

**Future Cities Catapult
(Limited by guarantee)**

Annual report and financial statements

Registered number 08041915

31 March 2016



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Strategic Report

Principal activities

Future Cities Catapult (the “Catapult”) was incorporated on 23rd April 2012 and it commenced operations on 1 April 2013. Future Cities Catapult is an independent company which forms part of an elite network of technology and innovation centres as part of Innovate UK’s Catapult programme.

Business model

The Catapult has assembled a unique set of capabilities and know-how. Data scientists, architects, economists, urbanists, city planners, insights experts, coders, robotics engineers, designers and film makers work together to solve urban challenges in an innovation centre designed to foster collaboration, both internally and with the outside world. These teams have developed methods, often in partnership with others, to analyse urban challenges and rapidly build models and prototypes to test solutions in real world environments. We also work with partners building business and investment cases for the deployment of innovative integrated urban solutions.

The Catapult mission is:

“To advance innovation to grow UK companies to make cities better”

The mission is in three parts, it focuses on promoting innovation, growing UK companies and improving cities. The Future Cities Catapult definition of better cities is taken from the new Sustainable Development Goal, approved by the 193 member countries of the UN General Assembly, to ‘Make cities and human settlements inclusive, safe, resilient and sustainable’ (Goal 11).

Activities focus on:

- convening and forging new partnerships across cities, business and academia using our trusted position, expertise and independence;
- accelerating, developing and testing innovative propositions; and
- enabling cities, business and academics to innovate through building and sharing evidence of performance-in-use to prove the investment case and allow scaling up and replication.

Business review

This year we developed an evaluation framework and logic model for the Catapult. Consequently, our latest 5-year Plan closely aligns our Key Performance Indicators (detailed below), project objectives and staff objectives to defined channels of impact. The culmination of this work creates a concentrated focus and puts us in a strong position to deliver innovation, strengthen productivity, and increase prosperity in the UK.

Our total non-core grant income in 2015/16 was £2,446k which compares to £393k in 2014/15. Our 2015/16 operating profit was £41k compared to a 2014/15 operating profit of £31k.

We continued to build our Senior Management team, including Andy Robinson from Siemens, as COO and Jarmo Eskilinen, from Forum Virium in Finland, as CITO at the end of the financial year.

Since opening the Urban Innovation Centre in Clerkenwell, London in March 2015, the Catapult has welcomed more than 4,000 guests through its doors. Our community of resident innovators currently includes the Intel Collaborative Research Institute, Rockefeller 100 Resilient Cities, Ordnance Survey, Business of Cities, Better Cities and Igloo Regeneration Limited.

Strategic Report *(continued)*

Business review *(continued)*

During the year the Catapult hosted a large number of delegations including the Federal Government of Australia; a high level Chinese visit aimed at strengthening UK-China collaboration on smart cities; a workshop analysing and visualising big data in cities for a Malaysian delegation; and a delegation from Dubai on Smart Government.

We took a user centred approach to help us to develop six guiding principles for our work with small and medium sized enterprises (SMEs): connect, collaborate, globalise, demonstrate, co-work and discover. Consequently, the Catapult has had hundreds of quality engagements with SMEs over the year throughout projects and a full events calendar.

We collaborated with 50 SMEs this year through our portfolio of projects. These collaborations are one of the best ways to encourage SME growth, test innovations, showcase results and build relationships.

We continued working hard to take new technologies and services from the UK to cities across the globe. Through our work we're actively researching the different possibilities for innovation in cities around the world — from Bristol to Belo Horizonte — and using the results to both inform cities about what technology can do for them and guide UK businesses in developing new innovations.

We continued our efforts with Dubai to develop a "Smart Gulf". The Catapult worked with the Roads and Transport Authority (RTA) to develop and implement initiatives for applying innovative solutions within the RTA's scope of business.

The Government of Catalonia, Spain became our first international city member of the City Standards Institute. Catalonia joins 18 cities and 25 other members of the City Standards Institute.

Our Horizon 2020 OrganiCity project work continued throughout the year bringing together urban innovation clusters in Aarhus, Denmark as well as Santander, Spain. In Malacca, Malaysia we have been working to help build capacity in understanding big data. In Belo Horizonte, Brazil we are integrating UK smart city technology and expertise into the city's mobility plan.

We commenced work in Kolkata, India to make it one of the early flagship cities of Prime Minister Modi's 100 Smart Cities initiative. Our new Horizon 2020 Lighthouse project, Sharing Cities, aims to demonstrate how technology can leverage common citizen needs. The project is led by London, Milan, and Lisbon and also extends to Warsaw, Bordeaux and Burgas.

We released a research video in April 2015 focussing on the potential of urban Internet of Things. Our video "New User experiences for cycling" has since received almost 10,000 views and received extensive UK and international media coverage.

We completed the CITIE index report with Nesta and Accenture which focussed on fostering innovation in cities. We worked with a telecommunications company on a project to develop the methods required to measure the impact of information and communication technology on industrial structures within cities. The Catapult also worked with another telecommunications company to develop an economic and business case for the implementation of smart technologies.

Our three-year project with Space Syntax, Tombolo, is creating new software systems that link together computational models of city systems. We completed a report for the University of Glasgow to establish a Smart Campus concept to boost efficiency, increase revenue and improve life for staff, students and locals alike. With Greater Manchester we've developed a prototype tool to rate infrastructure capacity and simulate how new developments reduce that capacity over time.

We have a collaborative project with Intel Labs Europe, Imperial College and University College London which is tasked to research use cases which demonstrate what is needed to support an urban Internet of Things (IoT) at city scale. As part of the Government's £40m investment in IoT we are leading (with Digital Catapult) the IoTUK programme. IoTUK is a programme of activities that seeks to advance the UK's global leadership in the Internet of Things specifically in areas such as security and trust; data interoperability; investment justification; and design development. Our 'Life First Emergency Traffic Control' project will develop an innovative application for an intelligent transport system that operates in real-time to enable ambulances to reach life-threatening emergency cases faster.

Strategic Report *(continued)*

Key Performance Indicators

In 2015/16 we developed a logic model which links our mission to longer term goals. From this logic model we developed leading indicators for our activities to put into effect in 2016/17 (table below). The Catapult has also developed its Key Performance Indicators to help to regularly track progress. These are supported by a set of other Performance Indicators which measure activities, finances, outputs and outcomes. In addition, we will periodically undertake surveys to assess progress towards our longer-term goals.

Key Performance Indicator	2016/17 Target
Stage Gate 2 approved opportunities (total value £m)	13.3
SME Engagements	220
Active collaborative agreements between Catapult and business, cities, academics and other Catapults	80
On the ground demonstrators (cumulative)	4
Mentions in print and online media	1000
Non-grant income (£m)	4.5
Value of work invoiced (per month) vs. the baseline payment schedule	90%
% of staff with objectives and development plans	95%
Satisfaction score from staff survey	70%
Staff turnover	<20%

Principal risks and uncertainties

Our principal risks relate to our organisational resilience; income generation and delivery; and our need to demonstrate impact.

Organisational Resilience

The Catapult model is reliant on ongoing Government funding and we have a five year grant funding agreement in place with Innovate UK which commenced on 1 April 2013. Nevertheless, the organisation is potentially exposed to public sector budget cuts and changing Government priorities. The recent EU referendum result will have a negative short to medium term impact on the Catapult despite UK Government commitments in relation to EU funded research and development projects.

We have recruited a high quality team that we need to retain by ensuring we have an attractive employee offer, including interesting and challenging projects, good induction and learning and development opportunities, an appealing culture, working environment and benefits package.

To reduce the risks resulting from a high dependency on a small number of key staff, we are putting in place succession plans. Our ability to cope with an unexpected short term absence, forced by illness, of our Chief Executive Officer demonstrated that the organisation had staff and processes to continue its work.

Strategic Report *(continued)*

Income Generation and Delivery

We have challenging income targets. To meet these, our 5 Year Plan focusses business development activity on winning larger projects. We are also undertaking an internal project to improve our project identification and scoping as well as our resource forecasting capability in order to help deliver on financial targets and quality outcomes. By focussing on a smaller number of larger opportunities we expect to build on our capabilities and previous project experience.

Our project delivery requires a mix of internal and third party resource. We are therefore improving processes to enable us to mobilise projects with the right resource at the right time.

Need to demonstrate impact

To justify our ongoing role, we need to demonstrate the impact that we have been having. The evaluation framework and logic model we have developed has put us in a strong position to show the real world impact that we are having. It also helps in project selection, ensuring that we are focusing to maximise our impact towards our public good mission

Future developments

Sir David King resigned as our Chairman on 30 June 2016. We are grateful for the support he provided in the first years of the organisation. Keith Clarke became Chairman on 1 July 2016.

In 2016/17 we are continuing to build on our experience to date and will be refining our offer, building on our experience and market needs. We will continue building our team and we will be clarifying our strategy in a number of areas, including:

- Exploration of alternative funding sources,
- Technology Review,
- Academic Engagement Strategy,
- Further work around our areas of focus, and
- Commercialisation strategy.

By order of the Board



Peter Madden
Chief Executive Officer

1 Sekforde Street
London
EC1R 0BE

29 September 2016

Directors' Report

The Directors present their Directors' Report and financial statements for the year ended 31 March 2016.

Directors

Dr Richard Miller	(resigned 31 July 2015)
Professor Sir David King	(resigned 30 June 2016)
Peter Madden	
Gaetan Siew	(resigned 20 May 2015)
Mark Spelman	
Emma Howard Boyd	
Professor Rachel Cooper	
Keith Clarke	
Rosemary Boot	(appointed 20 May 2015)
Sir Michael Bear	(appointed 1 July 2015)
Pam Alexander	(appointed 1 July 2015)
Charbel Aoun	(appointed 1 July 2015)
Anne Glover	(appointed 15 December 2015)

Political donations

The Company did not make any political donations or incur any political expenditure during the year.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

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

By order of the board.



Peter Madden
Chief Executive Officer

1 Sekforde Street
London
EC1R 0BE

29 September 2016

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the Group's profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Future Cities Catapult

We have audited the financial statements of Future Cities Catapult for the year ended 31 March 2016 set out on pages 9 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

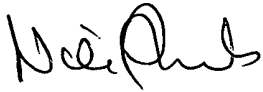
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the members of Future Cities Catapult
(Limited by guarantee) (continued)**

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 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.



Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

29 September 2016

Consolidated Profit and Loss Account
for the year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Turnover	2	11,738	7,363
Operating expenses	3-5	(11,697)	(7,333)
		<hr/>	<hr/>
Operating profit		41	30
Finance income	6	-	1
		<hr/>	<hr/>
Profit on ordinary activities before taxation		41	31
Tax on profit on ordinary activities	7	(11)	(21)
		<hr/>	<hr/>
Profit for the financial year	16	30	10
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Comprehensive Income
for the financial year ended 31 March 2016

	<i>Note</i>	2016 £000	2015 £000
Profit for the financial year		30	10
Other comprehensive income for the year		-	-
		<hr/>	<hr/>
Total comprehensive income for the year	16	30	10
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet
at 31 March 2016

	<i>Note</i>	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	8	5,061		4,727	
Intangible assets	9	70		16	
			5,131		4,743
Current assets					
Debtors	11	5,661		6,343	
Cash at bank and in hand	12	2,684		2,744	
Creditors: amounts due within one year	13	8,345 (5,716)		9,087 (4,850)	
Net current assets			2,629		4,237
Total assets less current liabilities			7,760		8,980
Creditors: amounts falling due after more than one year	14		(7,720)		(8,970)
Net assets			40		10
Capital and reserves					
Profit and loss account	16		40		10
			40		10

These financial statements were approved by the board of Directors on 29 September 2016 and were signed on its behalf by:



Peter Madden
Chief Executive Officer

Company registered number: 08041915

Company Balance Sheet
at 31 March 2016

	<i>Note</i>	2016 £000	£000	2015 £000	£000
Fixed assets					
Tangible assets	8	5,061		4,727	
Intangible assets	9	70		16	
Investments	10	-		-	
			5,131		4,743
Current assets					
Debtors	11	5,596		6,289	
Cash at bank and in hand	12	2,684		2,744	
		8,280		9,033	
Creditors: amounts due within one year	13	(5,662)		(4,801)	
Net current assets			2,618		4,232
Total assets less current liabilities			7,749		8,975
Creditors: amounts falling due after more than one year	14		(7,720)		(8,970)
Net assets			29		5
Capital and reserves					
Profit and loss account	16		29		5
			29		5

These financial statements were approved by the board of Directors on 29 September 2016 and were signed on its behalf by:



Peter Madden
Chief Executive Officer

Company registered number: 08041915

Statement of changes in equity
for the year ended 31 March 2016

	Group Profit and loss account £000	Company Profit and loss account £000
Opening balance at 1 April 2014	-	-
	<hr/>	<hr/>
Total comprehensive income for the period		
Surplus income	10	5
	<hr/>	<hr/>
Total comprehensive income for the period	10	5
	<hr/>	<hr/>
Balance as at 31 March 2015	10	5
	<hr/> <hr/>	<hr/> <hr/>
Opening balance at 1 April 2015	10	5
	<hr/>	<hr/>
Total comprehensive income for the period		
Surplus income	30	24
	<hr/>	<hr/>
Total comprehensive income for the period	30	24
	<hr/>	<hr/>
Balance as at 31 March 2016	40	29
	<hr/> <hr/>	<hr/> <hr/>

Cash Flow Statement

For the financial year ended 31 March 2016

		Group		Company	
	Note	2016 £000	2015 £000	2016 £000	2015 £000
Cash flows from operating activities					
Surplus income for the year		30	10	24	5
Adjustment for:					
Depreciation	8	923	751	923	751
Amortisation	9	13	7	13	7
Taxation	7	11	21	9	21
Finance income	6	-	(1)	-	(1)
Decrease in trade and other debtors		682	1,349	693	1,403
(Decrease)/increase in trade and other creditors		(375)	4,967	(379)	4,918
		1,284	7,104	1,283	7,104
Tax paid		(20)	(9)	(19)	(9)
Interest received		-	1	-	1
Net cash from operating activities		1,264	7,096	1,264	7,096
Cash flows from investing activities					
Acquisition of tangible and intangible fixed assets	8,9	(1,324)	(4,991)	(1,324)	(4,991)
Net cash from investing activities		(1,324)	(4,991)	(1,324)	(4,991)
Net (decrease)/increase in cash and cash equivalents		(60)	2,105	(60)	2,105
Opening cash and cash equivalents		2,744	639	2,744	639
Cash and cash equivalents at 31 March 2016	12	2,684	2,744	2,684	2,744

Notes

(forming part of the financial statements)

1 Accounting policies

Future Cities Catapult (the “Company”) is a Company limited by guarantee, incorporated and domiciled in the UK. The principal place of business is 1 Sekforde Street, London EC1R 0BE

The group financial statements consolidate those of the Company and its subsidiary (together referred to as the “Group”). Under section 408 of the Companies Act 2006 the Company has taken advantage of the exemption from the requirement to present its own profit and loss account.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS102”). These financial statements are presented in £Sterling. All amounts in the financial statements have been rounded to the nearest £’000.

Basis of Consolidation

The consolidated accounts include the results of Future Cities Catapult and its subsidiary undertaking for the year ended 31 March 2016. The comparative period is the financial year ended 31 March 2015.

(i) Subsidiaries

A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

(ii) Transactions eliminated on consolidation

Intragroup balances, and unrealized gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated accounts.

Measurement convention

The financial statements are prepared under the historical cost basis.

Turnover

Turnover represents government and other grant income, and the sale of services net of value added tax. The sale of services are recognised when the Company obtains the rights to consideration. Grant income is recognised as per Government Grants below.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates as at the balance sheet date, and any adjustment arising from prior periods.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised. Deferred tax is not recognised on permanent timing differences, and is not recognised for differences between accumulated depreciation and tax allowances for fixed assets when all conditions for retaining the tax allowances have been met. Deferred tax is measured using the tax rates as at the balance sheet date.

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

Notes (continued)

1 Accounting policies (continued)

Going concern

Future Cities Catapult has a five year, £49m Grant Funding Agreement with Innovate UK for the period from 1 April 2013 to 31 March 2018. The Directors are confident that the Company's financial statements should be prepared on a going concern basis on the grounds that current and future potential sources of funding or support will be adequate for the Company's needs.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rate ruling at the date of transaction. Exchange differences are recognised in the profit and loss account.

Financial instruments

Trade and other debtors

Trade and other debtors are recognised at cost, subsequently they are measured using the effective interest rate method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised at cost, subsequently they are measured using the effective interest rate method.

Investments in subsidiaries

Investments in subsidiaries are carried at cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged to the profit and loss account on a straight line basis over the estimated useful life for each component. A full year's depreciation is charged in the year of acquisition. The estimates useful lives are as follows:

Asset Category	Useful Economic Life (years)
Leased buildings	10
Computer and electronic equipment	3
Fixtures and fittings	3

Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases, all other leases are classified as operating leases.

Operating lease

Payments made under operating leases are recognised in the profit and loss account and other comprehensive income statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account and other comprehensive income statement over the term of the lease as an integral part of the total lease expense.

Notes (continued)

1 Accounting policies (continued)

Finance lease

Leased assets acquired by way of a finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease.

The Company has no finance leases. Operating leases are recognised in the profit and loss account over the term of the lease.

Government grants

Government grants are accounted for using the accruals model. Elements of grants relating to future costs are deferred and released as the expense is recognised in the profit and loss account. Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to the payments and the grants will be received. Grants of a capital nature are credited to deferred grants and released to turnover over the useful life of the assets concerned. Grants which are revenue in nature are credited to deferred grants and are released to turnover in the period in which the related expenditure is incurred.

Employee benefits

The Company operates a defined contribution pension scheme. Obligations for the pension scheme are recognised as an expense in the profit and loss account in the periods where services are rendered by employees.

Provisions

A provision is recognised in the balance sheet when the Company has a present and legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

2 Turnover

	2016 £000	2015 £000
Innovate UK core grant	9,305	6,970
Other income	2,098	393
Rental and events income	336	-
	<u>11,739</u>	<u>7,363</u>

Analysis of turnover by geographical area

	2016 £000	2015 £000
UK	11,064	7,169
Rest of Europe	360	26
Rest of world	315	168
	<u>11,739</u>	<u>7,363</u>

Notes (continued)

3 Expenses and auditor's remuneration

Included in the profit are the following:

	2016 £000	2015 £000
Auditors' remuneration	19	25
Amounts receivable by the Company's auditors for taxation services	47	3
Amounts receivable by the Company's auditors for assurance services	2	-
Depreciation	923	751
Amortisation	13	7

4 Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year, analysed by category was:

	2016	2015
Non-Executive Directors	9	7
Executive Directors	2	1
Other staff	65	42
	<u>76</u>	<u>50</u>

The aggregate payroll costs of these persons were as follows:

	2016 £000	2015 £000
Wages and salaries	3,517	2,539
Social security costs	407	280
Contribution to defined contribution plans (note 15)	250	148
	<u>4,174</u>	<u>2,967</u>

5 Directors' remuneration

	2016 £000	2015 £000
Directors' emoluments	443	271
Company contributions to money purchase pensions plans	53	14
	<u>496</u>	<u>285</u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid Director was £185,150 (2015: £183,024) and Company pension contributions of £53,400 (2015: £14,280) were made to a money purchase scheme on their behalf.

Retirement benefits are accruing to 1 Directors (2015: 1) under money purchase pension schemes.

Notes (continued)

6 Finance income

	2016 £000	2015 £000
Bank interest receivable	-	1
	<u> </u>	<u> </u>

7 Taxation

Total tax expense recognised in the profit and loss account

	2016 £000	2016 £000	2015	2015
<i>UK corporation tax</i>				
Current tax on income for the period	10		12	
Adjustments in respect of prior periods	1		9	
	<u> </u>		<u> </u>	
Total current tax		11		21
<i>Deferred tax</i>				
Origination of timing differences	-		-	
	<u> </u>		<u> </u>	
Total deferred tax		-		-
		<u> </u>		<u> </u>
Total tax		11		21
		<u> </u>		<u> </u>

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit for the period	30	10
Total tax expense	11	21
	<u> </u>	<u> </u>
Profit excluding taxation	41	31
Tax using the UK corporation tax rate of 20%	8	6
Expenses not deductible	2	6
Adjustment in respect of prior period	1	9
	<u> </u>	<u> </u>
Total tax expense included in the profit or loss	11	21
	<u> </u>	<u> </u>

Notes (continued)

8 Tangible fixed assets

	Group and Company				
	Leased building £000	Assets under construction £000	Computers and electronic equipment £000	Fixtures and fittings £000	Total £000
Cost					
Opening balance	4,826	-	741	53	5,620
Additions	305	283	185	484	1,257
Transfers	270	(270)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	5,401	13	926	537	6,877
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
Opening balance	(484)	-	(392)	(17)	(893)
Depreciation charged for the year	(538)	-	(292)	(93)	(923)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2016	(1,022)	-	(684)	(110)	(1,816)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2015	4,342	-	349	36	4,727
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	4,379	13	242	427	5,061
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

9 Intangible assets

	Group and Company	
	Licences £000	Total £000
Cost		
Opening balance	23	23
Additions	67	67
	<hr/>	<hr/>
Balance at 31 March 2016	90	90
	<hr/>	<hr/>
Amortisation		
Opening balance	(7)	(7)
Amortisation charged for the year	(13)	(13)
	<hr/>	<hr/>
Balance at 31 March 2016	(20)	(20)
	<hr/>	<hr/>
Net book value		
At 31 March 2015	16	16
	<hr/>	<hr/>
At 31 March 2016	70	70
	<hr/>	<hr/>

Notes (continued)

10 Fixed asset investment

	Company Shares in group undertakings £000
Cost	
As at 1 April 2015 and 31 March 2016	-
Provisions	
As at 1 April 2015 and 31 March 2016	-
Net book value	
At 31 March 2015	-
At 31 March 2016	-

The Company has the following investments in subsidiaries:

Subsidiary: Future Cities Catapult Services Limited

	£000
Aggregate of capital and reserves	
Profit and loss for the period	6
Country of incorporation	England
Classes of shares held	Ordinary
Ownership at 31 March 2016 (%)	100

Future Cities Catapult Services Limited is a trading subsidiary of Future Cities Catapult.

11 Debtors

	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Trade debtors	980	212	744	158
Amounts owed from subsidiary Company	-	-	196	-
Other debtors	1,046	1,107	1,046	1,107
VAT debtor	352	906	352	906
Accrued income	2,528	2,519	2,503	2,519
Prepayments	755	1,599	755	1,599
Total tax	5,661	6,343	5,596	6,289
	Group		Company	
	2016 £000	2015 £000	2016 £000	2015 £000
Due within one year	4,627	4,894	4,562	4,840
Due after more than one year	1,034	1,449	1,034	1,449
Total tax	5,661	6,343	5,596	6,289

Notes (continued)

12 Cash and cash equivalents

	Group and Company	
	2016	2015
	£000	£000
Cash and cash equivalents	2,684	2,744
Cash and cash equivalents per cash flow statement	2,684	2,744

13 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade creditors	1,730	1,801	1,730	1,761
Accrued expenses	277	138	277	138
Other creditors	328	575	328	566
Deferred income	3,370	2,336	3,318	2,336
Taxation	11	-	9	-
	5,716	4,850	5,662	4,801

14 Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Grants in advance	3,530	3,530	3,530	3,530
Deferred income	4,190	5,440	4,190	5,440
	7,720	8,970	7,720	8,970

The advance on grant is repayable at the end of the five year grant funding agreement (31 March 2018).

15 Employee benefits

The Group operates a defined contribution pension scheme. The total expense relating to the scheme in the current year was £250,016 (2015:£147,776).

16 Capital and reserves

	Group and Company	
	Profit and loss account	Profit and loss account
	£000	£000
Balance at 31 March 2015	10	5
Surplus income for the period	30	24
Balance at 31 March 2016	40	29

Notes (continued)

17 Financial instruments

The carrying amounts of the financial instruments and liabilities include:

Financial assets

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Cash	2,684	2,744	2,684	2,744
Trade debtors	980	212	744	158
Accrued income	2,528	2,519	2,503	2,519
Amounts owed from subsidiary companies	-	-	196	-

Financial liabilities

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Trade creditors	1,730	1,801	1,730	1,761
Accrued expenses	277	138	277	138
Other creditors	328	575	328	566

There is no material difference between the book value of financial assets and liabilities noted above, and their fair value.

The Company's financial assets and liabilities comprise cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The Company has no undrawn borrowing facilities. The Company is not exposed to significant foreign exchange or interest rate risk.

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2016	2015	2016	2015
	£000	£000	£000	£000
Less than one year	-	-	-	-
Between two and five years	3,418	2,449	3,418	2,449
More than five years	3,148	4,117	3,148	4,117
	<u>6,566</u>	<u>6,566</u>	<u>6,566</u>	<u>6,566</u>

The amount recognised as an expense in the profit and loss account in respect of operating leases during the period was £852,209 (2014: £690,080).

19 Commitments

The Company's contractual commitment to purchase tangible fixed assets as at the year-end were £nil (2014: £91,000).

Notes *(continued)*

20 Related parties

During the year the Company had transactions with Lancaster University of £nil (2015: £14,865) and the Royal College of Art £nil (2015: £12,666). A professor of both institutions is a non-executive Director of Future Cities Catapult. As at the end of the year there are no outstanding amounts with both Lancaster University and the Royal College of Art.

Total compensation for key management personnel in the year amounted to £1,012,063 (2015: £906,316).

21 Company status

The Company is a private Company limited by guarantee and consequently does not have share capital.