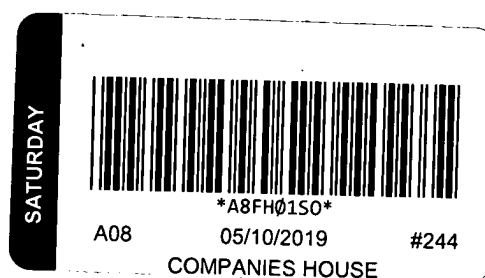


**Future Cities Catapult
(Limited by guarantee)**

**Annual report and consolidated
financial statements**

Registered number 08041915

Year ended 31 March 2019



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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

Future Cities Catapult is an innovation centre set up and funded by the UK Government to support the development of new products and services for cities. Since its inception the Catapult has assembled a unique set of capabilities and know-how which enables it to provide a differentiated offering to the sector in which it operates. Data scientists, creative designers, urban technologists, market analysts, economists, service designers, city planners, and insights experts 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. The Catapult also works with partners to build business and investment cases for the deployment of innovative integrated urban solutions.

The Catapult’s mission is:

“To help UK firms develop innovative products and services to meet the changing needs of cities, and to sell them to the world”.

As a systems catapult, the Future Cities Catapult’s role is to drive growth across the UK’s urban innovation market. This means ensuring that UK firms enjoy a disproportionately large share of the global commercial opportunity and that UK cities and smaller urban areas are the first to benefit from such innovations.

The Catapult’s goals are to deliver:

- demand-side confidence - a growing cohort of intelligent customers, informed by applied research, able to engage the market with confidence, and capable of investing in innovation;
- proven supply-side offers - an ecosystem of UK businesses offering products and services capitalising on the latest research, well aligned to demand and evidenced by demonstration; and
- new market opportunities - creative disruption which unlocks commercial opportunities in entirely new areas starting with digitising land use planning and moving to other areas of high potential for transformation like housing, ageing, and urban mobility.

Business review

Since its launch in 2013, Future Cities Catapult has worked with businesses, academics, regulators and city leaders to drive business growth through the development and adoption of commercial services and products that make cities more efficient, more sustainable, and better places to live and work. In its first six years it has:

- established a central convening space where businesses, academics, city leaders and entrepreneurs come together to create innovative solutions to urban problems; generating new knowledge and market insights, the Catapult has published over 70 sector-shaping reports;
- worked with over 644 SMEs, more than 70 universities, and has facilitated over 50 technology demonstrators to trial innovative products and services;
- accelerated the use of new technology in city planning through our drive to digitise processes in the planning system which is something the Ministry of Housing, Communities and Local Government, said “simply could not have been done by government alone”;
- created the City Standards Institute in collaboration with local government and industry partners to define and promote standards that allow innovative solutions to scale and enable business growth. As a result of this collaboration, four standards on smart cities have been developed;
- grown a market for AI and data analytics in cities, working with UK SMEs and a City Council to develop a new, scalable revenue collection service now being sold into councils across the region;

- supported the implementation of key public policy priorities, including local digital connectivity, devolution and local growth, efficiency and digital transformation in local public services, and growing local government capability; and
- developed and launched the Future of Housing Programme, which focuses on creating a better understanding of the barriers in the sector to help address the current housing needs of UK cities.

Project success stories

The Future of Housing Programme

During the year, the Future of Housing programme was launched by a series of thought leadership pieces and events that took place in London. The programme hosted a series of lectures exploring, among many topics, how UK firms could both help to deliver on the UK Climate Change Act of 2008 and capture a substantial share of the multi-trillion-dollar global housing market.

Over the next year, this programme will inform the Housing Tech week, which will be hosted by the Catapult, where open calls, innovation opportunities, and project partnerships will be announced. A dedicated website has been launched where content for each of the nine key focus areas will be disseminated and curated by our housing experts. Thought leaders, guest contributors, and the team will continue to publish content on the website, to announce networking events, lectures, and opportunities for business partnerships.

City^x

In 2018, Future Cities Catapult hosted over 400 participants from 260 companies at the inaugural City^x Expo. This event brought together eminent thinkers in the sector, city leaders, academics, and businesses to explore today's most challenging urban concerns, and to explore how UK businesses are harnessing emerging technologies to unlock radical new solutions to solve these challenges.

Each day of the Event was themed around the 'wicked problems' facing cities in the UK and abroad. These were: The Adaptable City; The Breathable City; and The Mobile City. Industry experts and leading academics delivered keynote talks followed by expert panel discussions providing an in-depth insight into each of the themes. In addition to the expert panel discussion, the Catapult hosted 38 innovative UK businesses in its exhibition space to allow them to showcase their products and offerings to attendees. Participants reported having great quality conversations and an unmatched access to the 'right people'.

As a result of this highly successful inaugural event, the Catapult will once again host City^x during the next financial year.

Sharing Cities

Sharing Cities is one of the EU Horizon 2020 Smart Cities Lighthouse projects which focus on integrated commercial-scale solutions with high market potential in the field of energy, transport, and ICT.

During the course of the year, the Catapult has launched the Digital Social Market (DSM), a strategy and application that incentivises citizens to uptake sustainable services and encourages behavioural change.

The DSM is now live in three cities. Since its November 2018 launch, Sharing Lisboa gathered over 1,000 users. In February 2019, SharingMi (Milan) was launched, now accumulating about 1,000 users. In late March the UK-based DSM was launched in Greenwich (Greenwich Energy Hero). In 2019/20 the focus will shift to developing business and governance models for the cities and partners to bolster the long-term sustainability of the DSM.

In addition to the DSM, the Catapult has also built the 'Service Layer', an application that facilitates informed decision making and stimulates the use of data in cities by collecting and collating data from different city services to inform policy makers and service managers through visualisation and analysis. The Service Layer has been developed as open source software to be easily extended and replicated in other cities or re-used in partnership with businesses who are looking for a visualisation suite for their products. The initial deployment is now up and running on Greenwich's / GLA's cloud servers of the London Data Store.

During the next two years of the Project, the Catapult will switch from building and deployment, to promoting replication and scale-up of both the DSM and the Service Layers in the UK and abroad, coupling each of them with commercial contracts and public initiatives.

Eurotunnel

During the year, Future Cities Catapult collaborated with Eurotunnel to support its rolling stock department with an open-innovation process. Our main role was to match Eurotunnel with UK businesses that had products and services that could help overcome the challenges this large transport firm faces.

Eurotunnel's aim with this project was to work with both the French and UK innovation ecosystems to identify innovative data companies who might be able to provide predictive maintenance solutions to make their rolling stock more efficient and Future Cities Catapult was able to leverage its unique capabilities and role as a neutral convenor to support this endeavour. In October, Eurotunnel posted an open call to boost their rolling stock infrastructure with predictive maintenance solutions, and 38 UK and French companies applied. Following a thorough selection process, Eurotunnel rolling stock experts identified six UK companies to join an open innovation event in Calais.

The open innovation day gave our UK companies the chance to meet with the Eurotunnel rolling stock experts to discuss the technical details of their solutions, explore use cases for Eurotunnel, and talk about what a collaboration would look like (deployment, costs, etc.). The companies also pitched in front of a wider audience, including the vice president of GetLink (Eurotunnel's parent company), other department directors, academics, partners of Eurotunnel, and other providers.

The event was a huge success with two UK-based companies among the winners. Both firms were awarded an exclusive open innovation partnership with Eurotunnel and will start deploying their solutions to their rolling stock.

This project was a real eye-opener for Eurotunnel, particularly regarding what the UK start-up ecosystem can deliver and, significantly, leaves the door wide open for future collaborations in this space and beyond. This is perhaps best summed up by a statement made by one of Eurotunnel's Project Managers:

"It was a real pleasure to work with Future Cities Catapult on our Open Innovation call for projects. Initially, we were unsure the start-up ecosystem could address our specific rail-related challenges, but the Catapult provided us with quality applications that exceeded our expectations. Two out of the three awarded companies came from their network! We felt well supported along this adventure and everything was simple, smooth and positive. A good result for the first Eurotunnel start-up-dedicated initiative paving the way for future actions."

Key Performance Indicators and performance metrics

Performance for the financial year against key indicators monitored by the Board was as follows:

Key Performance Indicator	2018/19 Performance (£m)	2017/18 Performance (£m)
Government grants receivable	9.9	10.8
Fees receivable	3.3	3.6
Operating income	13.2	14.4
Net profit before tax	0.9	0.1

The Board are satisfied with the KPI levels attained during the year.

Principal risks and uncertainties

Our principal risks relate to our ability to secure future R&D funding and the impacts that changes in Government policy and Brexit may have on our ability to generate income and deliver outcomes.

Brexit

There is a risk that Brexit will result in the Catapult being removed from future EU-funded funding calls. Traditionally the organisation has had a lot of success on European funded projects and delivering on its CR&D income, but the impact of Brexit is expected to reduce its ability to compete for European funding. To manage this uncertainty FCC

is exploring whether there are opportunities to work with charities and other philanthropic institutions as well as strengthening its strategic relations with BEIS and other Government Departments.

Income Generation

Future Cities Catapult has set itself challenging income targets for the next 5 years and is introducing a programme to bring sector and business experts together to help drive revenue and enhance its ability to be more reactive to changes in Commercial and CR&D opportunities in the future. The Catapult will drive further commercial revenue by systematically exploiting its assets and capabilities, creating synergies across the different programmes, and improving the efficiencies of procurement and contracting processes.

Future developments

Following the unification of the Future Cities and Transport Systems Catapult on 1 April 2019, the new Connected Places Catapult (now the largest single Catapult in the Network) will work to build on the strengths and assets of the founding centres in order to deliver even greater impact than the two could individually.

Functionally, this will mean a new management team and organisational structure, with associated work on culture and processes to bring the two 'heritage brands' into one high-functioning organisation. This internal transformation will be a major focus of activities during 2019/20.

In terms of external activity and actual delivery, the mission of the merged organisation will be to support UK businesses to address the Grand Challenges of today in order to create Connected Places fit for the future. In practice, this will include incorporating expertise in transport modelling and planning from the Milton Keynes office (the former TSC) into the successful programme of activities led by the London office (the former FCC) to drive a digital upgrade of land use planning, unlocking even greater potential value and opportunity for innovators of planning and development services. Similarly, it will see expertise in the future of mobility (including drones and other forms of connected and/or automated transport) coming together with expertise in the city management and place leadership to accelerate the development of products and services that improve the smooth, environmental sustainable flow of people and goods. Beyond these enhanced versions of existing programmes and propositions, we will also begin exploring new areas of shared opportunity - notably in clean growth, and healthy, age-friendly places. In short, we will provide a suite of more holistic support propositions to the market, with reduced overheads and a clearer market position from the move to a single organisation for place innovation.

As a critical enabler of the UK Government's Industrial Strategy, the new Catapult will work closely with HM Treasury and Whitehall departments to identify opportunities for CPC (and the wider Catapult Network) to deliver policy objectives in partnership with government. We will also work with Innovate UK to shape and deliver innovation funding aligned to our Strategy and the Industrial Strategy Grand Challenges, and we will continue to invest in developing strategic partnerships which allow us to amplify our reach and impact - including setting up a new All Party Parliamentary Group for Connected Places.

By order of the Board



Nicola Yates
Chief Executive Officer

1 Sekforde Street
London
EC1R 0BE

23 September 2019

Director's Report

The Director presents the Director's Report and financial statements for the year ended 31 March 2019. The directors who held office during the period, including changes up to and including the date of this report were as follows:

Directors

Mark Spelman	(Resigned 1 April 2019)
Professor Rachel Cooper	(Resigned 1 April 2019)
Keith Clarke	(Resigned 1 April 2019)
Sir Michael Bear	(Resigned 1 April 2019)
Pam Alexander	(Resigned 1 April 2019)
Charbel Aoun	(Resigned 1 April 2019)
Anne Glover	(Resigned 31 July 2018)
Nicola Yates	
Susan Hunt	(Resigned 1 April 2019)

Political donations

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

Disclosure of information to auditors

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

Auditor

The auditor, KPMG LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

By order of the board.



Nicola Yates
Director

1 Sekforde Street
London
EC1R 0BE

23 September 2019

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

The directors are responsible for preparing the Annual Report 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 group and parent company 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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group 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

Opinion

We have audited the financial statements of Future Cities Catapult ("the company") for the year ended 31 March 2019 which comprise the Consolidated Profit and Loss Account, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Statement of Changes in Equity, Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

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 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, and 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 future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and

analysed how those risks might affect the group and company's financial resources or ability to continue operations over the going concern period. 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 auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

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

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

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

3 October 2019

Consolidated Profit and Loss Account
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	13,235	14,414
Operating expenses	3-5	(12,294)	(14,229)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		941	185
Tax on profit on ordinary activities	6	(187)	(56)
		<hr/>	<hr/>
Profit for the financial year		754	129
		<hr/> <hr/>	<hr/> <hr/>

Consolidated Statement of Comprehensive Income
for the year ended 31 March 2019

	2019 £000	2018 £000
Profit for the financial year	754	129
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	754	129
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Balance Sheet
at 31 March 2019

	<i>Note</i>	2019 £000	£000	2018 £000	£000
Fixed assets					
Tangible assets	7	3,499		3,927	
Intangible assets	8	67		154	
			3,566		4,081
Current assets					
Debtors	10	6,559		3,078	
Cash at bank and in hand	11	4,047		3,380	
		10,606		6,458	
Creditors: amounts due within one year	12	(9,297)		(5,587)	
Net current assets			1,309		871
Total assets less current liabilities			4,875		4,952
Creditors: amounts falling due after more than one year	13		(3,720)		(4,551)
Net assets			1,155		401
Capital and reserves					
Profit and loss account			1,155		401
			1,155		401

These financial statements were approved by the board of Directors on 23 September 2019 and were signed on its behalf by:



Nicola Yates
Director

Company registered number: 08041915

Company Balance Sheet
at 31 March 2019

	<i>Note</i>	2019 £000	£000	2018 £000	£000
Fixed assets					
Tangible assets	7	3,499		3,927	
Intangible assets	8	67		154	
Investments	9	-		-	
			3,566		4,081
Current assets					
Debtors	10	6,408		3,078	
Cash at bank and in hand		3,724		3,379	
		10,132		6,457	
Creditors: amounts due within one year	12	(9,280)		(5,865)	
Net current assets			852		592
Total assets less current liabilities			4,418		4,673
Creditors: amounts falling due after more than one year	13		(3,720)		(4,551)
Net assets			698		122
Capital and reserves					
Profit and loss account			698		122
			698		122

These financial statements were approved by the board of Directors on 23 September 2019 and were signed on its behalf by:



Nicola Yates
Director

Company registered number: 08041915

Statement of Changes in Equity
for the year ended 31 March 2019

	Group Profit and loss account £000	Company Profit and loss account £000
Opening balance at 1 April 2017	272	174
	<hr/>	<hr/>
Total comprehensive income for the period		
Surplus income	129	(52)
	<hr/>	<hr/>
Total comprehensive income for the period	129	(52)
	<hr/>	<hr/>
Balance as at 31 March 2018	401	122
	<hr/> <hr/>	<hr/> <hr/>
Opening balance at 1 April 2018	401	122
	<hr/>	<hr/>
Total comprehensive income for the period		
Surplus income	754	576
	<hr/>	<hr/>
Total comprehensive income for the period	754	576
	<hr/>	<hr/>
Balance as at 31 March 2019	1,155	698
	<hr/> <hr/>	<hr/> <hr/>

Consolidated Cash Flow Statement
For the financial year ended 31 March 2019

	<i>Note</i>	2019	2018
		£000	£000
Cash flows from operating activities			
Surplus income for the year		754	129
Adjustment for:			
Depreciation	7	857	869
Amortisation	8	86	104
Taxation	6	187	56
Loss on disposal of fixed assets	8	21	39
(Increase)/decrease in trade and other debtors		(3,481)	5,400
Increase/(decrease) in trade and other creditors		2,926	(4,501)
		<hr/>	<hr/>
		1,350	2,096
Tax paid		(234)	(74)
		<hr/>	<hr/>
Net cash from operating activities		1,116	2,022
		<hr/>	<hr/>
Cash flows from investing activities			
Acquisition of tangible fixed assets	8	(449)	(298)
		<hr/>	<hr/>
Net cash from investing activities		(449)	(298)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		667	1,724
		<hr/>	<hr/>
Opening cash and cash equivalents		3,380	1,656
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2019	11	4,047	3,380
		<hr/> <hr/>	<hr/> <hr/>

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

These Group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- No separate parent company Cash Flow Statement with related notes is included; and
- Key Management Personnel compensation has not been included a second time; and
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

Basis of preparation - Going concern

On 1 April 2019 the Future Cities Catapult combined with the Transport Systems Catapult to form the Connected Places Catapult. A new funding agreement has been secured by the combined operation for 4 years commencing on 1 April 2019. During this period grants totalling £82,632,000 are to be shared between the operations of the Catapults in accordance with the terms of the funding agreement. The Future Cities Catapult legal entity will continue to exist and deliver its projects through the legal entity, albeit core grant funding will now be passed through from the Connected Places Catapult rather than directly from Innovate UK.

In addition to core grant funding, Future Cities Catapult, like other Catapults, seeks funding for the interventions outlined in its strategy in the form of collaborative research and development grants and commercial contracts with both the private and public sector. A number of such grants have been secured.

The intention of the restructure of the operations of Future Cities Catapult and Transport Systems Catapult with the creation of the Connected Places Catapult is that over time all activities may be carried out by the Connected Places Catapult and its wholly owned subsidiary, Connected Places Catapult Services Limited. However, the directors believe that Future Cities Catapult and Future Cities Catapult Services Limited will remain active for at least the next 12 months from the approval of these financial statements and the Connected Places Catapult has committed that appropriate funding will be provided to Future Cities Catapult to enable it and its wholly owned subsidiary, Future Cities Catapult Services Limited, to meet their obligations and liabilities for at least 12 months following the signing of these financial statements.

Therefore, the directors consider it appropriate to prepare the accounts of both entities on a going concern basis.

Measurement convention

The financial statements are prepared under the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

Basis of Consolidation

The consolidated accounts include the results of Future Cities Catapult and its subsidiary undertaking for the year ended 31 March 2019. The comparative period is the financial year ended 31 March 2018.

(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.

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.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract which is measured by comparing costs incurred on 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.

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.

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)

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 estimated useful lives are as follows:

Asset Category	Useful Economic Life (years)
Leased buildings	10
Computer and electronic equipment	3
Fixtures and fittings	3 or 5

Notes (continued)

1 Accounting policies (continued)

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.

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.

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.

Notes (continued)

2 Turnover

	2019 £000	2018 £000
Innovate UK core grant	9,891	10,811
Other income	3,077	3,185
Rental and events income	267	418
	<u>13,235</u>	<u>14,414</u>

Analysis of turnover by geographical area

	2019 £000	2018 £000
UK	12,078	13,343
Rest of Europe	653	657
Rest of world	504	414
	<u>13,235</u>	<u>14,414</u>

3 Expenses and auditor's remuneration

Included in the profit are the following:

	2019 £000	2018 £000
Auditors' remuneration - current year	24	16
Auditors' remuneration - under accrued	-	13
Amounts receivable by the Company's auditors for taxation services - current year	12	18
Amounts receivable by the Company's auditors for taxation services – under accrued	-	18
Amounts receivable by the Company's auditors for assurance services	11	11
Depreciation	857	869
Amortisation	86	104

4 Staff numbers and costs

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

	2019	2018
Non-Executive Directors	7	8
Executive Directors	1	1
Other staff	92	112
	<u>100</u>	<u>121</u>

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	5,404	6,284
Social security costs	617	711
Contribution to defined contribution plans (note 14)	403	423
	<u>6,424</u>	<u>7,418</u>

Notes (continued)

5 Directors' remuneration

	2019 £000	2018 £000
Directors' emoluments	420	391
Company contributions to money purchase pensions plans	-	5
	<u>420</u>	<u>396</u>

The aggregate of emoluments of the highest paid Director was £273,500 (2018: £220,810).

6 Taxation

Total tax expense recognised in the profit and loss account

	2019 £000	2019 £000	2018	2018
<i>UK corporation tax</i>				
Current tax on income for the period	153		53	
Adjustments in respect of prior periods	34		3	
	<u></u>		<u></u>	
Total current tax		187		56
<i>Deferred tax</i>				
Origination of timing differences	-		-	
	<u></u>		<u></u>	
Total deferred tax		-		-
		<u></u>		<u></u>
Total tax		187		56

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit for the period	754	129
Total tax expense	187	56
	<u></u>	<u></u>
Profit excluding taxation	941	185
Tax using the UK corporation tax rate of 19%	179	35
Expenses not deductible	(26)	9
Deferred tax not recognised	-	9
Adjustment in respect of prior period	34	3
	<u></u>	<u></u>
Total tax expense included in the profit or loss	187	56

Notes (continued)

7 Tangible fixed assets

	Group and Company				Total £000
	Leased building £000	Assets under construction £000	Computers and electronic equipment £000	Fixtures and fittings £000	
Cost					
Opening balance	5,618	105	1,126	724	7,573
Additions	64	-	378	7	449
Disposals	-	-	(578)	(189)	(767)
Balance at 31 March 2019	5,682	105	926	542	7,255
Depreciation					
Opening balance	(2,136)	-	(1,041)	(469)	(3,646)
Depreciation charged for the year	(565)	-	(186)	(106)	(857)
Disposals	-	-	575	172	747
Balance at 31 March 2019	(2,701)	-	(652)	(403)	(3,756)
Net book value					
At 31 March 2018	3,482	105	85	255	3,927
At 31 March 2019	2,981	105	274	139	3,499

8 Intangible assets

	Group and Company	
	Licences £000	Total £000
Cost		
Opening balance	336	336
Disposals	(136)	(136)
Balance at 31 March 2019	200	200
Amortisation		
Opening balance	(182)	(182)
Amortisation charged for the year	(86)	(86)
Disposals	135	135
Balance at 31 March 2019	(133)	(133)
Net book value		
At 31 March 2018	154	154
At 31 March 2019	67	67

Notes (continued)

9 Fixed asset investment

	Company Shares in group undertakings £000
Cost	
As at 1 April 2018 and 31 March 2019	-
Provisions	
As at 1 April 2018 and 31 March 2019	-
Net book value	
At 31 March 2018	-
At 31 March 2019	-

The Company has the following investments in subsidiaries:

Subsidiary: Future Cities Catapult Services Limited

The company owns 100% of the Ordinary share capital of Future Cities Catapult Services Limited, a trading subsidiary.

The registered office of this subsidiary is 1 Sekforde Street, London, EC1R 0BE.

10 Debtors: amounts falling due within one year

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Trade debtors	1,940	424	1,713	424
Other debtors	2,191	1,068	2,225	1,068
Amounts owed by subsidiary company	-	-	51	-
VAT debtor	205	118	205	118
Accrued income	1,884	1,233	1,875	1,233
Prepayments	339	235	339	235
	6,559	3,078	6,408	3,078

Notes (continued)

11 Cash and cash equivalents

	Group
	2019 £000
	2018 £000
Cash and cash equivalents	4,047
	3,380
Cash and cash equivalents per cash flow statement	4,047
	3,380

12 Creditors: amounts falling due within one year

	Group		Company
	2019 £000	2018 £000	2019 £000
			2018 £000
Trade creditors	957	528	957
Accrued expenses	1,478	214	1,478
Other creditors	2,470	571	2,470
Grants in advance	2,700	2,700	2,700
Amounts owed to subsidiary company	-	-	322
Deferred income	1,685	1,520	1,675
Taxation	7	54	-
	9,297	5,587	9,280
			5,865

13 Creditors: amounts falling due after more than one year

	Group		Company
	2019 £000	2018 £000	2019 £000
			2018 £000
Deferred income	2,687	3,253	2,687
Other creditors	1,033	1,033	1,033
Accrued expenses	-	265	-
	3,720	4,551	3,720
			4,551

14 Employee benefits

The Group operates a defined contribution pension scheme. The total expense relating to the scheme in the current year was £403,213 (2018: £423,286).

Notes (continued)

15 Financial instruments

The carrying amounts of the financial instruments and liabilities include:

Financial assets

	Group	
	2019	2018
	£000	£000
Cash	4,047	3,380
Trade debtors	1,940	424
Accrued income	1,884	1,233

Financial liabilities

	Group	
	2019	2018
	£000	£000
Trade creditors	957	528
Accrued expenses	1,478	479
Other creditors	2,470	571

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

The Group'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 Group has no undrawn borrowing facilities. The Group is not exposed to significant foreign exchange or interest rate risk.

16 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019	2018	2019	2018
	£000	£000	£000	£000
Less than one year	1,546	-	1,546	-
Between two and five years	5,300	5,521	5,300	5,521
More than five years	3,975	5,300	3,975	5,300
	<u>10,821</u>	<u>10,821</u>	<u>10,821</u>	<u>10,821</u>

The amount recognised as an expense in the profit and loss account in respect of operating leases during the period was £1,153,446 (2018: £1,142,999).

Notes (continued)

17 Related parties

Total compensation for key management personnel in the year amounted to £800,932 (2018: £856,773).

18 Post Balance Sheet Events

On 1 April 2019, Future Cities Catapult combined with the Transport Systems Catapult to form the Connected Places Catapult with a new funding agreement being secured by the combined operation for 4 years commencing on that date. However, as discussed on page 16, the legal entity of Future Cities Catapult will continue to exist.

19 Company status

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

20 Accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Recoverability of trade debtors

An assessment as to the ability of the company to recover trade debtors at each financial period end. A provision is made for any amounts that are not considered to be recoverable. Due to the nature of this provision an estimate is made as to the amounts that will be recoverable which involves judgement based on knowledge of the customer and the level of uncertainty as to whether the company has sufficient funds to pay these amounts.

Recoverability of grant debtors and provision for grant clawback

The company's activities are funded by various grant agreements. The nature of these agreements is such that expenditure is funded where it meets specific criteria set out in the grant funding agreement. The company therefore makes an assessment as to whether it considers the expenditure to be in accordance with the funding agreements when recognising grant income. If the company considers that it is probable that any amounts will not be recoverable or that grant income may be clawed back by the funder then an estimate of the provision is made.