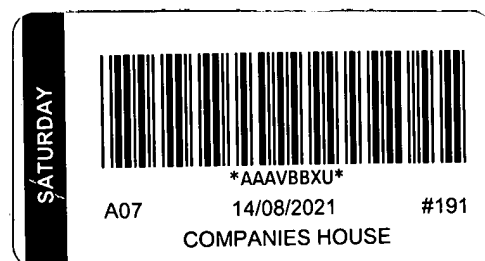


Registered number: 08041915

FUTURE CITIES CATAPULT
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021



FUTURE CITIES CATAPULT
(A company limited by guarantee)

COMPANY INFORMATION

Directors	N J Yates OBE, Chief Executive Officer J B Kirkpatrick N Fulton
Registered number	08041915
Registered office	1 Sekforde Street London EC1R 0BE
Independent auditor	Crowe U.K. LLP Black Country House Rounds Green Road Oldbury West Midlands B69 2DG

FUTURE CITIES CATAPULT
(A company limited by guarantee)

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FUTURE CITIES CATAPULT
(A company limited by guarantee)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2021

Mission & Strategic Objectives

Future Cities Catapult (FCC) is part of the Connected Places Catapult (CPC) group. This Director's Report includes consideration for the Connected Places Catapult Group including FCC which has been referred to as CPC throughout.

Connected Places Catapult is the UK's innovation accelerator for cities, transport, and places. It supports the UK Government's twin strategic aims of:

- 'Levelling Up' towns and cities across the UK to deliver new regional prosperity and productivity; and
- Supporting the transition to net zero greenhouse gas emissions.

It does this by working with innovators in industry and academia to prove and adopt breakthrough products, processes, services and technologies fostering new knowledge and collaboration which make the industries of today more productive and create the markets of tomorrow. It works as part of the Catapult Network, a family of research technology organisation that exist to drive the commercial application of innovations which maximise the productivity and global competitiveness of key UK industries.

Connected Places Catapult fulfils its role by:

- Continuing to invest its resources to deliver a core programme of activities which tackle market failures and create new commercial opportunities for UK businesses;
- Working to identify and generate new public and private sector R&D investments in high potential areas of opportunity aligned to technology readiness and market demand; and
- Deepening and amplifying existing partnerships with professional membership bodies and sector networks in the local public sector, industry and academia to leverage their domain knowledge, existing platforms and networks for the benefit of UK Plc.

Governance Structure

Connected Places Catapult (CPC) is a not-for-profit company limited by guarantee. It was incorporated to support the merger of Future Cities Catapult and Transport Systems Catapult on 20 February 2019 and commenced trading on 1 April 2019. Over the course of 2020/21, the Board of Directors was refreshed with a new Chair being appointed in April 2020 and six new Non-Executive Director appointments throughout the year. The Board exercises control over the Group as a whole.

The Remunerations and Nominations sub-Committee comprises three non-Executive Directors and the Board Chair and is responsible for appointments to the Board and the senior executive office. It is also responsible for setting the remuneration policy and for setting the remuneration of individual directors and senior executives for the Catapult and its group.

The Audit and Risk sub-Committee comprises five non-Executive Directors and is responsible for ensuring adequate internal systems are in place to control and manage the Catapult and its group. The Committee's objectives are to ensure that formal and transparent arrangements are in place to consider how it should apply necessary corporate reporting, risk management and internal control principles, and for maintaining an appropriate relationship with the Catapult's auditors.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

The Projects sub-Committee comprises of the full Board of Directors and is responsible for ensuring appropriate oversight of the project portfolio.

The Group has five wholly owned subsidiaries that continue to trade:

- Connected Places Catapult Services Ltd (CPCS)
- Future Cities Catapult Ltd (FCC)
- Future Cities Catapult Services Ltd (FCCS)
- Transport Systems Catapult Ltd (TSC)
- Transport Systems Catapult Services Ltd (TSCS)

CPC, TSC and FCC are not for profit and limited by guarantee. The Chair of the Board and the CEO are the two members of CPC, and CPC itself is the sole member of TSC and FCC. CPC, TSC and FCC each have a wholly owned commercial trading subsidiary (CPCS, FCCS, TSCS) limited by shares. The Chief Executive Officer, Chief Operating Officer and Chief Delivery Officer are directors of each of the five subsidiaries.

TSCS retains a minority interest in a spin out company, Immense Simulations Limited (ImSim). TSCS also holds a majority interest in a second spin out, Theia Immersive Ltd. The shareholding in Theia is under review and TSCS plans to dispose of a portion of its shareholding so that, at most, it holds a 20% stake.

Business Review of the Year

Connected Places Catapult continued to deliver successfully with the completion of over 100 projects throughout the year. It embraced the remote working challenge created by Covid, using the opportunity to upgrade and unify IT systems to empower a distributed workforce and embrace new ways of working.

Highlights during the year include:

- Developing a programme to design the technology blueprint that enables UK free ports to build a competitive advantage for the UK. We successfully developed a series of collaborative research and development bids with industry partners into the £20m UKRI call looking to fund innovative clean maritime and smart shipping demonstrator projects.
- We successfully secured a portfolio of Future Air Mobility focused projects and established a new directorate in this area as a result. Through this programme, CPC will collaborate with industry, academic, regulators and places, to demonstrate this new form of aviation technology throughout 2021/ 22.
- Our Homes and Healthy Ageing Programme developed projects with an international focus aimed at promoting UK based innovation within the sustainable housing market. CPC has achieved this through mapping UK expertise and convening industry workshops to develop a UK Alliance to support African and Asian markets. This work will continue into the new financial year with an ambitious Spending Review submission in the Autumn.
- A coherent programme of net zero activities was developed including a joint programme of activity across the Catapult Network and continued work with the Department for Transport on the decarbonisation of road freight which has secured government funding into a five year programme to demonstrate and trial zero emission HGVs on UK roads.
- We grew our activities in 5G to include demonstration and trials of 5G capability in Sunderland and Milton Keynes. In addition, CPC kicked off the first phase of work with the Department for Digital, Culture, Media and Sport to create a national asset register that will capture the required data to enable public assets to be utilised for the roll out of 5G by mobile network operators. As part of this, CPC will work with Local Authorities to help them understand their readiness to use their publicly owned assets in this way.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

- Our SME Development and Accelerator programme continued to deliver impact for high growth potential UK SMEs and Start Ups. During the year, the programme was expanded to include the distribution of Research and Innovation Grants working with the Department for Transport in areas such as transport, accessibility, aviation security and drones.

Throughout the course of the year, an ambitious Digital Innovation change programme was delivered that migrated CPC Office 365 applications into one tenant enabling better collaborations amongst the business and consolidation of supporting infrastructure. It included the design and implementation of a new Microsoft Dynamics CRM system along with supporting business process improvements. This programme continues into 2021/ 22 moving its focus to project management and accounting tools.

Principal Risks & Uncertainties

CPC closed its offices on 17th March 2020 shortly before the UK Government imposed the first lockdown in response to COVID-19. As a business we quickly reacted to ensure that our colleagues had the equipment, systems and processes in place to enable them to safely work from home as well as the flexibility they required to manage their personal circumstances such as dependents care. In parallel we accelerated work under our Digital Innovation Programme to implement a coherent suite of tools to facilitate collaboration whilst not together in a traditional office environment. For the past year, we have had to move our stakeholder and customer interactions online and, in some cases, completely redesign projects to deliver the desired outputs through different methods – particularly for our international activities. CPC has successfully delivered on its customer commitments during the year and not seen the impact it had first expected from remote working.

The uncertain economic climate as a result of the Pandemic remains one of CPCs principal risks in relation to the income it receives from its government based strategic accounts. These agreements are in place for a number of future years and to date, have not been impacted by a decrease in funded activities. CPC will continue to work with these accounts over the coming year to negotiate and agree funding beyond 2023.

During 2021/ 22, CPC will work with Innovate UK to submit its Business Case for funding beyond March 2023. A detailed programme of activities has been developed leading up to submission into the Autumn Spending Review and HM Treasury in March 2022. Outputs from reviews led by the House of Lords and the Department for Business, Energy and Industrial Strategy in the latter part of 2020/ 21 have all made positive recommendations for continued funding of the Catapult Network.

COVID-19

CPC has not seen any adverse impact on the demand for its services. Indeed, given it supports the UK Government's twin strategic aims of 'Levelling Up' and supporting the transition to net zero greenhouse gas emissions, CPC has seen an increase in activity to support Government and other arms-length bodies to help the economy to recover.

The business is actively experimenting with new ways of working, including distributed working, and is improving its digital tooling to help colleagues remain highly productive wherever they are.

CPC's two main office locations (London and Milton Keynes) will be retained for the foreseeable future but will likely be utilised in different ways as we emerge from lockdown restrictions. Traditionally both sites have been used for office working and for hosting physical events. These will likely focus on collaboration both internally and with our many stakeholders, rather than fixed desk-based working in the future. CPC plans to return to the hosting of physical events in time, but the success of our online events during lockdown, with more participation from more places, mean hybrid event models are being embraced.

CPC is confident that it can adapt its business model to harness the opportunities afforded by the 'new normal' whatever that looks like and, in turn, stakeholders can be confident that CPC is, and will continue to be, a going concern.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Key Performance Indicators

CPC had in place a number of Key Performance Indicators to track and monitor its engagement with industry and academia and that the projects being delivered are leveraging investment in research and progression through to commercialisation. CPC achieved all these KPI targets for the year as follows:

KPI	Unit	Split	20/21 Actual	20/21 Target
Number of businesses CPC has partnered with	#	Total	367	360
£ invested by businesses as match funding	£k	Total	6,773	4,800
	£k	SME	1,921	800
	£k	Large	4,852	4,000
Progression along Technology Readiness Levels (concept to commercialisation)	#	Total	57	45
Number of active projects	#	SME	60	35
	#	Large	39	35
Number of collaborative R&D projects completed	#	No. Projects	15	15
Projects involving both academic and industrial partners	%	No. Projects	48	45

Fig 1. Key Performance Indicator Achievements vs Targets in 2020/ 2021

Future Developments

CPC has two more years to run in its current Grant Funding Agreement with Innovate UK. This provides it with the opportunity to continue to build upon the foundations created during the past two years. During 2021/ 22, CPC will continue to build in the following areas:

- Further investment in technology to increase the efficiency and effectiveness of core processes as well as improve resilience as we move into a post-COVID-19 world;
- Enhancement and reinforcement of its new external content strategy and visual identity launched in 2020/ 21 with an improved online presence to allow greater interaction between our key stakeholders in Government, business and academia; and
- Development of a strategic growth plan that enables achievement of future growth targets, which will include the development of new propositions that will leverage impact for UK business as well as developing new strategic partnerships and frameworks with large organisations.

We will continue to work closely with Innovate UK, with the Department for Transport and our other major stakeholders to deliver impact for the UK economy

FUTURE CITIES CATAPULT
(A company limited by guarantee)

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

This report was approved by the board on 29 July 2021 and signed on its behalf.



N J Yates OBE
Chief Executive Officer

FUTURE CITIES CATAPULT
(A company limited by guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £216,843 (2020 - £198,230).

Directors

The directors who served during the year were:

N J Yates OBE, Chief Executive Officer
J B Kirkpatrick
N Fulton

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.


FUTURE CITIES CATAPULT
(A company limited by guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

Auditor

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

This report was approved by the board on 29 July 2021 and signed on its behalf.



N J Yates OBE
Chief Executive Officer

FUTURE CITIES CATAPULT
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FUTURE CITIES CATAPULT

Opinion

We have audited the financial statements of Future Cities Catapult (the 'Company') for the year ended 31 March 2021, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes, 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 Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FUTURE CITIES CATAPULT
(CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 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 Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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, 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.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FUTURE CITIES CATAPULT
(CONTINUED)

Responsibilities of directors

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, 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 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 Company or to cease operations, or have no realistic alternative but to do so.

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 Auditor's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 and Taxation legislation.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the override of controls by management, timing and recognition of income and manipulating the Company's key performance indicators to meet targets. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals and reviewing accounting estimates for biases and testing the timing and recognition of revenue.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations

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 Auditor's report.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF FUTURE CITIES CATAPULT
(CONTINUED)

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 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.

Crowe UK LLP

Mark Evans (Senior statutory auditor)

for and on behalf of
Crowe U.K. LLP

Statutory Auditor

Black Country House
Rounds Green Road
Oldbury
West Midlands
B69 2DG

10 August 2021

FUTURE CITIES CATAPULT
(A company limited by guarantee)

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	4	12,031,712	11,606,051
Administrative expenses		(11,778,972)	(11,353,291)
Operating profit	5	252,740	252,760
Tax on profit	8	(35,897)	(54,530)
Profit after tax		216,843	198,230
Retained earnings at the beginning of the year		895,372	697,142
Profit for the year		216,843	198,230
Retained earnings at the end of the year		1,112,215	895,372

The notes on pages 14 to 27 form part of these financial statements.

FUTURE CITIES CATAPULT
(A company limited by guarantee)
REGISTERED NUMBER: 08041915

BALANCE SHEET
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	10	1,856,072	2,622,208
Investments	11	1	1
		<u>1,856,073</u>	<u>2,622,209</u>
Debtors due after more than 1 year		1,033,808	1,033,808
Current assets			
Debtors: amounts falling due within one year	12	3,588,136	3,669,068
Cash at bank and in hand		1,436,540	1,679,539
		<u>5,024,676</u>	<u>5,348,607</u>
Creditors: amounts falling due within one year	13	(4,347,189)	(5,079,981)
Net current assets		<u>677,487</u>	<u>268,626</u>
Total assets less current liabilities		<u>3,567,368</u>	<u>3,924,643</u>
Creditors: amounts falling due after more than one year	14	(2,455,153)	(3,029,271)
Net assets		<u><u>1,112,215</u></u>	<u><u>895,372</u></u>
Capital and reserves			
Profit and loss account		<u><u>1,112,215</u></u>	<u><u>895,372</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 July 2021.



N J Yates OBE, Chief Executive Officer
Chief Executive Officer

The notes on pages 14 to 27 form part of these financial statements.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Future Cities Catapult is a company limited by guarantee (registered number 08041915) and was incorporated in England and Wales. The registered office and trading address of the Company is 1 Sekforde Street, London EC1R 0BE.

A detailed description of the nature of the Company's operations and of its principal activities, is disclosed within the Strategic Report.

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 judgment in applying the Company's accounting policies (see note 3).

The Company meets the definition of a public benefit entity under FRS 102.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Connected Places Catapult as at 31 March 2021 and these financial statements may be obtained from Companies House.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.3 Going concern

The directors expect the company to continue to maintain its working capital status within the group banking facility. The directors have, therefore, continued to adopt the going concern basis of accounting.

As stated in the Director's Report, the Directors believe there are no material uncertainties that call into doubt the Company's ability to continue as a going concern and the accounts have therefore been prepared on the basis that the Company is a going concern.

2.4 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.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.6 Research and development

Research costs are written off to the Statement of Comprehensive Income in the year in which they are incurred. All research costs, whether funded by grant or not, are included within administrative expenses on the face of the statement of comprehensive income.

Eligible development expenditure is currently capitalised in accordance with section 18 of FRS 102.

Claims under the Research and Development Expenditure Credit Scheme are recognised upon submission to HMRC.

2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of income and retained earnings in the same period as the related expenditure.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

FUTURE CITIES CATAPULT
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	- 10 years
Computer equipment	- 3 years
Fixtures and fittings	- 3 or 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until the assets are brought into use.

2.10 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet 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 balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Accounting policies (continued)

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet 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 Balance sheet.

2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable.

Debtors

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

Creditors

Short term creditors are measured at the transaction price.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

The recognition of income arising from government grants has been carefully considered to ensure compliance with the requirements under FRS 102.

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**NOTES TO THE FINANCIAL STATEMENTS
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4. Turnover

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

	2021 £	<i>Reclassified</i> 2020 £
Core Government Grant	8,565,611	9,287,230
Commercial and collaborative income	3,466,101	2,318,821
	<u>12,031,712</u>	<u>11,606,051</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	11,920,529	10,878,624
Rest of Europe	108,981	657,258
Rest of the world	2,202	70,169
	<u>12,031,712</u>	<u>11,606,051</u>

The core grant issued by Innovate UK, of which £8.6m has been recognised in the year as turnover, has been provided to enable the Future Cities Catapult to operate as an innovation accelerator, assisting cities, transport and places with the strategic aims of 'Levelling up' in order to deliver new regional prosperity and productivity and in supporting the transition to net zero greenhouse gas emissions.

Non-core grant income is sourced from a number of private and public sector organisations who see the Catapult as a key enabling figure in their strategic aims.

5. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Exchange differences	801	(5,676)
Other operating lease rentals	<u>1,142,991</u>	<u>1,146,641</u>

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6. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>20,000</u>	<u>20,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

Staff costs were as follows:

	2021 £	2020 £
Wages and salaries	7,341,757	5,353,770
Social security costs	806,269	639,505
Cost of defined contribution scheme	557,438	432,840
	<u>8,705,464</u>	<u>6,426,115</u>

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

	2021 No.	2020 No.
Directors	3	1
Other staff	121	96
	<u>124</u>	<u>97</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	40,904
Adjustments in respect of previous periods	41,658	13,626
	<u>41,658</u>	<u>54,530</u>
Total current tax	<u>41,658</u>	<u>54,530</u>
Deferred tax		
Losses and other deductions	(5,761)	-
Total deferred tax	<u>(5,761)</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>35,897</u>	<u>54,530</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *higher than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Profit on ordinary activities before tax	<u>252,740</u>	<u>252,760</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	48,021	48,024
Effects of:		
Fixed assets differences	(9,972)	160
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	9,972	1,295
Adjustments to tax charge in respect of prior periods	41,658	13,626
Non-taxable income	(41,849)	(13,350)
Deferred tax not recognised	(11,933)	6,402
Adjust opening deferred tax to average rate of 19.00%	-	(1,627)
Total tax charge for the year	<u>35,897</u>	<u>54,530</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Taxation (continued)

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

9. Intangible assets

	Licences £
Cost	
At 1 April 2020	201,396
At 31 March 2021	<u>201,396</u>
Amortisation	
At 1 April 2020	201,396
At 31 March 2021	<u>201,396</u>
Net book value	
At 31 March 2021	<u><u>-</u></u>
At 31 March 2020	<u><u>-</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS
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10. Tangible fixed assets

	Long-term leasehold property £	Computers and Electronic Equipment £	Fixtures and fittings £	Assets Under Construction £	Total £
Cost or valuation					
At 1 April 2020	5,681,939	437,244	439,207	104,964	6,663,354
Disposals	-	(2,587)	-	-	(2,587)
Transfers between classes	-	-	104,964	(104,964)	-
At 31 March 2021	5,681,939	434,657	544,171	-	6,660,767
Depreciation					
At 1 April 2020	3,268,842	309,959	409,863	52,482	4,041,146
Charge for the year on owned assets	568,203	127,285	18,166	-	713,654
Disposals	-	(2,587)	-	-	(2,587)
Transfers between classes	-	-	104,964	(104,964)	-
Impairment charge	-	-	-	52,482	52,482
At 31 March 2021	3,837,045	434,657	532,993	-	4,804,695
Net book value					
At 31 March 2021	1,844,894	-	11,178	-	1,856,072
At 31 March 2020	2,413,097	127,285	29,344	52,482	2,622,208

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2020	1
At 31 March 2021	<u>1</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
Future Cities Catapult Services Limited	1, Sekforde Street, London EC1R 0BE	Ordinary	100%

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12. Debtors

	2021 £	2020 £
Due after more than one year		
Other debtors	1,033,808	1,033,808
	<u>1,033,808</u>	<u>1,033,808</u>
	2021 £	<i>Reclassified</i> 2020 £
Due within one year		
Trade debtors	39,244	422,589
Amounts owed by group undertakings	779,598	733,018
Other debtors	90,025	191,722
Prepayments and accrued income	1,605,510	1,533,658
Tax recoverable	178,072	-
Deferred taxation	5,761	-
Grants receivable	889,926	788,081
	<u>3,588,136</u>	<u>3,669,068</u>

The reclassification of comparative figures relates to a presentational adjustment to provide consistency across all group entity accounts.

13. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	381,345	244,919
Amounts owed to group undertakings	1,808,773	2,417,581
Corporation tax	-	41,017
Other taxation and social security	266,734	210,139
Other creditors	8,042	64,781
Accruals and deferred income	1,882,295	2,101,544
	<u>4,347,189</u>	<u>5,079,981</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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14. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other creditors	1,033,808	1,033,808
Accruals and deferred income	1,421,345	1,995,463
	<u>2,455,153</u>	<u>3,029,271</u>

15. Deferred taxation

	2021 £
Charged to profit or loss	5,761
At end of year	<u><u>5,761</u></u>

The deferred tax asset is made up as follows:

	2021 £
Tax losses carried forward	5,761
	<u><u>5,761</u></u>

16. 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.

17. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The outstanding commitment payable to the fund amounted to £NIL (2020: £62,806).

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18. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	1,325,000	1,325,000
Later than 1 year and not later than 5 years	5,300,000	5,300,000
Later than 5 years	1,325,000	2,650,000
	<u>7,950,000</u>	<u>9,275,000</u>

19. Related party transactions

The company has taken advantage of the exemption under FRS 102, Section 33 not to disclose related party transactions and balances between fellow subsidiaries of the group and parent company.

There were no related party transactions in the year.

Only the directors of the company are considered to be Key Management Personnel whom were paid £nil in the year (2020: £nil).

20. Controlling party

The immediate and ultimate parent undertaking is Connected Places Catapult, a company limited by guarantee and incorporated in England and Wales, which has no controlling party. The registered office is 170 Midsummer Boulevard, Milton Keynes, England, MK9 1BP.

Connected Places Catapult is the smallest and largest group for which consolidated financial statements have been prepared.