

Offshore Renewable Energy Catapult
Consolidated financial statements and annual report
for the year ended 31 March 2023

Registered Number 04659351



Offshore Renewable Energy Catapult

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Offshore Renewable Energy Catapult

Strategic report

The directors present their strategic report for the year ended 31 March 2023. The Offshore Renewable Energy (ORE) Catapult is one of a network of 'Catapults.' The Catapult centres are a network of world-leading centres designed to transform the UK's capability for innovation in specific areas and help drive future economic growth. Established by the UK Government through Innovate UK, Catapults are a series of physical centres where the absolute best of the UK's businesses, scientists, and engineers work side by side on late-stage research and development – transforming high potential ideas into new products and services to generate economic growth.

Business Review and Principal Activities

ORE Catapult is the UK's flagship technology innovation and research centre for offshore renewable energy. ORE Catapult's strategy is to leverage its unique testing and demonstration facilities, regional presence, and expertise to work in close partnership with the largest companies in the offshore renewables industry – the original equipment manufacturers (OEMs) and other large industrials, the developers, and owner/operators – and small and medium sized enterprises (SMEs), to improve existing and develop next generation renewable energy technology in the UK. In so doing, ORE Catapult enables and supports the development of a vibrant indigenous supply chain, provides a clear route to market for innovative new companies and technologies, and directs and pulls through applied research from the UK's world-leading academic base. To execute this model, the business operates through three primary delivery functions, supported by a fourth technical directorate:

- The Development & Operations 'D&O' directorate - collaborating with owner/operators and OEMs in Operations and Maintenance, driving improvement in the existing wind farm fleet, developing the UK's capabilities and opportunities in this critical area of service delivery, and enabling future global exports.
- The Technology Development 'TD' directorate - applying technical expertise and assets to accelerating technology development and demonstration with major industrial partners, technology innovators and the research community, delivering improvements to existing technology and driving the development of the next generation.
- The Strategy and Emerging Technology directorate 'SET' – enabling the development and commercialisation of future offshore renewable energy technologies through both applied research in collaboration with UK and international academia and via direct innovation to SMEs, and;
- The above three directorates being enabled by the Research & Technical Capabilities 'RTC' directorate, tasked to work x-directorate to provide deep technical research into key strategic themes, in addition to technical input to both research and commercial projects.

The Group has had a successful year, achieving, and surpassing an ambitious set of non-revenue and revenue targets, and driving its renewed strategy to realise the enormous opportunity inherent in the development and expansion of offshore renewables. The UK Government has set an offshore wind target of 50GW by 2030, presenting a formidable challenge to the industry and a huge opportunity for the UK economy. This goal makes clear the importance of offshore renewables to the UK's Net Zero, Energy Security, Regional Development and Economic Growth policy goals. ORE Catapult has responded vigorously, increasing, and focusing activity across all areas of our work to drive accelerated development and deployment of innovative technologies, not least in next generation fixed and floating offshore wind turbines, robotic and autonomous O&M (Operations & Maintenance) solutions, tidal stream energy and green hydrogen. Through partnership with key stakeholders in industry, academia, and the UK's regions, we are moreover ensuring the UK reaps maximum dividends from this green energy revolution.

Offshore Renewable Energy Catapult

Strategic report (continued)

Business Review and Principal Activities (continued)

The results for the Group show a turnover (which recognises the receipt of core grant funding) of £41.6m (2022: £33.7m) and profit before taxation of £4.8m (2022: £2.0m). As a not-for-profit organisation, all profit is re-invested in group activities. The company is limited by guarantee. The liability of the members is £1 each.

Activity levels increased across all the commercial and collaborative research & development projects, combining to deliver growth in revenue to £28.1m (2022: £21.3m) in the year. At the year-end, the Group has net assets of £17.7m (2022: £13.8m).

During the year, ORE Catapult engaged with 153 SMEs (2022: 191), established 82 in-depth SME collaborations (2022: 92) and undertook 25 new collaborations with academia (2022: 30). ORE Catapult marked the tenth anniversary of its founding in January 2023, a period in which it has engaged with c. 1,350 UK SMEs and 63 UK universities overall, and undertaken c. 650 R&D projects with UK and international partners, helping to bring at least 150 innovative new products and services to market. This has been underpinned by a large expansion in the number of ORE Catapult operating sites around the UK, the R&D assets (and expertise these house), and strategic partnerships with key actors in both the public and private sectors.

Results in FY22/23 reflect the considerable progress in ORE Catapult's capability, programmes and delivery achieved under the six Innovation Themes which have guided our work during the year:

Next Generation Turbine Technology

ORE Catapult is a global leader in the testing and validation of the largest offshore wind turbine components, providing unique facilities and expertise at our Blyth site. This year, we completed key tests for a new iteration of the LM107m blade, one of the longest in the world, enabling rapid certification, which in turn accelerates huge offshore wind projects like Dogger Bank. Our commercial relationships with clients like GE and LM unlock valuable R&D programmes, driving forward ever more powerful and intelligent next-generation technology, and engaging UK innovators in meeting the needs for innovative solutions associated with these advances. Through projects like the GE 'Stay Ashore' collaboration and Joule Challenge, we are rooting knowledge and IP (Intellectual Property) in the UK, and growing opportunities for UK supply chain companies to increase their competitiveness in a rapidly expanding global market. This is further supported by our advanced ecosystem for disruptive innovation, including our R&D turbine at Levenmouth and a series of new R&D assets, development, and construction of which has progressed strongly this year. This includes extension of our unrivalled Electrical Networks centre, which has seen growth this year in commercial demand for its services.

Floating Offshore Wind (FOW)

The Floating Offshore Wind Centre of Excellence (FOWCoE) joint industry project, founded by ORE Catapult, is driving the growth of the floating wind sector, with three new industry members this year bringing total participation from developers to seventeen. Floating wind offers a huge opportunity to expand offshore wind through access to deeper water, further from shore, but this requires major developments in technology, infrastructure, supply chain and workforce. Now operating via five Strategic Programmes, the FOWCoE is leading efforts to address these challenges, and engaging further support from UK and devolved government stakeholders. A key contribution to the UK's floating wind opportunity is the development of the strategically important testing capability at ORE Catapult's new National FLOWIC (Floating Wind Innovation Centre) in Aberdeen, with construction underway. The Celtic Sea is another focal point for UK floating wind, and ORE

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Strategic report (continued)

Business Review and Principal Activities (continued)

Catapult plays a leading role in bringing developers and other stakeholders together. This includes the launch in April of a new research accelerator collaboration with the University of Plymouth, increasing capability to engage with large and small companies on the development of innovative floating wind technology. The Catapult's leadership in floating wind make it a key partner to both national and devolved administrations, providing insights and support for broader initiatives to realise this area of UK strength.

Smart & Sustainable O&M

Visionary plans to transform the UK's capability to develop smart O&M products and services took off this year, with funding secured to develop the world's biggest living lab for offshore wind in the Humber. Working with industry and digital leaders, a 5G Testbed is being created to allow technology providers to test and demonstrate their equipment in real world conditions, kickstarting a digital revolution in offshore wind O&M. Construction of ORE Catapult's DARE Centre in Blyth has introduced a new state-of-the-art R&D asset for the development of robotics & autonomous systems. ORE leads the way in the development of sustainable as well as smart O&M, with multiple projects active to develop clean maritime transport solutions, including a new collaboration with bp/EnBW linked to their offshore wind plans.

UK Growth Platforms

Underpinning the thematic areas described above is ORE's role in achieving stakeholder focus on, and investment in, the key areas of challenge and opportunity for offshore renewables in the UK. This year, ORE has worked closely with the Offshore Wind Industry Council (OWIC) to refresh the technology roadmaps guiding innovation priorities and to identify gaps in support for pursuing these. ORE Catapult's supply chain acceleration portfolio provides multiple avenues of support for UK companies seeking to develop new offerings for the offshore renewables sector and has seen continued growth in FY22/23. Unambiguous evidence of impact is emerging from these programmes, with the second cohort involved in the Launch Academy accelerator achieving £4.9m in investment and £3.8m in grants at the last count. The £100m Offshore Wind Growth Partnership (OWGP) is operated by ORE Catapult, and too has seen remarkable results for companies benefiting from its support, including increased turnovers of over £15m, exports of £4m, and contracts won totalling £27m. The OWGP team has played a key role in providing evidence and potential growth structures to the UK Government's taskforce for accelerating offshore wind deployment. The Fit 4 Offshore Renewables programme provides another opportunity to grow the UK supply chain, supporting companies active in other sectors to enter offshore renewables. Industry support is strong across all these programmes, enabling their roll out across the UK.

With growing recognition that the UK's goals for offshore renewables depend on the availability of a suitable workforce, ORE Catapult has ramped up its involvement in the skills agenda during the past year. ORE is a key partner in the Energy Central Campus initiative for the North East of England, which seeks to engage thousands of young people and adults interested in working in the clean energy sector through a series of new facilities and are working with our Catapult Network colleagues on UK skills for sightseeing. Further afield, ORE continues to pursue international collaborations to generate knowledge gains and export opportunities for the UK, with multiple projects active across Europe, Asia, and the USA.

Marine Energy

This has been a strong year for tidal stream energy, following the UK's decision in FY21/22 to invest £20m in new projects. Our leadership in this field, embodied in the major TIGER project, has been critical in bringing tidal into the mainstream and plotting a path for cost reduction. In this regard, a report we released this year, demonstrating that tidal stream costs could plummet below £80/ MWh by 2035 if the current

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Strategic report (continued)

Business Review and Principal Activities (continued)

opportunities are realised, this has strengthened the case for investment in this source of constant renewable energy. TIGER and other large marine energy projects have continued to support the development and de-risking of wave and tidal technology. This includes the addition of a R&D buoy, located in South Wales, and run by the MEECE (Marine Energy Engineering Centre of Excellence) team, providing a unique and cost-effective way for innovators to test their solutions!

Energy System Integration

This year has seen the launch of a major new Net Zero collaboration involving seven Catapult centres. The Hydrogen Innovation Initiative enabling X-Catapult colleagues to share ORE's unique capabilities and to address an area of huge challenge and opportunity for the transition to a green energy system. The initiative builds on existing work, including ORE Catapult's Milford Haven: Energy Kingdom project, which concluded this year having demonstrated what a decarbonised smart 'whole energy system' could look like for the waterway, feeding into the wider strategy for energy transition in South Wales and Pembrokeshire County Council's vision to make the area the UK's green energy capital. It also utilises R&D infrastructure built via the CLUE local energy system project, which we have begun developing into a more substantial green hydrogen asset to advance solutions for the storage of the UK's abundant offshore wind energy.

Principal Risks and Uncertainties

ORE Catapult manages a portfolio of risks that represent both internal and external challenges to the business. Through a mature governance process, risks are proactively identified, assessed, and reported to the Executive Management Team, Audit & Risk Committee, and the Board. Controls are identified and, as continuous improvement, mitigations are implemented to reduce the impact of the risk should it materialise and the likelihood of occurrence. All risks are assigned 'owners' and categorised against risk categories that reflect the nature and scope of the Catapult's activities. In FY22-23, ORE Catapult continued its wide-ranging business improvement and governance review, which included reviewing and improving the approach to managing risk to the Board's agreed risk appetite for each risk category, with new rigorous processes ensuring consistent risk management best practice is followed across the business.

The key business risks and uncertainties affecting the group are considered to relate to the unique and ground breaking nature of our commercial activities, along with economic uncertainty arising from inflation and specific high energy prices; political uncertainty arising from geopolitical developments, including the UK's changing priorities following departure from the European Union and conflict in Ukraine; evolving Government policy (both towards the role of Catapults and support of renewable energy), which is typically reflected in the availability of publicly available Research & Development (R&D) funding, and ensuring full and adequate governance over the Catapults expanded regional presence. In addition, ORE Catapult has considered risks related to the delivery of its objectives and internal control environment, including health and safety; operation and maintenance of its assets and facilities; data and information security (cyber); capacity and capability; employee recruitment and retention and regulatory compliance.

Key Performance Indicators (KPIs)

ORE Catapult measures progress against its annual service delivery plan and objectives through milestones and Key Performance Indicators (KPIs) agreed during the annual planning process. All significant milestones and KPIs for FY22-23 were achieved in the year. The Catapult is committed to the 'thirds' model (the concept under which, over time, the Catapult revenue line balances out as one third core grant, one third commercial income and one third collaborative research income). In this regard, the Catapult continues to make substantial progress with year-on-year revenue growth rising to £41.6m (2022: £33.7m), see note 1. These metrics have been selected to evidence progress towards achieving our stated output and outcome goals and cover a wide

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Strategic report (continued)

Key Performance Indicators (KPIs) (continued)

range of activities including R&D projects; collaborations with UK companies; technology innovation and commercialisation, as well as revenue targets. Key output measures such as UK SME and Business engagement are also recorded to track our impact on creating and growing innovative UK companies. In addition, the Catapult also tracks several 'internal' KPIs, e.g., cost control targets and future contracted revenue targets, staff utilisation and other people related KPIs.

In aggregate, milestone and KPI progress is tracked and reported to the Executive Management Team monthly and at each meeting of the Board, as well as quarterly to Innovate UK.

Equality, Diversity, and Inclusion

At ORE Catapult championing an inclusive culture for all people to feel safe and supported at work, no matter what their individual characteristics, is key. ORE encourages everyone to bring their whole selves to work to enable a work environment that is supportive and collaborative and where integrity is demonstrated and valued. As well as benefiting people, this approach creates the conditions for the diversity of thought and innovation that allow ORE to perform to the highest standard for everyone. Demonstrating resilience and determination to overcoming barriers, ORE strives to achieve excellence.

ORE's journey continues, as ORE proactively further explores and grows the understanding of Equality, Diversity, and Inclusion (EDI). Over the next year, ORE will continue to deliver against the commitments in the Inclusion & Diversity (I&D) strategy, building on previous year's efforts on gathering knowledge and working with organisations with relevant expertise to assess where ORE are at as an organisation. Building on established foundations, we will always strive to create even greater inclusion, continue to pursue outreach measures for under-represented groups, including black and minority ethnic communities, disabled people, women, and those from the LGBTQ+ community. ORE believes that, by creating such an environment, ORE can attract the absolute best talent, regardless of background. ORE will continue to seek feedback from current employees and ensure our inclusion efforts are well informed by their lived experiences.

ORE will continue to play an active role in the Offshore Wind Industry Council's commitment to increase the representation of women in the workforce to a third by 2030 and commits to seeking to achieve this target within the organisation. ORE will work in collaboration with Innovate UK and the wider Catapult Network in commitment of Diversity and Inclusion, recognising the convening role of the Catapult in having a positive influence on behaviour of industry and academia.

Corporate & Social Responsibility (CSR)

The Catapult's CSR policy acknowledges that our organisation is part of a broader social network of people, values, other organisations, and the natural environment. ORE recognises that CSR broadens impact beyond core strategic business operations to directly benefit our environment, employees, customers, and communities.

The Catapult is committed to reducing its direct impact on the environment by actively managing waste, emissions, and consumption of natural resources. The Catapult will proactively protect the environment, as outlined in our Environmental Policy (PO33002). ORE aims to create a workplace that encourages safe, diverse, and equal opportunities for all in compliance with our Equal Opportunity and Diversity Policy (PO4180). ORE believes that running a successful business is grounded in treating our customers, suppliers, partners, and wider business stakeholders with fairness, and to act with integrity in all our commercial activity.

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Strategic report (continued)

Corporate & Social Responsibility (CSR) (continued)

To play a positive role in society, ORE has adopted a community engagement strategy that focuses resources and expertise in support of STEM (Science, Technology, Engineering and Mathematics) education in our local communities, delivering impactful, social benefit. ORE supports programmes that have a significant and physical presence, such as at Levenmouth Academy in Fife, the Blyth STEM Hub in Northumberland, and in a wide range of activities in Scotland. Significant expansion has taken place this year around ORE's newer centres, with the launch of the Generation Net Zero STEM centre, a collaborative initiative and ORE Catapult sponsored facility with the Engineering UTC North Lincolnshire, and multiple new skills and STEM initiatives in Wales.

Directors' statement of compliance with duty to promote the success of the Group

The directors acknowledge and understand their duties and responsibilities, including that of section 172 of the Companies Act 2006. Each director of the Group must act in the way he or she considers, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regards (amongst other matters) to:

- The likely consequences of any decisions taken in the long term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment.
- The desirability of the Group maintaining a reputation for high standards of business conduct.

The board also recognises that the long-term success of the Group is dependent upon the way we interact with our important stakeholders – including our colleagues, customers and suppliers. The directors have considered the interests of our stakeholders while complying with our obligations to promote the ongoing success of the business.

When the board are making decisions, we consider financial and non-financial risks and rewards in the pursuit of delivering long-term value to the Group's stakeholders.

The directors, both individually and collectively as the board, consider the decisions taken during the year ended 31 March 2023 were in conformance of their duty under section 172 of the Companies Act.

On behalf of the board



A J Jamieson
Director

22 June 2023

Offshore House, Albert Street, Blyth, Northumberland NE24 1LZ

Offshore Renewable Energy Catapult

Directors' report

The directors present their report with the audited consolidated financial statements of the company and the group for the year ended 31 March 2023.

Future Outlook

In the next decade, the offshore wind market in the UK, already the largest in the world, is forecast to increase fourfold and require a suite of technology rich products and services to rise to the challenge of lower costs, bigger turbines, and deeper waters. The directors are of the view that this presents an unprecedented opportunity for UK business to thrive from offshore wind - reinforced by calls for a green economic recovery from the profound economic difficulties triggered by the COVID-19 pandemic, and for increased self-sufficiency to insulate the UK from the impact of geopolitical events on energy supply and prices - and are confident that ORE Catapult will remain at the forefront of efforts to address the market failures which persist when linking promising UK innovators and companies with the end market.

To deliver UK growth from renewables and the broader energy transition, formidable challenges must be overcome: the UK's skills, infrastructure and funding gaps still hinder innovation, supply chain growth and manufacturing opportunities, while sub-optimal planning and consenting processes threaten to hold back expansion. Significant supply chain investment and development is required to meet market demand, particularly in areas such as high value manufacturing, ports and related infrastructure, digitalisation, robotics, and automation. With the rapid increase in offshore wind turbine size set to continue, radical innovation in areas such as blades, generators and bearings is needed, presenting the opportunity for the UK supply chain to capture manufacture and - critically - IP in the core hardware. Operations and maintenance accounts for c. 50% of through-life cost of offshore wind, and the UK holds unique experience and leadership in critical technologies such as digitalisation, robotics, and automation, to take optimum advantage of this long-term opportunity. Floating Offshore Wind is set to become cost-competitive with fixed foundation from c. 2030, and the UK can capitalise on its early experience in this market predicted to be worth £45bn by 2050.

ORE Catapult's programmes, facilities and expertise address these challenges, stimulating the development of technology and supply chain capacity to realise the economic benefits of the green energy revolution for the UK. Operating at the centre of the offshore renewables sector, as a unique partner to industry, innovators, academia, and government, ORE is instrumental in driving the innovation agenda, building capacity to develop and commercialise technology, sparking strategic collaboration and expanding business support opportunities, all of which are required to unlock the huge potential of the UK's natural energy resource to stimulate UK economic growth, create jobs, regeneration and carbon reduction.

The location of ORE centres of operations, in coastal communities with the greatest needs of economic regeneration, also means that ORE Catapult's activities are playing a critical role in the levelling up agenda, driving economic growth and job creation across the UK.

The directors, having considered the legacy impacts of COVID-19 and geopolitical instability during FY22-23, are reassured that the offshore renewable energy markets remain buoyant, with the results of the ScotWind seabed leasing round providing a major boost for the UK's green economy. They remain alert however to broader economic developments which may restrict public funding of collaborative research, or put additional strain on the supply chain, in particular SME's developing emerging technologies.

Offshore Renewable Energy Catapult

Directors' report (continued)

Distribution of Income

The Catapult is designed to re-invest any profit within the Group to ensure maximum resources are utilised to support the offshore renewable energy industry. As governed by the Memorandum of Association, no portion of the income of the company shall be paid or transferred to any members of the company except where it is payment in good faith for remuneration for services rendered, rent for premises demised or let by any member of the company or repayment of out-of-pocket expenses to directors. The directors do not recommend the payment of a dividend (2022: £nil).

Streamlined Energy and Carbon Reporting (SECR)

In line with the UK Government's Streamlined Energy and Carbon Reporting (SECR) policy, the Group has elected to report its greenhouse gas emissions from its operations. This includes UK consumption of electricity, gas, and transport fuels where the Group is responsible for the fuels. All SECR reporting requirements for unquoted large companies have been calculated and the energy consumption and emissions for the Group are reported in the table below.

GHG (Green House Gas) Emissions and Energy use data for period 1 April 2022 to 31 March 2023

	2023 tCO ₂ e	2022 tCO ₂ e
Scope 1: Emissions from gas and fuel	156	162
Scope 2: Emissions from purchased electricity (Location-based)	8	8
Total Scope 1 & 2 Emissions	164	170
Carbon Offset	2023 tCO₂e	2022 tCO₂e
Renewable electricity generated by Levenmouth turbine and exported to the grid (backed by REGOs) – 16,217 MWh, (2022 – 7-345MWh)	(3,136)	(1,560)
Total net emissions	(2,972)	(1,390)
Intensity ratio: tCO₂e per FTE	(10.01)	(5.27)
Energy consumption used to calculate above emissions:	2023 kWh	2022 kWh
Gas and fuel	810,913	752,873
Electricity ¹	5,428,153	5,470,428
Total energy consumption	6,239,066	6,223,301

¹ Zero emissions REGO backed (Renewable Energy Guarantees of Origin) renewable sources accounted for 99% of the electricity consumed in the year (5,384,919 kWh), with the balance relating to estimated electricity consumption of employees working remotely during the year. Taking into account the carbon offset from the renewable electricity exported to the grid, the Group emissions are fully offset in the year.

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Directors' report (continued)

Streamlined Energy and Carbon Reporting (SECR) (continued)

The methodology used to report our GHG emissions was based on WRI/WBCSD Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as our framework for calculations and disclosure, where UK Government GHG Conversion Factors for Company Reporting for 2020 (June 2020) have been applied.

We are committed to reducing our direct impact on the environment by actively managing our waste, emissions, and consumption of natural resources. Within ORE Catapult we have an active, employee led, Environmental Committee with a principal aim of promoting more sustainable practices and reducing our environmental footprint. We actively monitor our impact on the environment and set targets for ongoing improvement, such as minimising waste by evaluating operations and ensuring maximum efficiency. The Environmental Committee is committed to supporting employees who are pursuing the Net Zero – Circular Economy strategy by providing them with the tools to make minor changes through weekly employee communications, implementing a new employee electric vehicle leasing scheme, providing appropriate recycling facilities, and investigating options of recycling used turbine blades and cable sections to repurpose as bike shelters. At ORE Catapult, we recognise that we have a significant role to play in the pursuit of a more environmentally sustainable future and we are committed to embedding this ethos across the group's activities.

Environment, Social & Governance (ESG) activity

In addition to the environmental focus reported on above, progress has also been made across both the social and governance focus areas. Given the importance of ESG, it was felt important that the Catapult obtained an independent ESG readiness assessment, this reported in overall terms that ORE Catapults ESG readiness scoring was 'in-line' with industry standard. The assessment also providing recommendations to improve the Catapults maturity under each of the three ESG categories, along with providing a high-level roadmap and next steps which has been adopted by the Catapults ESG committee.

Alignment to Industry and Government Priorities

The group continues to develop its research and technical activities, to focus on industry and Government priorities. This ensures that the Catapult's facilities are closely aligned with the sector needs and positions the business to be successful in applying to participate in national and international collaborative research projects. During the year there has been significant activity to identify and accelerate promising technologies towards commercialisation, seed the next generation of high growth businesses and help them to access the UK's indigenous market and export opportunities. Further, the Catapult has partnered with leading international institutions to ensure UK research is highly relevant to the industry and, collectively with industry, knowledge gaps are filled to create the intellectual capacity needed to maintain a leading position in global markets.

Financial risk management

Credit risk is the risk that one party to a financial instrument will cause an economic loss for the other party by failing to discharge an obligation. ORE Catapult policies are aimed at minimising such losses (e.g., the Company has implemented policies that require credit checks on potential new customers before sales are made). Credit limits are assessed on an ongoing basis and adjusted as appropriate and require that deferred

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Directors' report (continued)

Financial risk management (continued)

terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's receivables are shown on the face of the balance sheet.

ORE Catapult actively manages its sources of finance and associated liquidity risk to ensure it has sufficient funds for its operations. Operations are subject to careful financial control, including detailed budgeting, cash forecasting and the regular review of working capital. In addition, cash received from funding partners and held to distribute to collaborative research partners, is separately accounted for and ring fenced from working capital.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular commercial or CR&D project, or Catapult asset (e.g., Significant Test Assets) or liability (e.g., decommissioning provisions). ORE Catapult manages this risk, where significant, by the adoption of robust governance procedures, including review by the Investment Committee, careful review of proposed new contracts, risk identification and mitigation and the financial sensitivity modelling of cash flows.

Directors

Unless stated below, the directors shown below have held office during the whole of the year, and up to the date of signing these financial statements.

R Bonnar (Chair)

A J Jamieson (Chief Executive)

A P L Walls (Finance Director & Company Secretary)

F S Hallsworth

Dame L A Glover

H P McNeal

H Den Rooijen

A F Smith

J Gardiner

J A Brown

B J Sykes

J C Stewart

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information

Other information

An indication of future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on pages 1 to 6.

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Directors' report (continued)

Auditor

During the year, French Duncan LLP was appointed as auditor.

Under section 487(2) of the Companies Act 2006, French Duncan LLP will be deemed to have been reappointed as auditor.

On behalf of the board

A handwritten signature in black ink, appearing to be 'A J Jamieson', with a long horizontal stroke extending to the right.

A J Jamieson
Director

Offshore House, Albert Street, Blyth, Northumberland NE24 1LZ

22 June 2023

Offshore Renewable Energy Catapult

Statement of directors' responsibilities in respect of the strategic report, the directors' report and the financial statements

The directors are responsible for preparing the Annual 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 of the group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Independent auditor's report to the members of Offshore Renewable Energy Catapult

Opinion

We have audited the financial statements of Offshore Renewable Energy Catapult (the "parent Company") and its subsidiaries ("the "Group") for the Year ended 31 March 2023, which comprise the Group Statement of Comprehensive Income, the Group and Company Balance Sheet, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, 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 of the parent Company's affairs as at 31 March 2023 and of the Group's profit for the Year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 or 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.

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Group 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 Group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

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

- adequate 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.

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements.

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

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to whether they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risk of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed high level analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- enquiring of management as to actual and potential litigation and claims; and
- review of board minutes

There are inherent limitations in our audit procedures as described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Independent auditor's report to the members of Offshore Renewable Energy Catapult (continued)

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.



Thomas Bates (Senior Statutory Auditor)

for and on behalf of

French Duncan LLP

Chartered Accountants and Statutory Auditor

133 Finnieston Street

Glasgow

G3 8HB

Date: 26 June 2023

Offshore Renewable Energy Catapult

Consolidated statement of comprehensive income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover	1	41,641	33,693
Cost of sales		(15,782)	(12,831)
Gross profit		25,859	20,862
Administrative expenses		(27,787)	(25,356)
Other operating income		6,663	6,486
Operating profit	3	4,735	1,992
Interest receivable and similar income	4	85	6
Profit before taxation		4,820	1,998
Tax charge on profit	5	(971)	(233)
Profit for the financial year		3,849	1,765
Total comprehensive income for the year		3,849	1,765

All of the group's activities are continuing.


The notes on pages 24 to 41 form part of the financial statements.

Offshore Renewable Energy Catapult

Consolidated balance sheet as at 31 March 2023

	Note	2023 £'000	2023 £'000	As restated 2022 £'000	As restated 2022 £'000
Fixed assets					
Tangible assets	7		73,988		62,054
Investments	8		14		14
			74,002		62,068
Current assets					
Debtors	9	25,339		10,538	
Investments		1,536		1,505	
Cash at bank and in hand		13,886		15,342	
		40,761		25,345	
Creditors: amounts falling due within one year	10	(27,741)		(15,317)	
Net current assets			13,020		12,068
Total assets less current liabilities			87,022		74,136
Creditors: amounts falling due after more than one year	11		(61,869)		(52,608)
Provisions for liabilities	12		(7,485)		(7,680)
Net assets			17,668		13,848
Capital and Reserves					
Other reserves	17		0		145
Profit and loss account	17		17,668		13,703
Total equity			17,668		13,848

The financial statements on pages 18 to 41 were approved by the board of directors on 22 June 2023 and were signed on its behalf by:



A J Jamieson
Director



A P L Walls
Director

Registered number: 04659351

The notes on pages 24 to 41 form part of the financial statements.

Offshore Renewable Energy Catapult

Company balance sheet as at 31 March 2023

	Note	2023 £'000	2023 £'000	As restated 2022 £'000	As restated 2022 £'000
Fixed assets					
Tangible assets	7		73,988		62,054
Investments	8		39		39
			74,027		62,093
Current assets					
Debtors	9	20,472		6,636	
Investments		1,536		1,505	
Cash at bank and in hand		9,051		10,531	
		31,059		18,672	
Creditors: amounts falling due within one year	10	(32,746)		(17,494)	
Net current (liabilities) / assets			(1,687)		1,178
Total assets less current liabilities			72,430		63,271
Creditors: amounts falling due after more than one year	11		(61,869)		(52,608)
Provisions for liabilities	12		(7,485)		(7,680)
Net assets			2,986		2,983
Capital and Reserves					
Profit and loss account	17		2,986		2,983
Total equity			2,986		2,983

The financial statements on pages 18 to 41 were approved by the board of directors on 22 June 2023 and were signed on its behalf by:



A J Jamieson
Director



A P L Walls
Director

Registered number: 04659351

The notes on pages 24 to 41 form part of the financial statements.

Offshore Renewable Energy Catapult

Consolidated statement of changes in equity

	Other reserves	Profit and loss account	Total capital
	£'000	£'000	£'000
Balance as at 1 April 2021	145	11,938	12,083
Profit and total comprehensive income for the financial year	-	1,765	1,765
Balance as at 31 March 2022	145	13,703	13,848
Balance as at 1 April 2022	145	13,703	13,848
Disposal of a subsidiary - historical reserves write off	(145)	116	(29)
Profit and total comprehensive income for the financial year	-	3,849	3,849
Balance as at 31 March 2023	-	17,668	17,668

The notes on pages 24 to 41 form part of the financial statements.

Offshore Renewable Energy Catapult

Company statement of changes in equity

	Profit and loss account	Total capital
	£'000	£'000
Balance as at 1 April 2021	3,396	3,396
Loss and total comprehensive expense for the financial year	(413)	(413)
Balance as at 31 March 2022	2,983	2,983
Balance as at 1 April 2022	2,983	2,983
Profit and total comprehensive income for the financial year	3	3
Balance as at 31 March 2023	2,986	2,986

The notes on pages 24 to 41 form part of the financial statements.

Offshore Renewable Energy Catapult

Consolidated cash flow statement for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Net cash outflow from operating activities	16	(2,711)	(13,003)
Cash flows from investing activities			
Interest received		85	6
Purchase of tangible fixed assets		(17,911)	(3,806)
Current asset investments		(31)	(1,505)
Net cash outflow from investing activities		(17,857)	(5,305)
Cash flows from financing activities			
Grants received		19,112	16,718
Net cash inflow from financing activities		19,112	16,718
Net decrease in cash and cash equivalents		(1,456)	(1,590)
Cash and cash equivalents at the beginning of the year		15,342	16,932
Cash and cash equivalents at the end of the year		13,886	15,342

Cash and cash equivalents amounts at the end of the year include a balance of £3.5m (2022: £3.5m) in relation to funds received from Samsung which are held in a restricted cash account strictly for use against potential future decommissioning of the Levenmouth turbine at the end of its economic useful life.

The notes on pages 24 to 41 form part of the financial statements.

Offshore Renewable Energy Catapult

Statement of accounting policies

General Information

Offshore Renewable Energy Catapult ('the Company') and its subsidiaries (together 'the Group') accelerate the design, deployment, and commercialisation of renewable energy technology innovation, helping to attract UK and overseas investment and to realise the significant opportunities presented by the UK's offshore renewable energy resources.

The Company is a company limited by guarantee and is incorporated, domiciled, and registered in England. The registered number is 04659351 and the address of its registered office is Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ.

Statement of compliance

The Group and Company financial statements of Offshore Renewable Energy Catapult have been prepared in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value and in accordance with the requirements of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

The Company has taken advantage of the exemption in section 408 of the Companies Act from disclosing its individual profit and loss account.

Going Concern

The Company's business activities, together with the factors likely to affect its future development are set out in the Directors' Report on pages 7 to 11. The Catapult has continued to perform strongly, delivering a Group profit before taxation of £4.8m (2022: £2.0m) and turnover of £41.6m (2022: £33.7m). The Company continues to have a strategy of growth and the directors remain committed to ambitious revenue targets for FY2023/24 and beyond.

With robust ICT systems including Microsoft Teams software being firmly embedded within the Catapult, office-based staff have positively embraced blended working, proving once again that staff locations should not act as a blocker to successful delivery. The Blyth test site remains fully operational, providing critical test and validation activities for major industry players. In continually focusing on financial stability, both financial governance and control procedures were tightened, focusing on the enhanced scrutiny of the financial results monthly, and on debt collection.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Going Concern (continued)

The financial statements have been prepared on a going concern basis which the directors believe to be appropriate, for the following reasons.

At the year end, the Group had net assets of £17.7m. It manages its day to day and medium-term funding requirements through cash balances and a key element of this is the receipt of monthly grant funding from Innovate UK the amounts for which are known and committed to 31 March 2025. Whilst the renewal of grant funding from Innovate UK for the period from April 2024 to March 2028 is ongoing, Innovate UK have provided assurance that core grant funding for the financial year 2024/25 will be at a similar level to 2023/24. These cash balances are forecast to provide sufficient liquidity to finance seasonal cash flows in the ordinary course of business.

The directors have prepared projected cash flow information for the twelve months from the date of approval of these financial statements. These forecasts have also modelled plausible downside scenarios which they believe have the potential to arise and such scenarios include a 9% reduction in testing and validation activities because of not securing key contracts to fill vacant assets and an envisaged 14% reduction in collaborative research and development activity through non-conversion of pipeline to achieve budget revenue levels.

Reflecting the Company's strong cash position overhead costs and capital investment costs remain at their original budgeted levels further evidencing that the Group cash flow remains in a stable position for the foreseeable future. Based on this cash flow information the directors consider that the Company will continue to meet its financial obligations as they fall for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all its subsidiary undertakings made up to 31 March 2023.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity it accounts for that entity as a subsidiary.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders. The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, includes the Company's cash flows;
- (ii) from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Critical accounting judgements and estimation uncertainty

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 estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provisions (note 12)

Provision is made for decommissioning the Group's fixed assets, where appropriate. These provisions require management's best estimate of the costs that will be incurred in the future.

Turnover

Turnover represents receipt/release of revenue grants and net invoiced sales, excluding value added tax, except in respect of service contracts where turnover is recognised when the Group obtains the rights to consideration. Where work is partially complete at the year-end income is deferred in respect of any payments received in advance. Where work is completed at the year-end income is accrued in respect of any payment due. The origination and destination of turnover relates exclusively to the UK.

Cost of sales

This includes all direct costs including power, consumables, raw materials, and direct consultancy costs.

Administrative expenses

This comprises salary, pension & NI costs, depreciation, rent, legal & professional & audit costs, building & plant maintenance, rates, IT & telecoms, travel & subsistence, marketing, and other administrative costs.

Tangible fixed assets

Tangible fixed assets are valued at cost less accumulated depreciation and any impairment. Cost comprises the cost of acquisition and costs related to the acquisition up until the time when the asset is ready for use and where appropriate, decommissioning costs. In the case of assets of own construction cost comprises direct and indirect costs attributable to the construction work, including salaries and wages, materials, components, and work performed by subcontractors.

Depreciation is provided at the following annual rates to write off each asset over its estimated useful life:

Short leasehold land and buildings	- In accordance with the lease
Buildings	- Straight line over 25 years
Plant and machinery	- Straight line over 3 to 10 years
Computer equipment	- Straight line over 3 years

The useful economic lives and residual values are reviewed annually by management.

Assets in the course of construction are not depreciated until they are brought into use.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The Group operates a defined contribution pension scheme. Contributions payable to the Group's pension scheme are charged to the statement of comprehensive income in the period to which they relate. Scheme assets are held separately from those of the Group in an independently administered fund.

Grants

Grants of a capital nature are credited to the balance sheet and released to the statement of comprehensive income over the useful life of the assets concerned. Grants which are revenue in nature are released to the statement of comprehensive income over the period to which they relate.

Offshore Renewable Energy Catapult

Statement of accounting policies (continued)

Operating leases

Payments (excluding costs for services and insurance) made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in the statement of comprehensive income over the term of the lease as an integral part of the total lease expense.

Finance leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability is included within the Creditors balance as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the statement of comprehensive income. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Investments

Investments are recorded at cost less any provision for impairment.

Cash and cash equivalents

Cash and cash equivalents comprise bank balances including cash at bank and in hand and deposits held with banks with maturities of three months or less which are available on demand. Longer-term bank deposits with maturities of three months or more are recorded as Investments within Current assets.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. After initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest receivable

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains. Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Offshore Renewable Energy Catapult

Notes to the financial statements

1 Turnover

	2023	2022
	£'000	£'000
Sales to external parties	28,094	21,256
Grant income	13,547	12,437
	41,641	33,693

2 Staff costs

	2023	2022
	£'000	£'000
Wages and salaries	15,465	12,716
Social security costs	1,687	1,392
Other pension costs	1,316	1,131
	18,468	15,239

No amounts were prepaid or outstanding at the year-end in relation to the pension costs of defined contribution pension schemes.

The average monthly number of employees (Group and Company) during the year was as follows:

	2023	2022
Directors	12	12
Staff	289	254
	301	266

Total Directors' Emoluments are as follows:

	2023	2022
	£'000	£'000
Emoluments	590	585
Pension contributions to money purchase schemes	15	16

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

2 Staff costs (continued)

Information regarding the highest paid director is as follows:

	2023	2022
	£'000	£'000
Emoluments	287	273
Pension contributions to money purchase schemes	-	-

During 2023 1 director (2022: 1) is accruing benefits under the pension scheme.

3 Operating profit

Operating profit is stated after charging/(crediting):

	2023	2022
	£'000	£'000
Depreciation – owned assets	5,890	6,780
Fees payable to Company's auditors for the audit of parent company and consolidated financial statements	30	38
Fees payable to the Company's auditors for other services:		
The audit of Company's subsidiaries	20	26
Tax services	18	23
Other services	23	47
Operating lease charges – other (land and buildings)	751	738
R&D expenditure credit	(1,485)	-
Release of grant income	(19,469)	(19,446)

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

4 Interest receivable and similar income

	2023	2022
	£'000	£'000
Bank interest receivable	85	6

5 Tax on profit

(a) Analysis of the tax charge

The tax charge on the profit before taxation was as follows:

	2023	2022
	£'000	£'000
Current tax:		
UK Corporation tax	(891)	(542)
Adjustments in respect of prior periods	(80)	309
Total current tax	(971)	(233)
Deferred tax:		
Origination and reversal of timing differences	-	-
Total Deferred tax	-	-
Tax charge on profit	(971)	(233)

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

5 Tax on profit (continued)

(b) Factors affecting tax charge for the year

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

	2023	2022
	£'000	£'000
Profit before taxation	4,820	1,998
Profit multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	(916)	(380)
<i>Effects of:</i>		
Fixed asset differences	(1,029)	(1,276)
Expenses not deductible for tax purposes	(103)	(38)
Income not taxable for tax purposes	6	-
R&D expenditure credit	167	(94)
Effect of movement in provisions	916	1,200
Adjustments in respect of prior periods	(80)	354
Movement in deferred tax not recognised	68	1
Tax charge on profit	(971)	(233)

The UK corporation tax rate applying to the Company was 19% (2022: 19%).

(c) Factors that may affect future tax changes

The UK Budget in March 2021 included an announcement that the main rate of corporation tax will increase to 25% from 1 April 2023, this was substantively enacted on 10 June 2021. This will increase the company's future current tax charge accordingly. As a result of this increase, the provision for deferred tax has decreased from £0.003m to £0.002m.

6 Profit/loss of parent company

As permitted by Section 408 of the Companies Act 2006, the statement of comprehensive income of the parent company is not presented as part of these financial statements. The parent Company's profit for the financial year was £0.003m (2022: loss of £0.4m).

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

7 Tangible assets

Group and Company

	Buildings £'000	Assets under construction £'000	Plant and machinery £'000	Computer equipment £'000	De- commissioning costs £'000	Totals £'000
Cost						
At 1 April 2022	60,240	927	56,711	6,054	4,868	128,800
Additions	51	15,430	1,743	687	-	17,911
Provision revaluation	-	-	-	-	(87)	(87)
At 31 March 2023	60,291	16,357	58,454	6,741	4,781	146,624
Accumulated depreciation						
At 1 April 2022	18,090	-	41,794	4,827	2,035	66,746
Charge for year	2,054	-	2,508	620	708	5,890
At 31 March 2023	20,144	-	44,302	5,447	2,743	72,636
Net book value						
At 31 March 2023	40,147	16,357	14,152	1,294	2,038	73,988
At 31 March 2022	42,150	927	14,917	1,227	2,833	62,054

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

8 Investments

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Unlisted Investments				
Shares in group undertakings	-	-	25	25
Other investments not loans	14	14	14	14
Cost and net book value	14	14	39	39

The directors believe that the carrying value of the investments is supported by their underlying net assets. Additional information is as follows:

Group

The Group holds a 1.25% interest in the shares of Goliath Wind OU.

Group and Company

The Group and the Company's investments at the balance sheet date in the share capital of companies include the following:

Subsidiaries:

ORE Catapult Development Services Limited

Nature of business: New and renewable energy sources.

Registered office: Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ

	%
Class of shares	Holding
Ordinary	100

Distributions to the Company from its subsidiary are restricted by a management agreement. Distributions can only be made if such distributions will not have the effect of reducing the subsidiary's reserves below £100,000.

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

8 Investments (continued)

Offshore Wind Growth Partnership Limited

Nature of business: UK Offshore Wind Sector Deal programme delivery

Registered office: Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ

	%
Class of shares	Holding
Ordinary	100

Indirect Subsidiaries:

Wind Energy Benchmarking Services Limited

Nature of business: Offshore renewable energy data collation and interpretation.

Registered office: Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ

	%
Class of shares	Holding
Ordinary	100

On 25 April 2022, the Board of Directors of ORE Catapult Development Services Limited unanimously decided to approve the cessation of the trade carried on by Wind Energy Benchmarking Services Limited, write off the intercompany balance owed and proceed to dissolve Wind Energy Benchmarking Services Limited.

Wind Energy Benchmarking Services Limited was dissolved on 24 January 2023.

Shandong TUS Offshore Renewable Energy Centre (TORC) Limited

Nature of business: Renewable energy technology research and development centre

Registered office: No.69 The Pioneer Plaza of Yantai Hi-tech Industrial Development Zone, Shandong Province, People's Republic of China, P.C.264670

	%
Class of shares	Holding
Ordinary	30

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

9 Debtors

	As restated		As restated	
	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade debtors	4,615	4,124	658	1,003
Other debtors	246	232	246	232
VAT, other taxation, and social security	3,262	397	3,453	396
Deferred tax debtor (note 13)	2	2	2	2
Prepayments and accrued income	17,214	5,783	16,113	5,003
	25,339	10,538	20,472	6,636

Amounts owed by group undertakings and related parties are unsecured, interest free and repayable on demand.

The restatement for prior year within prepayments and accrued income relates to a reclassification of the grant balance due from Innovate UK which was previously offset within the creditor amounts falling due after more than one year.

10 Creditors: amounts falling due within one year

	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Trade creditors	15,161	4,660	14,223	3,532
Amounts owed to group undertakings	-	-	7,217	4,607
Other creditors	2,040	982	1,310	699
Finance lease liability	157	161	157	161
Other taxation and social security	530	879	430	397
Accruals and deferred income	9,853	8,635	9,409	8,098
	27,741	15,317	32,746	17,494

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

10 Creditors: amounts falling due within one year (continued)

Accruals and deferred income balance include £6.4m (2022: £5.7m) of deferred income expected to be released in the forthcoming financial period to offset the depreciation charge incurred on tangible fixed assets in line with the grant funding arrangements.

As part of the repayment plan agreed with Samsung following the decision to continue with the ownership of the Levenmouth turbine, the fifth instalment of £0.7m will become repayable in October 2023 and is part of the other creditors balance falling due within one year.

11 Creditors: amounts falling due after more than one year

	As restated		As restated	
	Group		Company	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Other creditors	900	1,600	900	1,600
Finance lease liability	-	157	-	157
Accruals and deferred income	60,969	50,851	60,969	50,851
	61,869	52,608	61,869	52,608

Accruals and deferred income relate to deferred capital and revenue grant receipts, analysed as follows:

	As restated
	Group
	£'000
At 1 April 2022	56,582
Receivable in the year	30,253
Released to the profit and loss account	(19,469)
At 31 March 2023	67,366
Amounts falling due within one year	6,397
Amounts falling due after more than one year	60,969
At 31 March 2023	67,366

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

11 Creditors: amounts falling due after more than one year (continued)

Following the expiry of the initial three-year period of ownership of the Levenmouth turbine in 2019, a £3.5m balance became repayable to Samsung in instalments. A repayment plan has been agreed with Samsung whereby £0.7m will become repayable in October 2023 (2022: £0.7m in October 2022) and is held as part of the other creditors balance falling due within one year, with the remaining balance of £0.9m held within the other creditors balance due after more than one year. The £3.5m of funds received from Samsung are held strictly for use against potential future decommissioning and are disclosed within cash in a restricted account.

The restatement for prior year within accruals and deferred income relates to a reclassification of the grant balance due from Innovate UK which was previously offset within the creditor amounts falling due after more than one year.

12 Provisions for liabilities

Provisions of £7.5m (2022: £7.7m) relate to £2.5m decommissioning costs in respect of the construction of the offshore anemometer platform, £5.0m of costs in relation to decommissioning the Levenmouth turbine at the end of its economic useful life.

13 Deferred tax

	2023 Unrecognised	2023 Recognised	2022 Unrecognised	2022 Recognised
	£'000	£'000	£'000	£'000
Depreciation in excess of capital allowances	-	2	-	2
Total deferred tax asset	-	2	-	2

	2023 £'000	2022 £'000
At 1 April 2022	2	2
Charge through statement of comprehensive income (note 5)	-	-
At 31 March 2023	2	2

Balances above are in respect of both the Company and Group.

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

14 Operating lease commitments

The Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2023	2022
	£'000	£'000
Payments due:		
Not later than one year	604	636
Later than one year and not later than five years	1,925	1,786
In more than five years	3,656	3,744
	6,185	6,166

During the year £0.8m was recognised as an expense in the statement of comprehensive income in respect of operating leases (2022: £0.7m).

15 Finance lease commitments

During the year ended 31 March 2020, cooling equipment was acquired for the 15MW drivetrain, part of which was funded via a lease agreement for a period of 4 years commencing in March 2020. At the end of the lease agreement, there is an option to purchase the equipment for a nominal value. The equipment was recognised as a fixed asset under Plant and Machinery, at a cost of £0.6m with the corresponding balance repayable under the finance lease liability recognised within Creditors: amounts falling due within one year and Creditors: amounts falling due after more than one year.

	2023	2022
	£'000	£'000
Payments due:		
Not later than one year	177	177
Later than one year and not later than five years	-	177
	177	354

During the year £0.02m was recognised as an expense in the statement of comprehensive income in respect of finance leases (2022: £0.03m).

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

16 Reconciliation of profit to net cash outflow from operating activities

	2023	2022
	£'000	£'000
Profit for the year	3,849	1,765
Taxation	971	233
Interest receivable and other income	(85)	(6)
Operating profit	4,735	1,992
Depreciation charges	5,890	6,780
Increase in debtors	(14,801)	(2,791)
Decrease in creditors	21,438	1,114
Revenue grants released	(13,547)	(12,437)
Capital grants released	(5,178)	(6,314)
Deferred grants	(743)	(695)
Cash flow from operating activities	(2,206)	(12,770)
Tax paid	(505)	(415)
Net cash outflow from operating activities	(2,711)	(13,003)

17 Reserves

Other Reserves

This reserve relates to the consolidation of historical reserves upon the acquisition of Wind Energy Benchmarking Services Ltd becoming a wholly owned subsidiary of ORE Catapult Development Services Limited.

Profit and loss account

The profit and loss account includes all current and prior year retained profits or losses.

Offshore Renewable Energy Catapult

Notes to the financial statements (continued)

18 Related party disclosures

The Company has taken advantage of the exemption, FRS102.33.1A 'Related Party Disclosures', from disclosing transactions or balances with all companies in the Group which are wholly owned subsidiaries.

The directors are key management personnel of the Company. No other employees are considered to have the authority for planning, directing, and controlling the activities of the Group. Total remuneration in respect of directors is £0.7m (2022 - £0.7m).

19 Ultimate controlling party

The directors do not consider there to be an ultimate controlling party of the Group.