

Registered number: 07964746

SATELLITE APPLICATIONS CATAPULT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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SATELLITE APPLICATIONS CATAPULT LIMITED

COMPANY INFORMATION

Directors

Simon Acland
Chad Anderson
Lucy Edge
Susan Hunt
William Hutton
Dr Vanessa Lawrence CB
Stuart Martin
Lynne Patmore
Ruy Pinto (resigned 2 April 2019)
Timothy Sherwood
Richard Tuffill

Company secretary

Richard Tuffill

Registered number

07964746

Registered office

Electron Building
Fermi Avenue
Harwell Science and Innovation Campus
Didcot
Oxfordshire
OX11 0QR

Independent auditors

Grant Thornton UK LLP
Chartered Accountants & Statutory Auditor
3140 Rowan Place
John Smith Drive
Oxford Business Park South
Oxford
Oxfordshire
OX4 2WB

SATELLITE APPLICATIONS CATAPULT LIMITED

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SATELLITE APPLICATIONS CATAPULT LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The Group's mission is:

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

The Group's vision is:

"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 main criteria for the Group's activities remains growing economic impact in the UK through:

- The growth of the satellite applications sector
- The need for the provision of a unique innovation environment for these applications.

The UK has set an ambitious vision to achieve a £40bn space sector and 100,000 jobs by 2030. The sector is delivering, growing to £14.8bn in 2017, with 41,900 employees. At the end of 2018, the space industry was made up of 948 organisations, with 39 new entrants each year since 2012.

We are living through extraordinary times. We need to focus on each other and the health crisis at hand. However, both now, and when we are through the health crisis, a priority will be to re-build our economy, and space is a key part of the solution. Then, as we build toward a bold future, space will increasingly become one of the key sectors for global economic growth.

Geospatial Intelligence and Ubiquitous Connectivity are two universal trends driving the new digital economy and the opportunity for satellite applications. These will become more embedded and help us thrive in a post-Covid-19 world.

- Geospatial technologies and data are underpinning decision-making processes in both Government and business and are increasingly recognised as key in helping to mitigate climate change.
- Geospatial solutions will help us manage our supply chains, our assets and our lives in more effective ways.
- The satellite communications market remains significant (>\$100bn) and is in an exciting period of reshaping. Our dependence on communications is growing and the benefits have been amply demonstrated during the efforts to address the pandemic.
- From spaceports to launch companies, these new services are supporting the development of many advances in access to space from which the UK can capitalise.

With advances in artificial intelligence and robotics, new opportunities for ambitious new initiatives to address energy solutions, connectivity and life sciences are within reach. It is a time for big thinking, innovation and global cooperation with the aim of driving exponential benefits to the planet. Activities and interest in space are building to the point where it is critical to our sustainable future. Space remains an inspiration and a challenge but the further our activity pushes into space, the greater the solutions and benefits that can be realised.

SATELLITE APPLICATIONS CATAPULT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

Strategic Focus

The Group's overall strategy of energising markets, empowering technology, and enabling business in the areas of geospatial intelligence, ubiquitous connectivity and access to space is delivering benefits from the growing opportunities in space.

Our approach works across the value chain to create an engine for UK growth:

- We build demand for space enabled service providers that use space data and offer solutions to end customers in sectors ranging from transport to climate and environment.
- We build demand for data from data and connectivity providers through the new services above and interventions to improve ease of access and use.
- We create need for new services and data from space and enable trial and commercialisation of new satellites to deliver this for existing and new space and satellite hardware manufacturers.
- We enable innovation and supply chains for new space hardware and new hardware on the ground to enable access to space, in support of payload and component manufacturers, space and satellite hardware manufacturers and launch providers.
- We drive commercial and technical innovation and ambition to create the next generation of services in and from space.

Our economic evaluation in April 2019 noted the Catapult's refined strategy and leadership, and a more focused approach for developing markets, technology, and businesses.

Business review

Activities during the year have been built on and incorporate the experiences gained in our first six years of trading.

All our work has strong focus on UK business growth. Over the last year, we have worked to identify specific sub-sector growth targets within each of our market-facing value streams and the high potential businesses that can most benefit from the support of the Catapult. We have identified £1.1bn of expected future attributable economic impact from our interventions and over £800m of this is from businesses we are working with already. This has allowed us to focus our efforts to where we can have the most impact. To ensure we focus on the best ways to support UK business growth, we will further evolve and embed these datasets and processes into the Catapult's operations during the next financial year.

A significant milestone achieved during the current financial year in 2019 was our first In-Orbit Demonstration (IOD) mission. At least two further IOD missions are scheduled during the next financial year. Each opportunity can lead to significant UK economic impact through the commercialisation phase as the supply chains and value chains for these opportunities are built out.

SATELLITE APPLICATIONS CATAPULT LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Key facilities and ecosystem development activities have begun to establish a powerful set of interventions that can underpin future growth of the sector.

- Westcott 5G Step-out Centre was operational by Summer 2019 - the Centre provides SME's with access to the latest wireless applications, service equipment and satellite data. This removes the need for them to invest in expensive infrastructure when developing new technologies designed to produce non-terrestrial commercial products and services.
- Westcott Innovation Centre commenced construction during March 2020 and is due to be completed and available for occupation by tenants during Summer 2020. The Centre will provide grow-on space for companies exiting the Westcott Business Incubation Centre, alongside office and lab space for innovative companies looking for a base in the UK. The centre will become the new focal point for activities by innovative space companies at Westcott.
- Our next Disruptive Innovation from Space Centre (DISC) went live in late-2019. It offers advanced clean rooms and flexible laboratory and manufacturing spaces for constellation spacecraft, and in-orbit manufacturing services and disruptive technology development capabilities. Our DISC ambition is for it to provide an annual economic contribution of £1bn.

Despite the successes, financially the year was challenging with lower revenues than we were targeting. Funding from government departments has been effected during 2019 due, in part, to the implications of the extended Brexit discussions with the EU. This has put pressure on our finances, but we believe that we are in a good position to continue to support UK economic growth, and we have a pipeline of project opportunities that is as strong as it has ever been.

Like many businesses though, the current health crisis is expected to have an effect on our revenues in the next financial year, and consequently we reduced our expectations accordingly. Notwithstanding this, through our diversification of customers and revenue sources, and the measures we have taken to control costs and optimise our workforce, we expect to be in a good position to respond positively throughout the new financial year as funding sources become available.

Priorities and focus for the next five years

During the next five years the directors will progress the following key activities to support the achievement of the medium-term economic impact objectives:

- Continue to progress collaborative projects, with a target to achieve equal levels of income from three sources: core funding, collaborative income and commercial income.
- Continue with the strategy to use our expertise and facilities to stimulate focused collaborations, which accelerate the translation of emerging technology into new markets.
- Build international relationships through projects to encourage export opportunities for UK companies.
- Develop strategic relationships with industry leaders and academia worldwide to build international collaborative research.
- Encourage the growth and development of our regional Centres of Excellence, developing new relationships with academic institutions and businesses, through events, business development workshops and technical support sessions.

SATELLITE APPLICATIONS CATAPULT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

The new financial year is a time for ambition and prioritisation, with fast-growing needs and opportunity and a government that is strongly supportive of space. We have already won several important projects that will open new markets for UK businesses. We are prioritising impacts from projects such as Cassis, Lightbar, ForestMind, and Tailings Dam Monitoring. This involves commercial innovation to establish and engage UK entities and supply chains that will continue to deliver and scale these services for the long-term.

- The Cassis project will demonstrate the creation of an antennae prototype from Technology Readiness Level (TRL) 2/3 to TRL 6 (i.e. a large-scale prototype that has been demonstrated in a relevant environment). It will identify the value chain for the technology and build strong relationships at both a technical and commercial level with key stakeholders in the connected vehicle industry, and identify customers who can commit to follow-on development of the product and commercialisation in the UK.
- The Lightbar project will create a boost in the UK economy and emergency services through improved emergency response times and assistance, expansion of UK exports and job creation. Moreover, there are environmental benefits that will be generated through the technology dissemination.
- ForestMind demonstrates how satellite-enabled solutions map and thereby reduce and prevent deforestation within global supply chains. ForestMind will act as a catalyst for similar approaches to enable UK businesses to address water usage, carbon, and other challenges for the critical area of sustainable supply chains.
- Tailings Dam Monitoring demonstrates how satellite technology can provide greater disclosure on the management of tailings storage facilities. Following the catastrophic Brumadinho tailings dam failure in Brazil, we are now working to deliver a pilot which covers monitoring of 50 sites globally and offers a strong opportunity for UK business to deliver services when customers embed this operationally.

The same focus on commercialisation applies to our maturing pipeline of IOD missions. This gives us focus as we deliver on the high potential initiatives we have in place.

We will then establish new opportunities to drive the uptake of satellite services from UK businesses. Climate and sustainability provide a new focus for geospatial data. Programmes such as the ISCF Future of Flight (connectivity for drones) are the next opportunities as connectivity capabilities move more toward the mass market.

We will also be doing more in space, raising the ambition of the UK to achieve the government vision for space as an industry of the future. There is a stepwise approach to growth of new services in-space. Building capability in in-orbit servicing and Low Earth Orbit commercialisation opportunities such as microgravity are key planks for UK growth toward major opportunities for in-space assembly and construction. Our National In-Orbit Servicing Control Centre is developing, enabling UK businesses to become leaders in robotic servicing missions. In time, securing these capabilities for remote, autonomous operations in the UK is going to enable translation toward major in-space construction and other developments to drive UK business growth.

Importantly, as we look to the future and re-imagine the space sector, the UK has real strength in adjacent sectors that will be essential in shaping the space sector of the future. Working with the Catapult network and others, we are in a great position to shape programmes and interventions that can create real UK advantage and open new economic frontiers. This will be achieved through programmes that actively co-create and co-shape markets and pull in other sectors such as robotics and AI, and crowding in investment from other sectors, international partners and private finance. We have world-class robotics and AI research and world-leading manufacturing capability from areas like motorsport clusters. This makes the UK a fantastic place to drive new opportunities in in-orbit construction, and beyond. The UK also has strong links to demand side users and innovators. Important geospatial intelligence users exist in agri-tech and clean growth clusters. As we look further forward there are clusters in pharma energy, biotech and manufacturing that can co-create and benefit from the space sector.

SATELLITE APPLICATIONS CATAPULT LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

In creating the industries of tomorrow our regional development plans bring these adjacent sectors together and can set the UK apart. Our DISC initiative and regional development activities are key in developing this. Our newly-opened facilities at Harwell and Westcott demonstrate the value that shared facilities and capabilities, bringing together both advanced manufacturing and users of space services, offer towards the fast-changing space sector. Interest from Local Enterprise Partnerships around the country is growing quickly and this will be an important set of interventions in levelling up the UK economy.

It is a time for big thinking, innovation and global cooperation, with the aim of driving exponential benefits to Earth. Activity and interest in space is building and it is critical to our sustainable future.

Key performance indicators

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

		2020	2019	% Change	2020
	Key Performance Indicator	Actual	Actual	vs 2019	Target
1	Innovate UK core funding claimed (£'M)	12.0	10.8	11%	12.0
2	Collaborative income (£'M)	9.1	14.8	(39%)	16.0
3	Commercial income (£'M)	2.7	3.8	(29%)	6.0
4	Utilisation of Assets (%)	52%	50%	2%	50%
5	Number of SME engagements	439	650	(32%)	400
6	Funding raised by business clients supported	37.7	39.9	(6%)	35

Definitions

1. Core funding received from Innovate UK for investment in core research programmes, capabilities, know-how, expertise, skills and long-term capital assets of the Centre
2. Collaborative income from contracts jointly funded by the public and private sector which are won competitively and include national and international activities
3. Commercial income contracts won competitively
4. Percentage of utilisation of assets
5. Engagements with small and medium sized enterprises both new and repeat in the financial year
6. Total equity raised by businesses supported

SATELLITE APPLICATIONS CATAPULT LIMITED

GROUP STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020

Gender information

The Group is an equal opportunities employer and supports the principle of equality of treatment in employment and is committed to ensuring that employees are not discriminated against, and men and women are paid equally for equal work.

As at the year end the Group employed:

	Male	Female
Directors	6	4
Senior Managers	18	9
Employees	60	52

Financial performance

The Group operates as a not-for-profit research organisation. Any surplus generated is re-invested to support the achievement of the Group's strategy.

In accordance with FRS 102 (accounting for grant income), the entire capital element of grant income is recognised in the year it is incurred. This can result in large operating profits during periods of capital investment and operating losses when depreciation exceeds investment. Note 5 of the financial statements shows the impact of the actual levels of capital grant income recognition and fixed asset depreciation.

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.



Stuart Martin
Chief Executive Officer

Date: 23/7/2020

SATELLITE APPLICATIONS CATAPULT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

Principal activity

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 trading subsidiaries and associates, Satellite Applications Catapult Services Limited, Satellite Applications Catapult SpA, Oceanmind Limited and non-trading subsidiaries Satellite Applications Catapult Incorporated, EASOS Limited, International Space Innovation Centre Limited (together the 'Group').

Financial results

The 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 during the year were:

Simon Acland
Chad Anderson
Lucy Edge
Susan Hunt
William Hutton
Dr Vanessa Lawrence CB
Stuart Martin
Lynne Patmore
Ruy Pinto (resigned 2 April 2019)
Timothy Sherwood
Richard Tuffill

Principal risks and uncertainties

The prolonged Brexit process and the current Covid-19 pandemic have both weighed on the funding and financial performance of the Group and continue to create uncertainty for the economy as a whole. While the space sector is not immune to this, recent government statements in support of the sector, and research and development in general, provide encouragement that there will be opportunities in the future for the Catapult to play a key role in supporting the continued growth of the sector.

Nevertheless, the most significant risk for the Group continues to be a reduction in government funding or a material change in government policy. To provide mitigation against this risk, the Group has diversified the sources of funding for its research and development projects and other commercial streams.

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. Additional scrutiny of cash flow projections has been considered in the current Covid-19 pandemic. Further details of the Group's financial risk management policies, including currency risks, are given in note 24 to these financial statements.

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

SATELLITE APPLICATIONS CATAPULT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

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.

Qualifying third party indemnity provisions

Qualifying third party indemnity insurance was held on behalf of the directors during the year.

Post balance sheet events

On 5th April 2020, the Group's shareholding in Bird.i Limited was sold to Hanley Wood Meyers Research following the acquisition by Hanley Wood Meyers Research of the entire share capital of Bird.i Limited. The transaction is not deemed to be an adjusting event for the year ended 31 March 2020 due to the risk that the sale may not proceed after the year-end, and therefore no fair value adjustment has been recognised in the financial statements.

The current Covid-19 pandemic is an adjusting post balance sheet event. The Directors have undertaken a review of assets and liabilities at the year end and concluded that no adjustments are required.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including 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 and profit or loss of the Group 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 accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

SATELLITE APPLICATIONS CATAPULT LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

Disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company and the Group's auditors are 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 the financial statements may differ from legislation in other jurisdictions.

Auditors

The auditors, Grant Thornton UK LLP, 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.



Richard Tuffill
Chief Finance Officer

Date: 23/7/2020



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SATELLITE APPLICATIONS CATAPULT LIMITED

Opinion

We have audited the financial statements of Satellite Applications Catapult Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise the group statement of comprehensive income, the group and company statement of financial position, the group statement of cash flows, the group and company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Group's or the parent Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's or the parent Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SATELLITE APPLICATIONS CATAPULT LIMITED (CONTINUED)

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's or the parent Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's or the parent Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditors' report is not a guarantee that the Group and the parent Company will continue in operation.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SATELLITE APPLICATIONS CATAPULT LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' responsibilities statement set out on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SATELLITE APPLICATIONS CATAPULT
LIMITED (CONTINUED)**

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' 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.

Grant Thornton UK LLP

Mark Bishop FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Oxford
Date: 23/7/2020

SATELLITE APPLICATIONS CATAPULT LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 £	2019 £
Turnover	4	23,739,790	29,446,426
Other administrative expenses		(22,198,838)	(25,620,515)
Depreciation of tangible fixed assets	12	(2,839,491)	(2,379,251)
Impairment charge	12	-	(530,572)
Operating (loss)/profit	6	(1,298,539)	916,088
Income from associated undertakings	13	(849)	-
Loss on disposal of subsidiary		(849)	-
Interest receivable and similar income	10	22,191	-
(Loss)/profit before taxation		(1,278,046)	916,088
Tax on (loss)/profit	11	(5,493)	-
(Loss)/profit for the financial year		(1,283,539)	916,088
Revaluation gain on investments		-	300,248
Currency translation differences		(14,266)	-
Other comprehensive income for the year		(14,266)	300,248
Total comprehensive income for the year		(1,297,805)	1,216,336
(Loss)/profit for the year attributable to:			
Owners of the parent Company		(1,283,539)	916,088
Total comprehensive income for the year attributable to:			
Owners of the parent Company		(1,297,805)	1,216,336

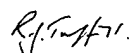
The notes on pages 20 to 44 form part of these financial statements.

SATELLITE APPLICATIONS CATAPULT LIMITED
REGISTERED NUMBER:07964746

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	8,705,845	10,248,472
Investments	13	575,241	575,241
		<u>9,281,086</u>	<u>10,823,713</u>
Current assets			
Debtors: amounts falling due within one year	14	8,388,877	12,682,176
Cash at bank and in hand	15	3,809,907	3,917,300
		<u>12,198,784</u>	<u>16,599,476</u>
Creditors: amounts falling due within one year	16	(7,897,880)	(14,148,887)
Net current assets		<u>4,300,904</u>	<u>2,450,589</u>
Total assets less current liabilities		<u>13,581,990</u>	<u>13,274,302</u>
Creditors: amounts falling due after more than one year	17	(1,600,000)	-
Deferred taxation	19	(5,493)	-
Net assets		<u><u>11,976,497</u></u>	<u><u>13,274,302</u></u>
Capital and reserves			
Revaluation reserve	20	300,248	300,248
Profit and loss account	20	11,676,249	12,974,054
		<u><u>11,976,497</u></u>	<u><u>13,274,302</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Richard Tuffill
Chief Finance Officer

Date: 23/7/2020

The notes on pages 20 to 44 form part of these financial statements.

SATELLITE APPLICATIONS CATAPULT LIMITED
REGISTERED NUMBER:07964746

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	8,705,845	10,241,182
Investments	13	292,114	292,628
		<u>8,997,959</u>	<u>10,533,810</u>
Current assets			
Debtors: amounts falling due within one year	14	8,015,461	12,607,867
Cash at bank and in hand	15	3,809,152	3,008,038
		<u>11,824,613</u>	<u>15,615,905</u>
Creditors: amounts falling due within one year	16	(7,826,202)	(13,222,261)
Net current assets		<u>3,998,411</u>	<u>2,393,644</u>
Total assets less current liabilities		<u>12,996,370</u>	<u>12,927,454</u>
Creditors: amounts falling due after more than one year	17	(1,600,000)	-
Deferred taxation	19	(5,493)	-
Net assets		<u><u>11,390,877</u></u>	<u><u>12,927,454</u></u>
Capital and reserves			
Revaluation reserve	20	283,585	283,585
Profit and loss account brought forward		12,643,869	11,654,071
(Loss)/profit for the year		(1,536,577)	989,798
Profit and loss account carried forward	20	<u>11,107,292</u>	<u>12,643,869</u>
		<u><u>11,390,877</u></u>	<u><u>12,927,454</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf:



Richard Tuffill
Chief Finance Officer

Date: 23/7/2020

The notes on pages 20 to 44 form part of these financial statements.

SATELLITE APPLICATIONS CATAPULT LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2019	300,248	12,974,054	13,274,302
Comprehensive income for the year			
Loss for the year	-	(1,283,539)	(1,283,539)
Currency translation differences	-	(14,266)	(14,266)
Total comprehensive income for the year	-	(1,297,805)	(1,297,805)
At 31 March 2020	300,248	11,676,249	11,976,497

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2018	-	12,057,966	12,057,966
Comprehensive income for the year			
Profit for the year	-	916,088	916,088
Surplus on revaluation of other fixed assets	300,248	-	300,248
Total comprehensive income for the year	300,248	916,088	1,216,336
At 31 March 2019	300,248	12,974,054	13,274,302

The notes on pages 20 to 44 form part of these financial statements.

SATELLITE APPLICATIONS CATAPULT LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020**

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2019	283,585	12,643,869	12,927,454
Comprehensive income for the year			
Loss for the year	-	(1,536,577)	(1,536,577)
	-	(1,536,577)	(1,536,577)
Total comprehensive income for the year			
	283,585	11,107,292	11,390,877
At 31 March 2020			

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2018	-	11,654,071	11,654,071
Comprehensive income for the year			
Profit for the year	-	989,798	989,798
Surplus on revaluation of other fixed assets	283,585	-	283,585
	283,585	989,798	1,273,383
Total comprehensive income for the year			
	283,585	12,643,869	12,927,454
At 31 March 2019			

The notes on pages 20 to 44 form part of these financial statements.

SATELLITE APPLICATIONS CATAPULT LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
Cash flows from operating activities		
(Loss)/profit for the financial year	(1,283,539)	916,088
Adjustments for:		
Depreciation of tangible assets	2,839,491	2,379,251
Impairments of fixed assets	-	530,572
Interest received	(22,191)	-
Taxation charge	5,493	-
Decrease/(increase) in debtors	3,838,656	(1,261,716)
(Decrease) in creditors	(2,886,645)	(288,477)
Decrease/(increase) in other debtors	454,643	(680,151)
Increase/(decrease) in other payables and accruals	(695,840)	3,014,352
Foreign exchange movement	(14,266)	-
Net cash generated from operating activities	2,235,802	4,609,919
Cash flows from investing activities		
Purchase of tangible fixed assets	(3,965,386)	(2,359,499)
Bank interest received	17,955	-
Interest receivable from associated companies	4,236	-
Net cash from investing activities	(3,943,195)	(2,359,499)
Cash flows from financing activities		
Concessionary loans received	1,600,000	-
Net cash used in financing activities	1,600,000	-
Net (decrease)/increase in cash and cash equivalents	(107,393)	2,250,420
Cash and cash equivalents at beginning of year	3,917,300	1,666,880
Cash and cash equivalents at the end of year	3,809,907	3,917,300
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,809,907	3,917,300
	3,809,907	3,917,300

The notes on pages 20 to 44 form part of these financial statements.

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. General information

Satellite Applications Catapult Limited is a private company limited by guarantee and was incorporated in February 2012 as a not for profit research organisation. The registered head office is Electron Building, Fermi Avenue, Harwell Science and Innovation Campus, Didcot, Oxfordshire OX11 0QR.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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

The financial statements are presented in Sterling (£).

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

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

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 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;

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

2. Accounting policies (continued)

2.3 Basis of consolidation

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.

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

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 benefited.

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.

2.4 Going concern

The Covid-19 pandemic has increased going concern risk. In response, the directors have undertaken an assessment of the Group's expected financial situation for at least twelve months from the date of approval of these financial statements. The assessment has considered available information about the future and the preparation and review of financial forecasts, revenue expectations, and expenditure obligations. The directors have also considered sensitivity analysis against the key assumptions, which included a scenario with no collaborative or commercial income in the next twelve months.

A key element of the going concern assessment is that the Group is operating under a funding agreement with Innovate UK up to March 2023. This grant funding agreement is supplemented by an additional grant in-advance of need from Innovate UK together with external collaborative research and development projects and other commercial income streams.

Based on the assessment undertaken by the directors, and the sensitivities and scenarios considered, the Group is able to continue for a period of at least twelve months from the date of approval of these financial statements, and consequently the financial statements have been prepared on a going concern basis.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.5 Revenue**

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.

2.6 Tangible fixed 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 installments over their expected useful lives. The rates applicable are:

Depreciation is provided on the following basis:

Communications and infrastructure	- 3-15 years
Commercial vehicles	- 8 years
Fixtures and fittings	- 3-10 years
Office equipment	- 3-10 years
Leasehold expenses	- 5 years

Fixed assets relating to the In-Orbit Demonstration Programme contained within communications and infrastructure are not depreciated until they are launched in orbit. When launched they will be depreciated in full.

Assets under construction are not depreciated and are transferred to the relevant fixed asset category when they are brought into use. Leasehold land is not depreciated.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)**2.7 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.8 Valuation of investments

Investments in unlisted shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in subsidiaries are measured at cost plus any forex revaluation less accumulated impairment.

Investments in associates are measured at cost less accumulated impairment losses.

2.9 Debtors

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

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Concessionary loans received are recognised at the principal received plus interest accrued.

2.12 Creditors

Short term trade creditors are measured at the transaction price.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated statement of comprehensive income within 'other operating income'.

2.14 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.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.15 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.

2.16 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.

2.17 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

2.18 Provisions for liabilities

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

Provisions are charged as an expense to the Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. Accounting policies (continued)

2.19 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.

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 have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

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:

Recoverability of the fixed asset investments

The group has invested in a number of spin-out companies. The directors consider these investments to be recoverable in the future.

4. Turnover

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

	2020 £	2019 £
Innovate UK grant funding	12,000,000	10,820,311
Collaborative and commercial income	11,739,790	18,626,115
	<u>23,739,790</u>	<u>29,446,426</u>

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

5. Normalised operating surplus

Due to the accounting treatment of grant income under FRS 102, the whole capital element of grant income is recognised in the year it is incurred. This results in operating profits during periods of capital investment and operating losses when depreciation exceeds investment. The impact of actual levels of capital grant recognition and fixed asset depreciation is shown below.

The Group generates surpluses for reinvestment, the normalised operating surplus before depreciation is shown after any surpluses are reinvested.

	2020 £	2019 £
Operating (loss)/profit	(1,298,539)	916,088
Depreciation and fixed asset impairment	2,839,490	2,905,813
Operating profit/(loss) before depreciation	1,540,951	3,821,901
Capital grant element of turnover	(1,346,665)	(3,361,294)
Normalised operating surplus/(deficit) before depreciation	194,286	460,607

6. Profit/(loss) on ordinary activities before taxation

The profit/(loss) on ordinary activities before taxation is stated after charging:

	2020 £	2019 £
Research & development charged as an expense	10,579,673	12,901,733
Foreign exchange differences	(4,311)	(45,298)
Other operating lease rentals	753,123	657,055
Depreciation and fixed asset impairment	2,839,491	2,905,813

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 an element of other activities which could be considered to be of a research and development nature. These other activities have been excluded from the research and development expense shown above.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

7. Auditors' remuneration

	2020 £	2019 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>36,900</u>	<u>28,800</u>
Fees payable to the Group's auditor and its associates in respect of:		
Preparation of financial statements and accounting assistance	2,100	1,600
Taxation compliance services	4,500	3,100
Other assurance services	<u>-</u>	<u>6,000</u>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Wages and salaries	8,862,702	8,639,065	8,801,521	8,176,656
Social security costs	984,874	991,997	983,466	945,614
Cost of defined contribution scheme	718,482	636,730	718,482	610,270
	<u>10,566,058</u>	<u>10,267,792</u>	<u>10,503,469</u>	<u>9,732,540</u>

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

	Group 2020 No.	Group 2019 No.	Company 2020 No.	Company 2019 No.
Administration and support	46	37	45	35
Technology and innovation	96	111	96	100
	<u>142</u>	<u>148</u>	<u>141</u>	<u>135</u>

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

9. Directors' remuneration

	2020	2019
	£	£
Directors' emoluments	690,487	723,076
Directors' pension costs	36,495	35,932
	<u>726,982</u>	<u>759,008</u>

During the year 3 directors (2019: 3) participated in the salary exchange pension scheme.

The highest paid director received remuneration of £249,355 (2019: £273,221).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2019: £10,000).

10. Interest receivable

	2020	2019
	£	£
Interest receivable from associated companies	4,236	-
Bank interest receivable	17,955	-
	<u>22,191</u>	<u>-</u>

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

11. Taxation

	2020 £	2019 £
Current tax on on profits/(losses) for the year	20,676	-
Research and development expenditure credit	(20,676)	-
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	5,493	-
Taxation on profit/(loss) on ordinary activities	5,493	-

Factors affecting tax charged for the year and that may affect future tax charges

The tax assessed for the year is higher than (2019: *lower than*) the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
(Loss)/profit on ordinary activities before tax	(1,278,046)	916,088
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(242,829)	241,943
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	35,169	15,020
Depreciation on assets ineligible for tax relief	552,599	552,583
Capital grants and other income not taxable	(318,866)	(692,529)
Research and development claim	13,000	(90,954)
Adjustments to tax charge in respect of prior periods	-	(27,880)
Deferred tax asset not recognised	(5,228)	1,817
RDEC set-off amount 2020	(27,737)	-
Adjust opening deferred tax to average rate of 19%	(615)	-
Total tax charge for the year	5,493	-

There are no factors that may affect future tax charges.

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12. Tangible fixed assets

Group

	Communications infrastructure £	Fixtures and fittings £	Office Equipment £	Commercial vehicles £	Leasehold property £	Assets under Construction £	Total £
Cost or valuation							
At 1 April 2019	11,512,071	2,770,641	11,221,812	46,449	327,573	33,292	25,911,838
Additions	16,550	704,533	157,149	3,995	-	808,323	1,690,550
Disposals	(5,632,692)	(32,857)	(2,338,186)	-	-	-	(8,003,735)
Transfers between classes	-	(49,236)	-	-	-	49,236	-
Other adjustments	(308,039)	-	-	-	-	-	(308,039)
At 31 March 2020	5,587,890	3,393,081	9,040,775	50,444	327,573	890,851	19,290,614
Depreciation							
At 1 April 2019	6,754,417	637,853	8,194,204	24,680	52,212	-	15,663,366
Charge for the year on owned assets	1,239,178	214,558	1,362,901	9,802	13,052	-	2,839,491
Disposals	(5,567,516)	(31,798)	(2,318,774)	-	-	-	(7,918,088)
At 31 March 2020	2,426,079	820,613	7,238,331	34,482	65,264	-	10,584,769
Net book value							
At 31 March 2020	3,161,811	2,572,468	1,802,444	15,962	262,309	890,851	8,705,845
At 31 March 2019	4,757,654	2,132,788	3,027,608	21,769	275,361	33,292	10,248,472

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12. Tangible fixed assets (continued)

Leasehold property includes land with a value of £262,309 (2019: £262,309) which is not depreciated.

Other adjustments relate to credit notes received in respect of additions recorded in the previous financial year. The original asset has not been disposed of and therefore the value has been corrected prospectively.

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Company

	Communications infrastructure £	Fixtures and fittings £	Office equipment £	Commercial vehicles £	Leasehold property £	Assets under construction £	Total £
Cost or valuation							
At 1 April 2019	11,512,071	2,770,641	11,214,216	46,449	327,573	33,292	25,904,242
Additions	16,550	704,533	157,149	3,995	-	808,323	1,690,550
Disposals	(5,632,692)	(32,857)	(2,330,590)	-	-	-	(7,996,139)
Transfers between classes	-	(49,236)	-	-	-	49,236	-
Other adjustments	(308,039)	-	-	-	-	-	(308,039)
At 31 March 2020	5,587,890	3,393,081	9,040,775	50,444	327,573	890,851	19,290,614
Depreciation							
At 1 April 2019	6,754,417	637,853	8,193,898	24,680	52,212	-	15,663,060
Charge for the year on owned assets	1,239,178	214,558	1,362,901	9,802	13,052	-	2,839,491
Disposals	(5,567,516)	(31,798)	(2,318,468)	-	-	-	(7,917,782)
At 31 March 2020	2,426,079	820,613	7,238,331	34,482	65,264	-	10,584,769
Net book value							
At 31 March 2020	3,161,811	2,572,468	1,802,444	15,962	262,309	890,851	8,705,845
At 31 March 2019	4,757,654	2,132,788	3,020,318	21,769	275,361	33,292	10,241,182

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12. Tangible fixed assets (continued)

Leasehold property includes land with a value of £262,309 (2019: £262,309) which is not depreciated.

Other adjustments relate to credit notes received in respect of additions recorded in the previous financial year. The original asset has not been disposed of and therefore the value has been corrected prospectively.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Fixed asset investments**Group**

	Investments in associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2019	-	575,241	575,241
Additions	849	-	849
Share of profit/(loss)	(849)	-	(849)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	-	575,241	575,241
Net book value			
At 31 March 2020	-	575,241	575,241
	<hr/>	<hr/>	<hr/>
At 31 March 2019	-	575,241	575,241
	<hr/>	<hr/>	<hr/>

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

13. Fixed asset investments (continued)**Company**

	Investments in associates £	Unlisted investments £	Total £
Cost or valuation			
At 1 April 2019	-	292,628	292,628
Additions	849	-	849
Disposals	-	(1,363)	(1,363)
	<hr/>	<hr/>	<hr/>
At 31 March 2020	849	291,265	292,114
Net book value			
At 31 March 2020	<hr/> 849 <hr/>	<hr/> 291,265 <hr/>	<hr/> 292,114 <hr/>
At 31 March 2019	<hr/> - <hr/>	<hr/> 292,628 <hr/>	<hr/> 292,628 <hr/>

The fair value of unlisted investments is established using a combination of unobservable inputs and valuation techniques. Where fair value can be reliably determined, investments are remeasured to market value at each year-end. If fair value information is not readily available or cannot be relied upon, investments are stated at historic cost less impairment. Changes in market value are recognised in the consolidated statement of comprehensive income, through other comprehensive income.

On the 2nd April 2019, the Company disposed of 50% of its interest in Oceanmind Limited. The directors have assessed that Oceanmind should be accounted for as an associate from the date of disposal.

Interest in subsidiaries

At 31 March 2020 the Company had interest in the following subsidiaries:

Name	Registered office	Class of Shares	Holding	Principal activity
Satellite Applications Catapult SpA	El Bosque Central 92 P-6, Las Condes, Region Metropolitana, Chile	Ordinary	100%	Commercial
Satellite Applications Catapult Services Limited	Electron Building Fermi Avenue, Harwell, Didcot, Oxfordshire, OX11 0QR	Ordinary	100%	Commercial
International Space Innovation Centre Limited	Electron Building Fermi Avenue, Harwell, Didcot, Oxfordshire, OX11 0QR	Ordinary	100%	Dormant
EASOS Limited	Electron Building Fermi Avenue, Harwell, Didcot, Oxfordshire, OX11 0QR	Ordinary	100%	Dormant
Satellite Applications Catapult Inc	1675 S State St Ste B, Dover, De 19001, USA	Ordinary	100%	Dormant

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

13. Fixed asset investments (continued)

Associate

The following was an associate of the Company:

Name	Registered office	Class of shares	Holding
Oceanmind Limited	Electron Building Fermi Avenue, Harwell, Didcot, Oxfordshire, OX11 0QR	Ordinary	50%
		Aggregate of share capital and reserves £	Profit/(loss) £
Satellite Applications Catapult Inc		1	-
EASOS Limited		1	-
Satellite Applications Catapult Services Limited		536,667	76,167
International Space Innovation Centre Limited		1	-
Satellite Applications Catapult SpA		(167,851)	(66,857)
		368,819	9,310

14. Debtors

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade debtors	2,652,480	6,491,137	2,652,480	6,390,474
Amounts owed by group undertakings	-	-	319,043	121,660
Amounts owed by associated undertakings	288,045	-	-	-
Other debtors	59,010	14,053	1,527	2,187
Prepayments and accrued income	4,714,379	5,220,746	4,367,448	5,041,395
Tax recoverable	674,963	956,240	674,963	1,052,151
	8,388,877	12,682,176	8,015,461	12,607,867

An impairment loss of £Nil (2019: £11,113) was recognised against trade debtors.

All debtors are repayable within one year of the balance sheet date. Loans due from subsidiary undertakings are unsecured and on interest free terms. They are repayable on demand.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

15. Cash and cash equivalents

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Cash at bank and in hand	3,809,907	3,917,300	3,809,152	3,008,038

16. Creditors: Amounts falling due within one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	2,556,549	8,111,716	2,556,549	7,756,857
Amounts owed to group undertakings	-	-	-	37,605
Other taxation and social security	283,833	413,773	283,833	357,400
Other creditors	2,260,000	2,261,000	2,260,000	2,261,000
Accruals and deferred income	2,797,498	3,362,398	2,725,820	2,809,399
	7,897,880	14,148,887	7,826,202	13,222,261

17. Creditors: Amounts falling due after more than one year

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Concessionary loans	1,600,000	-	1,600,000	-

18. Loans

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Amounts falling due 2-5 years				
Concessionary loans	1,600,000	-	1,600,000	-
	1,600,000	-	1,600,000	-

The concessionary loan bears an interest rate of 1.36% from completion of the development, limited to revenues earned on the development. Repayments are due in two instalments, the first being £350,000 on the third anniversary of the agreement and the balance due five years after completion. Security has been provided for the loan by a fixed charge over the development.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

19. Deferred taxation**Group**

	2020 £
Charged to profit or loss	(5,493)
At end of year	(5,493)

Company

	2020 £
Charged to profit or loss	(5,493)
At end of year	(5,493)

	Group 2020 £	Company 2020 £
Accelerated capital allowances	(5,493)	(5,493)

20. Reserves**Revaluation reserve**

Includes gains/losses arising on the revaluation of the Company's investments. This reserve is not a distributable reserve.

Profit and loss account

Includes all current and prior period retained profits and losses.

21. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs charge represents contributions payable by the Group to the fund and amounted to £718,482 (2019: £636,730). Contributions totalling £Nil (2019: £90,016) were payable to the fund at the balance sheet date.

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

22. Commitments under operating leases

At 31 March 2020 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group	<i>Group</i>	Company	<i>Company</i>
	2020	<i>As restated</i>	2020	<i>As restated</i>
	£	2019	£	2019
		£		£
Within one year	301,449	1,282,418	301,449	1,282,418
Later than 1 year and not later than 5 years	913,566	928,937	913,566	928,937
Later than 5 years	710,296	819,319	710,296	819,319
	<u>1,925,311</u>	<u>3,030,674</u>	<u>1,925,311</u>	<u>3,030,674</u>

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

23. Transactions with related parties

The Company is exempt from disclosing related party transactions with other wholly owned companies within the Satellite Applications Catapult Limited group.

The following transactions took place between the Group and its associated companies during the year:

	2020 £	2019 £
Group		
Sales to associated companies	150,786	-
Purchases from associated companies	576,491	-
Interest charged to associated companies	4,236	-
	<u>2020</u> £	<u>2019</u> £
Company		
Purchases from associated companies	576,491	-

The following balances were due from/(to) associated companies at the year end:

	2020 £	2019 £
Group		
Loans due from related parties	288,045	-

The following transactions took place between the Group and its related parties during the year:

	2020 £	2019 £
Group and Company		
Key management personnel compensation	1,473,165	1,565,119

SATELLITE APPLICATIONS CATAPULT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

24. 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 Innovate UK 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.

25. Financial instruments

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Financial assets				
Cash at bank and in hand	3,809,907	3,917,300	3,809,152	3,008,037
Trade debtors	2,652,480	6,491,137	2,652,480	6,390,474
Accrued income	2,431,757	743,226	2,084,826	532,706
Amounts owed by group undertakings	-	-	319,043	121,660
Amounts owed by associated undertakings	288,045	-	-	-
Other debtors	59,010	14,053	1,527	2,187
	<u>9,241,199</u>	<u>11,165,716</u>	<u>8,867,028</u>	<u>10,055,064</u>
Financial liabilities				
Concessionary loans	1,600,000	-	1,600,000	-
Trade creditors	2,556,549	8,111,716	2,556,549	7,756,857
Accruals and deferred income	2,797,498	3,362,398	2,725,820	2,809,399
Amounts owed to subsidiary undertaking	-	-	-	37,605
Other creditors	2,260,000	2,261,000	2,260,000	2,261,000
	<u>9,214,047</u>	<u>13,735,114</u>	<u>9,142,369</u>	<u>12,864,861</u>

SATELLITE APPLICATIONS CATAPULT LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

26. Post balance sheet events

On 5th April 2020, the Group's shareholding in Bird.i Limited was sold to Hanley Wood Meyers Research following the acquisition by Hanley Wood Meyers Research of the entire share capital of Bird.i Limited. The transaction is not deemed to be an adjusting event for the year ended 31 March 2020 due to the risk that the sale may not proceed after the year-end, and therefore no fair value adjustment has been recognised in the financial statements.

The current Covid-19 pandemic is an adjusting post balance sheet event. The Directors have undertaken a review of assets and liabilities at the year end and concluded that no adjustments are required.

27. Company status

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