Satellite Applications Catapult Limited
Company Limited by Guarantee
Annual report and financial statements

For the year ended 31 March 2014

Company No. 07964746

Company Information

Company registration number	07964746
Registered office	Electron Building, Fermi Avenue Harwell Science and Innovation Campus Didcot Oxfordshire OX11 0QR
Directors	Timothy Sherwood Stuart Martin Antonia Jenkinson Susan Hunt William Hutton Timothy Just Catherine Mealing-Jones Lynne Patmore Ruy Pinto
Auditor	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP

Contents

Strategic report

The Group's mission is:

"To innovate for a better world, empowered by satellites".

The Group's vision is to:

"To be a world-leading technology and innovation company, helping businesses of all sizes to realise the potential from space. By embracing a pioneering, agile, collaborative and entrepreneurial spirit, we create valued partnerships to deliver game changing results".

The UK space economy is currently worth £11.3bn and directly employs 34,300 people. The market has grown by approximately 7.2% pa over the last two years and is projected to increase to £40bn as the UK grows its market share to 10% of the £400bn global space market predicted by 2030. The Group's vision is to encourage and facilitate innovation and growth in the industry through this period.

The Group will receive £10m a year of core funding from the Technology Strategy Board to support the strategy. Additional income will be generated from collaborative and commercial sources.

Business Review

During the year, the Group:

- Received £12.8m of grant income and generated £3.8m of non-grant income
- Built a strong team, with a very diverse range of skills and an entrepreneurial spirit
- Transformed the working environment to enable more interaction and better collaboration
- Improved and added to its facilities, creating new and better ways of stimulating partnerships and supporting business
- Launched a range of services to the business community, especially SMEs
- Established systems and processes, to serve the community more effectively in the future

In the medium to long term the Directors intend to:

- Continue to generate grant, collaborative and commercial income
- Promulgate events and educate the wider UK business community about the effectiveness and unique benefits of satellite technology
- Focus the Company's activities along targeted programme lines
- Benefit from having established more regional outreach by collaborating with universities and business groups in three UK locations; Strathclyde, Durham and Leicester/Nottingham.
- Assist companies on generating exports
- Encourage inward investment by setting out the rationale for overseas companies to operate from the UK

Strategic report

Key performance indicators (KPIs)

A list of the Group's primary KPIs are listed in the table below:

		2014
	Key Performance Indicators	**Actual**
1	TSB core funding claimed (£'M)	12.0
2	Collaborative income (£'M)	3.4
3	Commercial income (£'M)	0.4
4	Utilisation of Assets (%)	45%
5	Number of SME engagements	66
6	Number of academic collaborations	8
7	Number of patents and licenses	0
8	Number of new businesses created	1

Principal risks and uncertainties

Details of the principal risks and uncertainties facing the Group are included in the report of the directors.

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

ON BEHALF OF THE BOARD

Stuart Martin
Chief Executive Officer
Date: 21.07.2014

Report of the directors

The directors present their annual report and the financial statements of the Group for the year ended 31 March 2014.

Principal activities and business review

Satellite Applications Catapult Limited (the 'Company') is a private company limited by guarantee and was incorporated in February 2012 as a not for profit research organisation. The Company commenced operations in January 2013.

These consolidated financial statements include the results and financial position of the Company and its two subsidiaries, International Space Innovation Centre Limited and Satellite Applications Catapult Services Limited (together the 'Group').

Financial Results

The trading results for the year and the Group's financial position at the end of the year are shown in the attached financial statements.

Directors

The directors who served the Company during the year were as follows:

Timothy Sherwood	
Stuart Martin	(appointed 23 April 2013)
Antonia Jenkinson	(appointed 17 October 2013)
Susan Hunt	(appointed 23 April 2013)
William Hutton	(appointed 23 May 2013)
Timothy Just	
Catherine Mealing-Jones	
Lynne Patmore	(appointed 23 April 2013)
Ruy Pinto	(appointed 23 April 2013)
Robert Bryan	(resigned 12 September 2013)
Margaret Garnett	(resigned 12 September 2013)

Principal risks and uncertainties

The most significant risk for the Group is that government funding is reduced. At the balance sheet date, £2.6m of funding to the end of September 2014 was in place and a commitment for a further four years at £10m per year had been agreed by the Technology Strategy Board.

The Group monitors cash flow as part of its day to day control procedures. The Board considers cash flow projections on a regular basis and ensures that appropriate funds are available as necessary.

The Group has a detailed risk register which the Board reviews on a regular basis and actions are taken to mitigate risk where practicable.

Report of the directors

Further details of the Group's financial risk management policies are given in note 18 to these financial statements.

Future developments

The Group will continue to encourage and facilitate innovation and growth in the UK space sector to assist the UK in growing its market share to 10% of the £400bn global space market predicted by 2030. More details are contained in the Strategic Report.

Post balance sheet events

There have been no post balance sheet events.

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) 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 Company and of the profit or loss of the Group for that period. In preparing those 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;
- 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 Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the directors

The directors confirm that:

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

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

Auditor

Grant Thornton UK LLP were appointed auditor during the period to fill a casual vacancy in accordance with section 485 of the Companies Act 2006 and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

ON BEHALF OF THE BOARD

Stuart Martin
Chief Executive Officer
Date: 21.07.2014

Grant Thornton

Report of the Independent Auditor to the members of Satellite Applications Catapult Limited

We have audited the financial statements of Satellite Applications Catapult Limited for the year ended 31 March 2014 which comprise the consolidated statement of comprehensive income, the consolidated and Company statements of financial position, the consolidated cash flow statement, the consolidated and Company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 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.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement, 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). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2014 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.

Report of the Independent Auditor to the members of Satellite Applications Catapult Limited

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the other information given in the Strategic Report and the Directors Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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 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.

Grant Thornton UK LLP

Simon Bevan
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London

21 July 2014

Consolidated statement of comprehensive income

	Note	2014 £	2013 £
Turnover	5	**16,830,637**	4,122,937
Administrative expenses		**(12,199,180)**	(1,339,115)
Operating profit		**4,631,457**	2,783,822
Exceptional items	7	**4,848,917**	-
Profit on ordinary activities before taxation	6	**9,480,374**	2,783,822
Tax on profit on ordinary activities	9	**-**	(955)
Profit on ordinary activities for the financial period		**9,480,374**	2,782,867
Profit for the financial year		**9,480,374**	2,782,867
Other comprehensive income		**-**	-
Total comprehensive income for the financial period		**9,480,374**	2,782,867

All amounts relate to continuing activities.

Consolidated statement of financial position

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	10	**12,044,465**	2,783,822
		12,044,465	2,783,822
Current assets			
Debtors	12	**3,902,276**	2,554,162
Cash at bank		**1,417,552**	172,350
		5,319,828	2,726,512
Creditors: amounts falling due within one year	13	**(5,101,052)**	(2,727,467)
Net current assets /(liabilities)		**218,776**	(955)
Net assets		**12,263,241**	2,782,867
Reserves			
Profit and loss account	14	**12,263,241**	2,782,867
Total funds		**12,263,241**	2,782,867

These financial statements were approved by the directors and authorised for issue on 21.07.14, and are signed on their behalf by:

Stuart Martin
Chief Executive Officer

Company Registration Number: 07964746

Company statement of financial position

	Note	2014 £	2013 £
Fixed assets			
Tangible assets	10	**12,044,465**	2,783,822
Investments	11	**1**	-
		12,044,466	2,783,822
Current assets			
Debtors	12	**3,864,564**	2,554,162
Cash at bank		**1,417,552**	172,350
		5,282,116	2,726,512
Creditors: amounts falling due within one year	13	**(5,095,786)**	(2,727,467)
Net current assets /(liabilities)		**186,330**	(955)
Net assets		**12,230,796**	2,782,867
Reserves			
Profit and loss account	14	**12,230,796**	2,782,867
Total Funds		**12,230,796**	2,782,867

These financial statements were approved by the directors and authorised for issue on 21.07.14, and are signed on their behalf by:

Stuart Martin
Chief Executive Officer

Company Registration Number: 07964746

Consolidated statement of cash flows

	Note	2014 £	2013 £
Cash flows from operating activities			
Net cash generated from operating activities	20	**7,821,254**	3,034,341
Cash flows from investing activities			
Cash acquired on gift of trade and assets of ISIC		**45,008**	-
Purchase of fixed assets		**(6,621,060)**	(2,861,991)
Net cash generated from investing activities		**(6,576,052)**	(2,861,991)
Net increase in cash and cash equivalents		**1,245,202**	172,350
Cash and cash equivalents at the beginning of period		**172,350**	-
Cash and cash equivalents at end of year		**1,417,552**	172,350

Consolidated statement of changes in equity

	Note	2014	2013
		£	£
Opening members' funds		**2,782,867**	-
Profit and total comprehensive income for the financial period		**9,480,374**	2,782,867
Closing members' funds		**12,263,241**	2,782,867

Company statement of changes in equity

	Note	2014	2013
		£	£
Opening members' funds		**2,782,867**	-
Profit and total comprehensive income for the financial period		**9,447,929**	2,782,867
Closing members' funds		**12,230,796**	2,782,867

Notes to the financial statements

1 Principal activities

Satellite Applications Catapult Limited is a private company limited by guarantee and was incorporated in February 2012 as a not for profit research organisation.

2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland"('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

The Company is considered to be a public benefit entity as defined in FRS 102.

The Group financial statements consolidate the financial statements of Satellite Applications Catapult Limited and all its subsidiary undertakings drawn up to 31 March each year.

The parent company has taken advantage of section 408 of the Companies Act 2006 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit for the year was £9,447,929 (2013: £2,782,867).

The individual accounts of Satellite Applications Catapult Limited have also adopted the following disclosure exemptions:

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

Going Concern
The Group is operating under an interim funding agreement with the Technology Strategy Board (TSB). This agreement provides grant funding for the Group, initially for the set-up period but with the intention that a further five year period of funding will be available. Funding has been provided to enable the Group to build and maintain capability.

In the short to medium term, the directors are confident that the grant income receivable will be sufficient to meet the operational needs of the business.

Grant funding is supplemented by collaborative research and development projects and other commercial income streams.

Notes to the financial statements

3 Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

- The fixed assets of International Space Innovation Centre Limited (ISIC) were gifted to Satellite Applications Catapult Limited on 29 May 2013. These were transferred at their fair value, as determined by an independent valuer, in accordance with FRS 102.
- Whether any development costs incurred in the period met the criteria for capitalisation under FRS 102 as set out below. Management determined that no development costs met the required criteria during the period.

4 Principal accounting policies

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree plus costs directly attributable to the business combination. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill. If the net fair value of the identifiable assets and liabilities exceeds the cost of the business combination the excess is recognised separately on the face of the consolidated statement of financial position immediately below goodwill. Subsequently the excess up to the fair value of non-monetary assets acquired is recognised in profit or loss in the periods in which the non-monetary assets are recovered. Any excess exceeding the fair value of non-monetary assets acquired is recognised in profit or loss in the periods expected to be benefitted.

As the Company is a public benefit entity, where a business combination is in substance a gift, any excess of the fair value of assets received over the fair value of the liabilities assumed is recognised as a gain in the statement of comprehensive income. Where there is an excess of liabilities assumed over the fair value of the assets acquired, this is recognised as an expense.

Investments in subsidiaries

The consolidated financial statements incorporate the financial statements of the Group and entities (including special purpose entities) controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Notes to the financial statements

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

- The technical feasibility of completing the project so that it will be available for use or sale.
- Its intention to complete the project and use or sell it.
- Its ability to use the project or to sell it.
- How the project will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the project.
- Its ability to measure reliably the expenditure attributable to the project during its development.

Research costs are written off in the period in which they are incurred.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets other than leasehold land by equal annual instalments over their expected useful lives. The rates applicable are:

Communications Infrastructure	3 – 5 years
Furniture and fixtures	3 – 8 years
Office equipment	3 – 5 years
Motor vehicles	5 years

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Notes to the financial statements

Debtors
Short term debtors are measured at transaction price, less any impairment

Creditors
Short term trade creditors are measured at the transaction price.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases.

Rights to assets held under finance leases are recognised as assets of the Group 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 to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. 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.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the terms of the relevant lease.

Provisions for liabilities
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is present valued using a pre-tax discount rate.

Deferred taxation
Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated below.

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

Notes to the financial statements

If and when all conditions for retaining tax allowances for the cost of a fixed asset have been met, the deferred tax shall be reversed.

Deferred tax is recognised when income or expenses from a subsidiary or associate have been recognised, and will be assessed or allowed for tax in a future period, except where:
- the Group is able to control the reversal of the timing difference; and
- it is probable that the timing difference will not reverse in the foreseeable future.

A deferred tax liability or asset is recognised for the additional tax that will be paid or avoided in respect of assets and liabilities that are recognised in a business combination. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is calculated using the tax rates and laws that that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes.

Grant income

Turnover recorded in the financial statements includes government grants received or receivable. The Group has elected to apply the performance model when accounting for government grants:

- Grants that do not impose specific future performance-related conditions are recognised in income when the grant proceeds are received or receivable;
- Grants that impose specified future performance-related conditions are recognised in income only when the performance-related conditions are met;
- Grants received before the revenue recognition criteria are satisfied are recognised as liabilities in the financial statements.

Rendering of services

Turnover from the rendering of services is recognised on a straight-line basis by reference to the stage of completion of the contract subject to the achievement of significant project milestones. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Notes to the financial statements

Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the functional currency of the individual entities (foreign currencies) are recognised at the spot rate at the dates of the transactions, or at an average rate where this rate approximates the actual rate at the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise. However, in the consolidated financial statements exchange differences arising on monetary items that form part of the net investment in a foreign operation are recognised in other comprehensive income and are not reclassified to profit or loss.

Notes to the financial statements

5 Turnover

The turnover and profit before tax was all derived within the United Kingdom.

Turnover, analysed by category, was as follows:

	2014	2013
	£	£
TSB grant funding	**12,995,090**	4,122,937
Collaborative and commercial income	**3,835,547**	-
	16,830,637	4,122,937

5 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after:

	2014	2013
	£	£
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual accounts	**22,700**	7,750
Fees payable to the Company's auditor and it associates for other services:		
Preparation of financial statements and accounting assistance	**4,900**	-
Tax compliance services	**2,700**	-
Foreign exchange losses	**1,306**	-
Other operating lease rentals	**555,457**	-
Research and development expense	**4,972,652**	695,227

The research and development expense is considered to be the activities of the technology department and other work on specific research and development projects. Due to the nature of the Group's activities, there is likely to be an element of other activities which could also be considered to be of a research and development nature. These other activities have been excluded from the research and development expense shown above.

7 Exceptional items

	2014	2013
	£	£
Gift on transfer of ISIC trade and net assets	**4,848,917**	-

During the year the Company gained control of International Space Innovation Centre Limited (ISIC) and on 29 May 2013 the trade and assets of ISIC were transferred to the Company in consideration for the Company assuming the liabilities of ISIC. This resulted in an exceptional gain to the Company and Group of £4,848,917, being the fair value of the net assets on the transfer date.

Notes to the financial statements

8 Directors and employees

Staff costs during the year were as follows:

	2014	2013
	£	£
Wages and salaries	3,374,704	99,185
Social security costs	332,561	10,848
Other pension costs	189,944	-
	3,897,209	110,033

The average number of employees of the Group, including the directors, during the year was:

	2014	2013
	No	No
Administration and finance	16	4
Technology and innovation	42	3
	58	7

Remuneration in respect of directors was as follows:

	2014	2013
	£	£
Emoluments	392,183	7,500
Social security costs	34,735	-
Pension contributions to money purchase pension schemes	27,583	-
	454,501	7,500

During the year two directors (2013: none) participated in a money purchase pension scheme.

Of the remuneration set out above, £12,250 related to prior years.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2014	2013
	£	£
Emoluments	191,386	7,500
Pension contributions to money purchase pension schemes	17,500	-
	208,886	7,500

Of the remuneration set out above, £12,250 related to prior years.

Notes to the financial statements

9 Taxation on profit on ordinary activities

The tax (credit)/charge is based on the profit for the year and represents:

	2014	2013
	£	£
UK Corporation tax	-	955
Adjustments in respect of previous periods	-	-
Total current tax	-	955
Deferred taxation: origination and reversal of timing differences	-	-
Tax on results on ordinary activities	-	955

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 20% (2013: 20%)

	2014	2013
	£	£
Profit on ordinary activities before taxation	9,480,374	2,783,822
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20% (2013: 20%)	1,896,075	556,764
Expenses not deductible for tax purposes	7,925	955
Depreciation on assets ineligible for tax relief	405,083	15,634
Capital grants and other income not taxable	(2,293,995)	(572,398)
Short term timing differences	6,982	-
Research and development claim	(22,070)	-
Loss carried forwards	-	-
Tax on results on ordinary activities	-	955

Notes to the financial statements

10 Tangible fixed assets

The Group and Company

	Communications Infrastructure	Furniture and fixtures	Office equipment	Motor Vehicles	Leasehold Property	Total
	£	£	£	£	£	£
Cost						
At 1 April 2013	-	111,052	2,750,939	-	-	2,861,991
Additions	1,732,289	318,795	4,206,509	35,894	327,573	6,621,060
Acquisition of ISIC assets	4,218,821	4,674	441,505	-	-	4,665,000
At 31 March 2014	**5,951,110**	**434,521**	**7,398,953**	**35,894**	**327,573**	**14,148,051**
Depreciation						
At 1 April 2013	-	988	77,181	-	-	78,169
Charge for the year	881,427	72,068	1,071,548	374	-	2,025,417
At 31 March 2014	**881,427**	**73,056**	**1,148,729**	**374**	**-**	**2,103,586**
Net book value						
At 31 March 2014	**5,069,683**	**361,465**	**6,250,224**	**35,520**	**327,573**	**12,044,465**
At 31 March 2013	-	110,064	2,673,758	-	-	2,783,822

Leasehold property is not depreciated.

There was a change in accounting estimate in relation to deprecation during the period. Management determined that the following depreciation rates are most appropriate:

- Furniture and fixtures 3 – 8 years (2013: 8 years)
- Office equipment 3 – 5 years (2013: 3 – 8 years)

Management have also changed the classes of fixed assets from the prior period. The current fixed asset classes are deemed more appropriate than those disclosed in the prior period.

Notes to the financial statements

11 Investments

	£
Cost and NBV	
At 1 April 2013	-
Additions	1
At 31 March 2014	**1**

At 31 March 2014 the Company had interests in the following subsidiaries:

	Proportion of ordinary shares held (%)	**Country of Incorporation**	**Nature of business**
Satellite Applications Catapult Services Limited	100%	United Kingdom	Commercial
International Space Innovation Centre Limited	100%	United Kingdom	Dormant

During the year the Company gained control of International Space Innovation Centre Limited (ISIC) and on 29 May 2013 the trade and assets of ISIC were transferred to the Company in consideration for the Company assuming the liabilities of ISIC. This resulted in an exceptional gain to the Company and Group of £4,848,917, being the fair value of the net assets on the transfer date.

Satellite Applications Catapult Services Limited was incorporated on 25 October 2012. The Company became the trading arm of Satellite Applications Catapult Limited and commenced trading on 23 April 2013.

12 Debtors

	Group		**Company**	
	2014	2013	**2014**	2013
	£	£	**£**	£
Trade debtors	**1,517,210**	-	**1,517,209**	-
Other debtors	**75,301**	748,342	**75,301**	748,342
Prepayments and accrued income	**1,088,056**	1,805,820	**1,050,345**	1,805,820
Social security and other taxes	**1,221,709**	-	**1,221,709**	-
	3,902,276	2,554,162	**3,864,564**	2,554,162

All debtors are repayable within one year of the balance sheet date.

Notes to the financial statements

13 Creditors: amounts falling due within one year

		Group		Company
	2014	2013	**2014**	2013
	£	£	**£**	£
Trade creditors	**4,015,343**	2,326,177	**4,015,343**	2,326,177
Corporation tax	**955**	955	**955**	955
Accruals and deferred income	**935,744**	400,335	**858,587**	400,335
Other taxation and social security	**142,810**	-	**142,810**	-
Other creditors	**6,200**	-	**6,200**	-
Amounts owed to subsidiary undertakings	**-**	-	**71,891**	-
	5,101,052	2,727,467	**5,095,786**	2,727,467

14 Profit and loss account

Group	**2014**	2013
	£	£
Balance brought forward	**2,782,867**	-
Profit for the financial year	**9,480,374**	2,782,867
Balance carried forward	**12,263,241**	2,782,867

Company	**2014**	2013
	£	£
Balance brought forward	**2,782,867**	-
Profit for the financial year	**9,447,929**	2,782,867
Balance carried forward	**12,230,796**	2,782,867

The Articles of Association of the Company prohibit all distributions to the members.

15 Capital commitments

The Group had no commitments for any capital expenditure as at 31 March 2014 (2013: Nil).

Notes to the financial statements

16 Leasing commitments

The Group and Company's future minimum operating lease payments are as follows:

	2014	2013
	£	£
Within one year	**110,031**	559,200
Between two to five years	**369,306**	559,200

17 Transactions with related parties

The Company defines related parties as the directors of Satellite Applications Catapult Limited and companies that those persons could have a material influence on as related parties. Details of transactions with related parties are set out in the table below:

		Group		Company
	2014	2013	**2014**	2013
	£	£	**£**	£
Loans due to subsidiary undertakings	**-**	-	**71,891**	-
Key management personnel compensation	**840,769**	7,500	**840,769**	7,500

Loans due to subsidiary undertakings are unsecured and on interest free terms. They are expected to be settled within one year.

The following transactions were entered into between the Group and other entities where a director of the Company has an interest in the other transacting party. It is considered that in each of these cases the director concerned does not have control or significant influence over the other transacting party and that the transactions were conducted on an arms length basis.

Ruy Pinto is also a senior executive of Inmarsat plc, the Group entered into a contract with Inmarsat plc during the year. The amount invoiced during the year in respect of this contract was £15,061. The amount outstanding at the year end was £nil.

Catherine Mealing-Jones is also a director of UK Space Agency, the Group entered into contracts with UK Space Agency during the year. The amounts invoiced during the year in respect of these contracts was £2,697,722. The amount outstanding at the year end was £787,833.

Tim Just is a senior executive at the Technology Strategy Board (TSB), the source of grant funding for the Group. The amount of grant funding claimed during the year was £11,998,407 (2013: £5,023,526). The amount outstanding at the year end was £3,052,460 (2013: £4,802,544).

Robert Bryan, who resigned as a director on 12 September 2013, is a partner at BPE Solicitors LLP. Since his resignation the Group has engaged BPE Solicitors LLP and paid them £58,032 for services rendered, the amount outstanding at the year end was £12,590.

Notes to the financial statements

18 Financial risk management

Foreign exchange transactional currency exposure

The Group is exposed to currency exchange rate risk due to a proportion of its receivables and operating expenses being denominated in non-Sterling currencies. The Group manages the risk of potential foreign exchange losses by:

- Matching receipts and payments in Euros where possible;
- Considering foreign exchanges fluctuations when pricing contracts; and
- The Group has the facility to enter into forward exchange instruments for material contracts.

Liquidity risk

The objective of the Group in managing funding risk is to ensure that it can meet its financial obligations as and when they fall due. The Group expects to meet its financial obligations through operating cash flows, grant receipts from the Technology Strategy Board (TSB) and other sources.

Customer credit exposure

The Group may offer credit terms to its customers which allow payment of the debt after delivery of the goods or services. The Group is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going relationship the Group has with its customers.

19 Financial assets and liabilities

Group and Company

	2014	2013
	£	£
Financial assets measured at fair value through profit or loss	**-**	-
Financial assets measured at amortised cost	**2,934,762**	172,350
Financial liabilities measured at amortised cost	**(4,015,343)**	(2,326,177)

Notes to the financial statements

20 Reconciliation of operating profit to net cash inflow from operating activities

	2014	2013
	£	£
Operating profit	**4,631,458**	2,782,867
Non-cash items		
Depreciation	**2,025,416**	78,169
Movement in assets and liabilities		
(Increase)/decrease in trade debtors	**(1,498,796)**	-
(Increase)/decrease in other assets	**464,901**	(2,554,162)
Increase/(decrease) in trade creditors	**1,634,388**	2,326,177
Increase/(decrease) in other payables and accruals	**563,887**	400,335
Increase/(decrease) in current tax liabilities	**-**	955
Net cash inflow from operating activities	**7,821,254**	3,034,341

21 Contingent liabilities

The Technology Strategy Board have funded the Group via grants during the year. In the prior financial year an amount of £2,261,000 was granted as a grant in advance of need. Upon expiry or, in the event that the agreement is terminated, this element of the grant is to be immediately repaid as specified under the terms of the agreement.

22 Post balance sheet events

There have been no post balance sheet events.