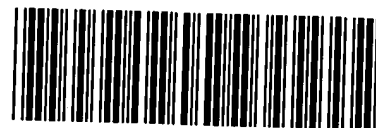


ORE Catapult Development Services Limited
Financial statements and annual report
for the year ended 31 March 2018

Registered Number 05636283

FRIDAY



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ORE Catapult Development Services Limited

Financial statements and annual report

for the year ended 31 March 2018

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ORE Catapult Development Services Limited

Directors' report

The directors present their report with the audited financial statements of the company for the year ended 31 March 2018.

Business review and principal activities

The company provides a range of open access research, test & validation services, where appropriate utilising the unique world class test facilities of the 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. In addition to participation in certain relevant collaborative, research and development projects e.g. the BEIS sponsored 'demowind' projects.

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 sized enterprises (SMEs) as well as with high growth organisations.

The results for the company show a profit before taxation of £0.3m (2017: £0.3m) and turnover of £4.7m (2017: £4.0m). The company has net assets of £2.8m (2017: £2.4m). No dividends have been paid in the year (2017: £nil) or are proposed in relation to the year.

Future outlook

The market conditions for the renewable energy market are linked in a large part to global oil prices and UK Government energy policy. Offshore renewable sources are poised to provide much of the affordable and secure energy needed to power the UK economy. Combined with substantial export potential, they represent the UK's largest clean growth opportunity. To ensure the UK industry is competitive and can deliver the full potential for jobs, exports and economic growth that the sector offers, innovation to improve generating plant and operational performance is essential. Accelerated innovation is also key to sustaining and improving upon the impressive drop in the cost of generating offshore wind energy – a breakthrough that can revolutionise the UK's drive for clean transport and heating. The government's competitive auction process in September 2017 resulted in the awarding of contracts at £57.50 per Megawatt Hour (Mwh) and £74.75 per Mwh. This is a significant reduction from the lowest price previously awarded of £114.39 per Mwh in February 2015.

The directors remain confident that the group 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 the 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 be the technological obsolescence or 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.

ORE Catapult Development Services Limited

Directors' report (continued)

Financial risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Company 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 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.

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company aims to mitigate liquidity risk by managing cash generation by its operations and applying cash collection targets throughout the Company.

Cash flow risk is the risk of exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability. The Company manages this risk, where significant, by careful review of proposed new contracts and the financial modelling of likely cash flows.

Research and disruptive innovation

The ORE Catapult continues to develop its research & disruptive innovation (R&DI) activities, to align these with the test & validation and operational performance capabilities and to ensure that facilities are 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 R&DI 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

ORE Catapult Development Services Limited

Directors' report (continued)

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

Auditor

During the year KPMG LLP were appointed as auditor. Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

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

A J Jamieson
Director

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

28 June 2018

ORE Catapult Development Services Limited

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

The directors are responsible for preparing 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 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 company and of the profit or loss of the company for that period. In preparing these 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 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 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 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.

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 company and to prevent and detect fraud and other irregularities.

ORE Catapult Development Services Limited

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

Opinion

We have audited the financial statements of ORE Catapult Development Services Limited ("the company") for the year ended 31 March 2018 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, and related notes, including the accounting policies on pages 10 to 12.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

ORE Catapult Development Services Limited

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

Matters on which we are required to report by exception

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

- 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; 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Katie Morrison (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street, Glasgow, G2 5AS

29 JUNE 2018

ORE Catapult Development Services Limited

Statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover		4,696	4,046
Cost of sales		(1,095)	(971)
Gross profit		3,601	3,075
Administrative expenses		(3,338)	(2,768)
Other operating income		84	-
Operating profit and profit before taxation	1	347	307
Tax credit on profit	2	22	8
Profit for the financial year		369	315
Total comprehensive income for the year		369	315

All of the company's activities are continuing.

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

The notes on pages 13 to 18 form part of the financial statements.

ORE Catapult Development Services Limited

Balance sheet as at 31 March 2018

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Fixed assets					
Investments	4		-		-
Current assets					
Debtors	5	2,569		2,173	
Cash at bank and in hand		1,338		1,167	
		3,907		3,340	
Creditors: amounts falling due within one year	6	(1,097)		(899)	
Net current assets			2,810		2,441
Net assets			2,810		2,441
Capital and Reserves					
Called up share capital	7		25		25
Profit and loss account			2,785		2,416
Total shareholders' funds			2,810		2,441

The financial statements on pages 7 to 18 were approved by the board of directors on 28 June 2018 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

	Called up Share Capital	Profit and loss account	Total Shareholders' funds
	£'000	£'000	£'000
Balance as at 1 April 2016	25	2,101	2,126
Profit and total comprehensive income for the year	-	315	315
Balance as at 31 March 2017	25	2,416	2,441
Balance as at 1 April 2017	25	2,416	2,441
Profit and total comprehensive income for the year	-	369	369
Balance as at 31 March 2018	25	2,785	2,810

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 significant opportunities presented by the UK's offshore renewable energy resources.

The company is a company limited by shares and is incorporated, domiciled and registered in England. The registered number is 05636283 and 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 accordance with Financial Reporting Standard 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 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 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:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity;
- (ii) 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)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account 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.

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.

ORE Catapult Development Services Limited

Statement of accounting policies (continued)

Investments

Investments are recorded at cost less any provision for impairment.

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. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

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

1 Operating profit

Operating profit is stated after charging:

	2018 £'000	2017 £'000
Fees payable to company's auditors and their associates for the audit of the financial statements	12	12

The audit fees for 2018 relate to the current auditors and the audit fees for 2017 relate to the previous auditors.

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

2 Tax on profit

(a) Analysis of the tax credit

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

	2018 £'000	2017 £'000
Current tax:		
UK Corporation tax	66	61
Adjustments in respect of prior periods	(88)	(69)
Tax credit on profit on ordinary activities	(22)	(8)

ORE Catapult Development Services Limited

Notes to the financial statements (continued)

Tax on profit (continued)

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2017: lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £'000	2017 £'000
Profit before taxation	347	307
Profit multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	66	61
Effects of:		
Effects of other tax credits	(88)	(69)
Total tax credit for the year	(22)	(8)

The UK corporation tax rate applying to the Company was 19% (2017: 20%).

(c) Factors that may affect future tax changes

A reduction in the corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

ORE Catapult Development Services Limited

Notes to the financial statements (continued)

3 Directors' emoluments and employees

The directors did not receive any emoluments during the year in respect of material qualifying services to the Company (2017: £nil). The directors were all remunerated through Offshore Renewable Energy Catapult. The company has no employees (2017: no employees).

4 Investments

	Investments other than loans £'000
Cost and net book value at 1 April 2017 and 31 March 2018	-

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	51

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. 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 (continued)

4 Investments (continued)

Narec Distributed Energy Limited

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

	2018 £'000	2017 £'000
Trade debtors	1,604	746
Amounts owed by group undertakings	746	871
VAT, other taxation and social security	-	153
Other debtors	-	285
Prepayments and accrued income	219	118
	2,569	2,173

ORE Catapult Development Services Limited

Notes to the financial statements (continued)

6 Creditors: amounts falling due within one year

	2018	2017
	£'000	£'000
Trade creditors	66	157
VAT, other taxation and social security	803	580
Accruals and deferred income	166	162
Other creditors	62	-
	1,097	899

7 Called up share capital

	2018	2017
	£'000	£'000
Called up, allotted and fully paid		
25,000 ordinary shares of £1 each	25	25

ORE Catapult Development Services Limited

Notes to the financial statements (continued)

8 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.

9 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 2018. 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.