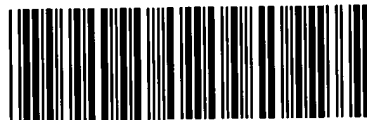


DIGITAL CATAPULT SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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COMPANIES HOUSE

DIGITAL CATAPULT SERVICES LIMITED

COMPANY INFORMATION

Directors	N D Sanders D Docherty A J Green W Hall J Silver
Company secretary	R French
Registered number	08564481
Registered office	101 Euston Road London NW1 2RA
Independent auditor	James Cowper Kreston Chartered Accountants and Statutory Auditor 2 Chawley Park Cumnor Hill Oxford Oxfordshire OX2 9GG

DIGITAL CATAPULT SERVICES LIMITED

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DIGITAL CATAPULT SERVICES LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

Business review

This is the second year of trading for our subsidiary, DCS Ltd and we are pleased to report £1,233,189 of income. The Open Innovation programme that has been developed over the first two and a half years of the organisation's life has begun to deliver good reliable revenues. Digital Catapult's current Innovation Portfolio combines products and services that create a low risk environment for digital transformation at speed. These services provide clients with access to technical expertise and opportunities to collaborate with a national ecosystem that includes academia and disruptive start-up companies.

Neil Crockett resigned from his position as CEO of the Digital Catapult on 1st June 2016 and Jeremy Silver was appointed as the new CEO.

Principal risks and uncertainties

The principal risk for the Company relates to developing specialisms rapidly and building up differentiated and scaleable income streams in these areas.

The risk register is reviewed in combination with the parent company register, which was presented to the Audit Committee and Board. Each risk is followed up and actions taken to mitigate risk where practicable.

Financial key performance indicators

The Company met the financial income metric as set by Innovate UK and the Board of the parent company, Digital Catapult.

This report was approved by the board on

and signed on its behalf.

J Silver
Director



24/8/2017

DIGITAL CATAPULT SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

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 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.

Principal activity

To hold commercial contracts for the parent company Digital Catapult.

Directors

The directors who served during the year were:

S N Crockett (resigned 1 June 2016)
N D Sanders
D Docherty
A J Carr (resigned 9 September 2016)
A J Green
W Hall
C R D Van Der Kuyl (resigned 30 November 2016)
J Silver (appointed 1 June 2016)

Neil Crockett resigned from his position as CEO of the Digital Catapult on 1st June 2016 and Jeremy Silver was appointed as the new CEO.

DIGITAL CATAPULT SERVICES LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2017**

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.

Auditor

The auditor, James Cowper Kreston, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 24/8/2017 and signed on its behalf.

J Silver
Director



DIGITAL CATAPULT SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIGITAL CATAPULT SERVICES LIMITED

We have audited the financial statements of Digital Catapult Services Limited for the year ended 31 March 2017, set out on pages 6 to 16. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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

Respective responsibilities of Directors and Auditor

As explained more fully in the Directors' responsibilities statement 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit or loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

DIGITAL CATAPULT SERVICES LIMITED


INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF DIGITAL CATAPULT SERVICES LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our 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 and the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemption in preparing the Directors' report and take advantage of the small companies' exemption from the requirement to prepare a Strategic report.



Sue Staunton MA FCA (Senior statutory auditor)

for and on behalf of

James Cowper Kreston

Chartered Accountants and Statutory Auditor

2 Chawley Park

Cumnor Hill

Oxford

Oxfordshire

OX2 9GG

Date: *31 August 2017*

DIGITAL CATAPULT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	4	1,223,189	713,392
Gross profit		<u>1,223,189</u>	<u>713,392</u>
Administrative expenses		(1,167,359)	(798,059)
Operating profit/(loss)		<u>55,830</u>	<u>(84,667)</u>
Tax on profit/(loss)	7	(10,338)	15,240
Profit/(loss) for the financial year		<u><u>45,492</u></u>	<u><u>(69,427)</u></u>

The notes on pages 10 to 16 form part of these financial statements.

DIGITAL CATAPULT SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
Profit/(loss) for the financial year		45,492	(69,427)
Other comprehensive income			
Total comprehensive income for the year		45,492	(69,427)

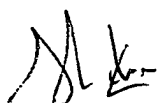
DIGITAL CATAPULT SERVICES LIMITED
REGISTERED NUMBER: 08564481

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Current assets			
Debtors: amounts falling due within one year	8	454,694	570,903
Cash at bank and in hand	9	1,563,628	842,863
		<u>2,018,322</u>	<u>1,413,766</u>
Creditors: amounts falling due within one year	10	(2,042,256)	(1,483,192)
Net current liabilities		<u>(23,934)</u>	<u>(69,426)</u>
Total assets less current liabilities		<u>(23,934)</u>	<u>(69,426)</u>
Net liabilities		<u>(23,934)</u>	<u>(69,426)</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	(23,935)	(69,427)
		<u>(23,934)</u>	<u>(69,426)</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 August 2017.



J Silver
Director

The notes on pages 10 to 17 form part of these financial statements.

DIGITAL CATAPULT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2016	1	(69,427)	(69,426)
Comprehensive income for the year			
Profit for the year	-	45,492	45,492
Total comprehensive income for the year	-	45,492	45,492
At 31 March 2017	1	(23,935)	(23,934)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2015	1	-	1
Comprehensive income for the year			
Loss for the year	-	(69,427)	(69,427)
Total comprehensive income for the year	-	(69,427)	(69,427)
At 31 March 2016	1	(69,427)	(69,426)

The notes on pages 10 to 16 form part of these financial statements.

DIGITAL CATAPULT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

The Digital Catapult Services Limited is a private limited liability company and was incorporated in England and Wales on 11 June 2013.

The nature of the Company's operations and its principal activities are to hold commercial contracts for the parent company Digital Catapult.

The registered and trading address of the Company is detailed below:

101 Euston Road
London
NW1 2RA

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 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 11.41(b), 11.41(c), 11.41(e), 11.41(f), 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 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Digital Catapult as at 31 March 2016 and these financial statements may be obtained from 101 Euston Road London NW1 2RA.

DIGITAL CATAPULT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.3 Going concern

The Company is dependent upon its parent company Digital Catapult for financial support. In September 2014, Digital Catapult entered into its Grant funding agreement (GFA) with Innovate UK amounting to £52m and this comes to term in March 2018. This core funding is supplemented by funding from other sources. Digital Catapult has already entered into negotiations for future periods and based on progress to date the Directors believe that this will be confirmed prior to the 2018 year end. Notwithstanding the conclusion of this process, Innovate UK has confirmed that £11.9m has been budgeted by it for the allocation to Digital Catapult for 2018/2019.

The Directors believe that the Company can continue to operate as a going concern for at least 12 months from the date of approval of these financial statements.

2.4 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.

2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.6 Cash and cash equivalents

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

2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

DIGITAL CATAPULT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.9 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP, rounded to the nearest pound.

Transactions and balances

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

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Profit and loss account within 'other operating income'.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

DIGITAL CATAPULT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

3. Judgements 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 of the accruals based approach permitted under FRS102.

4. Turnover

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

	2017 £	2016 £
Entry Services	280,855	298,162
Open Innovation services (Pitstop)	436,667	295,581
Research and Consulting	156,089	35,146
Other Services	349,578	84,503
	<u>1,223,189</u>	<u>713,392</u>

All turnover arose within the United Kingdom.

5. Auditor's remuneration

The Company's auditors have been remunerated by the parent company for the audit of the Company's annual accounts.

6. Employees

The company has no employees other than the directors, who did not receive any remuneration (2016 - £NIL).

DIGITAL CATAPULT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

7. Taxation

	2017 £	2016 £
Total current tax	-	-
Deferred tax		
Origination and reversal of timing differences	10,338	(15,240)
Total deferred tax	10,338	(15,240)
Taxation on profit/(loss) on ordinary activities	10,338	(15,240)

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2016 - the same as) the standard rate of corporation tax in the UK of 20% (2016 - 20%) as set out below:

	2017 £	2016 £
Profit/(loss) on ordinary activities before tax	55,830	(84,667)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	11,166	(16,933)
Effects of:		
Adjustments to tax charge in respect of prior periods	-	1,693
Other differences leading to an increase (decrease) in the tax charge	(828)	-
Total tax charge for the year	10,338	(15,240)

Factors that may affect future tax charges

Legislation has been passed to reduce the rate of UK corporation tax to 19% from 1 April 2017 and 17% from 1 April 2020. However, these rates were not substantially enacted at the balance sheet date and so are not reflected in the measurement of deferred tax in these financial statements. The future impact of the changes on the deferred tax asset is not considered material.

8. Debtors

	2017 £	2016 £
Trade debtors	444,520	555,663
Other debtors	5,272	-
Deferred taxation	4,902	15,240

DIGITAL CATAPULT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

8. Debtors (continued)

454,694	570,903
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9. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	1,563,628	842,863
	1,563,628	842,863

10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Amounts owed to group undertakings	1,361,512	1,011,000
Other taxation and social security	267,160	2,171
Other creditors	5,271	5,271
Accruals and deferred income	408,313	464,750
	2,042,256	1,483,192

11. Deferred taxation

	2017 £
At beginning of year	15,240
Charged to profit or loss	(10,338)
At end of year	4,902

The deferred tax asset is made up as follows:

	2017 £
Tax losses carried forward	4,902
	4,902

DIGITAL CATAPULT SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

12. Share capital

	2017	2016
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
1 Ordinary share of £1	1	1
	<hr/> <hr/>	<hr/> <hr/>

13. Reserves

Profit and loss account

The profit & loss account is the Company's accumulated profits or losses at the year end date.

14. Related party transactions

As a wholly owned subsidiary of Digital Catapult, the Company is exempt from disclosing transactions with other members of the group, as the Company's results and position are included in the publicly available consolidated accounts.

15. Controlling party

The Company is controlled by Digital Catapult by way of their 100% shareholding. There is no ultimate controlling party.