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(9,391)	(14,126)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest receivable and similar items	11	1,043	590
Interest payable and similar expenses	11	(287)	(678)
Repayment of loans	19	(5,200)	(405)
Repayment of finance leases	22	(442)	(163)
NET CASH USED IN FINANCING ACTIVITIES		(4,886)	(656)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(17,003)	(33,858)
Cash and cash equivalents at beginning of year		65,491	99,239
Foreign exchange gains and loss on cash and cash equivalents		(666)	110
CASH AND CASH EQUIVALENTS AT THE END OF YEAR		47,822	65,491
CASH AND CASH EQUIVALENTS AT THE END OF YEAR COMPRISE:			
Cash at bank and in hand	18	47,822	65,491
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF YEAR		47,822	65,491

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Welding Institute (the Company) is a private company limited by guarantee and consequently does not have share capital. Each of the members are liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

The Company, together with its subsidiaries (the 'Group') is an international science, technology, training provider and consulting organisation, which is supported by a strong balance sheet, underpinned by its sizable land and building assets.

The company is incorporated and domiciled in England and Wales under the Companies Act 2006 and has its primary operations in Granta Park, Great Abington, Cambridge, United Kingdom.

The Group operates across a diverse revenue base, this is detailed in its accounting policies.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention except for the modification to fair value basis for certain financial instruments and freehold property as specified in the following accounting policies.

The financial statements have been prepared in accordance with the Financial Reporting Standard 102 in the UK and the Republic of Ireland (FRS102) and the Companies Act 2006.

The financial statements are presented in

Sterling and all values are rounded to the nearest pound (£'000) thousands except when otherwise stated.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies (see note 3).

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Accounting policies consistent with those of the parent are used and all intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

PARENT COMPANY SEPARATE FINANCIAL STATEMENTS

In preparing the separate financial statements of The Welding Institute, advantage has been taken of the following disclosure exemptions available in FRS 102 on the basis the information is included in the consolidated financial statements:

- the requirement to present a statement of cash flows and the related notes;
- financial instrument disclosures including:
 - categories of financial instruments;
 - items of income, expenses, gains or losses relating to financial instruments; and
 - exposure to and management of financial

risks

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The Directors' have carefully considered the ongoing appropriateness of the going concern basis in preparing these financial statements. In making their assessment the Directors' have:

- Reviewed forecasts prepared by management and assessed the ability of the Group and Company to meet its ongoing obligations.
- Reviewed stress test scenarios considering the impact of reasonable possible alternatives on the Group and Company's projections, including an assessment of the potential impact of broader economic and geopolitical events on the Group and Company.
- Assessed the financing arrangements of the Group and Company.
- Considered the ability of the Group to continue to fund its defined benefit pension obligations.

Having considered the above matters, the directors are satisfied that the Group and Company has sufficient financial resources to meet its ongoing obligations as and when they fall due for the foreseeable future (being a period of at least twelve months from the date of approval of these financial statements).

Accordingly, the Directors' have concluded that it is appropriate for these financial statements to be prepared on a going concern basis.

2.3 TURNOVER

Turnover for the Group is recognised on key revenue streams, namely;

- Provision of research and development consultancy
- Provision of Laboratory and Office space
- Training and upliftment services
- Subscription Income

The Group recognises income at the fair value of the consideration received or receivable when the significant risks and rewards have been transferred, the amount of income can be measured reliably and it is probable that future economic benefits will flow to the company.

It is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

INCOME RECOGNITION RESEARCH AND DEVELOPMENT CONSULTANCY

Turnover from the provision of research and development consultancy is recognised in the accounting period in which the services are rendered. The majority of contracts are fixed-price, where turnover is recognised based on the proportion of deliverables provided, with consideration to the overall cost to deliver the project to the client with an adjustment if the project is forecast to overrun.

Estimates of turnover or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated turnovers are reflected in the profit or loss statement in the period in which the circumstances that give rise to the revision become known by management. Estimated total hours are calculated for each project and progress to completion is based on detailed timesheets submitted.

In the case of both time and materials and fixed price contracts, the customer pays for the value of services provided based on an invoicing and payment schedule. If the services rendered by the Group at the reporting date exceed the payments received to date, a contract asset is recognised (within trade receivables if the sales invoice has been raised or amounts recoverable on contracts if the services rendered have not been invoiced). If the payments exceed the services rendered, a contract liability is recognised. Consideration is payable when invoiced based on contractual payment terms.

TRAINING AND UPLIFTMENT SERVICES

Turnover from training and upliftment services is recognised when the course is delivered to the candidate. Where the course is yet to be delivered, any amounts received are deferred and recognised as a liability on the Balance Sheet.

PROVISION OF LABORATORY AND OFFICE SPACES

Turnover from the provision of laboratory and office space is recognised over the rental period. Any amounts received in advance are deferred and recognised on a straight line basis over the lease term.

The aggregate costs of lease incentives are recognized as a reduction to the income recognized over the lease term on a straight-line basis.

SUBSCRIPTION INCOME

Subscription income for membership services is recognised on a straight-line basis over the period of membership.

2.4 SALE OF INVESTMENT PROPERTY

Profit is recognised upon the official completion of the contracts. Profit is recognised as part of the Group's other income in the period in which it is realised. The profit on the disposal is calculated as the difference between the selling price and the carrying value of the investment property.

2.5 GOVERNMENT GRANTS

Grants are accounted under the accruals model in accordance with FRS 102.

Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants that are aligned to our research and development consultancy services are recognised as income in the same period as the related expenditure.

Where the grant is drawn down based on expense submissions provided by the Group and subject to approval by the funding body, amounts received are recognised as capital or income at the point of approval as this is the point at which the amount of income can be measured reliably and it is probable that future economic benefits will flow to the Group.

These amounts include costs incurred and a mark-up in line with the contract.

The deferred element of grants is included in creditors as deferred income.

2.6 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.7 BORROWING COSTS

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.8 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

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

The contributions are recognised as an expense in profit or loss 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 Group in independently administered funds.

DEFINED BENEFIT PENSION PLAN

The Group operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration.

The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the Balance Sheet date less the fair value of plan assets at the Balance Sheet date out of which the obligations are to be settled. The defined benefit obligation is calculated using the projected unit credit method. Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- the increase in net pension benefit liability arising from employee service during the period; and
- the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss within interest payable and similar expenses.

HOLIDAY PAY ACCRUAL

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance

Sheet date.

2.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and in hand and on demand deposits, together with short term, liquid investments that are readily convertible to a known amount of cash and that are subject to a minimal risk of changes in value.

2.10 LEASES

LEASED ASSETS: LESSEE

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor.

Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Finance lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases.

Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

LEASED ASSETS: LESSOR

Where the Group acts as lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incident to ownership of the underlying assets. If this is the case, then the lease is treated as a finance lease; if not, then the lease is treated as an operating lease. The Group recognised lease payments received under operating leases as income on a straight-line basis over the lease term. The aggregate costs of

lease incentives are recognized as a reduction to the income recognized over the lease term on a straight-line basis.

2.11 RESEARCH AND DEVELOPMENT

Research and development expenditure is expensed in the year in which it is incurred. Any tax credit receivable under the Research and Development tax scheme is included as operating income.

2.12 TANGIBLE ASSETS AND DEPRECIATION

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 Group 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:

Freehold property	2% per annum
Short-term leasehold property	Over the period of the lease
Plant & Machinery	10% or 20% per annum
Fixtures, Fittings and Computer Equipment	10% or 20% per annum

Freehold land is not depreciated.

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 profit or loss.

2.13 REVALUATION OF TANGIBLE FIXED ASSETS

Individual freehold and leasehold properties are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken on an annual basis to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in profit or loss.

2.14 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in profit or loss.

2.15 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.16 FINANCIAL INSTRUMENTS

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets which qualify as basic financial instruments as laid out in FRS 102 paragraph 11.8, including trade and other receivables and cash and bank balances, are subsequently valued at amortised cost and assessed for impairment at the end of each reporting period. Any other financial assets, including investments, are subsequently valued at fair value.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial assets and liabilities are only offset in the Balance Sheet when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are de-recognised only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers substantially all of the risks and rewards of ownership or control of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

2.17 PROVISIONS FOR ONEROUS CONTRACTS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Where the estimated costs to deliver a project exceed the amount of turnover the Group will receive for the deliverables of the project, the Group recognises an onerous contract provision when these circumstances are identified.

This is recognised through the profit and loss statement at the date that the circumstances are identified by the company. An annual review of all such projects is performed and the provision is accordingly adjusted as required.

2.18 FOREIGN CURRENCY TRANSLATION FUNCTIONAL AND PRESENTATION CURRENCY

The Group's financial statements are presented in Sterling (£) and rounded to thousands (unless stated otherwise). The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). These financial statements are then translated into the Group's presentation currency for consolidation purposes as described below.

The Group's functional and presentational currency is Sterling.

Transactions and balances

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of

the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

Translation of group companies

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated from their functional currency to Sterling using the closing exchange rate.

Income and expenses are translated using the average rate for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences arising on the translation of group companies are recognised in other comprehensive income. If the Group disposes of the foreign operation the cumulative exchange difference is not reclassified to profit or loss but is transferred within equity to retained earnings.

2.19 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income or expense is recognised as other comprehensive income or to an item recognized directly in equity respectively, The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognized in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against their reversal of deferred tax liabilities or other future taxable profits.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using rates and laws that have been enacted or substantively enacted at the Balance Sheet date.

2.20 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are recognised in the balance sheet at cost. The carrying value of these investment are assessed for impairment at the Balance Sheet date.

2.21 DISCLOSURE EXEMPTIONS: RELATED PARTY TRANSACTIONS

The Group has taken advantage of exemptions available under FRS 102 and, accordingly have not disclosed related party transactions with wholly owned subsidiaries of the Company.

2.22 DISCLOSURE EXEMPTIONS: FINANCIAL INSTRUMENTS

The Group has taken advantage of the exemption under FRS 102 and, accordingly have not disclosed financial instruments which are recognised as amortised costs.

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires the application of certain estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The material areas of either estimation or judgement are set out below.

MATERIAL JUDGEMENTS

CLASSIFICATION OF PROPERTY

The Group owns a portfolio of properties. Certain of these properties are held by the Group for their own operational use and, accordingly, are classified as freehold land and buildings in accordance with Section 17 of FRS 102. The Group also manages a portfolio of investment properties which are classified as investment properties in accordance with Section 16 of FRS 102.

The Directors' appointed third party valuers to carry out a valuation of the Group's property portfolio as at the 31 December 2023. In respect of the Group's main site at Granta Park, Cambridge this was valued by Bidwells. In determining the fair value of the properties at Granta park the valuer carried out an individual assessment of each of the individual properties at the site. In addition to this the valuer also considered the fair value of the site as a whole on a "stand back and look" basis to assess the value of the site as a single lot. In considering the value of the site as a single lot the valuers noted that the site benefits from an approved outline planning application for the northern part of the site and that this increases the valuation of the site such that the value of the site as a whole is £11.6m greater than the cumulative value of each of the individual properties. The valuers have determined that the combined value of the long leasehold properties and investment properties at Granta Park is assessed to be £128.3m.

In recognising this £11.6m valuation increment in the Group's financial statements the Directors' have noted that this value is attributed to the site as a whole and have therefore allocated this value based on the square footage of the total site. Accordingly £8.9m of this valuation uplift as been attributed to the freehold property and £2.7m to the investment property.

Had reasonable alternative assumptions concerning the allocation of this valuation uplift been made the valuation of the Group's freehold property and investment property may differ to the amounts recognised in these financial statements. However any change in these amounts would not have an impact on the total valuation of the combined value of the Group's freehold and investment property valuation and would have £nil overall impact on the Group's total comprehensive income for the year, net assets or reserves. It is however noted that any change in assumption would result in a difference in the value of unrealised losses recognised in profit or loss with a compensating difference in other comprehensive income.

Key sources of estimation and uncertainty made in applying the group's accounting policies:

LIABILITIES ON DEFINED BENEFIT PENSION SCHEME	
The actuaries provide a summary of the actuarial assumptions proposed based on FRS 102 requirements and these are reviewed and, where appropriate, challenged by management.	Key estimates are the rate of future salary increases. The discount rate applied and utilised and the rate of inflation.
INVESTMENT PROPERTY AND FREEHOLD PROPERTY	
Fair values are prepared by recognised external valuers and reviewed and challenged by management.	Key estimates include discount rates, market rents and yields achievable by similar properties.
CONTRACT INCOME	
Income on certain projects is recognised on a percentage completion basis.	Key estimates are the estimated stage of completion and the identification of any potential project overruns. Factors considered are failure to meet payment terms and known market conditions.
DEFERRED TAX	
Deferred tax assets and liabilities are calculated based on expected timings and tax rates of reversals of timing differences.	Key estimates are the ability to meet the conditions for the reversal of the timing differences, the timing of the reversal and the tax rates at the time of reversal.
ONEROUS CONTRACTS	
A provision for onerous contracts is recognized where the estimated costs to completion will exceed the expected turnover received from the client on a fixed-priced project.	Key estimates and judgments are made on the costs and efforts in order to meet the deliverables as per the agreed customer contract. Considerations such as technological challenges and testing failures are considered.

4. TURNOVER

An analysis of turnover by class of business is as follows:

TURNOVER BY CLASS OF BUSINESS		
	2023	2022
	£000	£000
Membership subscriptions	6,726	6,655
Contracts	33,612	31,102
Training, examination, certification and other	27,743	24,657
Rents receivable	5,083	4,390
TOTAL TURNOVER	73,164	66,804

An analysis of turnover by country of destination is as follows:

TURNOVER BY COUNTRY OF DESTINATION		
	2023	2022
	£000	£000
United Kingdom	42,885	37,042
Rest of Europe	4,601	4,212
Rest of the world	25,678	25,550
TOTAL TURNOVER	73,164	66,804

5. OTHER OPERATING INCOME

OTHER OPERATING INCOME	2023	2022
	£000	£000
Research & development expenditure credit	1,791	1,905
Government grants released	1,976	1,572
Other operating income	891	1,016
TOTAL OTHER OPERATING INCOME	4,658	4,493

Included within other operating income is income recognised from an initiative with the Welsh Government, (AMERI) is recognised as follows; 2023: £0.5m (2022: £0.9m).

6. UNREALISED LOSS ON REVALUATION OF INVESTMENT PROPERTY

	2023	2022
	£000	£000
Revaluation of investment property	(1,847)	(10,169)
TOTAL UNREALISED LOSS ON REVALUATION OF INVESTMENT PROPERTY	(1,847)	(10,169)

7. OPERATING LOSS

The operating loss is stated after charging:

	2023	2022
	£000	£000
Research & development charged as an expense	12,412	12,089
Exchange Differences	(1,068)	950
Other operating lease rentals	274	251
Depreciation of tangible fixed assets	4,448	5,279
Profit and loss on disposal of tangible assets	75	(108)

8. AUDITOR'S REMUNERATION

	2023	2022
	£000	£000
Fees payable to the company's auditor and its associates in respect of:		
Audit of the Group's annual accounts	100	100
Audit of the Subsidiaries annual accounts	297	250
All other services related to overseas operations	-	2
Audit of the overseas Subsidiaries annual accounts	75	70
TOTAL AUDITORS REMUNERATION	472	422

9. EMPLOYEES

The Welding Institute had no employees, other than Members of Council. During the year no Council Members received any emoluments. The below staff costs are therefore the staff costs of the Company's subsidiary undertakings.

	2023	2022
	£000	£000
Wages and salaries	32,753	30,103
Social security costs	3,097	2,988
Cost of defined contribution scheme	2,371	2,402
Cost of defined benefit scheme	37	32
TOTAL STAFF COSTS	38,258	35,525

The average monthly number of employees, including subsidiary directors, during the year was as follows:

	2023	2022
	No. Employees	No. Employees
Average number of employees	796	761

10. DIRECTORS' AND KEY MANAGEMENT REMUNERATION

	2023	2022
	£000	£000
Key Management Personnel's emoluments	1,704	1,850

During the year no Council Members received any emoluments or any other remuneration. The Group has disclosed above the remuneration of the Executive Team of the Group who are considered to be key management personnel.

11. INTEREST RECEIVABLE AND INTEREST PAYABLE

	2023	2022
	£000	£000
Bank interest receivable	1,043	590
TOTAL INTEREST RECEIVABLE AND SIMILAR ITEMS	1,043	590

	2023	2022
	£000	£000
Bank interest payable	201	559
Finance leases	86	119
TOTAL INTEREST PAYABLE AND SIMILAR CHARGES	287	678

12. OTHER FINANCE COSTS

	2023	2022
	£000	£000
Net interest on net defined benefit obligation (note 28)	754	81

13. TAXATION

	2023	2022
	£000	£000
CORPORATION TAX		
Current tax on profits for the year	1,295	759
Adjustment in respect of previous periods	292	2
TOTAL CURRENT TAX	1,587	761
DEFERRED TAX		
Origination and reversal of timing differences	1,296	(1,020)
Adjustments in respect of prior periods	(639)	-
Effect increased/decreased tax rate on opening balance	-	(208)
TOTAL DEFERRED TAX	657	(1,228)
TAXATION ON LOSS ON ORDINARY ACTIVITIES	2,244	(467)

TAXATION - CONTINUED

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than (2022: lower than) the standard rate of corporation tax in the UK of 23.52% (2022: 19%). The differences are explained below:

	2023	2022
	£000	£000
Loss on ordinary activities before tax	(5,145)	(13,389)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022: 19%)	(1,210)	(2,544)
EFFECTS OF:		
Fixed asset differences	414	240
Expenses not deductible for tax purposes	4,466	4,645
Income not taxable for tax purposes	(886)	(700)
Research and development credits	109	299
Other permanent differences	(29)	76
Chargeable losses	(346)	(1,812)
Foreign tax credits	122	-
Adjustments to tax charge in respect of previous periods	292	2
Adjustment to deferred tax in respect of previous periods	(639)	-
Remeasurement of deferred tax for changes in tax rates	48	(760)
Movement in deferred tax not recognised	21	42
Differences between overseas subsidiaries tax rates and the standard rate of tax in the UK	(118)	45
TOTAL TAX CHARGE/(CREDIT) FOR THE YEAR	2,244	(467)

14. TANGIBLE FIXED ASSETS

	Freehold Property	Short-term Leasehold Property	Plant and Machinery	Fixtures, Fittings and Computers	Total
	£000	£000	£000	£000	£000
COST OR VALUATION					
At 1 January 2023	100,321	7,144	45,815	5,550	158,830
Additions	434	147	5,539	1,341	7,461
Disposals	-	-	(443)	(10)	(453)
Revaluations in year	(1,146)	-	-	-	(1,146)
Exchange adjustments	(281)	(32)	(101)	(92)	(506)
At 31 December 2023	99,328	7,259	50,810	6,789	164,186
DEPRECIATION					
At 1 January 2023	7,781	1,558	32,776	4,290	46,405
Charge for the year on owned assets	979	341	2,692	436	4,448
Disposals	-	-	(325)	(54)	(379)
Exchange adjustments	(5)	-	(91)	(63)	(159)
At 31 December 2023	8,755	1,899	35,052	4,609	50,315
NET BOOK VALUE					
At 31 December 2023	90,573	5,360	15,758	2,180	113,871
At 31 December 2022	92,540	5,586	13,039	1,260	112,425

The short-term leasehold property is held under finance lease. The net book value of this asset as at the 31 December 2023 is £5,360,000 (2022: £5,586,000). The depreciation charge for the year on these assets was £341,000 (2022: £345,000) The short-term leasehold property acts as security for the lease liabilities.

The net book value of land and buildings is further analysed as follows:

	2023	2022
	£000	£000
Freehold property	90,573	92,540
Short-term leasehold	5,360	5,586
TOTAL	95,933	98,126

The valuations in 2023 and 2022 were made by a qualified external party, at an open market value for existing use basis.

15. FIXED ASSET INVESTMENTS

	Institute investments in subsidiary companies	Group investments in Associates
	£000	£000
At 1 January 2023 and 31 December 2023	10,358	8

NAME	Registered office	Class of shares	Holding
TWI Ltd	England	Ordinary	100
The Test House (Cambridge) Limited	England	Ordinary	100
TWI Certification Limited	England	Ordinary	100
Plant Integrity Limited	England	Ordinary	100
Granta Park Estates Limited	England	Ordinary	100
GPE 1 Limited (indirect)	England	Ordinary	100
GPE 2 Limited (indirect)	England	Ordinary	100
TWI Estates Limited (indirect)	England	Ordinary	100
Granta Centre Limited	England	Ordinary	100
TWI Technology Centre (Yorkshire) Limited (dormant)	England	Ordinary	100
TWI Technology Centre (Cymru) Limited (dormant)	England	Ordinary	100
Abington Park Limited (dormant)	England	Ordinary	100
Waverley Technology Limited (dormant)	England	Ordinary	100
NSIRC Limited (dormant)	England	Ordinary	100
SIRF Limited (dormant)	England	Ordinary	100
TWI Technology (S E Asia) Sdn Bhd	Malaysia	Ordinary	100
TWI Services Bhd	Malaysia	Ordinary	100
TWI Middle East FZ, TWI Gulf WLL	UAE, Bahrain	Ordinary	100
TWI (India) Private Ltd	India	Ordinary	100
TWI Training and Services Company Ltd	Thailand	Ordinary	100
TWI Turkey Muhendislik Tic. Ltd.sti	Turkey	Ordinary	100
TWI Technology Engineering (Private) Ltd	Pakistan	Ordinary	100
TWI Training and Consultancy Ltd	Canada	N/A	100
TWI North America LLC (dissolved)	USA	N/A	100
PT Teknologi Weldim Indonesia	Indonesia	Ordinary	100
TWI Belgium SPRL (dormant)	Belgium	Ordinary	100
TWI Hellas	Greece	Ordinary	100
TWI Global Technology Centre Pte Ltd	Singapore	Ordinary	100
Welding Institute (Malaysia) Bhd	Malaysia	Ordinary	100
TVI Turkey Engineering Trade Limited Company - Azerbaijan Republic Branch	Azerbaijan	Ordinary	100
Fullagar Technologies Limited	England	Ordinary	100
ABMJ TWI SEA	Malaysia	Ordinary	100
TWI Technology Middle East - Sole Proprietorship L.L.C	UAE	Ordinary	100

The Welding Institute has provided a parental guarantee to TWI Estates Limited in compliance with s479A of the Companies Act exempting it from audit.

16. INVESTMENT PROPERTY

FREEHOLD INVESTMENT PROPERTY

	2023	2022
	£000	£000
VALUATION		
At 1 January	75,400	50,680
Additions at costs	1,931	4,434
Transfer from freehold property	-	30,455
Loss on revaluation of investment property	(1,847)	(10,169)
AT END OF YEAR	75,484	75,400

The valuations in 2023 and 2022 were made by a qualified external party, at an open market value for existing use basis.

The group has secured £32.0m of its freehold investment properties, against its bank loans amounting to £9.35m as detailed in note 19 and 20.

17. DEBTORS

	2023	2022
	£000	£000
DUE AFTER MORE THAN ONE YEAR		
Deferred tax asset	5,657	6,033
TOTAL DEBTORS DUE AFTER MORE THAN ONE YEAR	5,657	6,033

	Group 2023	Institute 2023	Group 2022	Institute 2022
	£000	£000	£000	£000
DUE WITHIN ONE YEAR				
Trade debtors	13,073	-	13,657	-
Amounts owed by group undertakings	-	44,533	-	56,664
Other debtors	4,624	-	4,216	-
Prepayments and accrued income	3,812	-	3,369	-
Deferred taxation	4	-	79	-
Amounts recoverable on long term contracts	6,682	-	7,664	-
Tax recoverable	3,149	-	3,394	-
TOTAL DEBTORS DUE WITHIN ONE YEAR	31,344	44,533	32,379	56,664

18. CASH AND CASH EQUIVALENTS

	2023	2022
	£000	£000
Cash at bank and in hand	47,822	65,491
TOTAL CASH AND CASH EQUIVALENTS	47,822	65,491

19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2023	Institute 2023	Group 2022	Institute 2022
	£000	£000	£000	£000
Bank loans	4,150	-	200	-
Other loans	-	-	-	-
Payments received on account	8,130	-	10,739	-
Trade creditors	5,721	-	8,331	-
Amounts owed to group undertakings	-	9,888	-	10,400
Other taxation and social security	991	-	571	-
Obligations under finance lease	488	-	497	-
Other creditors	5,972	-	6,936	-
Corporation tax	3,297	-	1,910	-
Accruals and deferred income	16,977	-	15,312	-
TOTAL CREDITORS FALLING DUE WITHIN ONE YEAR	45,726	9,888	44,496	10,400

Bank loans include £4,150k (2022: £200k) which incurs interest at fixed rate of 3.015%. The loan is due for repayment in full by the end of 2024. The loan is secured on GPE 2 Limited's investment property portfolio which, as at 31 December 2023 is valued at £28.9m (2022: £28.7m).

20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group 2023	Institute 2023	Group 2022	Institute 2022
	£000	£000	£000	£000
Bank loans	-	-	9,150	-
Net obligations under finance leases	2,188	-	2,612	-
Accruals and deferred income	6,843	-	8,220	-
TOTAL CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR	9,031	-	19,982	-

21. BANK LOANS

Bank loans are due for repayment as follows:

	Group 2023	Group 2022
	£000	£000
Within one year	4,150	5,000
Between 1-5 years	-	4,150
Over 5 years	-	-
TOTAL	4,150	9,150

22. FINANCE LEASES

Minimum lease payments under finance lease are as set out below. The finance lease liabilities are secured against the assets to which the lease relates.

	Group 2023	Group 2022
	£000	£000
Within one year	488	497
Between 1-5 years	1,600	1,767
Over 5 years	588	845
TOTAL FINANCE LEASES	2,676	3,109

23. PROVISIONS

ONEROUS CONTRACT PROVISION	2023	2022
	£000	£000
At 1 January	791	1,168
Additions	611	478
Utilised in the year	(637)	(855)
AT 31 DECEMBER	765	791

24. DEFERRED TAXATION

	Group 2023	Group 2022
	£000	£000
At beginning of year	(17,693)	(23,166)
(Charged)/credited to profit or loss	(657)	1,228
Foreign exchange differences	21	(191)
Credited to other comprehensive income	241	4,436
NET LIABILITY AT END OF YEAR	(18,088)	(17,693)

	Group 2023	Institute 2023	Group 2022	Institute 2022
	£000	£000	£000	£000
The deferred tax balance is made up as follows:				
Capital gains	(20,225)	-	(21,086)	-
Tax losses carried forward	4,097	-	4,739	-
Accelerated capital allowances	(3,367)	-	(2,782)	-
Other short term timing differences	1,407	-	1,436	-
TOTAL NET LIABILITY AT YEAR END	(18,088)	-	(17,693)	-
COMPRISING:				
Asset - due after one year	5,657	-	6,033	-
Asset - due within one year	4	-	79	-
Liability	(23,749)	-	(23,805)	-
TOTAL NET LIABILITY AT YEAR END	(18,088)	-	(17,693)	-

25. RESERVES

FOREIGN EXCHANGE RESERVE ACCOUNT

This reserve comprises translation differences arising from the translation of financial statements of the Group's foreign entities into sterling.

REVALUATION RESERVE

This reserve represents the cumulative gain, net of deferred tax, on freehold properties.

PROFIT AND LOSS ACCOUNT

This reserve includes all current and prior period retained profits and losses.

26. ANALYSIS OF NET DEBT

	At 1 January 2023	Cash flows	New finance leases	Other non- cash changes	At 31 December 2023
	£000	£000	£000	£000	£000
Cash at bank and in hand	65,491	(17,003)	-	(666)	47,822
Debt due within 1 year	(697)	209	-	(4,150)	(4,638)
Debt due after 1 year	(11,762)	5,424	-	4,150	(2,188)
TOTAL	53,032	(11,370)	-	(666)	40,996

27. PENSION COMMITMENTS - DEFINED CONTRIBUTION PENSION SCHEME

The Group operates a defined contribution pension scheme in the UK. The assets of the scheme are held separately from those of the Group in independently administered funds. The pension costs charge represents contributions payable by the group to the funds and amounted to £2,202,000 (2022: £1,973,000). Contributions totaling £314,588 (2022: £277,673) were payable to the funds at the balance sheet date and are included in other creditors.

Internationally the group operates various defined contribution pension schemes in its office locations. During the period, the Group made contributions amounting to £169,000 (2022: £429,000).

28. PENSION COMMITMENTS

The Group operates a Defined Benefit Pension Scheme.

This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. The preliminary results of the triennial valuation carried out at 31 December 2019 were updated to 31 December 2022 by Mercer Ltd. independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

This most recent completed actuarial valuation as at 31 December 2022 showed a deficit of £56,935,000. The group has agreed with the trustees that it will aim to eliminate the deficit over a period of 8 years 9 months from 1 April 2021 by the payment of monthly contributions of £296,667 increasing at a rate of 4% pa. In addition, the group will meet the cost of levies to the Pension Protection Fund. The scheme closed to accruals on 11 September 2020.

There were Nil active members of the Defined Benefit Pension Scheme at the end of 2023 (2022: Nil). In 2021 The Welding Institute made a voluntary pension contribution payment of £16.8m to the defined benefit scheme. Following this voluntary contribution it was agreed with the Trustees that no further monthly contributions would be payable until the end of 2024.

PENSION COMMITMENTS – CONTINUED

Reconciliation of present value of plan liabilities:

RECONCILIATION OF PRESENT VALUE OF PLAN LIABILITIES	2023	2022
	£000	£000
At the beginning of the year	15,046	4,468
Interest income	791	113
Gain/loss on settlement or curtailment	(181)	10,465
AT THE END OF THE YEAR	15,656	15,046
ANALYSIS OF ACTUARIAL GAIN/(LOSS) RECOGNISED IN OTHER COMPREHENSIVE INCOME	2023	2022
	£000	£000
Return on plan assets (excluding amounts included in net interest costs)	(2,412)	65,914
Experience gains and losses arising on the plan liabilities	(2,606)	12,055
Effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities - Gain/(loss)	4,837	(67,504)
TOTAL	(181)	10,465

Composition of plan assets:

PLAN ASSETS	2023	2022
	£000	£000
Other assets	39,573	32,931
Equities	50,553	58,310
Debt instruments	10,586	10,491
Cash	12,043	9,705
TOTAL PLAN ASSETS	112,755	111,437
PENSION SCHEME LIABILITY	2023	2022
	£000	£000
Fair value of plan assets	112,755	111,437
Present value of plan liabilities	(128,411)	(126,483)
NET PENSION SCHEME LIABILITY	(15,656)	(15,046)

PENSION COMMITMENTS – CONTINUED

The amounts recognised in profit or loss are as follows:

	2023	2022
	£000	£000
Interest on obligation	754	81
Expenses	37	32
TOTAL	791	113

Reconciliation of opening and closing balances of the defined benefit obligation were as follows:

CHANGES IN DEFINED BENEFIT OBLIGATION	2023	2022
	£000	£000
Opening defined benefit obligation	126,483	184,309
Interest cost	6,163	3,267
Actuarial gains and (losses)	2,231	(55,449)
Benefits paid	(6,466)	(5,644)
CLOSING DEFINED BENEFIT OBLIGATION	128,411	126,483

Reconciliation of opening and closing balances of fair value of the plans assets were as follows:

CHANGE IN FAIR VALUE OF PLAN ASSETS	2023	2022
	£000	£000
At the beginning of the year	111,437	179,841
Interest income	5,409	3,186
Return on plan assets in excess of interest income	2,412	(65,914)
Benefits paid	(6,466)	(5,644)
Administrative expenses	(37)	(32)
TOTAL	112,755	111,437

PENSION COMMITMENTS – CONTINUED

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2023	2022
	%	%
Discount rate	4.80	5.00
Salary increase rate	2.40	2.50
Price inflation rate (RPI)	3.15	3.25
Price inflation rate (CPI)	2.65	2.75
Mortality rates		
For a male aged 65 now	22.4	21.9
At 65 for a male aged 45 now	23.7	23.2
For a female aged 65 now	24.4	23.8
At 65 for a female member aged 45 now	25.8	25.3

The best estimate of contributions to be paid by the group to the scheme for the year ending 31 December 2024 is £nil.

29. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2023 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

LAND AND BUILDINGS	2023	2022
	£000	£000
Not later than 1 year	135	135
Later than 1 year and not later than 5 years	35	-
Later than 5 years	-	-
TOTAL OPERATING LEASES - LAND AND BUILDINGS	170	135

OTHER	2023	2022
	£000	£000
Not later than 1 year	10	14
Later than 1 year and not later than 5 years	-	-
TOTAL OPERATING LEASES - OTHER	10	14

RENTS RECEIVABLE UNDER NON-CANCELLABLE OPERATING LEASES	2023	2022
	£000	£000
Due within 1 year	4,132	2,588
Later than 1 year and not later than 5 years	12,050	5,609
Later than 5 years	5,888	1,285
TOTAL RENTS RECEIVABLE	22,070	9,482



30. CONTINGENT LIABILITIES

During previous years the Group's subsidiary TWI (India) Private Limited ("TWI India") received a demand notice from the income tax authorities in relation to prior years' tax submissions. TWI India has filed an appeal against each of these enquiries. TWI India's appeal in respect of the tax year 2012-13 was successful and no additional liability is due in respect of that year. The enquiries in relation to the other years under investigation are ongoing however, the nature, of these enquires is comparable to the 2012-13 investigation. Given the successful outcome of that case management have a reasonable expectation that the outcome of each of the other enquiries will also be favourable to TWI India. Notwithstanding this there can be no absolute guarantee of the success or otherwise of these appeals and management note that the estimate of any potential liability that may become due amounts to approximately £0.9m. Management consider the likelihood of incurring this potential liability to be remote.

31. RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemptions contained within FRS 102 paragraph 33.1A not to disclose transactions with wholly owned group undertakings.

Transactions between group companies, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The defined benefit pension scheme is a related party. The Group's transactions and contributions paid to the plan as detailed in note 28.

32. CONTROLLING PARTY

The Welding Institute (the Company) is a private company limited by guarantee and consequently does not have share capital. Each of the members are liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation. Accordingly, the Company has no ultimate controlling party.

33. POST BALANCE SHEET EVENTS

There are no post Balance Sheet events to disclose.

TWI is the business name of The Welding Institute, a company limited by guarantee.
The Welding Institute – Registered number 00405555 England.

