

ORE Catapult Development Services Limited
Financial statements and annual report
for the year ended 31 March 2017

Registered Number 05636283

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ORE Catapult Development Services Limited

Financial statements and annual report

for the year ended 31 March 2017

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ORE Catapult Development Services Limited

Directors' report for the year ended 31 March 2017

The directors present their report with the audited financial statements of the company for the year ended 31 March 2017.

Business review and principal activities

The company provides a range of open access research, test & validation services, where appropriate (and after application of a management charge) utilising the unique world class facilities of Offshore Renewable Energy Catapult ("ORE") (its parent entity). In particular the company supports the test & validation of large wind turbine blades, gearbox and drivetrains, marine renewables, offshore and subsea equipment, micro-renewables and electrical testing equipment.

The results for the company show a profit on ordinary activities before taxation of £0.3m (2016: £0.4m) and turnover of £4.0m (2016: £3.5m). The company has net assets of £2.4m (2016: £2.1m). No dividends have been paid in the year (2016: £nil) or are proposed in relation to the year.

Future outlook

There is considerable activity within the offshore renewable energy market, costs are reducing and the technology (and its scale) is advancing quickly. It has become clear that offshore renewable energy will meet a significant share of global energy demand. Growth is expected for the foreseeable future and the directors are confident that the company will achieve an adequate level of performance in the future.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. These are included within the risk register maintained by ORE Catapult and are subject to regular review by the ORE Executive Management team and ORE Audit Committee and Board.

The key business risks and uncertainties affecting the company are considered to relate to the destruction of all or part of the facilities, lack of use of the facilities, failure of IT systems, the commercial risk of larger projects, potential uncertainty over funding amounts, sources and availability of funding and employee retention. The directors manage these risks by ensuring diversification in the business, its customers and sources of funding.

Key performance indicators (KPIs)

The company delivers the economic commercial activities of the ORE Catapult as such it adopts the principle KPIs that are adopted by the parent company e.g. revenue and it benefits from other activities that are delivered and measured by the parent, including engagement with small and medium enterprises (SMEs) as well as with high growth organisations.

ORE Catapult Development Services Limited

Directors' report for the year ended 31 March 2017 (continued)

Research and disruptive innovation (R&DI)

The parent company ('ORE') continues to develop its research & disruptive innovation (R&DI) activities, to align these with ORE's areas of focus and to actively integrate these with engineering and the test & validation capabilities in order that its facilities can be closely aligned with the current global energy market needs and to better position it to be successful in applying for national and international collaborative research projects. After the application of a management charge, this is to the benefit of the company and the directors regard the investment in research & disruptive innovation as integral to the continuing success of the business.

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.

A J Jamieson

A L Quinn

A P L Walls

C J Hill

Financial risk management

The company's operations expose it to a variety of risks, including liquidity risk and credit risk.

Liquidity risk

The company actively manages its sources of finance to ensure it has sufficient funds for its operations.

Credit risk

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.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 – "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" (FRS 102), and applicable law). 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

ORE Catapult Development Services Limited

Directors' report for the year ended 31 March 2017 (continued)

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.


The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board


A J Jamieson
Director

29 June 2017

ORE Catapult Development Services Limited

Independent auditors' report to the members of ORE Catapult Development Services Limited

Report on the financial statements

Our opinion

In our opinion, ORE Catapult Development Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its 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.

What we have audited

The financial statements, included within the Annual report comprise:

- the balance sheet as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matter 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 Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or

ORE Catapult Development Services Limited

Independent auditors' report to the members of ORE Catapult Development Services Limited (continued)

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

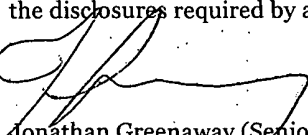
We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

ORE Catapult Development Services Limited

Independent auditors' report to the members of ORE Catapult Development Services Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider those reports include the disclosures required by applicable legal requirements.



Jonathan Greenaway (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

29 June 2017

ORE Catapult Development Services Limited

Statement of comprehensive income for the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Turnover		4,046	3,462
Cost of sales		(971)	(1,045)
Gross profit		3,075	2,417
Administrative expenses		(2,768)	(2,065)
Operating profit		307	352
Profit on ordinary activities before taxation	1	307	352
Tax credit on profit on ordinary activities	2	8	75
Profit for the financial year	8	315	427
Total comprehensive income for the year		315	427

All of the company's activities are continuing.

There are no material differences between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents.

ORE Catapult Development Services Limited

Balance sheet as at 31 March 2017

	Note	2017 £'000	2017 £'000	2016 £'000	2016 £'000
Fixed assets					
Investments	4		-		-
Current assets					
Debtors	5	2,173		2,376	
Cash at bank and in hand		1,167		12	
		3,340		2,388	
Creditors: amounts falling due within one year	6	(899)		(262)	
Net current assets			2,441		2,126
Net assets			2,441		2,126
Capital and Reserves					
Called up share capital	7		25		25
Profit and loss account	8		2,416		2,101
Total equity			2,441		2,126

The financial statements on pages 7 to 17 were approved by the board of directors on 29 June 2017 and were signed on its behalf by:



A J Jamieson
Director



A P L Walls
Director

Registered number 05636283

ORE Catapult Development Services Limited

Statement of changes in equity for the year ended 31 March 2017

	Called up Share Capital £'000	Profit and loss account £'000	Total Shareholders' funds £'000
Balance as at 1 April 2015	25	1,674	1,699
Profit and total comprehensive income for the year	-	427	427
Balance as at 31 March 2016	25	2,101	2,126
Balance as at 1 April 2016	25	2,101	2,126
Total comprehensive income for the year	-	315	315
Balance as at 31 March 2017	25	2,416	2,441

ORE Catapult Development Services Limited

Statement of accounting policies

General Information

ORE Catapult Development Services Limited ('the Company') accelerates the design, deployment and commercialisation of renewable energy technology innovation, helping to attract investment to support SMEs and to realise the enormous opportunities presented by the UK's offshore renewable energy resources

The company is a company limited by shares and is incorporated in England. The address of its registered office is Offshore House, Albert Street, Blyth, Northumberland, NE24 1LZ.

Statement of compliance

The financial statements of ORE Catapult Development Services Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard" applicable in the United Kingdom

Basis of preparation

These 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.

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 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.

Going concern

Under the terms of a Management Agreement between the company and its parent company, Offshore Renewable Energy Catapult, the company has access to various assets and services from its parent. The directors are satisfied that the parent company is in a position to supply all of the necessary resources under the agreement for the foreseeable future.

Exemption from consolidation

The company is a wholly owned subsidiary of Offshore Renewable Energy Catapult and is included in the consolidated financial statements of Offshore Renewable Energy Catapult which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

Exemptions for qualifying entities under FRS 102

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 exemption:

from preparing a statement of cash flows, on the basis that it is a qualifying entity from disclosing the Company key management personnel compensation, as required by FRS 102 paragraph 33.7.

ORE Catapult Development Services Limited

Statement of accounting policies (continued)

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Turnover

Turnover represents amounts invoiced to customers, and is recognised when services are provided to the customer. The origination and destination of turnover relates exclusively to the UK.

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

(a) Recoverability of trade debtors

Given the nature of the activities of the company, some trade debts due from grant providers are old and hence the company uses judgement in assessing the recoverability of such debtor balances. These judgements involve assessing the circumstances of each debtor balance and an estimation of the likelihood of receiving the expected monies.

ORE Catapult Development Services Limited

Notes to the financial statements for the year ended 31 March 2017

1 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2017 £'000	2016 £'000
Fees payable to company's auditors and their associates for the audit of the financial statements	12	12

Fees payable for the audit to the company's auditors are met by another group company, Offshore Renewable Energy Catapult.

2 Tax on profit on ordinary activities

(a) Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows:

	2017 £'000	2016 £'000
Current tax:		
UK Corporation tax	61	70
Adjustments in respect of prior periods	(69)	(145)
Tax credit on profit on ordinary activities	(8)	(75)

ORE Catapult Development Services Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2017 £'000	2016 £'000
Profit on ordinary activities before taxation	307	352
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	61	70
Effects of:		
Effects of other tax credits	(69)	(145)
Total tax credit for the year	(8)	(75)

The UK corporation tax rate applying to the Company was 20% (2016: 21%).

In the UK Budget on 8 July 2015, the UK Government proposed to reduce the main rate of UK corporation tax to 19% with effect from 1 April 2017 and to 18% with effect from 1 April 2020. Additionally in the Budget on 16 March 2016 a further rate reduction to 17% was proposed from 1 April 2020, instead of the reduction to 18% as originally planned.

The rate reduction to 17% was enacted during the period in the Finance (No2) Act 2016.

(c) Factors that may affect future tax changes

There are no factors expected to significantly affect future tax charges.

ORE Catapult Development Services Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3 Directors' emoluments and employees

The directors did not receive any emoluments during the year in respect of their services to the Company (2016: £nil). The company has no employees (2016: no employees).

4 Investments

Investments
other than
loans
£'000

Cost and net book value at 1 April 2016 and 31 March 2017

-

The directors believe that the carrying value of the investments at £nil (2016: £nil) is supported by their underlying value.

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

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

In April 2016, ORE Catapult Development Services Limited entered into a Joint Venture for Wind Energy Benchmarking Services Limited ("WEBS"). 100 shares were purchased at a nominal value of £1 each yielding a 50% share in the entity. On 7th December 2016, the joint venture partner exited and the remaining shares were purchased in WEBS at nominal value. At this point the company became a subsidiary.

The company owned 100% of WEBS at 31 March 2017. Subsequent to the year end on 20th April 2017, 49% of the share capital was sold to The Natural Power Consultants Limited.

ORE Catapult Development Services Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

4 Investments (continued)

Narec Distributed Energy Limited

Country of incorporation: United Kingdom

Nature of business: Energy distribution consulting

Registered office: Charles Parsons Technology Centre, High Quay, Blyth, Northumberland, NE24 2AZ

	%
Class of shares	Holding
Ordinary	10

5 Debtors

	2017	2016
	£'000	£'000
Trade debtors	746	1,186
Amounts owed by group undertakings	871	803
Taxation and social security	153	-
Other debtors	285	-
Prepayments and accrued income	118	387
	2,173	2,376

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Notes to the financial statements for the year ended 31 March 2017 (continued)

6 Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	157	24
Taxation and social security	580	238
Accruals and deferred income	162	-
	899	262

7 Called up share capital

	2017	2016
	£'000	£'000
Allotted and issued		
25,000 (2016: 25,000) ordinary shares of £1 each	25	25

ORE Catapult Development Services Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

8 Profit and loss account

	2017 £'000	2016 £'000
Profit for the financial year	315	427
Net addition to reserves	315	427
Opening reserves	2,101	1,674
Closing reserves	2,416	2,101

9 Related party disclosures

The company has taken advantage of the exemption under FRS102.33.1A 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Offshore Renewable Energy Catapult.

10 Ultimate controlling party

The immediate and ultimate parent undertaking is Offshore Renewable Energy Catapult, a company incorporated in England and Wales.

Offshore Renewable Energy Catapult is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2016. The consolidated financial statements of Offshore Renewable Energy Catapult are available from:

Offshore Renewable Energy Catapult
Offshore House
Albert Street
Blyth
Northumberland
NE24 1LZ

The directors do not consider there to be an ultimate controlling party of ORE Catapult Development Services Limited.