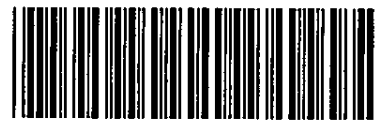


THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE 13 MONTHS ENDED 31 MARCH 2013

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COMPANIES HOUSE

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

COMPANY INFORMATION

DIRECTORS

R K Bryan (appointed 29 October 2012)
S N Crockett (appointed 14 April 2013)
D W A East (appointed 18 July 2013)
A J Green (appointed 18 July 2013)
M A Garnett (appointed 24 February 2012 & resigned 29 October 2012)
G J R Hutchins (appointed 21 January 2013 & resigned 18 July 2013)
N J Appleyard (appointed 18 July 2013)
D Docherty (appointed 16 October 2013)
L Shesgreen (appointed 16 October 2013)
I Baverstock (appointed 16 October 2013)
C Van Der Kuyl (appointed 16 October 2013)
W Hall (appointed 16 October 2013)

COMPANY SECRETARY

C M Start

REGISTERED NUMBER

07964699

REGISTERED OFFICE

First Floor St James House
Cheltenham
Gloucestershire
GL50 3PR

INDEPENDENT AUDITOR

James Cowper LLP
Chartered Accountants and Statutory Auditor
2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

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THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE 13 MONTHS ENDED 31 MARCH 2013

The directors present their report and the financial statements for the 13 months ended 31 March 2013

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Connected Digital Economy Limited ("CDEC") is a private company limited by guarantee and was incorporated in February 2012 as a not for profit research organisation. It commenced operations in January 2013.

Our vision is about *'igniting new digital innovations to power sustained growth in the UK'*

In addition to economic growth, we believe that CDEC's work will make a major contribution to the cost and effectiveness of UK public service delivery and impact the way we address major societal challenges.

To achieve this vision, we will pursue a two part strategy:

- 1. We will accelerate digital innovators from concept to commercialisation by building platforms and capabilities that address the main challenges in the data value chain**
- 2. We will demonstrate the transformative impact and strategic relevance of digital innovation to UK business and public sector leaders in all sectors.**

Network of Catapults

The Company forms part of a network of UK technology and innovation companies (named 'Catapults') established by the Technology Strategy Board. These will drive economic growth through commercialisation of research between UK industry, SME's and academia.

Although at the 31 March 2013, the Board of the Company consisted of two representatives of the Technology Strategy Board, it was not considered to be controlled by that entity. Both directors were appointed to oversee the incorporation of the Company and took no active part in the day to day activities of the business. This role was delegated to S N Crockett who was subsequently formally appointed as a director on 14 April 2013.

Sources of Income

The Company is currently funded by a government grant. In addition, it will seek to generate income from collaborative projects with industry and other grant funding organisation, and direct contract research.

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE 13 MONTHS ENDED 31 MARCH 2013

RESULTS

Grant income for the period was £248,516 which was mainly incurred in the set up costs of the organisation. During this period the Company had established temporary office space in London and hired the CEO and the Office Manager. During this period engagement discussion with key stakeholders to inform the development of the business plan was carried out.

DIRECTOR

The director who served during the period was

R K Bryan (appointed 29 October 2012)
M A Garnett (appointed 24 February 2012 & resigned 29 October 2012)
G J R Hutchins (appointed 21 January 2013 & resigned 18 July 2013)

S N Crockett was appointed director on 14 April 2013

KEY PERFORMANCE INDICATORS

The Company was in the start up phase at year end March 2013. Therefore there were no KPIs in the period. In future periods the Company will report a wide range of KPI's to measure outcomes, the delivery and foundation building measures such as

- Value of grant funding received
- Value of collaborative projects
- Value of contract research
- Number of projects undertaken
- SME involvement

PRINCIPAL RISKS AND UNCERTAINTIES

The most significant risk for the Company is that the Government funding is reduced. At the Balance sheet date, £2m of funding to the end of Sept 2013 was in place and a commitment for a further five years at £10m per year was envisaged.

The Company monitors cash flow as part of its day-to-day control procedures. The Board considers cash flow projections on a regular basis and ensures that appropriate funds are available as necessary.

Given the infancy of the Company at the year-end date no significant risks were registered.

FUTURE DEVELOPMENTS

The importance of digital economy services to SME business success cannot be overemphasised – Booz & Co estimates that use of digital technology can help SMEs to unlock £18.8 billion additional revenue worldwide. In order for the whole of the UK economy to benefit, we need to ensure that UK businesses in all sectors understand the relevance of digital applications and services and deploy the best available.

The Company is expected to receive £52m of core funding over the next five years from the Technology Strategy Board. Additional income is expected to be generated from collaborative and contract research.

POST BALANCE SHEET EVENTS

In July 2013 the Technology Strategy Board approved the five year business plan with a commitment for £52m funding approved. The Company is awaiting final BIS approval.

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE 13 MONTHS ENDED 31 MARCH 2013

DIRECTORS' RESPONSIBILITIES STATEMENT

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 surplus or deficit 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 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.

DISCLOSURE OF INFORMATION TO AUDITOR

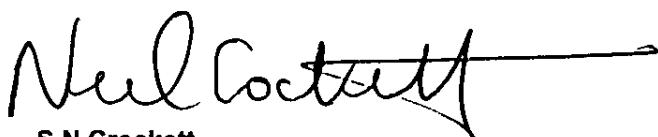
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that 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 LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 15th November 2013 and signed on its behalf



S N Crockett
Director

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CONNECTED DIGITAL ECONOMY
CATAPULT LIMITED**

We have audited the financial statements of The Connected Digital Economy Catapult Limited for the 13 months ended 31 March 2013, set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2013 and of its deficit for the 13 months 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 the information given in the Directors' Report for the 13 month period for which the financial statements are prepared is consistent with the financial statements.

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CONNECTED DIGITAL ECONOMY
CATAPULT LIMITED**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Sue Staunton MA FCA CF (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor

2 Chawley Park
Cumnor Hill
Oxford
Oxfordshire
OX2 9GG

Date *15 November 2013*

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

**INCOME AND EXPENDITURE ACCOUNT
FOR THE 13 MONTHS ENDED 31 MARCH 2013**

| | Note | 2013 £ |
|---|------|--------------------|
| INCOME | 2 | 248,516 |
| Administrative expenses | | <u>(248,516)</u> |
| SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION | | - |
| Tax on surplus on ordinary activities | 5 | <u>(12)</u> |
| DEFICIT FOR THE FINANCIAL PERIOD | | <u><u>(12)</u></u> |

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 other than those included in the Income and Expenditure Account

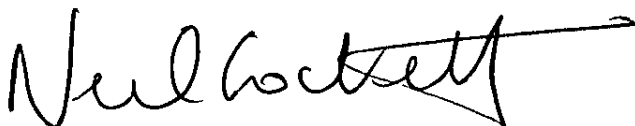
The notes on pages 9 to 15 form part of these financial statements

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07964699

BALANCE SHEET
AS AT 31 MARCH 2013

| | Note | 2013 £ | £ |
|---|------|------------------|----------------|
| FIXED ASSETS | | | |
| Tangible assets | 6 | | 9,719 |
| CURRENT ASSETS | | | |
| Debtors | 7 | 59,442 | |
| Cash at bank | | 419,389 | |
| | | <u>478,831</u> | |
| CREDITORS: amounts falling due within one year | 8 | <u>(488,562)</u> | |
| NET CURRENT LIABILITIES | | | <u>(9,731)</u> |
| NET LIABILITIES | | | <u>(12)</u> |
| CAPITAL AND RESERVES | | | |
| Income and expenditure account | 11 | | <u>(12)</u> |
| | 12 | | <u>(12)</u> |

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



S N Crockett
Director

The notes on pages 9 to 15 form part of these financial statements

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

CASH FLOW STATEMENT
FOR THE 13 MONTHS ENDED 31 MARCH 2013

| | Note | 2013 £ |
|--|------|----------------|
| Net cash flow from operating activities | 13 | 429,573 |
| Capital expenditure and financial investment | 14 | (10,184) |
| INCREASE IN CASH IN THE 13 MONTHS | | 419,389 |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT
FOR THE 13 MONTHS ENDED 31 MARCH 2013

| | 2013 £ |
|--|----------------|
| Increase in cash in the period | 419,389 |
| MOVEMENT IN NET DEBT IN THE 13 MONTHS | 419,389 |
| NET FUNDS AT 31 MARCH 2013 | 419,389 |

The notes on pages 9 to 15 form part of these financial statements

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 31 MARCH 2013

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

1.2 Going concern

The Connected Digital Economy Catapult Limited is operating under an interim funding agreement with the Technology Strategy Board (TSB). This agreement provides grant funding to assist with the set-up and building and maintaining of platforms. The intention is to receive funding for a further five year period.

The Catapult's long term strategy is to supplement grant funding with commercial research and development projects.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|------------------|---|-----------------------|
| Office equipment | - | 3 years straight line |
|------------------|---|-----------------------|

1.4 Operating leases

Rentals under operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

1.5 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are discounted.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Income and Expenditure Account.

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 31 MARCH 2013

1. ACCOUNTING POLICIES (continued)

1.7 Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the period

1.8 Government grants

The income recorded within the financial statements is represented by the government grants received from the TSB. The Connected Digital Economy Catapult Limited matches grant income with eligible costs when they have been incurred.

Grant income on capital expenditure is claimed as assets are depreciated.

2. TURNOVER

The whole of the turnover is attributable to grants received or receivable under the Company's interim funding agreement with the TSB.

All turnover arose within the United Kingdom.

3. SURPLUS

The surplus is stated after charging

| | 2013 £ |
|--|---------------|
| Depreciation of tangible fixed assets | |
| - owned by the Company | 465 |
| Auditor's remuneration | 3,500 |
| Auditor's remuneration - non-audit | 2,000 |
| Operating lease rentals other operating leases | 29,547 |
| | <u>35,512</u> |

During the period, no director received any emoluments.

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 31 MARCH 2013**

4. STAFF COSTS

Staff costs were as follows

| | 2013 £ |
|-----------------------|---------------|
| Wages and salaries | 51,253 |
| Social security costs | 6,728 |
| Other pension costs | 9,237 |
| | <u>67,218</u> |

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

| | 2013 No |
|-------------------------------|------------|
| Management and administration | <u>1</u> |

5 TAXATION

| | 2013 £ |
|--|-----------|
| Analysis of tax charge in the period | |
| Current tax (see note below) | |
| UK corporation tax charge on surplus for the 13 months | 1,859 |
| Deferred tax (see note 9) | |
| Origination and reversal of timing differences | (1,847) |
| Tax on surplus on ordinary activities | <u>12</u> |

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK of 20%. The differences are explained below

| | 2013 £ |
|--|--------------|
| Surplus on ordinary activities before tax | <u>-</u> |
| Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% | - |
| Effects of: | |
| Short term timing difference leading to an increase (decrease) in taxation | 1,859 |
| Current tax charge for the period (see note above) | <u>1,859</u> |

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 31 MARCH 2013**

6 TANGIBLE FIXED ASSETS

| | Office equipment £ |
|--------------------------|--------------------------|
| Cost | |
| Additions | 10,184 |
| At 31 March 2013 | <u>10,184</u> |
| Depreciation | |
| At 24 February 2012 | - |
| Charge for the 13 months | 465 |
| At 31 March 2013 | <u>465</u> |
| Net book value | |
| At 31 March 2013 | <u><u>9,719</u></u> |

7 DEBTORS

| | 2013 £ |
|---------------------------------|---------------|
| Other debtors | 51,570 |
| Prepayments and accrued income | 6,025 |
| Deferred tax asset (see note 9) | 1,847 |
| | <u>59,442</u> |

8 CREDITORS.
Amounts falling due within one year

| | 2013 £ |
|------------------------------------|-----------------------|
| Trade creditors | 82,339 |
| Corporation tax | 1,859 |
| Other taxation and social security | 9,836 |
| Other creditors | 12,932 |
| Accruals and deferred income | 381,596 |
| | <u><u>488,562</u></u> |

Accruals and deferred income includes £359,003 of deferred grant income

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 31 MARCH 2013**

9 DEFERRED TAXATION

| | 2013 £ |
|---------------------------|-------------|
| At beginning of 13 months | - |
| Credit for the year | 1,847 |
| | <hr/> |
| At 31 March 2013 | 1,847 |
| | <hr/> <hr/> |

The deferred taxation balance is made up as follows

| | 2013 £ |
|-------------------------------|-------------|
| Short term timing differences | (1,847) |
| | <hr/> <hr/> |

10. 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.

11. RESERVES

| | Income and expenditure account £ |
|------------------------|---|
| Deficit for the period | (12) |
| | <hr/> |
| | (12) |
| | <hr/> <hr/> |

12 RECONCILIATION OF MOVEMENT IN MEMBERS' DEFICIT

| | 2013 £ |
|---------------------------|-------------|
| Opening members' funds | - |
| Deficit for the 13 months | (12) |
| | <hr/> |
| Closing members' deficit | (12) |
| | <hr/> <hr/> |

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 31 MARCH 2013

13 NET CASH FLOW FROM OPERATING ACTIVITIES

| | 2013 |
|--|-----------------|
| | £ |
| Depreciation of tangible fixed assets | 465 |
| Increase in debtors | (57,595) |
| Increase in creditors | 486,703 |
| | <hr/> |
| Net cash inflow from operating activities | 429,573 |
| | <hr/> <hr/> |

THE CONNECTED DIGITAL ECONOMY CATAPULT LIMITED
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 13 MONTHS ENDED 31 MARCH 2013**

14. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

| | 2013 £ |
|---|------------------------|
| Capital expenditure and financial investment | |
| Purchase of tangible fixed assets | <u><u>(10,184)</u></u> |

15. ANALYSIS OF CHANGES IN NET FUNDS

| | 24 February 2012 £ | Cash flow £ | Other non-cash changes £ | 31 March 2013 £ |
|--------------------------|--------------------------|-----------------------|-----------------------------------|-----------------------|
| Cash at bank and in hand | - | 419,389 | - | 419,389 |
| Net funds | <u><u>-</u></u> | <u><u>419,389</u></u> | <u><u>-</u></u> | <u><u>419,389</u></u> |

16. PENSION COMMITMENTS

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £9,237. Contributions totalling £12,932, inclusive of employee contributions, were payable to the fund at the balance sheet date and are included in creditors.

17. OPERATING LEASE COMMITMENTS

At 31 March 2013 the Company had annual commitments under non-cancellable operating leases as follows:

| | Land and buildings 2013 £ | Other 2013 £ |
|--------------------|------------------------------------|----------------------|
| Expiry date | | |
| Within 1 year | <u><u>57,108</u></u> | <u><u>16,770</u></u> |