

Future Cities Catapult Services Limited

Annual report and financial statements

Registered number 08517376

Year ended 31 March 2019

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Contents

Director's Report	1
Statement of director's responsibilities in respect of the Director's Report and the financial statements	2
Independent auditor's report to the members of Future Cities Catapult Services Limited	3-5
Profit and Loss Account	6
Statement of Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes	9-13

Director's Report

The Director presents her Director's Report and financial statements for the financial year ended 31 March 2019.

Principal activities

The Future Cities Catapult Services Limited ("the Company") is a private Company. It was incorporated on 7 May 2013 and became the trading arm of Future Cities Catapult.

Business results

The turnover for the 2019 year was £891,000 (2018: £410,000) with a profit before tax of £220,000 (2018: £223,000).

Director

Nicola Yates

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 the director 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 Director's Report and the financial statements

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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 company and to prevent and detect fraud and other irregularities.

KPMG LLP

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

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

Opinion

We have audited the financial statements of Future Cities Catapult Services Limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 company's affairs as at 31 March 2019 and of its 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 company 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 company'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 company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company 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 company or to cease its operations, and as they have concluded that 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 its 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 company's business model, including the impact of Brexit, and analysed how those risks might affect the 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 company will continue in operation.

Directors' report

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

Our responsibility is to read 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 directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has 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, 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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 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 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

Profit and Loss Account
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	891	410
Administration expenses		(671)	(187)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2-4	220	223
Taxation on profit on ordinary activities	5	(42)	(43)
		<hr/>	<hr/>
Profit for the financial year		178	180
		<hr/> <hr/>	<hr/> <hr/>

Statement of Comprehensive Income
for the year ended 31 March 2019

	2019 £000	2018 £000
Profit for the financial year	178	180
Other comprehensive income for the year	-	-
	<hr/>	<hr/>
Total comprehensive income for the year	178	180
	<hr/> <hr/>	<hr/> <hr/>

Balance Sheet
at 31 March 2019

	Note	2019 £000	£000	2018 £000	£000
Current assets					
Cash at bank and in hand		323		-	
Debtors	7	236		322	
		<hr/>		<hr/>	
		559		322	
Creditors: amounts due within one year	8	(102)		(43)	
		<hr/>		<hr/>	
Net current assets			457		279
			<hr/>		<hr/>
Net assets			457		279
			<hr/>		<hr/>
Capital and reserves					
Share capital	9	-		-	
Profit and loss account		457		279	
		<hr/>		<hr/>	
			457		279
			<hr/>		<hr/>

The financial statements were approved by the director on 23 September 2019 and were signed by:



Nicola Yates
Director

Company registered number: 08517376

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

	Share capital £000	Profit and loss account £000	Total equity £000
Opening balance on 1 April 2017	-	99	99
Total comprehensive income for the year			
Surplus income	-	180	180
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2018	-	279	279
	<hr/>	<hr/>	<hr/>
Opening balance on 1 April 2018	-	279	279
Total comprehensive income for the year			
Surplus income	-	178	178
Total comprehensive income for the period	-	-	-
	<hr/>	<hr/>	<hr/>
Balance as at 31 March 2019	-	457	457
	<hr/>	<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Future Cities Catapult Services Limited (the “Company”) is a Company incorporated on 7 May 2013 and domiciled in the UK. The principal place of business is 1 Sekforde Street, London EC1R 0BE. These financial statements are presented in Sterling rounded to the nearest £1,000.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS102”).

The Company’s parent undertaking, Future Cities Catapult Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Future Cities Catapult Limited are available to the public and may be obtained from 1 Sekforde Street, London, EC1R 0BE. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Future Cities Catapult Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- 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.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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.

Notes (continued)

1 Accounting policies (continued)

Measurement convention

The financial statements are prepared under the historical cost basis.

Turnover

Turnover represents sales of services net of value added tax. Sales of services are recognised when the Company obtains the rights to consideration.

Rendering of services

Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing costs incurred for work performed to date, to the total estimated contract costs. Turnover is only recognised to the extent of recoverable expenses when the outcome of a contract cannot be estimated reliably.

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.

Taxation (continued)

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.

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 statement of comprehensive income.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Notes *(continued)*

2 Turnover

	2019	2018
	£000	£000
Supply of services	891	410
Total turnover	891	410

3 Expenses and auditor's remuneration

All auditor's remuneration is borne by the Parent Company, Future Cities Catapult, and is disclosed in the Group financial statements.

No recharges are made for these services during the current period.

4 Staff numbers and costs

The Company did not employ any staff during the current period.

All staff costs are borne by the Parent Company Future Cities Catapult and are disclosed in the financial statements of that Company.

Notes (continued)

5 Taxation

Total tax expense recognised in the profit and loss account.

	2019 £000	2019 £000	2018 £000	2018 £000
<i>UK corporation tax</i>				
Current tax on income for the period	42		43	
	<hr/>		<hr/>	
Total current tax		42		43
<i>Deferred tax</i>				
Origination of timing differences				
	<hr/>		<hr/>	
Total deferred tax		-		-
		<hr/>		<hr/>
Total tax		42		43
		<hr/> <hr/>		<hr/> <hr/>

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit for the period	178	180
Total tax expense	42	43
	<hr/>	<hr/>
Profit excluding taxation	220	223
Tax using the UK corporation tax rate of 19% (2018: 19%)	42	42
Expenses not deductible for tax purposes	-	1
	<hr/>	<hr/>
Total tax expense included in the profit or loss	42	43
	<hr/> <hr/>	<hr/> <hr/>

6 Director's remuneration

All director's remuneration is borne by the Parent Company, Future Cities Catapult, and is disclosed in the Group financial statements.

No recharges are made for the services of directors. None of the directors received any remuneration for services to the Company during the current or prior period.

Notes (continued)

7 Debtors: amounts falling due within one year

	2019 £000	2018 £000
Amounts due from Parent Company	-	322
Trade debtors	227	-
Other debtors	9	-
	<hr/> 236	<hr/> 322
	<hr/> <hr/>	<hr/> <hr/>

8 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Taxation	42	43
Amounts due to Parent Company	51	-
Deferred income	9	-
	<hr/> 102	<hr/> 43
	<hr/> <hr/>	<hr/> <hr/>

9 Called up share capital

	2019 £	2018 £
Called up, allotted and fully paid	1	1
	<hr/> 1	<hr/> 1
	<hr/> <hr/>	<hr/> <hr/>

10 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.

11 Ultimate Parent Company and controlling party

The Company is a subsidiary undertaking of Future Cities Catapult.

100% of the issued share capital of this Company is directly owned by Future Cities Catapult; a Company incorporated in Great Britain and registered in England and Wales. The group accounts of Future Cities Catapult can be obtained from 1 Sekforde Street, London, EC1R 0BE.

The largest and smallest group in which the results of the Company are consolidated is that headed by Future Cities Catapult. No other group financial statements include the results of the Company.